

Supporting Statement
OMB Control Number 1506-0043
Prohibition on Correspondent Accounts for Foreign Shell Banks; Records Concerning Owners of
Foreign Banks and Agents for Service of Legal Process

1. Circumstances necessitating collection of information.

The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Foreign Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act),¹ and other legislation, including the Anti-Money Laundering Act of 2020 (AML Act).² The BSA is codified at 12 U.S.C. 1829b, 1951–1960 and 31 U.S.C. 5311–5314, 5316–5336, including notes thereto, with implementing regulations at 31 CFR chapter X.

The BSA authorizes the Secretary of the Treasury (Secretary) to, *inter alia*, require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, or regulatory matters, risk assessments or proceedings, or in intelligence or counter-intelligence activities, including analysis, to protect against terrorism, and to implement anti-money laundering/countering the financing of terrorism (AML/CFT) programs and compliance procedures.³ The Secretary has delegated to the Director of FinCEN (Director) the authority to administer the BSA.⁴

31 U.S.C. 5318(j) prohibits a covered financial institution⁵ from maintaining correspondent accounts in the United States for, or on behalf of, foreign banks that do not have a physical presence in any country. In addition, under 31 U.S.C. 5318(k), a covered financial institution maintaining a correspondent account in the United States for a foreign bank, must retain records identifying: (i) the owners of record and the beneficial owners of the foreign bank, and (ii) the name and address of a person residing in the United States who is authorized to

1 USA PATRIOT Act, Pub. L. 107–56, 115 Stat. 272 (Oct. 26, 2001).

2 The AML Act was enacted as Division F, sections 6001–6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116–283, 134 Stat. 3388 (Jan. 1, 2021).

3 See 31 U.S.C. 5311(1)–(2). Reporting and recordkeeping requirements are authorized under other provisions in the BSA. See, e.g., 31 U.S.C. 5318(a)(2) (stating that the Secretary may require the maintenance of “appropriate procedures, including the collection and reporting of certain information as the Secretary...may prescribe by regulation, to ensure compliance with [the BSA and implementing regulations] or to guard against money laundering, the financing of terrorism, or other forms of illicit finance”).

4 See Treasury Order 180-01 (*Reaffirmed* Jan. 14, 2020); see also 31 U.S.C. 310(b)(2)(I) (providing that the Director of FinCEN shall “[a]dminister the requirements of subchapter II of chapter 53 of this title, chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance (FDI) Act, to the extent delegated such authority by the Secretary.”).

5 A covered financial institution is any financial institution described in subparagraphs (A) through (G) of 31 U.S.C. 5312(a)(2), including an insured bank, as defined in section 3(h) of the FDI Act (12 U.S.C. 1813(h)); a commercial bank or trust company; a private banker; an agency or branch of a foreign bank in the United States; any credit union; a thrift institution; and a broker or dealer registered with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.). 31 U.S.C. 5318(j)(1).

accept service of legal process for the foreign bank.⁶ The covered financial institution must provide the information to any Federal law enforcement officer who has submitted a written request for such information, not later than 7 days after receipt of the request.⁷ The regulations implementing 31 U.S.C. 5318(j) and 31 U.S.C. 5318(k) appear at 31 CFR 1010.630.

31 CFR 1010.630(a)(1)⁸ prohibits a covered financial institution from establishing, maintaining, administering, or managing correspondent accounts⁹ in the United States for, or on behalf of, foreign shell banks.¹⁰ A covered financial institution must take reasonable steps to ensure that any correspondent account established, maintained, administered, or managed by that covered financial institution in the United States for a foreign bank is not being used by that foreign bank¹¹ to indirectly provide banking services to a foreign shell bank.¹²

31 CFR 1010.630(a)(2) requires a covered financial institution that maintains a correspondent account in the United States for a foreign bank to retain records in the United States identifying: (i) the owners¹³ of each such foreign bank whose shares are not publicly traded,¹⁴ unless the foreign bank is required to file with the Federal Reserve Board a Form FR Y-7 that identifies the current owners of the foreign bank;¹⁵ and (ii) the name and street address of a person who resides in the United States and is authorized, and has agreed to be an agent to accept service of legal process for records regarding each such account.

6 31 U.S.C. 5318(k)(3)(B). The AML Act amended the provision by including a reference to “record and beneficial” ownership and by indicating, with respect to agents for service of process, that process could involve records related to either the correspondent account or accounts held at the foreign bank.

7 31 U.S.C. 5318(k)(3)(B)(ii). The provision was added on January 1, 2021, through section 6308 of the AML Act.

8 A covered financial institution for purposes of 31 CFR 1010.630 is: (i) an insured bank (as defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. 1813(h))); (ii) a commercial bank or trust company; (iii) a private banker; (iv) an agency or branch of a foreign bank in the United States; (v) a credit union; (vi) a savings association; (vii) a corporation acting under section 25A of the Federal Reserve Act (12 U.S.C. 611 *et seq.*); and (viii) a broker or dealer in securities registered, or required to be registered, with the SEC under the Securities Exchange Act of 1934 (15 U.S.C. 78a, *et seq.*), except persons who register pursuant to section 15(b)(11) of the Securities Exchange Act of 1934. 31 CFR 1010.605(e)(2).

9 For purposes of 31 CFR 1010.630, a correspondent account is defined as an account established for a foreign bank to receive deposits from, or to make payments or other disbursements on behalf of, the foreign bank, or to handle other financial transactions related to such foreign bank. 31 CFR 1010.605(c)(1)(ii).

10 Foreign shell bank means a foreign bank without a physical presence in any country. 31 CFR 1010.605(g).

11 A foreign bank is defined as a bank organized under foreign law, or an agency, branch or office located outside the United States of a bank. The term does not include an agent, agency, branch or office within the United States of a bank organized under foreign law. 31 CFR 1010.100(u).

12 Covered financial institutions are not prohibited from providing correspondent accounts or banking services to foreign shell banks that qualify as “regulated affiliates.” 31 CFR 1010.630(a)(1)(iii).

13 “Owner” is defined at 31 CFR 1010.605(j) as any person who, directly or indirectly, owns, controls, or has the power to vote 25 percent or more of any class of voting securities or other voting interests of a foreign bank, or controls in any manner the election of a majority of the directors (or individuals exercising similar functions) of a foreign bank.

14 The phrase “publicly traded” refers to shares that are traded on an exchange or on an organized over-the-counter market that is regulated by a “foreign securities authority” as defined in section 3(a)(50) of the Securities Exchange Act of 1934 (15 U.S.C. 78C(a)(50)). 31 CFR 1010.630(a)(2)(iii).

15 31 CFR 1010.630(2)(ii).

31 CFR 1010.630(b) states that a covered financial institution will be deemed to be in compliance with the requirements of 31 CFR 1010.630(a) with respect to a foreign bank if the covered financial institution obtains, at least once every three years, a certification or recertification from the foreign bank. FinCEN has developed an optional form¹⁶ that covered financial institutions may use in obtaining the certification or recertification.

31 CFR 1010.630(c) requires a covered financial institution to request that a foreign bank verify or correct the information provided in such foreign bank's certification or recertification, if the covered financial institution knows, suspects, or has reason to suspect that such information is incorrect or no longer accurate. The covered financial institution may take other appropriate measures to ascertain the accuracy of the information or obtain the correct information.

If a covered financial institution has not obtained a certification or recertification, or otherwise obtained documentation of information needed for a certification or recertification within 30 calendar days after the date the account is established, and at least once every three years thereafter, the covered financial institution must close all such foreign bank's correspondent accounts within a commercially reasonable time, and must restrict the foreign bank's ability to establish any new position or execute any new transactions through any such account other than those transactions necessary to close the account.¹⁷ If a covered financial institution conducting an interim verification pursuant to 31 CFR 1010.630(c), has not obtained verification of the information or corrected information within 90 calendar days after the date of undertaking the interim verification, the covered financial institution must follow the same account closure procedures set out above.¹⁸

31 CFR 1010.630(d)(4) prohibits covered financial institutions from re-establishing any account closed pursuant to 31 CFR 1010.630(d) or establishing any other correspondent account with the foreign bank whose account was closed, unless the foreign bank provides the appropriate certification or recertification.

31 CFR 1010.630(d)(5) states that a covered financial institution will not be held liable to any person in any court or arbitration proceeding for terminating a correspondent account in accordance with 31 CFR 1010.630(d).

31 CFR 1010.630(e) requires covered financial institutions to retain any original document provided by a foreign bank, and the original or a copy of any document otherwise relied upon by the covered financial institution, for purposes of complying with 31 CFR 1010.630, for at least five years after the date that a covered financial institution no longer maintains any correspondent account for such foreign bank, or longer if directed by the

¹⁶ See "Certification Regarding Correspondent Accounts for Foreign Banks," Office of Management and Budget (OMB) Control Number 1506-0043, <https://www.fincen.gov/sites/default/files/shared/Certification%20Regarding%20Correspondent%20Accounts%20for%20Foreign%20Banks.pdf>.

¹⁷ 31 CFR 1010.630(d)(2).

¹⁸ 31 CFR 1010.630(d)(3).

Secretary.

2. Method of collection and use of data.

The information collection requirements described above are not reported to the Federal government. Instead, covered financial institutions are required to secure and maintain the records described above for a period of five years.

The recordkeeping requirements are intended to assist law enforcement in anti-money laundering, tax, and other financial investigations; advance counterterrorism, counter-proliferation, and broader national security and intelligence interests; improve financial institutions' ability to assess and mitigate risk; help prevent evasion of financial sanctions; facilitate tax compliance; enhance the financial transparency; and advance U.S. compliance with international standards and information sharing commitments. These records may be reviewed by regulatory agencies during BSA examinations.

3. Use of improved information technology to reduce burden.

Covered financial institutions are permitted to automate their systems to meet their requirements. There is no specific government mandate to do so. Covered financial institutions and foreign banks can utilize an electronic version of the optional certification form to input, transmit, and store the information electronically.

4. Efforts to identify duplication.

FinCEN has reviewed government and commercial databases to identify duplication. FinCEN has determined there are no government or commercially available sources of information that could be used or modified by FinCEN in duplicating the information maintained by covered financial institutions. There are also no Federal rules that directly or fully duplicate or overlap with the information maintained by covered financial institutions. Therefore, there is no information already available to the Federal government that could be used or modified by FinCEN to fully satisfy the statutory and regulatory requirements identified in Section 1 above or that fully serve the uses identified in Section 2 above.

5. Methods to minimize burden on small businesses or other small entities.

FinCEN developed an optional certification form that includes a request to the foreign bank for information required under 31 CFR 1010.630.¹⁹ Covered financial institutions may use the certification form to obtain the necessary information from the foreign bank. In addition, FinCEN anticipates that the majority of covered financial institutions that maintain correspondent accounts with foreign banks are large financial institutions. Therefore, FinCEN assesses that any associated regulatory burdens would largely impact highly-resourced entities

¹⁹ See *supra* note 16.

and would be unlikely to impose undue burdens on small businesses or other small entities.

6. Consequences to the Federal government of not collecting the information.

These recordkeeping requirements are intended to help law enforcement and regulatory authorities detect, investigate, and prosecute money laundering and other financial crimes by preserving an information trail about certain transactions involving accounts held by foreign banks at covered financial institutions. A failure by covered financial institutions in maintaining this information could hamper FinCEN and law enforcement efforts to detect and deter illegal activity while it may be still ongoing and discernible. This information may provide law enforcement with important investigative leads to take appropriate action, including tracing criminal proceeds, gathering additional evidence, seizing funds, and stopping the movement of funds before criminal elements can change their schemes for disposing of the profits of illegal activity.

7. Special circumstances requiring data collection inconsistent with guidelines.

As noted in Section 2, pursuant to 31 CFR 1010.430(d), all records that are required to be retained by 31 CFR chapter X must be retained for a period of five years. The retention period is necessary because such records may relate to substantive violations of law that are subject to statutes of limitation longer than three years. The five-year retention period also ensures that law enforcement and other appropriate government agencies will have access to records for a reasonable period of time, enables law enforcement and other appropriate government agencies to “follow the money” and permit reconstruction of individual transactions that may be indicative of illicit finance, and allows for verification of compliance by covered financial institutions with specific regulatory requirements.

8. Consultation with individuals outside of the agency on availability of data, frequency of collection, clarity of instructions and forms, and data elements.

On May 22, 2025, FinCEN published in the Federal Register a notice and request for comments of its intention to renew, without change, information collection requirements related to regulations prohibiting covered financial institutions from maintaining correspondent accounts for foreign shell banks; and requiring covered financial institutions to obtain and retain records concerning owners of foreign banks and agents for service of legal process.²⁰ The comment period closed on July 21, 2025. In response to the notice, FinCEN received seven comments. One commenter expressed support for the information collection being renewed and encouraged harsher penalties for late or erroneous information collected. Another commenter noted the importance of FinCEN’s information collection to enhance transparency in financial services and prevent illicit activity, but encouraged FinCEN to balance regulatory oversight with protection

20 See FinCEN, [Agency Information Collection Activities: Proposed Renewal; Comment Request; Renewal Without Change of Prohibition on Correspondent Accounts for Foreign Shell Banks; Records Concerning Owners of Foreign Bank and Agents for Service of Legal Process](#), 90 FR 21987 (May 22, 2025). The comments can be found on www.regulations.gov under [docket number FINCEN-2025-0005](#) and [OMB control number 1506-0043](#).

for legitimate small businesses operating across borders. Three commenters did not address the information collection being renewed but made other recommendations and observations, none of which were germane to the information collection. In sum, these comments contained: (i) an observation concerning banks' discriminatory lending practices; (ii) a recommendation in adjusting the dollar reporting threshold for currency transaction reports (CTRs) to inflation; and (iii) a broad recommendation to Treasury in developing policies that support and protect nonprofit organizations. Two additional commenters did not raise any relevant points.

Overall, FinCEN determined there were no recommendations or objections with respect to the information collection being renewed or comments associated with the estimated burden or cost of the information collection being renewed.

9. Explanation of decision to provide any payment or gift to respondents.

No payments or gifts were made to respondents.

10. Assurance of confidentiality of responses.

The information collected will be made available to Treasury, its designee, and other authorized agencies, as are other reports required to be reported under the BSA. All such information collections under the BSA must be used by such agencies consistent with the purposes set forth in 31 U.S.C. 5311, including but not limited to furthering a criminal, tax, or regulatory investigation, risk assessment, or proceeding, or use in intelligence or counterintelligence activities, including analysis, to protect against terrorism.

As noted in Sections 2 and 7, covered financial institutions must retain records for at least five years after the date that covered financial institutions no longer maintain any correspondent account for the foreign bank, or longer if directed by the Secretary. Covered financial institutions must provide the information to any Federal law enforcement officer who has submitted a written request for such information. Records may be reviewed by regulatory agencies during BSA examinations.

11. Justification of sensitive questions.

There are no questions of a sensitive nature in the collection of information, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. Any personally identifiable information collected under the BSA is strictly controlled as outlined in FinCEN's Privacy Act Systems of Records Notice for BSA reports.²¹

12. Estimated annual hourly burden.

²¹ FinCEN, [Privacy Act of 1974, as Amended; System of Records Notice \(FinCEN.002 - Suspicious Activity Report System\)](#), 79 FR 20969 (Apr. 14, 2014); FinCEN, [Privacy Act of 1974, as Amended; System of Records Notice \(FinCEN.003 - Bank Secrecy Act Reports System\)](#), 79 FR 20969 (Apr. 14, 2014).

Frequency: As required.

Estimated Number of Potential Respondents: 12,637 covered financial institutions.²²

Estimated Number of Expected Respondents: 104 covered financial institutions that maintain correspondent accounts with foreign banks.²³

Table 1. Distribution of financial institutions covered by this notice

Type of Financial Institution	Count
Banks with a Federal functional regulator (FFR)	8,922 ^a
Banks lacking an FFR	399 ^b
Brokers or dealers in securities (broker-dealers)	3,316 ^c
Total	12,637

^a This includes 4,467 Federal Deposit Insurance Corporation (FDIC) insured depository institutions (including national banks, state banks that are members of the Federal Reserve System, state-chartered non-member banks, and insured U.S. branches of foreign banks, i.e., all federally regulated banks) according to the FDIC's quarterly data summary for Q1 2025, and 4,455 National Credit Union Administration (NCUA) insured credit unions (including federal credit unions and state-chartered credit unions with NCUA insurance, i.e., all federally regulated credit unions) according to NCUA's quarterly credit union data summary for Q1 2025.

^b The Board of Governors of the Federal Reserve System Master Account and Services Database contains data on financial institutions that utilize Reserve Bank financial services, including those lacking a federal functional regulator. FinCEN used this data to identify 399 banks and credit unions utilizing Reserve Bank financial services lacking a federal functional regulator.

^c The Securities and Exchange Commission (SEC) data on active broker-dealers (Company Information About Active Broker-Dealers) contains 3,316 active broker-dealers who are registered with the SEC.

Table 2. Distribution of covered financial institutions, by type, estimated to maintain correspondent accounts for foreign banks

Type of covered financial institution	Number of covered financial institutions
Banks with an FFR.	61 ^a
Banks lacking an FFR.	17 ^b
Brokers or dealers in securities (broker-dealers)	26 ^c
Total	104

22 Table 1 provides population estimates of the types of covered financial institutions that are required to comply with 31 CFR 1010.630. Note that not all covered financial institutions maintain correspondent accounts for foreign banks. The regulation will only impact covered financial institutions that maintain correspondent accounts for foreign banks.

23 Table 2 provides population estimates of the number of covered financial institutions that FinCEN estimates maintain correspondent accounts for foreign banks.

^a Data are from the Federal Financial Institution Examination Council (FFIEC) Central Data Repository for Reports of Condition and Income (Call Reports) and Uniform Bank Performance Reports (UBPRs), available for most FDIC-insured institutions. Using this source of data, FinCEN determines that as of Q4 2024, approximately 61 banking organizations (U.S. banks, including national and state banks, trusts, thrifts and savings and loans; U.S. branches and agencies of foreign banking organizations, representative offices, Edge Act corporations, and agreement corporations) will be affected by this rule on any given year. Specifically, these 61 banking organizations report values for deposit liabilities of banks in foreign countries. FinCEN is treating a U.S. banking organization with non-zero deposit liabilities in a foreign country as indicia that a U.S. banking organization maintains a correspondent account for at least one foreign financial institution, also referred to as a foreign correspondent account. Credit unions, due to credit union charter restrictions, do not typically maintain foreign correspondent accounts.

^b The Board of Governors of the Federal Reserve System Master Account and Services Database contains data on financial institutions that utilize Reserve Bank financial services, including those lacking a federal functional regulator. With this data, FinCEN identifies an additional 17 international banking entities lacking a federal functional regulator (IBEs) that do not create or file call reports, but, as IBEs, likely to maintain at least one foreign correspondent account.

^c Broker-dealers, unless they are publicly traded, are not required to make reports indicating whether they have foreign correspondent accounts or hold foreign deposits. Using 10-Q (SEC quarterly filing for US publicly traded firms) and 6-K (SEC filing for foreign private issuers of securities), FinCEN identifies 9 publicly-traded broker-dealers with U.S. operations reporting foreign deposits. However, because many broker-dealers are not publicly traded, FinCEN conservatively estimates that the proportion of broker-dealers with foreign correspondent accounts will be similar to the proportion for banks (approximately 0.8%). 0.8% of 3,316 active broker-dealers is approximately 26 broker-dealers assumed to have foreign correspondent accounts.

Estimated Total Annual Burden Hours: 73,632²⁴

Table 3 – Annual hourly burden for all affected covered financial institutions to comply with 31 CFR 1010.630

Compliance requirement under 31 CFR 1010.630	Estimated number of respondents	Hourly burden	Average number of correspondent accounts per respondent	Total burden hours
Obtain and record	104	4 hours	10	4,160

²⁴ See Table 3.

Compliance requirement under 31 CFR 1010.630	Estimated number of respondents	Hourly burden	Average number of correspondent accounts per respondent	Total burden hours
a certification per foreign bank				
Obtain and record a recertification per foreign bank	104	4 hours	167	69,472
Total				73,632

13. Estimated annual cost burden.

The total estimated cost of the annual PRA burden is \$8,835,840, as reflected in Table 4 below:

Table 4. Total cost of annual PRA burden

Steps	Hourly Burden	Hourly Cost	Total Cost
Time taken for covered financial institutions to obtain certification requirements from foreign banks, including recordkeeping	4,160 ^a	\$120.00 ^b	\$499,200
Time taken for covered financial institutions to obtain recertification from foreign banks, including recordkeeping.	69,472 ^c	\$120.00	\$8,336,640
Total cost			\$8,835,840

^a See Table 3.

^b The wage rate applied here is the general composite hourly wage used across FinCEN notices that pertain to the categories of financial institutions as grouped in 31 CFR chapter X, see, e.g., FinCEN, [Agency Information Collection Activities; Proposed Renewal; Comment Request: Renewal Without Change of Reporting Obligations on Foreign Bank Relationships With Iranian Linked Financial Institutions Designated Under IEEP and IRGC-Linked Persons Designated Under IEEPA](#), 90 FR 14183, 14188 (Mar. 28, 2025) footnote 49.

^c See Table 3.

Estimated Total Annual Recordkeeping Cost: The estimated total annual PRA cost is

\$8,835,840, as set out in table 4.

FinCEN burden estimates do not include non-labor costs associated with this collection of information.

14. Estimated annualized cost to the Federal government.

There is no cost to the Federal government; this is a recordkeeping requirement only.

15. Reasons for change in burden.

The estimated total annual burden hours decreased by 187,248 hours, from 260,880 hours in 2022 to 73,632 hours in 2025. As a result, the corresponding estimated total cost decreased by \$16,208,640, from \$25,044,480 to \$8,835,840. These changes reflect adjustments in FinCEN's methodological approach to its estimates which include: (i) a reduction in the number of expected respondents; (ii) an increase in the number of expected responses per respondent; and (iii) a decrease in the assigned incremental burden per response. This decrease is due to FinCEN incorporating additional data into the 2025 renewal.

When FinCEN renewed this information collection request, under the Office of Management and Budget (OMB) control number 1506-0043, in 2022, FinCEN estimated that 8,696 covered financial institutions would obtain and maintain 17,392 certification and recertification forms from foreign banks,²⁵ and estimated the burden per certification/recertification form would be 15 hours per form. Due to the lack of data on the likely number of foreign correspondent accounts in 2022, FinCEN applied a conservative estimate of the hourly burden for certification and recertification in order to avoid underestimating the total burden. However, FinCEN has updated its estimation methodology and believes the updated estimate (including the hourly burden for certification and recertification) to be a more accurate reflection of the cost profile associated with this requirement. Most U.S. banks do not maintain foreign correspondent accounts, and those that do, generally maintain more than one such account. In 2025, FinCEN updated its estimation methodology, estimating that both the time required to conduct a certification process and maintain its associated recordkeeping requirement would be 4 hours. The same 4-hour estimate was applied to both the time required to conduct the recertification process and maintain its corresponding recordkeeping requirement.

The reduction in burden is the result of a combination of a decrease in the estimated number of likely respondents and a decrease in the estimated hourly burden of certification and recertification. Although the estimate of the average number of accounts per respondent was revised significantly upwards, a reduction in these two factors (*i.e.*, the likely respondents and the hourly certification/recertification burden) resulted in a decrease to the overall burden.

²⁵ FinCEN estimated that 8,696 covered financial institutions would obtain and maintain two forms per year (one certification form and one recertification form). 8,696 covered financial institutions multiplied by 2 forms per year equals 17,392 certification and recertification forms obtained annually by covered financial institutions.

16. Plans for tabulation, statistical analysis and publication.

This collection of information will not be tabulated or compiled for publication.

17. Request not to display the OMB expiration date.

FinCEN requests that it not be required to display the expiration date so that the regulations and optional certification form will not have to be amended for the new expiration date every three years, or earlier, as applicable. This request will not affect the normal three-year PRA renewal process, or earlier, as applicable.

18. Exceptions to the certification statement.

There are no exceptions to the certification statement.