

Supporting Statement
OMB Control Number 1506–AB68

Proposal of Special Measure Regarding Huione Group as a Foreign Financial Institution of Primary Money Laundering Concern

1. Circumstances that make the collection necessary:

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 and 1951–1960, 31 U.S.C. 5311–5314 and 5316–5336, including notes thereto, with implementing regulations at 31 CFR Chapter X.

The BSA authorizes the Secretary of the Treasury (Secretary), *inter alia*, to require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, or regulatory investigations, 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 the Financial Crimes Enforcement Network (FinCEN) the authority to administer the BSA.⁴

Section 311 of the USA PATRIOT Act, codified at 31 U.S.C. 5318A, grants FinCEN the authority, upon finding that reasonable grounds exist for concluding that a foreign jurisdiction, financial institution, class of transactions, or type of account is of “primary money laundering concern,” to require domestic financial institutions and financial agencies to take one or more “special measures.”

Special measures one through four, codified at 31 U.S.C. 5318A(b)(1)–(b)(4), impose additional recordkeeping, information collection, and reporting requirements on covered U.S. financial institutions. Special measure five, codified at 31 U.S.C. 5318A(b)(5), allows FinCEN to impose prohibitions or conditions on the opening or maintaining in the United States of certain correspondent accounts. Special measures are safeguards that protect the U.S. financial system from money laundering and terrorist financing.

1 Pub. L. No. 107–56, 115 Stat. 272 (Oct. 26, 2001).

2 The AML Act was enacted as Division F, 6001–6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116–283, 134 Stat. 3388 (2021).

3 See 31 U.S.C. 5311(1) – (2).

4 Treasury Order 180-01 (*Reaffirmed* Jan. 14, 2020); see also 31 U.S.C. 310(b)(2)(I) (providing that the Director of FinCEN “[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 Act, to the extent delegated such authority by the Secretary.”).

On May 1, 2025, FinCEN issued a Notice of Proposed Rulemaking (NPRM) proposing special measure five to prohibit U.S. financial institutions from opening or maintaining a correspondent account for, or on behalf of, Huione Group,⁵ and requiring that U.S. financial institutions apply due diligence to correspondent accounts they maintain on behalf of foreign financial institutions that is reasonably designed to guard against the indirect use of those accounts by Huione Group.

Should the NPRM proceed to adoption of a final rule, U.S. financial institutions would be required to notify their foreign correspondent account holders that they may not provide Huione Group with access to correspondent accounts maintained at the U.S. financial institution. The proposed requirement is intended to ensure cooperation from correspondent account holders in preventing Huione Group's access to the U.S. financial system. U.S. financial institutions would be required to document compliance with the notification requirement. The information would be used by Federal agencies and certain self-regulatory organizations to verify compliance with the rule.

2. Use of the information:

The collection of information in the proposed rule relates to both disclosure and recordkeeping. The information required to be disclosed by U.S. financial institutions to a third-party—i.e., a one-time notice to correspondent account holders—is intended to ensure cooperation from correspondent account holders in preventing Huione Group's access to the U.S. financial system, as well as to increase awareness within the international financial community of the risks and deficiencies of Huione Group. The information required to be maintained by U.S. financial institutions will be used by Federal agencies and certain self-regulatory organizations to verify compliance with the requirement that a U.S. financial institution notify its correspondent account holders that they may not provide Huione Group with access to the correspondent account maintained at the institution.

3. Use of improved information technology to reduce burden:

Under the proposed rule, satisfactory notice could be given by transmitting a one-time notice by mail, fax, or e-mail, or by including the notice in the next regularly occurring transmittal from the U.S. financial institution to its correspondent account holders. U.S. financial institutions may use any method of information technology to document their compliance with the notice requirement in the proposed rule, including keeping an electronic copy of the actual notice that is sent to financial institutions.

⁵ FinCEN, [Special Measure regarding Huione Group, as a Foreign Financial Institution of Primary Money Laundering Concern](#), 90 FR 18934 (May 5, 2025), proposed to be codified at 31 C.F.R. 1010.664. The NPRM defines Huione Group to mean “all subsidiaries, branches, and offices of Huione Group operating as a financial institution in any jurisdiction.” 31 C.F.R. 1010.664(a)(1).

4. Efforts to identify duplication:

This NPRM is unique in that it is the only proposed federal rule identifying Huione Group as a “primary money laundering concern” and prohibiting U.S. financial institutions from opening or maintaining a correspondent account for, or on behalf of, Huione Group.

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

Typically, U.S. financial institutions engaged in correspondent banking are large financial institutions. The one-time notice to correspondent account holders and the requirement to document compliance with that notice requirement are not expected to impose a significant economic burden on U.S. financial institutions. For these reasons, FinCEN does not anticipate that the proposals contained in this rulemaking will have a significant impact on a substantial number of small financial institutions or other potentially affected businesses. Accordingly, FinCEN certifies that this rule will not have a significant economic impact on a substantial number of small entities.

6. Consequences to Federal program or policy activities if collection is not conducted or is conducted less frequently:

Under the proposed rule, a U.S. financial institution must notify its correspondent account holders that they may not provide Huione Group with access to a correspondent account maintained at the U.S. financial institution. The failure to transmit such notice will would make it more difficult for the special measure to achieve its goal of preventing Huione Group’s access to the U.S. financial system. Further, a U.S. financial institution must document its compliance with the requirement. Failure to maintain such documentation would make it impossible to verify compliance with the proposed notice requirement, and by extension, to guard against the use of the U.S. financial system by a financial institution found to be of primary money laundering concern.

7. Special circumstances requiring data collection inconsistent with the guidelines in 5 CFR 1320.5(d)(2):

Under 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.

8. Efforts to consult with persons outside the agency.

On May 2, 2025, FinCEN published in the Federal Register (90 FR 18934) a notice and request for comments of its intention to impose information collection requirements in connection with the imposition of a special measure concerning Huione Group as a financial institution of primary money laundering concern.⁶

⁶ FinCEN, [Special Measure regarding Huione Group, as a Foreign Financial Institution of Primary Money Laundering Concern](#), 90 FR 18934 (May 5, 2025), proposed to be codified at 31 C.F.R. 1010.664. The public comment period closes on June 4, 2025.

9. Payment or gift to respondents.

No payments or gifts will be provided to respondents.

10. Assurance of confidentiality provided to respondents and basis for the assurance in statute, regulation, or agency policy:

The information collected would be available to Treasury or its designee to verify compliance with the notice requirement; all such information collections under the BSA must be used consistent with a purpose set forth in 31 U.S.C. 5311, including furthering a criminal, tax, or regulatory investigation, risk assessment, or proceeding, or use in intelligence or counterintelligence activities, including analysis, to protect against terrorism.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature in the information to be collected under this proposed rule. Any personally identifiable information collected under the BSA is strictly controlled as outlined in FinCEN's System of Records Notice.⁷

12. Estimated burden:

Estimated Number of Respondents:

Estimated Number of Potential Respondents: Approximately 15,710.⁸

Estimated Number of Expected Respondents: Approximately 127.⁹

Estimated Time per Respondent: 8 hours.¹⁰

Estimated Total Annual Burden: 1,016 hours.¹¹

Table 1. Estimates of Covered Financial Institutions by Type

FINANCIAL INSTITUTION TYPE	NUMBER OF ENTITIES
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⁷ FinCEN, *Privacy Act of 1974, as Amended; System of Records Notice*, [79 FR 20969](#) (Apr. 14, 2014).

⁸ This estimate is informed by public and non-public data sources regarding both an expected maximum number of entities that may be affected and the number of active, or currently reporting, registered financial institutions, and is detailed in Table 1 below.

⁹ While this regulation applies to all covered institutions described in Table 1, in practice the burden will only be imposed on select institutions that maintain correspondent accounts for foreign banks. Table 2 below presents an estimate of this subpopulation of banks, brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities based on data from the most recent calendar year end.

¹⁰ The estimated average annual burden associated with the collection of information in this proposed rule is, in total, one business day, or eight hours per affected financial institution.

¹¹ 127 expected respondents multiplied by eight hours per respondent equals 1,016 total annual burden hours.

Banks with an FFR ^a	8,995 ^b
Banks without an FFR ^c	395 ^d
Broker-dealers in securities ^e	3,320 ^f
Open end mutual funds ^g	2,036 ^h
Futures commission merchants ⁱ	65 ^j
Introducing brokers in commodities ^k	899 ^l

^a See 31 CFR 1010.100(t)(1); see also 31 CFR 1010.100(d).

^b Bank data is as of Jan. 17, 2025, from Federal Deposit Insurance Corporation BankFind (<https://banks.data.fdic.gov/bankfind-suite/bankfind>). Credit union data is as of Sept. 2024 from the National Credit Union Administration Quarterly Data Summary Reports (<https://ncua.gov/analysis/credit-union-corporate-call-report-data/quarterly-data-summary-reports>).

^c 31 CFR 1020.210(b).

^d 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 with no federal regulator. FinCEN used this data to identify 395 banks and credit unions utilizing Reserve Bank financial services with no federal regulator.

(<https://www.federalreserve.gov/paymentsystems/master-account-and-services-database-existing-access.htm>)

^e 31 CFR 1010.100(t)(2).

^f According to the Securities and Exchange Commission (SEC), there are 3,320 broker-dealers in securities as of Mar. 2025 from website “Company Information About Active Broker-Dealers”

(<https://www.sec.gov/foia-services/frequently-requested-documents/company-information-about-active-broker-dealers>).

^g See 31 CFR 1010.100(t)(10); see also 31 CFR 1010.100(gg).

^h According to the SEC, in 2024 there were 2,036 open-end registered investment companies that report on Form N-CEN. (<https://www.sec.gov/dera/data/form-ncen-data-sets>).

ⁱ 31 CFR 1010.100(t)(8).

^j According to the Commodity Futures Trading Commission (CFTC), there are 65 futures commission merchants as of November 30, 2024. See *Financial Data for FCMs*, available at

<https://www.cftc.gov/MarketReports/financialfcmdata/index.htm>.

^k 31 CFR 1010.100(t)(9).

^l According to the National Futures Association, there are 899 introducing brokers in commodities as of Dec. 31, 2024 from website “NFA Membership Totals” (<https://www.nfa.futures.org/registration-membership/membership-and-directories.html>).

Table 2. Estimates of Affected Financial Institutions by Type

FINANCIAL INSTITUTION TYPE	NUMBER OF ENTITIES
Banks with an FFR	60 ^a
Banks without an FFR	17 ^b
Broker-dealers in securities	26 ^c
Open end mutual funds	16 ^d
Futures commission merchants	1 ^e
Introducing brokers in commodities	7 ^f

^a Data are from the 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 Q3 2024, approximately 60 banks (as defined by FinCEN regulations, *see* 31 CFR 1010.100(d)) will be affected by this rule on any given year. Specifically, we determine that there are approximately 60 banks that report non-zero values for deposit liabilities of banks in foreign countries. Deposit liabilities in a foreign country is an indication that a bank maintains correspondent accounts with a foreign financial institution.

^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 with no federal regulator. FinCEN used this data to identify an additional 17 international banking entities with no federal regulator and that do not file Call Reports, but that are also likely to maintain correspondent accounts with a foreign financial institution.

^c Broker dealers, unless they are publicly traded, are not required to make reports indicating whether or not they have foreign correspondent accounts or hold foreign deposits. FinCEN reviewed financial statement data from 10-Q and 6-K filings with the SEC and identified nine publicly traded broker dealers with US operations that reported foreign deposits. FinCEN also examined Suspicious Activity Reports (SARs) filed by broker dealers in 2024 to identify another two non-publicly traded broker dealers who appeared likely to be maintaining foreign deposits. However, because many broker dealers are not publicly traded and did not file SARs, 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 3,320 active broker dealers is approximately 26 broker dealers assumed to have foreign correspondent accounts.

^d Mutual funds, futures commission merchants, and introducing brokers in commodities generally use intermediary US banks to move and maintain client deposits and funds for investment. Therefore, it is unlikely that many of these institutions will maintain direct correspondent accounts with foreign financial institutions outside of their existing upstream banking relationships. However, because these institutions may in some cases receive deposits from, make payments or other disbursements, or otherwise transact directly with foreign financial institutions, FinCEN conservatively estimates that the proportion of mutual funds with foreign correspondent accounts will be similar to the proportion for banks (approximately 0.8%). 0.8% of 2,036 active mutual funds is approximately 16 mutual funds assumed to have foreign correspondent accounts.

^e 0.8% of 65 active futures commission merchants is approximately one futures commission merchants assumed to have foreign correspondent accounts.

^f 0.8% of 899 active introducing brokers in commodities is approximately seven introducing brokers in commodities assumed to have foreign correspondent accounts.

13. Estimated total annual cost burden:

1,016 hours x \$120.00¹² per hour = \$121,920.

14. Estimated annual cost to the Federal government:

There is no estimated annualized cost to the Federal government.

15. Change in burden:

This is a new collection connected with a proposed rule.

16. Plans for tabulation or publication:

There are no plans for tabulation or publication.

17. Reason why display of expiration date for OMB approval is not appropriate:

FinCEN requests that it not be required to display the expiration date so that the regulations will not have to be amended for the new expiration date every three years.

18. Exception to the certification statement in OMB Form 83-I:

There are no exceptions to the certification statement.

¹²The wage rate applied here is a general composite hourly wage (\$85.55), scaled by a private-sector benefits factor of 1.42 ($\$120.07 = \85.55×1.42), that incorporates the mean wage data (available for download at <https://www.bls.gov/oes/tables.htm>, “May 2023 - National industry-specific and by ownership”) associated with the six occupational codes (11-1010: Chief Executives; 11-3021: Computer and Information Systems Managers; 11-3031: Financial Managers; 13-1041: Compliance Officers; 23-1010: Lawyers and Judicial Law Clerks; 43-3099: Financial Clerks, All Other) for each of the nine groupings of NAICS industry codes that FinCEN determined are most directly comparable to its eleven categories of covered financial institutions as delineated in 31 CFR parts 1020 to 1030. The benefit factor is 1 plus the benefit/wages ratio, where as of June 2023, Total Benefits = 29.4 and Wages and salaries = 70.6 ($29.4/70.6 = 0.42$) based on the private industry workers series data downloaded from https://www.bls.gov/news.release/archives/ecec_09122023.pdf, accessed December 22, 2024. Given that many occupations provide benefits beyond cash wages (e.g., insurance, paid leave, etc.), the private sector benefit is applied to reflect the total cost to the employer. 1,016 total annual burden hours multiplied by \$120 per hour equals a total annual cost of \$121,920.