



FEDERAL RESERVE BANK *of* KANSAS CITY

March 14, 2012

FINCEN MANDATES E-FILING OF BSA REPORTS

Attention: Chief Executive Officer of Each Tenth District State Member Bank

In Brief: The Financial Crimes Enforcement Network (FinCEN) announced on February 24, 2012, that virtually all FinCEN reports required under the Bank Secrecy Act (BSA) must be filed electronically beginning July 1, 2012.

Highlights: In an effort to improve efficiency, reduce government and industry costs, and enhance the ability of investigators, analysts, and examiners to gain better and more timely access to important financial information, FinCEN has reaffirmed the requirement, with some extensions and exemptions allowed, that its reports be filed electronically beginning July 1, 2012.

Almost all FinCEN reports fall within the E-filing mandate, including Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs); however, two reports, as detailed in FinCEN's press release, may continue to be filed on paper. The exemptions are limited, applying only to certain financial institutions lacking Internet access, large-volume CTR filers who may need time to adapt their aggregation systems, and other financial institutions that fall under an "other extraordinary circumstances" category.

FinCEN is committed to working with financial institutions to facilitate the transition to E-filing and has multiple resources available to provide assistance, including a brochure that highlights the benefits of E-filing, an E-filing section on its website, and a recorded instructional presentation. These resources are listed below.

Attachment: Brochure - "How FinCEN's E-Filing System Can Help Your Organization"

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Internet: FinCEN press release: http://www.fincen.gov/news_room/nr/html/20120223.html
BSA E-Filing home page: <http://bsaefiling.fincen.treas.gov/main.html>
Presentation - "Introduction to the BSA E-Filing System"
<http://treas.yorkcast.com/webcast/Viewer/?peid=a93e7d2b1a07427a93b0cf2e764a57421d>

How FinCEN's E-Filing System Can Help Your Organization

Financial Crimes Enforcement Network

Why E-Filing?

- Free, secure, web-based electronic filing system.
- Files are submitted directly to FinCEN.
- Greater data security and privacy.
- Long term cost savings.
- Benefits to internal audit, filing processes and recordkeeping.

Benefits of Using the BSA E-Filing System

As more and more BSA filings are electronically submitted, it is clear that financial institutions of all sizes, types, and locations have discovered the benefits of using E-Filing.

FinCEN is committed to working with all financial institutions that file paper BSA forms to help them understand the value that E-Filing may provide. In many cases, institutions' past concerns regarding the transition to E-Filing can be addressed through a number of newly implemented capabilities. For example, using Adobe Forms makes single or small numbers of filings (discrete filings) easier and allows users to create paper copies for internal review and approval purposes.

Some paper filers also may not be aware of the many ways in which E-Filing can improve their internal BSA filing processes, including for recordkeeping and internal audit purposes.

Among the many benefits E-Filing provides are:

- A streamlined BSA form submission process.
- Faster routing of information, better accomplishing

our joint mission of protecting the financial system from illicit actors and activities.

- Greater data security and privacy compared with paper forms and traditional mail delivery.
- Long-term cost savings to both financial organizations and the government.
- Features not available to paper filers (see next column).

The value of E-Filing is clear. Signing up is easy, and free! For a more in-depth look at trends and benefits of the E-Filing System, check out the article in FinCEN's SAR Activity Review Issue 16 at http://www.fincen.gov/news_room/rp/files/sar_tti_16.pdf.



Recent E-Filing Enhancements

If you haven't reviewed FinCEN's E-Filing system lately, it may be time to take another look. Over the past year, FinCEN has added various valuable features within E-Filing.

Improved Data Quality Checks. FinCEN updated E-Filing to provide additional validation checks on CTR and CTR-C batch file submissions. These validations provide additional technical feedback and warnings to filers when submitted files contain significant formatting errors.

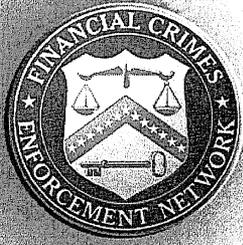
Increased Usability through the Adoption of Adobe-based Forms. FinCEN transitioned E-Filing to the use of Adobe based forms. Adobe forms provide additional error checking and validation for institutions filing discrete forms and aligned E-Filing with current industry standards for form processing.

Introduction of SAR Filing Acknowledgments. FinCEN recently completed a SAR Acknowledgments and Validations Project. This Project included the following features:

- SAR Acknowledgment files.
- Self-enrollment function.
- Transparent electronic filing requirements.

Newly implemented SAR validation checks will automatically prevent certain errors from being submitted or will be returned to the filer in an acknowledgment file with an explanation.





Financial Crimes Enforcement Network BSA E-Filing

Help Desk

1-866-346-9478 (option 1)

Monday—Friday 8 a.m.—6 p.m. ET

<http://bsaefiling.fincen.treas.gov/main.html>

The many benefits and enhanced features of FinCEN's E-Filing system, which is provided free to filing institutions, provide compelling reasons for institutions to adopt electronic BSA filing. If your institution still submits BSA filings using paper forms, now may be the right time to adopt E-Filing.

Participation in the E-Filing system is currently voluntary, but we encourage your institution to take a fresh look at the system and its benefits; including greater streamlining of your current BSA report submission processes and enhanced audit and recordkeeping capabilities. There are technical specifications required to use the E-Filing system. To make an assessment, your institution should determine whether existing IT systems and Internet connections can support E-Filing. You can locate the specifications in the "Connecting to BSA E-Filing" section of the FAQs located at http://bsaefiling.fincen.treas.gov/FAQs.html#categ_03_quest_01

How do I Enroll?

Once a financial institution has determined that E-Filing is the right choice, enrollment is simple and free.

The BSA E-Filing enrollment process involves the designation by your filing organization of a Supervisory User ("SU") who will serve as the initial and primarily responsible user of the BSA E-Filing System for your organization. This person can both invite additional users from your organization to become BSA E-Filing users and assign them appropriate privileges within the system.

To obtain a user ID, the SU must fill out and submit the Supervisory User Application Form. Once FinCEN has verified the identity/designation of the SU, he/she will receive a user ID to access the E-Filing system approximately 48 hours after submission of the form.

Institutions need only apply for a system account by going to the

BSA E-Filing home page located at <http://bsaefiling.fincen.treas.gov/>. calling the BSA E-Filing Help Desk at 866-346-9478 (option 1), or submitting an enrollment request via email at BSAEFilingHelp@fincen.gov.



For more information about E-Filing, its uses, and the process to enroll, visit FinCEN's "Take a Tour" feature on the [BSA E-Filing home page](#).

If you have further questions about the system, please call or e-mail the BSA E-Filing System Help Desk. The Help Desk is available Monday through Friday 8 a.m. - 6 p.m. ET.