



FEDERAL RESERVE BANK *of* KANSAS CITY

February 13, 2009

SIMPLIFICATION OF CURRENCY TRANSACTION REPORTING ("CTR") EXEMPTION REQUIREMENTS

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

In Brief: On December 4, 2008, the Financial Crimes Enforcement Network ("FinCEN") announced the publication of its final rule simplifying the requirements for depository institutions to exempt their eligible customers from currency transaction reporting. This new rule became effective on January 5, 2009.

Highlights: The filing of an exemption form and annual eligibility reviews will no longer be required for customers who are other depository institutions, U.S. or State governments, or entities acting with governmental authority.

Eligible non-listed companies and payroll customers will be available for exemption after either two months' time (previously twelve months) or after the bank has conducted a risk-based analysis of the legitimacy of their transactions. (See the preamble to the final rule, which can be accessed through the second link below, for factors to consider in analyzing the legitimacy of transactions.) FinCEN's guidance on the definition of "frequent" reportable transactions will also be changed to five reportable transactions per year from eight transactions.

Biennial renewal filings on eligible Phase II customers will no longer be required, although the annual review for eligibility must still be conducted.

A change of control in an exempt non-listed or payroll customer will no longer be required to be recorded or reported.

The current exemption form (FinCEN Form 110) should continue to be used for new filings. Any references to biennial renewals in the form or in the instructions should be disregarded, as should "Bank" and "Government/Government authority" in Part II, Item 10a, of the form.

Contact: Andrew Thompson
(800) 333-1020, ext. 22535
andrew.thompson@kc.frb.org

Internet: http://www.fincen.gov/news_room/nr/pdf/20081204.pdf
http://www.fincen.gov/statutes_regs/frn/pdf/frnCTRExemptions.pdf