



The National Voice of the State Credit Union System

May 5, 2021

Policy Division
Financial Crimes Enforcement Network
P.O. Box 39 Vienna, VA 22183

Re: Docket Number FINCEN-2021-0005; RIN 1506-AB49: Beneficial Ownership Information Reporting Requirements

To whom it may concern:

The National Association of State Credit Union Supervisors (NASCUS)¹ submits this letter in response to the Financial Crimes Enforcement Network's (FinCEN) request for comments on Advance Notice for Proposed Rulemaking, RIN 1506-AB49: Beneficial Ownership Information Reporting Requirements (Beneficial Ownership ANPR).² The Beneficial Ownership ANPR seeks initial public input on the implementation of the Corporate Transparency Act (CTA) and the establishment of standards and procedures for covered entities to submit information to FinCEN about their beneficial owners.³ NASCUS supports strengthening the Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) framework that safeguards the credit union system and the broader financial system from being exploited by bad actors to support their illicit activities. We are committed to working with FinCEN as the Beneficial Ownership Database is developed and the CTA implemented.

State regulators play an important role in the administration of the BSA/AML, conducting an overwhelming majority of the BSA/AML examinations in the 2,020 state credit unions nationwide. It is the Reports of Examinations prepared by the state regulatory agencies upon which the federal regulator and FinCEN rely to identify shortcomings in BSA/AML compliance in the state credit union system. To maintain a seamless and effective oversight of the BSA/AML, FinCEN must include state regulators in the implementation of the CTA to the same extent as federal agencies. State regulators must also have access to FinCEN's Beneficial Ownership data to the same extent as federal agencies.

With respect to the kinds of information to be collected, we urge FinCEN to develop the Beneficial Ownership Database with an eye to reducing the burden of collecting and verifying Beneficial Ownership information on credit unions and other depository institutions. While a final rule on customer due diligence requirements for financial institutions will be subject to a

¹ NASCUS is the professional association of the nation's 45 state credit union regulatory agencies that charter and supervise over 2,020 state credit unions. NASCUS membership includes state regulatory agencies, state chartered and federally chartered credit unions, and other important stakeholders in the state system. State chartered credit unions hold over half of the \$1.87 trillion assets in the credit union system and are proud to represent nearly half of the 125 million credit union members.

² "Beneficial Ownership Information reporting Requirements" 86 Fed. Reg. 17557 (April 5, 2021).

³ Title LXIV of the National Defense Authorization Act for Fiscal Year 2021, Public Law 116-283 (January 1, 2021).

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separate notice and comment, we believe it important to take preliminary consideration of those future rule changes now as the database is developed.⁴ Credit unions and other financial institutions already bear a substantial BSA/AML regulatory burden to safeguard the financial system and work diligently to fulfill their responsibilities. Designing the Beneficial Ownership Database in a manner that eases related customer due diligence requirements would allow financial institutions to re-allocate resources to monitoring and other BSA/AML obligations resulting in a more secure financial system.

NASCUS appreciates the opportunity to offer comments for FinCEN's consideration as the agency develops the Beneficial Ownership Database pursuant to the CTA. State regulators have been steadfast partners with FinCEN and their sister federal agencies in safeguarding the financial sector from bad actors. Given the scope of the supervisory jurisdiction of state regulators, FinCEN should continue to engage with the states throughout implementation of the CTA. Please do not hesitate to contact NASCUS to discuss our comments further.

Sincerely,

- signature redacted for electronic publication -

Brian Knight
Executive Vice President & General Counsel

⁴ 86 Fed. Reg. 17558 (April 5, 2021).