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MEMORANDUM

October 26, 2020

To Our Clients and Friends

Re: Federal Reserve and FinCEN Propose Changes to Travel and Recordkeeping Rules

The Federal Reserve Board and the Financial Crimes Enforcement Network (FinCEN) are proposing a modification to the rule implementing the Bank Secrecy Act (“BSA”) requiring financial institutions to collect and retain information on certain funds transfers and transmittals of funds.

The proposed modification reduces the collection and recordkeeping threshold for funds transfers that begin or end outside the United States from \$3,000 to \$250. FinCEN is also proposing to reduce from \$3,000 to \$250 the threshold in the Travel Rule for funds transfers that begin or end outside the United States. (The Travel Rule requires financial institutions to transmit certain information about the parties to the other financial institutions in the payment chain information.)

The agencies also propose to clarify the meaning of “money” as used in the Recordkeeping and Travel Rules to confirm that these rules also apply to domestic and cross-border transactions involving convertible virtual currency, which is a medium of exchange (e.g., cryptocurrency) that has an equivalent value as currency or acts as a substitute for currency, but lacks legal tender status. The Agencies further propose to clarify that the rules also apply to domestic and cross-border transactions involving digital assets that have legal tender status.

A copy of the agencies’ proposal is available on our website at <http://schwartzandballen.com/news.html>.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, or Victor Razon at (202) 776-0700.