

**SCHWARTZ & BALLEN LLP**

1990 M STREET, N.W. • SUITE 500

WASHINGTON, DC 20036-3465

WWW.SCHWARTZANDBALLEN.COM

TELEPHONE  
(202) 776-0700

FACSIMILE  
(202) 776-0720

**M E M O R A N D U M**

January 26, 2022

To Our Clients and Friends

Re: FinCEN Requests Comment on Proposed SARs Sharing Pilot Program

The Financial Crimes Enforcement Network (FinCEN) is requesting comment on a proposed rule establishing a pilot program for sharing suspicious activity reports (SARs). Comments on the proposed rule are due by March 28, 2022.

Under the proposed rule, a participating financial institution may share SARs and information related to SARs with the institution's foreign branches, subsidiaries, and affiliates for the purpose of combating "illicit finance risks." Currently, SARs, or any information that would reveal the existence of the SAR, generally may not be shared with these entities. A financial institution seeking to participate in the pilot program must submit a written application and obtain approval from FinCEN.

Among other requirements, participants in the program must submit quarterly reports to FinCEN, notify FinCEN in the event of any unauthorized disclosures related to the program, and implement internal controls to prohibit the unauthorized disclosure of SARs and related information. Participating institutions will generally be prohibited from sharing SARs or related information with affiliates located in China, Russia, or affiliates located in any jurisdiction that the U.S. Department of State has determined is a state sponsor of terrorism, that is subject to sanctions imposed by the federal government, or has been determined cannot reasonably protect the security and confidentiality of such information. The pilot program will terminate on January 1, 2024, absent an extension for up to two years by the Secretary of the Treasury.

A copy of FinCEN's proposed rule is available on our website at <http://schwartzandballen.com/news.html>.

For more information, please call Gilbert Schwartz, Robert Ballen, Heidi Wicker, Eric Knight, or Audrey Carroll at (202) 776-0700.