

Commerce Bancshares, Inc.
Compliance Department, TB12-1
922 Walnut St., P.O. Box 13686
Kansas City, MO 64199-3686

December 14, 2010

Regulatory Policy and Programs Division
Financial Crimes Enforcement Network
Department of the Treasury
PO Box 39
Vienna, VA 22183

Delivered via email:
regcomments@fincen.treas.gov

Attention: PRA Comments – BSA-SAR Database

RE: BSA – SAR Database – Request for Comments

Dear Sir or Madam:

Commerce Bancshares, Inc. (CBI) is a regional bank holding company with one bank subsidiary, Commerce Bank, N.A. (Bank), and total assets of \$18.8 billion at September 30, 2010. The Bank is a full-service bank, with approximately 370 banking locations in Missouri, Illinois, Kansas, Oklahoma, and Colorado and credit card operations in Nebraska. A full line of banking services, including investment management and securities brokerage are offered. CBI also has operating subsidiaries involved in mortgage banking, credit related insurance, and private equity activities.

We appreciate the opportunity to comment on the list of proposed data fields within the new Bank Secrecy Act (BSA) database (Database) that will support Suspicious Activity Report (SAR) filings by financial institutions required to file such reports under the BSA.

Necessity of Information Collected

The proposed changes to Part IV, “Filing Institution Contact Information,” include the addition of required Field 78, the TIN of the person filing the SAR. There is no current requirement that the filer’s personal TIN be included and we fail to see the necessity or relevance of the new field to the goal of making the SAR Database more robust and enhancing its use for law enforcement. We are adamantly opposed to the inclusion of the filer’s TIN.

Accuracy of Estimate of Burden

While the addition of data fields will afford greater granularity for law enforcement when reviewing SARs, the proposed changes will impose additional burdens on the filing institutions and their software providers. Many of the changes will require programming changes to AML

Monitoring and Case Management Systems, which will have to be fully vetted and tested prior to acceptance by the BSA/AML user community. Our software vendor indicated that the changes required to comply will take a considerable amount of time and result in substantial increased costs, which will be passed on to us. Specific areas of concern include, but are not limited to the following:

The Comment Request states, “*Estimated Reporting Burden: Average of 60 minutes per report and 60 minutes recordkeeping per filing.*” (75 F.R. 63546) The Paperwork Reduction Act Notice below Section V of the current SAR form states: “Public reporting and recordkeeping burden for this information collection is estimated to average 30 minutes per response, and includes time to gather and maintain data in the required report, review the instructions, and complete the information collected.”

The estimate of 120 minutes per SAR filing is seriously understated compared to the actual time committed to the process. The estimation of 120 minutes for SAR completion in the Comment Request is a 300% increase over the previous 30 minute estimate. Actual time currently spent on SARs is significantly more, and when increased 300%, will result in the need for increased staffing to meet the reporting burden.

Ways to Enhance Quality, Utility and Clarity of Information Collected

The most positive of the proposed changes to the Database is the ability to include an Excel-compatible file in electronic filings. We believe that using an Excel spreadsheet will enable law enforcement to understand more fully the facts involved in the suspicious activity described in Part V (Narrative) of the SAR. While the details of how the spreadsheet will be filed are not yet known, the prospect of attaching it to the SAR has merit and will enhance the quality and clarity of the information collected.

It is unclear if the filing institution will obtain data that must be derived from third party data (e.g., County, GEO Coding, HIFCA Code and HIDTA Code) through contracted third party data providers or if it will be derived through third party applications within FinCEN. We would appreciate clarification and more information about third party data sources.

Ways to Minimize Burden

Field definitions and field names are not retained from the existing SAR form and should be matched to the proposed fields in the new form. For example, on the existing SAR-DI (OMB No. 1557-0180), Field Number Two (2) in Part I is “Name of Financial Institution;” however, in the proposed Database, the same information (Name of Financial Institution) is now Number 50. This change will require re-mapping, forwards and possibly backwards, multiple tables within existing databases and software applications so that SAR information is compatible. We suggest that the fields in the proposed Database containing the same information as fields in the current SAR form, be given the same number to minimize the programming burden.

Cost Estimates

Although we know that the cost to comply with the proposed Database will be substantial, it is difficult to provide a credible estimate because there will be costs over which we have no control. We do know, however, that we will be forced to increase staffing, pay for software changes and testing, train staff and closely monitor compliance when the changes are implemented. A 300% increase in completion time, which is only one small aspect of the effect of the proposed changes, will have a proportionate effect on the AML Department's budget.

In closing, while many of the proposed changes will benefit law enforcement and provide more granular information, the overall burden to financial institutions is potentially greater than the value of the information that FinCEN may publish in its evaluation of the data received.

Thank you for giving us the opportunity to comment.

Sincerely,

Commerce Bancshares, Inc.

Andrew D. Martin
Bank Secrecy Act/Anti-Money Laundering Compliance Officer