Commerce Bancshares, Inc.
Compliance Department, TB12-1
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November 14, 2011

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

Delivered via email:
regcomments@fincen.gov

Attention: BSA Required Electronic Filing

Dear Sir or Madam:

Commerce Bancshares, Inc. (CBI) is a regional bank holding company with total assets of $20.6 billion at September 30, 2011. The Bank is a full-service bank, with approximately 360 banking locations in Missouri, Illinois, Kansas, Oklahoma, and Colorado. 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 **Mandating E-Filing to take effect on June 30, 2012.**

Practical utility of electronic data collection only

By itself, the idea of only allowing for electronic data collection has merit, but in light of the overwhelming breadth of underlying database changes being implemented, the idea is an unreasonable restriction. The advantage is with the recipients only, while the disadvantage rests solely with the filing institutions. As many of the software vendors that support batch filing applications have yet to program for the changes, the time available to test CTR and SAR batch filing is very short. The availability of a paper-based fallback would provide for another submission avenue should the need arise. While paper filing is not encouraged, it is a viable alternative should electronic filing systems fail to perform adequately.

Estimated burden of data collection

While the addition of data fields will afford greater granularity for law enforcement when reviewing SARs and CTRs, 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, as well as systems used to collect reportable cash transactions, which will have to be fully vetted and tested prior to acceptance by the BSA/AML user community. To respond to all of the additional data fields, numerous processes and systems will have to be changed to collect new information that is not currently required to be gathered and retained. Software vendors indicate 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 the financial institutions. Specific areas of concern include, but are not limited to, the following:

- The estimate of 120 minutes for SAR completion is a 300% increase over the current 30 minute estimate. Actual time currently spent on SARs is significantly more than 30 minutes, and when increased 300%, will result in the need for increased staffing to meet the reporting burden.

- Based on the increased burden, a bank filing 75 SARs per month will require the equivalent of a single FTE, devoted to nothing but that task.

- The proposed changes related to CTR filing will affect the staffing of every financial institution. Peer banks indicate that they anticipate doubling staff devoted to CTR filing. This is evident in the increased estimated reporting burden as well as the time frame for filing.

- These estimates only account for the increase in data to be reported. Where is the time allocation for institutions that must transition from paper to electronic filing? Extensive IT resources are required for the move from paper to electronic filing.

- Shortening the allotted time for filing CTRs electronically from the current 25 days to only 15 days will require financial institutions to revise their filing schedules, and will impact staff allocated to the task. Currently, a bank could file every 2 weeks, and still be well within the stipulated 25 days for electronic filing. By reducing the time to 15 days, banks will (at a minimum) be forced to file weekly. This impacts multiple systems and functional areas of the bank, with no benefit to the financial institution.

Ways to minimize the burden of collection on respondents (filers)

Financial institutions, for the most part, rely on outside vendors to provide the software functionality to facilitate the data collection and subsequent filing of the requisite SAR and CTR data. Forcing the vendors to adopt the new requirements, fully test them internally, test them with clients, and with FinCEN, all by June 30 2012, is an unreasonable timeframe for all parties involved. As test files are not yet available, and vendors have not rolled out updated software, ways to minimize the collection burden are unclear.

Additional observations

While FinCEN has provided a single webinar to address the technical aspects of the filing requirements, as of this writing, there has not been anything to address the concerns of the respondent community itself. Granted, there are posted requirements, however the understanding of those requirements leads to many questions, which for the most part remain unanswered. Vendors have not yet released patches or upgrades to accommodate the proposed changes, and in some instances, have not even presented a timeline for completion. This does not seem to be caused by apathy, but more as a result of the complexity of the new requirements.

In closing, while many of the proposed changes will benefit law enforcement and provide more granular information, the overall burden to financial institutions is great. The bank applauds the efforts of FinCEN, however, the combination of a hard deadline coupled with significant data changes, seems to be too much at one time. Vendors and financial institutions have little time to react and prepare for the changes.

Thank you for giving us the opportunity to comment.

Sincerely,

Commerce Bancshares, Inc.

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