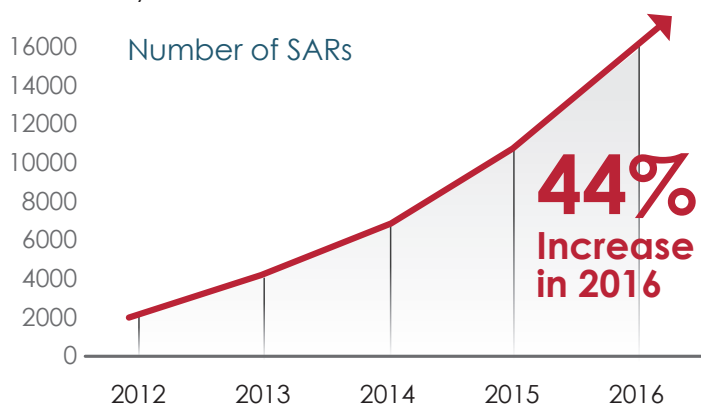


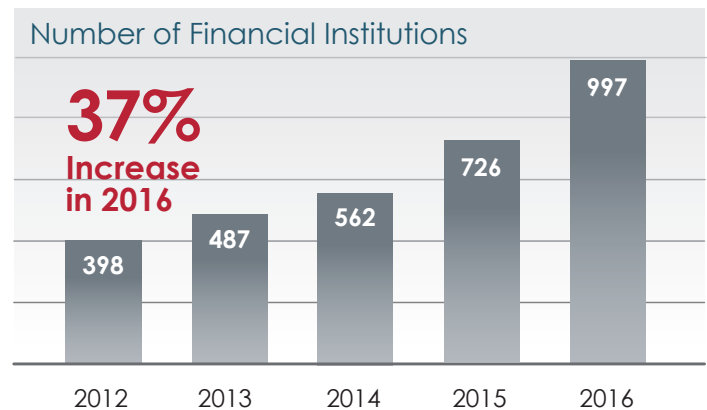
314(b) References in Suspicious Activity Reports (SARs) Suggest Increased Information Sharing Among Financial Institutions

Increased Prevalence of 314(b) References in SAR Narratives

The number of SARs wherein the utilization of the 314(b) Program was discussed in the narrative have increased steadily over the past five years. Calendar year 2016 saw an increase of 44 percent over calendar year 2015.



Number of Financial Institutions Filing SARs Referencing 314(b)

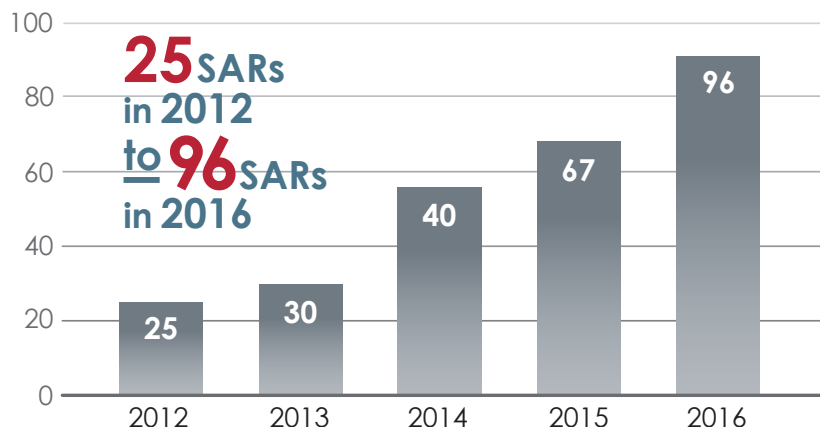


In 2016, the number of financial institutions that filed at least one SAR indicating they had utilized the 314(b) process in the narrative increased by 37 percent from 2015.

Terrorist Financing SARs Referencing 314(b) Are Increasing

During a five-year review period, the prevalence of terrorist financing SARs referencing 314(b) has increased significantly, from 25 such SARs in 2012, to 96 such SARs in 2016. This indicates financial institutions are using 314(b) more frequently in their efforts to detect and report suspected terrorist financing.

Number of SARs Indicating Terrorist Financing as the Suspicious Activity Type

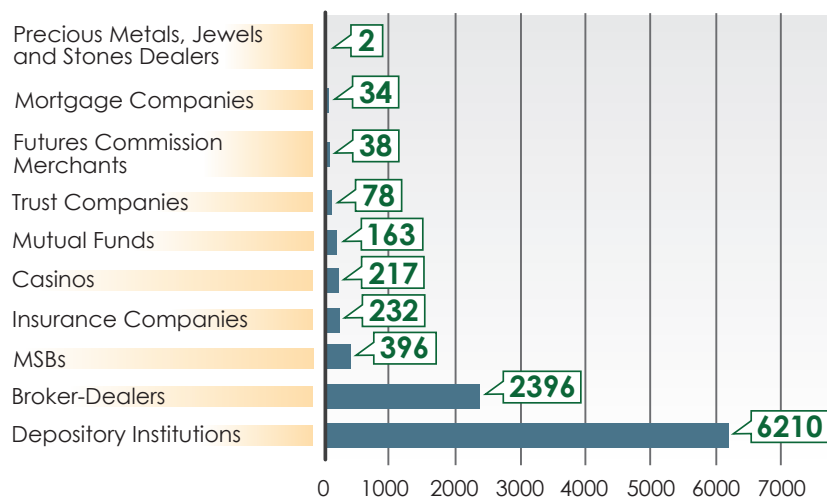


“During a five-year review period, the prevalence of terrorist financing SARs referencing 314(b) has increased significantly, from 25 such SARs in 2012, to 96 such SARs in 2016.”

Financial Institution Types Participating in 314(b) Information Sharing

Many different types of financial institutions participate in the 314(b) Program. These include depository institutions, broker-dealers, casinos, insurance companies, money services businesses (MSBs), futures commission merchants, mortgage companies, mutual funds, precious metals, jewels, and stones dealers, and trust companies. Depository institutions and broker-dealers make up the bulk of 314(b) participants, but several financial institution types, specifically casinos and insurance companies, saw dramatic increases in participation during 2016.

Types of Financial Institutions

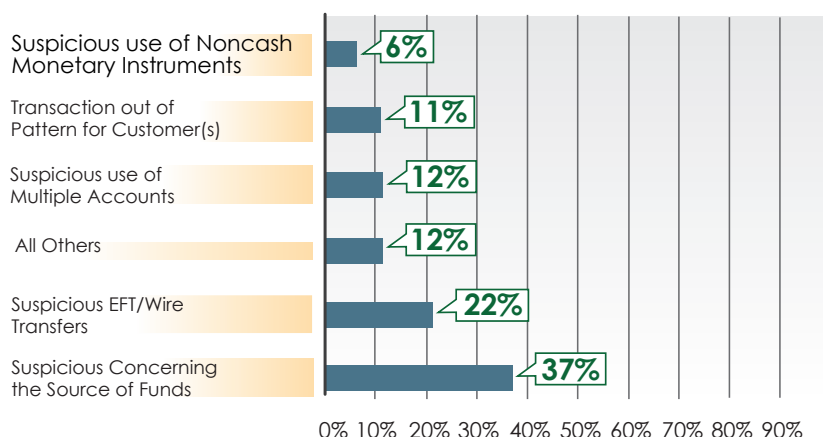


“Depository institutions and broker-dealers make up the bulk of participants, but several financial institution types, specifically casinos and insurance companies, saw dramatic increases in participation during 2016.”

Suspicious Activity Types Reported in SARs

Most SARs reporting the use of the 314(b) Program in the narrative indicate money laundering as the suspicious activity category, with “suspicion concerning the source of funds” as the most frequently indicated sub-category¹. A review of SAR reporting indicates that financial institutions often use the 314(b) Program to gain clarity from other 314(b) participants on the source of funds moving through their financial institutions. In most of these SARs, the filing institution has contacted another institution through the 314(b) mechanism for additional information on one or more transactions.

Suspicious Activity Sub-category in Money Laundering SARs (2016)



“A review of SAR reporting indicates that financial institutions often use the 314(b) Program to gain clarity from other 314(b) participants on the source of funds moving through their financial institutions.”

¹The sub-category is officially referred to as the “suspicious activity type” on the SAR form.