

Bank Secrecy Act Advisory Group

The following is a proposal to reorganize the Bank Secrecy Act Advisory Group (“Advisory Group”) to more effectively fulfill the Congressional mandate of presenting information to the Secretary of the Treasury on enhancing the effectiveness of the information provided to law enforcement and the feedback to the financial community on the use of the information. This proposal will facilitate the participation of more members representing the increasingly diverse financial services industry affected by the Bank Secrecy Act, enhance the role of standing and ad hoc subcommittees devoted to particular issues, and create a steering committee to provide the Director of FinCEN with assistance administering the Advisory Group.

Outline of Advisory Group Structure and Operations

The Advisory Group serves as the principal forum in which issues relating to the administration of the Bank Secrecy Act are discussed among regulators, law enforcement, and the industry. Congress exempted the Advisory Group from the Federal Advisory Committee Act for the specific purpose of encouraging open and frank discussion between the government and the financial services industry subject to regulation under the Bank Secrecy Act. The proposed structure of the Advisory Group is designed to take full advantage of this exception.

Chair

As the administrator of the Bank Secrecy Act, the Director of FinCEN chairs the Advisory Group. The chair is responsible for calling meetings; setting agenda items; forming subcommittees and appointing co-chairs; and acting on recommendations of the Advisory Group, whether through communicating the recommendations to the Department of the Treasury or, where appropriate, implementing the recommendations within FinCEN. As the chair of the Advisory Group, the Director does not have a vote in the Plenary.

Plenary

The Plenary serves as the core of the Advisory Group. The Plenary will be composed of representatives from the following groups, along with other categories that, in the discretion of the Director of FinCEN, are appropriate:

- Law enforcement agencies
- Financial regulatory agencies, including self-regulatory organizations as well as state regulatory agencies
- Financial services industries subject to Bank Secrecy Act regulation, including trade groups and practitioners representing such industries

The Director of FinCEN determines membership. The Director shall take advice on membership from existing Advisory Group members generally, and from the Steering

Committee in particular, and shall ensure that the membership reflects the diverse financial services industry. The Plenary will meet twice a year to consider issues, receive reports from subcommittees, and consider proposed Advisory Group recommendations to the Director of FinCEN. The Plenary must consider and vote on all recommendations of the Advisory Group. While the Advisory Group will seek to formulate consensus recommendations, the votes need not be unanimous.

Steering Committee

The Steering Committee of the Advisory Group is responsible for assisting the Director of FinCEN in the administration of the Advisory Group. The Steering Committee will meet four times each year, or more often as may be necessary, in person or by conference call. The Steering Committee will identify issues to be taken up by the Advisory Group and subcommittees, identify the need for additional subcommittees, receive updates and reports from subcommittees, set Plenary meeting agenda items, and review and recommend to the Director requests for BSA Advisory Group membership.

The Steering Committee will be led by the Director of FinCEN or the Director's designee, and 12 members of the Plenary. Representatives from each sector (Law Enforcement, Regulatory Agencies and Industry) will serve staggered two-year terms. Steering Committee members are responsible for communicating with and representing the interests of the Plenary member sectors they represent. Participation on the Steering Committee will be as follows:

- ***Law Enforcement*** --The Federal law enforcement agencies listed below shall select three representatives to serve on the Steering Committee:
 1. Department of Justice
 2. Federal Bureau of Investigation
 3. Bureau of Immigration and Customs Enforcement
 4. Internal Revenue Service – Criminal Investigative Division
 5. Office of National Drug Control Policy
 6. Drug Enforcement Agency
 7. U.S. Secret Service

- ***Regulatory Agencies*** -- The regulatory agencies listed below shall select three representatives to serve on the Steering Committee, at least one of which shall be selected from among the five Federal bank regulatory agencies, and at least one of which shall be selected from among the non-depository institution regulatory agencies:
 1. The five Federal Banking Agencies.
 2. Securities and Exchange Commission
 3. Commodity Futures Trading Commission
 4. Internal Revenue Service Small Business/Self-employed Division
 5. Conference of State Bank Supervisors

- **Industry** -- Industry sectors subject to BSA regulation will be represented on the Steering Committee. Members of the affected industries will select individuals to serve as their representatives on the Steering Committee. Industry sectors representatives will be as follows:
 1. Depository Institutions
 2. Securities Broker-Dealers and Futures Commission Merchants
 3. Investment Companies
 4. Money Services Businesses
 5. Casinos
 6. Other Non-Bank Financial Institutions.

Subcommittees

The Advisory Group will create both standing subcommittees as well as ad hoc subcommittees as the principal means for addressing issues of the Advisory Group. Each subcommittee will be chaired by one or more members of the Advisory Group or their designee(s). Membership in the subcommittees will be limited to members of the Advisory Group or their designee(s). The chair(s) of the subcommittees are responsible for providing periodic reports to the Steering Committee and the Plenary.

The Advisory Group will have the following standing subcommittees:

- SAR Activity Review Subcommittee
- BSA Reporting Subcommittee
- Law Enforcement Subcommittee
- Privacy/Security Subcommittee
- Non-Bank Financial Institution Subcommittee

Based on prior meetings, the Advisory Group currently has the following ad hoc subcommittees:

- CTR Subcommittee
- Unauthorized SAR Disclosure Subcommittee
- Examination Subcommittee
- Wire Rules/Travel Rule Subcommittee