



Financial Crimes Enforcement Network
U.S. Department of the Treasury

Washington, D.C. 20220

Exceptive Relief from Requirement to Identify and Verify Beneficial Owners at Each Account Opening

FIN-2026-R001

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By order, pursuant to 31 U.S.C. § 5318(a)(7) and 31 C.F.R. § 1010.970, the Financial Crimes Enforcement Network (FinCEN) is granting exceptive relief to covered financial institutions from the requirements set forth in 31 C.F.R. § 1010.230(b) to identify and verify the identities of beneficial owners of legal entity customers at each new account opening. Rather than having to identify and verify a legal entity customer's beneficial owners each time that customer opens an account, covered financial institutions may instead limit their identification and verification of the identities of beneficial owners under 31 C.F.R. § 1010.230(b) to the following circumstances: (1) when a legal entity customer first opens an account with a covered financial institution; (2) any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and (3) as needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence. Covered financial institutions must continue to comply with all other applicable anti-

money laundering/countering the financing of terrorism (AML/CFT) requirements under the Bank Secrecy Act (BSA) and its implementing regulations, including program, recordkeeping, and reporting requirements.¹

Background

FinCEN issued customer due diligence requirements for covered financial institutions² in 2016 (collectively, the “2016 CDD Rule”).³ The 2016 CDD Rule was meant to address a deficiency in the U.S. AML/CFT regulatory regime: prior to the 2016 CDD Rule’s May 11, 2018 applicability date, covered financial institutions were not required to know the beneficial owners of their legal entity customers.⁴ This deficiency “enable[d] criminals, kleptocrats, and others looking to hide ill-gotten proceeds to access the [U.S.] financial system anonymously.”⁵

To deter such anonymous access, the 2016 CDD Rule required covered financial institutions to “[i]dentify the beneficial owner(s) of each legal entity customer” by obtaining from each such customer specified information about its beneficial owners, either via the certification form found at 31 C.F.R. § 1010.230 Appendix A, or by some other means, provided the individual providing the information certifies that the information is accurate.⁶ Identification

¹ The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Foreign Transactions Reporting Act of 1970, as amended by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and other legislation. The BSA is codified at 12 U.S.C. §§ 1829b, 1951-1960; and 31 U.S.C. §§ 5311-5314, and 5316-5336, including notes thereto and implementing regulations codified at 31 C.F.R. chapter X.

² The phrase “covered financial institutions” is defined by reference at 31 C.F.R. § 1010.230(f).

³ FinCEN, *Customer Due Diligence Requirements for Financial Institutions*, 81 FR 29398 (May 11, 2016).

⁴ *Id.* at 29398. Complementary goals included “provid[ing] information that will assist law enforcement in financial investigations, help[ing] prevent evasion of targeted financial sanctions, improv[ing] the ability of financial institutions to assess risk, facilitat[ing] tax compliance, and advanc[ing] U.S. compliance with international standards and commitments.” *Id.*

⁵ *Id.*

⁶ 31 C.F.R. § 1010.230(b)(1). For purposes of § 1010.230, a “beneficial owner” is (1) each individual, if any, who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25 percent or more of the equity interests of a legal entity customer; and (2) a single individual with significant responsibility to control, manage, or direct a legal entity customer, including an executive officer or senior manager or any other individual who regularly performs similar functions. See 31 C.F.R. § 1010.230(d)(1), (2), with provisions for trusts

must occur “at the time a new account is opened.”⁷ FinCEN’s regulations define the phrase “new account” to mean “each account opened at a covered financial institution by a legal entity customer on or after the applicability date.”⁸ FinCEN proposed and finalized this formulation to address strong opposition to retroactive application of the requirement to identify and verify beneficial owners.⁹ Avoiding retroactive application was also consistent with the Customer Identification Program (CIP) Rule,¹⁰ under which a “customer” is a person that “opens a new account” or an individual who “opens a new account” for specified others.¹¹

In addition to requiring identification of beneficial owners of legal entity customers, the 2016 CDD Rule further required covered financial institutions to “[v]erify the identity of each beneficial owner identified to the covered financial institution, according to risk-based procedures to the extent reasonable and practicable.”¹² For consistency with the CIP Rule, the 2016 CDD Rule allowed covered financial institutions to complete verification “within a reasonable time after [an] account is opened.”¹³

Taking these 2016 CDD Rule requirements together, a covered financial institution must identify and verify a legal entity customer’s beneficial owners each time that customer opens an account with the covered financial institution, regardless of how little time passes

at 31 C.F.R. § 1010.230(d)(3). A “legal entity customer” is a “corporation, limited liability company, or other entity that is created by the filing of a public document with a Secretary of State or similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account.” 31 C.F.R. § 1010.230(e)(1). The information required about each beneficial owner is the individual’s name, address, date of birth, and Social Security number (or other permitted identification number for non-U.S. persons).

⁷ *Id.*

⁸ 31 C.F.R. § 1010.230(g). An “account” is further defined for each type of covered financial institution at 1010.230(c).

⁹ *See* 81 FR at 29404 (“In the NPRM, FinCEN proposed that the beneficial ownership requirement would apply only with respect to legal entity customers that open new accounts going forward from the date of implementation, noting that many commenters to the ANPRM viewed a retroactive requirement to obtain beneficial ownership information for all existing accounts as extremely burdensome.”).

¹⁰ *See, e.g.*, 31 C.F.R. § 1020.220(a) (customer identification program requirements for banks).

¹¹ 31 C.F.R. § 1020.100(b)(1).

¹² 31 C.F.R. § 1010.230(b)(2).

¹³ 81 FR at 29408.

between account openings or whether the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information last obtained about the customer.

In the preamble to the 2016 CDD Rule, FinCEN asserted that a legal entity customer opening a new account with a covered financial institution presents “a relatively convenient and otherwise appropriate occasion to obtain current information regarding a customer’s beneficial owners.”¹⁴ Some covered financial institutions and trade associations of covered financial institutions disagreed with that assessment at the time and have continued to argue that the requirement imposes burdens with no corresponding benefits to anti-money laundering efforts or other U.S. government priorities.¹⁵ That view persists despite attempts by FinCEN to reduce burden. In 2018, for example, FinCEN issued public guidance explaining that covered financial institutions may refrain from obtaining a new beneficial ownership information certification form (or equivalent) each time a legal entity customer opens a new account provided certain conditions are met.¹⁶ That same year, FinCEN granted exceptive relief to covered financial institutions from the requirements set forth in 31 C.F.R. § 1010.230(b) in specified

¹⁴ 81 FR at 29406.

¹⁵ See, e.g., Bank Policy Institute, *Comment on Beneficial Ownership Requirements for Legal Entity Customers*, Docket No. FINCEN—2019—0007; OMB No. 1506—0070 (Feb.28, 2020), pp. 4-5, available at <https://bpi.com/wp-content/uploads/2020/03/BPI-Comment-Letter-on-FinCEN-PRA-Notice-to-Renew-Beneficial-Owner-Collection.pdf>. (“The CDD rule requires covered financial institutions to reconfirm the beneficial owners of an existing customer each time that same customer opens an additional account . . . [I]n practice, this expectation is extremely burdensome for institutions that routinely open multiple accounts on the same day, or within a short period of time, for customers . . . The cost of reconfirming and recertifying ownership with each new account does not appear to come with any corresponding benefit . . .”).

¹⁶ See FinCEN, *Frequently Asked Questions Regarding Customer Due Diligence Requirements for Financial Institutions* (Apr. 3, 2018) (hereinafter “FinCEN CDD FAQs”), Response to Question 10, available at https://www.fincen.gov/sites/default/files/2018-04/FinCEN_Guidance_CDD_FAQ_FINAL_508_2.pdf. Rather than obtain a new beneficial ownership information certification form (or equivalent) each time a legal entity customer opens a new account, a covered financial institution may instead rely on beneficial ownership information the customer submitted to open previous accounts, provided the customer certifies or confirms that the information is still accurate and the financial institution has no knowledge of facts that would reasonably call into question the information’s reliability. The covered financial institution must also maintain a record of the certification or confirmation the customer provided.

circumstances.¹⁷ Separately, during the COVID-19 pandemic, FinCEN determined that federally insured depository institutions and federally insured credit unions would not generally be required to re-verify the beneficial ownership information for existing customers to which Paycheck Protection Program (PPP) loans were issued.¹⁸ Reactions to those efforts, along with comments received in response to other regulatory initiatives,¹⁹ have led FinCEN to consider providing broader relief.

On January 31, 2025, President Trump issued Executive Order (E.O.) 14192, *Unleashing Prosperity Through Deregulation*. The E.O. announced an Administration policy to “significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity and national security and the highest possible quality of life for each citizen” and “alleviate unnecessary regulatory burdens placed on the American

¹⁷ The exceptive relief applies when a legal entity customer opens a new account as a result of any of the following: (1) a rollover of a certificate of deposit (CD); (2) a renewal, modification, or extension of a loan (e.g., setting a later payoff date) that does not require underwriting review and approval; (3) a renewal, modification, or extension of a commercial line of credit or credit card account (e.g., a later payoff date is set) that does not require underwriting review and approval; or (4) a renewal of a safe deposit box rental. See FinCEN, *Exceptive Relief from Beneficial Ownership Requirements for Legal Entity Customers of Rollovers, Renewals, Modifications, and Extensions of Certain Accounts* (Sept. 7, 2018), available at: https://www.fincen.gov/system/files/administrative_ruling/2018-09-18/Permanent%20Exceptive%20Relief%20Extension%20of%20Compliance%20Date%20CDs_final%20508%202.pdf.

¹⁸ See FinCEN, *The Financial Crimes Enforcement Network Provides Further Information to Financial Institutions in Response to the Coronavirus Disease 2019 (COVID-19) Pandemic* (Apr. 3, 2020), available at: <https://www.fincen.gov/news/news-releases/financial-crimes-enforcement-network-provides-further-information-financial>.

¹⁹ See, e.g., Institute of International Bankers, *Response to Review of Bank Secrecy Act Regulations and Guidance*, Docket Number FINCEN-2021-0008 (Feb. 14, 2022), p. 10, available at <https://www.regulations.gov/comment/FINCEN-2021-0008-0115> (“The requirement under the CDD rule that financial institutions collect beneficial ownership information at each new account opening should be replaced with a risk-based approach . . . Many large corporate customers, for example, frequently open new accounts, which in turn require duplicative certifications of beneficial ownership information or confirmations that beneficial ownership has not changed. This exercise is burdensome for both financial institutions and their customers and results in an inefficient allocation of resources, while contributing little of value to financial institutions’ AML efforts.”). See also Institute of International Finance, *Response to Modernization of the US AML/CFT System – Request for Information* (Feb. 14, 2022), p. 4, available at <https://www.regulations.gov/comment/FINCEN-2021-0008-0111>. (“Lastly . . . we believe FinCEN should take the opportunity to address specific areas where requirements are duplicative and do not promote risk-based compliance. An example of this would include revising the Customer Due Diligence Rule (‘CDD Rule’) to be applied at a customer versus account level. Overall, the account-based trigger requirement within the CDD Rule can be redundant and excessively burdensome without adding risk management value.”).

people.”²⁰ As discussed below, FinCEN assesses that exceptive relief in this instance would be consistent with that policy and with the BSA’s risk-based framework.

This exceptive relief is also part of FinCEN’s obligations under the Corporate Transparency Act (CTA) to revise the 2016 CDD Rule.²¹ FinCEN anticipates pursuing further changes to the 2016 CDD Rule through the rulemaking process, and this exceptive relief notice will help inform those efforts.

Basis of the Order

Within the context of this background, and based on available information, FinCEN assesses that relieving covered financial institutions of the obligation to identify and verify a legal entity customer’s beneficial owners at each new account opening is unlikely to undermine the BSA’s risk-based framework. Under the terms of this relief, covered financial institutions are still required to “establish and maintain written procedures that are reasonably designed to identify and verify beneficial owners of legal entity customers and to include such procedures in their anti-money laundering compliance program.”²² Those anti-money laundering compliance programs must still include appropriate procedures to, on a risk basis, maintain and update customer information, including beneficial ownership information, for ongoing due diligence of legal entity customers.²³ This may also include the need to collect and verify beneficial ownership information for existing legal entity customers upon certain risk-related triggers or

²⁰ 90 FR 9065.

²¹ The CTA is Title LXIV of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, [Public Law 116-283](#) (Jan. 1, 2021) (the NDAA). Division F of the NDAA is the Anti-Money Laundering Act of 2020, which includes the CTA. Section 6403(d) of the CTA deals with 2016 CDD Rule revisions.

²² 31 C.F.R. § 1010.230(a).

²³ See, e.g., 31 C.F.R. § 1020.210(a)(2)(v)(B) (anti-money laundering programs for banks).

events, based on a covered financial institution's risk-based procedures.²⁴ Having identified and verified the identity of a legal entity customer's beneficial owners at initial account opening, the requirement to subsequently identify and verify a legal entity customer's beneficial owners at each new account may generate useful information beyond what those core obligations of the 2016 CDD Rule already reveal, but is increasingly inconsistent with FinCEN's risk-based approach and the Department of the Treasury's efforts to modernize the BSA.

However, this relief does not discourage covered financial institutions from exceeding minimum compliance requirements should doing so align with their risk profile and tolerance. This relief obviates the need for covered financial institutions to collect a legal entity customer's beneficial ownership information at each new account opening except, among other circumstances, as needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence. Therefore, notwithstanding the exceptive relief set forth below, a covered financial institution may elect to either establish or continue existing customer due diligence processes of identifying and verifying the identities of a legal entity customer's beneficial owners at each new account opening. The extent to which a covered financial institution avails itself of the exceptive relief provided below is within the discretion of the covered financial institution.

²⁴ See FinCEN CDD FAQs, Q. 14 (Response) ("Financial institutions are required to develop and implement risk-based procedures for conducting ongoing customer due diligence, including regular monitoring to identify and report suspicious activity and, on a risk basis, to maintain and update customer information. . . . As stated in response to Questions 13 and 16, the obligation to obtain or update information is triggered when, in the course of normal monitoring, a financial institution becomes aware of information about a customer or an account, including a possible change of beneficial ownership information, relevant to assessing or reassessing the customer's overall risk profile.")

Exceptive Relief

Pursuant to 31 U.S.C. § 5318(a)(7) and 31 C.F.R. § 1010.970, the Secretary may “prescribe an appropriate exemption” from the requirements of the BSA and its implementing regulations. This authority has been delegated to the Director of FinCEN.²⁵ Such exceptions may be made by written order or authorization, may be either conditional or unconditional, and may apply to particular persons or classes of persons. Exceptions may be revoked at FinCEN’s discretion.

For the reasons discussed above, through this order, FinCEN is granting exceptive relief to covered financial institutions from the requirements set forth in 31 C.F.R. § 1010.230(b) to identify and verify the identities of beneficial owners of legal entity customers at each new account opening. A covered financial institution may instead limit its identification and verification of the identities of beneficial owners under 31 C.F.R. § 1010.230 to the following scenarios: (1) when a legal entity customer first opens an account with a covered financial institution, (2) any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer, and (3) as needed based on a covered financial institution’s risk-based procedures for conducting ongoing customer due diligence.

When scenario (3) arises—that is, when a covered financial institution determines, based on its risk-based procedures for conducting ongoing customer due diligence, that it needs to identify and verify the identity of the beneficial owner(s) of a legal entity customer—the covered financial institution may rely on beneficial ownership information previously obtained in

²⁵ Pursuant to Treasury Order 180–01 (Jan. 14, 2020), the authority of the Secretary to administer the BSA, including, but not limited to, 31 U.S.C. § 5318, has been delegated to the Director of FinCEN.

accordance with 31 C.F.R. § 1010.230(b)(1), provided the customer certifies or confirms (verbally or in writing) that such information is up-to-date and accurate. The covered financial institution must maintain a record of such certification or confirmation, including for both verbal and written confirmations by the customer. If a customer is unable to certify or confirm that previously obtained beneficial ownership information is up-to-date and accurate, or if the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer, the covered financial institution must identify and verify the identities of the beneficial owners of the legal entity customer in accordance with 31 C.F.R. § 1010.230.

Nothing in this exceptive relief affects the exemptions and limitations on exemptions provided at 31 C.F.R. § 1010.230(h).

Notwithstanding this exceptive relief, covered financial institutions must comply with all other applicable AML/CFT requirements under the BSA, including the obligation to conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

For questions concerning this order, please contact FinCEN's Regulatory Support Section by submitting an inquiry at www.fincen.gov/contact.