

Fact Sheet One-Sheet — AML/CFT Program NPRM (FinCEN, June 28, 2024)

What this NPRM is

- A FinCEN notice of proposed rulemaking (NPRM) to strengthen and modernize AML/CFT programs, building on the Anti-Money Laundering Act of 2020.
- It would amend existing program rules to expressly require that AML/CFT programs be effective, risk-based, and reasonably designed, enabling institutions to focus resources consistent with their risk profiles.

Minimum program components (context)

- Internal policies, procedures, and controls.
- Designation of a compliance officer.
- Ongoing employee training.
- Independent testing/audit function.

Risk assessment (proposed requirement)

- Institutions would be required to have a risk assessment process to identify, evaluate, and document exposure to money laundering, terrorist financing, and other illicit finance activity risks.
- Risk assessment must consider: (1) AML/CFT Priorities; (2) risks across products, services, channels, customers, intermediaries, and geographies; and (3) reports filed under 31 CFR chapter X.
- Periodic review and updates are expected, at minimum when material risk changes occur.
- Institutions should use results to develop risk-based internal controls, provide highly useful information to government authorities, and further the purposes of the BSA.

Purpose statement (proposed)

- Codifies that AML/CFT programs aim to identify, manage, and mitigate illicit finance risks; ensure compliance with the BSA and FinCEN regulations; and focus attention and resources consistent with the institution's risk profile.
- Encourages consideration and evaluation of innovative approaches to meet AML/CFT obligations.
- Emphasizes producing highly useful reports, protecting the U.S. financial system from criminal abuse, and safeguarding national security, including by preventing the flow of illicit funds.

Other proposed revisions

- Responsibility for establishing, maintaining, and enforcing AML/CFT programs must be performed by persons in the United States who are accessible to oversight and supervision.
- Technical and clarifying updates to modernize program rules and promote consistency.