



October 29, 2024

Ms. Andrea Gacki  
Director  
Financial Crimes Enforcement Network  
U.S. Department of the Treasury  
P.O. Box 39  
Vienna, VA 22183

**Re: Promulgating a New Rule to Update Customer Due Diligence Requirements for Financial Institutions**

Dear Director Gacki,

As organizations committed to anti-corruption and financial transparency, we urge the Financial Crimes Enforcement Network (FinCEN) to meet its statutory deadline to promulgate a new rule this year to update the Customer Due Diligence Rule (CDD Rule), as required by the Corporate Transparency Act (CTA) of 2021.

The bipartisan CTA represents the most significant update to U.S. anti-money laundering (AML) laws in two decades. The law requires certain entities to report their true, “beneficial” owner(s) to a secure directory housed at FinCEN, accessible to law enforcement, national security officials, relevant federal regulators, and financial institutions with “know your customer” obligations. This information will be crucial to help safeguard the U.S. financial system from exploitation by corrupt officials, America’s adversaries, terrorists, and criminals.

Entities have already begun reporting their beneficial ownership information to FinCEN. Still, FinCEN must fulfill the CTA’s requirement that FinCEN amend the CDD Rule to update the definition of “beneficial owner” to match the definition established by the CTA. The statute mandates that FinCEN take this step no later than one year after the effective date of the regulations, giving FinCEN until January 1, 2025 to complete these changes.<sup>1</sup>

**It is vital that FinCEN finalize an update to the CDD rule in a timely manner, both to ensure the effectiveness of the U.S. AML framework and to reduce inefficiencies that may incur additional costs for U.S. financial institutions.**

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<sup>1</sup> William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, §6403(d).



Congress intended for beneficial ownership information to assist financial institutions in meeting their “know your customer” obligations under the CDD Rule, which includes a requirement to collect such information for entity clients. Harmonization of the CDD Rule with changes in the CTA will ensure that banks and other financial institutions use modern standards for determining the true owner(s) of entities opening and maintaining accounts. Failure to harmonize these rules, on the other hand, would introduce competing definitions of ownership, in turn causing confusion among financial institutions regarding what is expected of them. Likewise, failure to adopt the CTA definition in a timely fashion may deter the use of this information by financial institutions as part of their own AML processes, which would undermine the purpose and effectiveness of the CTA. Thus, swift rulemaking to update the CDD Rule is necessary to promote transparency, while minimizing confusion and reducing costs for financial institutions.

Finally, a timely update to the CDD rule provides an opportunity for FinCEN to finalize other necessary reforms to the U.S. AML framework, including by adding investment advisers—who, as of August, are considered financial institutions under the Bank Secrecy Act<sup>2</sup>—to the list of financial actors that must conduct customer due diligence.

As Secretary Yellen has said, “There is a good case that, right now, the best place to hide and launder ill-gotten gains is actually the United States.”<sup>3</sup> Finalizing these regulations will ensure that the U.S. will not serve as a safe haven for the illicit funds of corrupt officials, America’s adversaries, terrorists, and criminals.

Thanks for your consideration. If you have questions, you may contact Erica Hanichak ([ehanichak@thefactcoalition.org](mailto:ehanichak@thefactcoalition.org)).

Signed,

The FACT Coalition  
Transparency International U.S.

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<sup>2</sup> Financial Crimes Enforcement Network, Final Rule, 2024-19260 (89 FR 72156), “Anti-Money Laundering/Countering the Financing of Terrorism Program and Suspicious Activity Report Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers,” August 28, 2024, <https://www.federalregister.gov/documents/2024/09/04/2024-19260/financial-crimes-enforcement-network-anti-money-laundering-countering-the-financing-of-terrorism>.

<sup>3</sup> U.S. Treasury Department, Remarks by Secretary Janet L. Yellen on Anti-Corruption as a Cornerstone of a Fair, Accountable, and Democratic Economy at the Summit for Democracy,” March 28, 2023, <https://home.treasury.gov/news/press-releases/jy1371>.