



CALIFORNIA
BANKERS
ASSOCIATION

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CIP, BENEFICIAL OWNERSHIP AND OTHER BSA COMPLIANCE UPDATES

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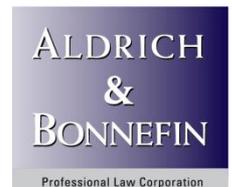
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**FINCEN'S
PROPOSED BSA
RULE**

FinCEN's Proposed BSA Rule

- On July 3, 2024 FinCEN issued a proposed rule to amend the BSA regulations addressing the minimum requirements for a financial institution's "AML/CFT program"
- The change is not intended to establish new obligations but rather mainly codifies many existing obligations

FinCEN's Proposed BSA Rule

- Proposed adding new term “AML/CFT program”
 - System of internal policies, procedures, and controls to ensure ongoing compliance with BSA and to prevent the institution from being used for money laundering or terrorist financing
 - Removes and replaces parallel terms such as “AML program” with the term “AML/CFT program”
 - The Rule would also require financial institutions to review government-wide AML/CFT priorities and incorporate them into its risk-based AML/CFT programs
- No further action has been taken on the proposed rule

**CUSTOMER
IDENTIFICATION
PROGRAM (CIP)
UPDATES**

TINs From Third Parties

- On June 27, 2025, the OCC, FDIC, and NCUA, with the concurrence of FinCEN, jointly issued an order
- On July 31, 2025, FRB, also with concurrence of FinCEN, issued its own virtually identical exemption order on obtaining TIN information

TINs From Third Parties

- The Exemption Orders permit institutions to obtain the TIN from a third-party source
- To rely on the exemption the institution must have written procedures that:
 - Enable the institution to obtain TIN information prior to opening an account
 - Are based on the institution's assessment of the relevant risks
 - Are risk-based for the purpose of verifying the identity of each customer

Pre-populated Customer Information

- On August 5, 2025, FDIC published FIL-39-2025, on fulfilling CIP account-opening requirements
- An FDIC-supervised institution is permitted to use pre-populated customer information for CIP purposes
- May use information from current or prior accounts or relationships involving the bank or its agents, or other sources

Information from Current or Prior Accounts

- FDIC examiners will consider pre-filled information as “*from the customer*” provided:
 - Customer has opportunity and ability to review, correct, update, and confirm the accuracy of the information; and
 - Institution’s processes allow institution to form reasonable belief as to identity of its customer and are based on institution’s assessment of relevant risks

**BENEFICIAL
OWNERSHIP
INFORMATION
RULEMAKING**

Three Rulemakings Expected from FinCEN

- 3 rulemakings were expected from FinCEN to implement Corporate Transparency Act (“CTA”)
- First rulemaking:
 - Requirement that legal entities file BOI with FinCEN
- Second rulemaking:
 - Access by government agencies and financial institutions to BOI filed by legal entities with FinCEN
- Third rulemaking:
 - Rescission and revision to the CDD Rule

First Rulemaking

- September 30, 2022: FinCEN issued first rulemaking which requires Reporting Company to file BOI with FinCEN
- March 26, 2025: FinCEN published Interim Final Rule removing U.S. companies and U.S. persons from the rule
- As a result, only foreign entities will be subject to the rule and required to report their BOI to FinCEN

Second Rulemaking

- Access Rule issued December 21, 2023
- Establishes framework for access to BOI reported to FinCEN
- Sets out when BOI may be disclosed to federal and state agencies, tribal and foreign governments and financial institution

Second Rulemaking

- Impact of the Interim Final Rule
- Only foreign Reporting Companies will be required to report BOI to FinCEN
- Therefore, gaining access to BOI from FinCEN may not be as useful as originally anticipated

Third Rulemaking

- Third expected rulemaking to implement the CTA requires FinCEN to revise FinCEN's CDD Rule (BOI Rule)
- Intended to reduce burdens on financial institutions and Reporting Companies that are unnecessary or duplicative
- FinCEN still has not issued a notice of proposed rulemaking to revise the CDD Rule

Scope of the CDD Rule Requirements

- Now that domestic Reporting Companies are no longer required to report BOI, there is less duplication of efforts between BOI and Reporting Company rules
- Therefore, the idea to “reduce the burden” on financial institutions under a new rule appears less likely

**REQUESTS FOR
COMMENT ON THE
GENIUS ACT**

GENIUS Act Background

- Enacted July 18, 2025
 - Provides framework for federal regulation of payment stablecoins
- Payment stablecoin is a digital asset:
 - Used as a means of payment or settlement
 - Issuer is obligated to:
 - Convert, redeem, or repurchase for a fixed amount of monetary value, and
 - Represents or creates the reasonable expectation that it will maintain a stable value relative to a fixed amount of monetary value

Treasury Request for Comment

- Published August 18, 2025
- Intended to seek feedback on innovative or novel methods, techniques, or strategies
- Intended for financial institutions to potentially use to detect illicit activity involving digital assets

Treasury ANPRM

- Published September 19, 2025
- Intended to solicit additional public comment on specific questions relating to the implementation of the GENIUS Act
- Includes those relating to BSA compliance

Treasury ANPRM

- Section VI. Illicit Finance
- Treasury required to issue and/or update its AML/CFT regulations to address how to identify and monitor payment stablecoins
- There are very broad questions in the Illicit Finance section of the ANPRM that the Treasury poses to the industry

Questions?



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We're adjourned!

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