

Advocacy Submits Comments on FinCen's Beneficial Ownership NPRM

On February 8, 2023, the Office of Advocacy (Advocacy) submitted comments on the Financial Crimes Enforcement Network's (FinCen) notice of proposed rulemaking on *Beneficial Ownership Information Access and Safeguards, and Use of FinCEN Identifiers for Entities*.

On December 16, 2022, FinCEN posted a proposed rulemaking on access to beneficial ownership information (BOI) by authorized recipients. BOI must be reported to FinCEN pursuant to Section 6403 of the Corporate Transparency Act (CTA). The proposed regulation would implement the strict protocols on security and confidentiality required by the CTA to protect sensitive personally identifiable information reported to FinCEN.

The notice of proposed rulemaking explains the circumstances in which specified recipients would have access to BOI and outlines data protection protocols and oversight mechanisms applicable to each recipient category. This rulemaking is the second of three rulemakings that FinCen is planning to publish. On December 8, 2021, FinCen published the first of three CTA rulemakings. Advocacy submitted a comment letter on that rulemaking on February 4, 2022.

FinCEN prepared an initial regulatory flexibility analysis for the notice of proposed rulemaking. The proposed rule would affect approximately all 14,051 small financial institutions. FinCen estimated that the cost for small financial institutions to comply with the proposed rule would be between approximately \$12,155 and \$17,644 in year 1, and between approximately \$7,405 and \$9,094 annually thereafter.

Advocacy argued that small entities are concerned about the lack of clarity of the proposal. Advocacy encouraged FinCen to clarify the requirements of the rulemaking and to produce a compliance guide.

A complete copy of [Advocacy's letter to the FinCen](#) is available. For more information, please contact Jennifer A. Smith, Assistant Chief Counsel, at Jennifer.Smith@sba.gov.

