

Additionally, to assist tribes with understanding requirements under the Tribal Transit Program, FTA has conducted Tribal Transit Technical Assistance Workshops and will continue those efforts in FY 2020. FTA has expanded its technical assistance to tribes receiving funds under this program. Through the Tribal Transit Technical Assistance Assessments Initiative, FTA collaborates with Tribal Transit Leaders to review processes and identify areas in need of improvement, and then assists to offer solutions to address these needs—all in a supportive and mutually beneficial manner that results in technical assistance. FTA has completed over fifty assessments to date and expects to conduct sixteen assessments in FY 2020. These assessments include discussions of compliance areas pursuant to the Master Agreement, a site visit, promising practices reviews, and technical assistance from FTA and its contractors. These workshops and assessments have received excellent feedback from Tribal Transit Leaders and provided FTA with invaluable opportunities to learn more about Tribal Transit Leaders' perspectives and better honor the sovereignty of tribal nations.

FTA will post information about upcoming workshops to its website and will disseminate information about the assessments through its regional offices. Contact information for FTA's regional offices can be found on FTA's website at [www.transit.dot.gov](http://www.transit.dot.gov).

Applicants may also receive technical assistance by contacting their FTA regional Tribal Liaison. A list of Tribal Liaisons is available on FTA's website at [www.transit.dot.gov](http://www.transit.dot.gov).

**K. Jane Williams,**  
Acting Administrator.

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## DEPARTMENT OF THE TREASURY

### Financial Crimes Enforcement Network

#### Agency Information Collection Activities; Proposed Renewal; Comment Request; Renewal Without Change of the Bank Secrecy Act Reports by Financial Institutions of Suspicious Transactions at 31 CFR 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, and 1029.320, and FinCEN Report 111—Suspicious Activity Report

**AGENCY:** Financial Crimes Enforcement Network (FinCEN), Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** As part of its continuing effort to reduce paperwork and respondent burden, FinCEN invites comments on the proposed renewal, without change, of currently approved information collections relating to reports of suspicious transactions. Under the Bank Secrecy Act regulations, financial institutions are required to report suspicious transactions using FinCEN Report 111 (the suspicious activity report, or SAR). Although no changes are proposed to the information collections themselves, this request for comments covers a proposed updated burden estimate for the information collections. This request for comments is made pursuant to the Paperwork Reduction Act of 1995.

**DATES:** Written comments are welcome, and must be received on or before July 27, 2020.

**ADDRESSES:** Comments may be submitted by any of the following methods:

- *Federal E-rulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments. Refer to Docket Number FINCEN-2020-0004 and the specific Office of Management and Budget (OMB) control numbers 1506-0001, 1506-0006, 1506-0015, 1506-0019, 1506-0029, 1506-0061, and 1506-0065.

- *Mail:* Policy Division, Financial Crimes Enforcement Network, P.O. Box 39, Vienna, VA 22183. Refer to Docket Number FINCEN-2020-0004 and OMB control numbers 1506-0001, 1506-0006, 1506-0015, 1506-0019, 1506-0029, 1506-0061, and 1506-0065.

Please submit comments by one method only. Comments will also be incorporated into FinCEN's review of existing regulations, as provided by Treasury's 2011 Plan for Retrospective Analysis of Existing Rules. All comments submitted in response to this notice will become a matter of public record. Therefore, you should submit only information that you wish to make publicly available.

**FOR FURTHER INFORMATION CONTACT:** The FinCEN Regulatory Support Section at 1-800-767-2825 or electronically at [frc@fincen.gov](mailto:frc@fincen.gov).

#### SUPPLEMENTARY INFORMATION:

##### I. Statutory and Regulatory Provisions

The legislative framework generally referred to as the Bank Secrecy Act (BSA) consists of the Currency and Financial 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) (Pub. L. 107-56) and other legislation. The BSA is codified at 12 U.S.C. 1829b, 12 U.S.C. 1951-1959, 31 U.S.C. 5311-5314 and 5316-5332, and notes thereto, with implementing regulations at 31 CFR Chapter X.

The BSA authorizes the Secretary of the Treasury, *inter alia*, to require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax, and regulatory matters, or in the conduct of intelligence or counter-intelligence activities, to protect against international terrorism, and to implement counter-money laundering programs and compliance procedures.<sup>1</sup> Regulations implementing Title II of the BSA appear at 31 CFR Chapter X. The authority of the Secretary to administer the BSA has been delegated to the Director of FinCEN.<sup>2</sup>

Under 31 U.S.C. 5318(g), the Secretary of the Treasury is authorized to require financial institutions to report any suspicious transaction relevant to a possible violation of law or regulation. Regulations implementing 31 U.S.C. 5318(g) are found at 31 CFR 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, and 1030.320. The information collected under these requirements are made available to appropriate agencies and organizations as disclosed in FinCEN's Privacy Act System of Records Notice relating to BSA Reports.<sup>3</sup>

##### II. Paperwork Reduction Act (PRA)<sup>4</sup>

**Title:** Reports by Financial Institutions of Suspicious Transactions (31 CFR 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, and 1029.320).

**OMB Control Numbers:** 1506-0001, 1506-0006, 1506-0015, 1506-0019, 1506-0029, 1506-0061, and 1506-0065.<sup>5</sup>

<sup>1</sup> Section 358 of the USA PATRIOT Act added language expanding the scope of the BSA to intelligence or counter-intelligence activities to protect against international terrorism.

<sup>2</sup> Treasury Order 180-01 (re-affirmed January 14, 2020).

<sup>3</sup> FinCEN's System of Records Notice for the BSA Reports System was most recently published at 79 FR 20969 (April 14, 2014).

<sup>4</sup> Public Law 104-13, 44 U.S.C. 3506(c)(2)(A).

<sup>5</sup> The SAR regulatory reporting requirements are currently covered under the following OMB control numbers: 1506-0001 (31 CFR 1020.320—Reports by banks of suspicious transactions); 1506-0006 (31 CFR 1021.320—Reports by casinos of suspicious transactions); 1506-0015 (31 CFR 1022.320—Reports by money services businesses of suspicious transactions); 1506-0019 (31 CFR 1023.320—Reports by brokers or dealers in securities of suspicious transactions, 31 CFR 1024.320—Reports

*Report Number:* FinCEN Report 111—Suspicious Activity Report (SAR).

*Abstract:* FinCEN is issuing this notice to renew the OMB control numbers for the SAR regulations and the SAR report.

*Type of Review:* Renewal without change of currently approved information collections.

*Affected Public:* Businesses or other for-profit institutions, and non-profit institutions.

### SAR Regulations

*Estimated Burden:* An administrative burden of one hour is assigned to each of the SAR regulation OMB control numbers in order to maintain the requirements in force.<sup>6</sup> The reporting and recordkeeping burden is reflected in FinCEN Report 111—SAR, under OMB control number 1506–0065. The rationale for assigning one burden hour to each of the SAR regulation OMB control numbers is that the annual burden hours would be double counted if FinCEN estimated burden in the industry SAR regulation OMB control numbers and in the FinCEN Report 111—SAR OMB control number.

### FinCEN Report 111—SAR

#### *Type of Review:*

- Propose for review and comment a re-calculation of the portion of the PRA burden that has been subject to notice and comment in the past (the “traditional annual PRA burden”).
- Propose for review and comment a method to estimate the portion of the PRA burden that FinCEN previously had not included (the “supplemental annual PRA burden”).

*Frequency:* As required.

*Estimated Number of Respondents:* 12,148 financial institutions.<sup>7</sup>

by mutual funds of suspicious transactions, and 31 CFR 1026.320—Reports by futures commission merchants and introducing brokers in commodities of suspicious transactions); 1506–0029 (31 CFR 1025.320—Reports by insurance companies of suspicious transactions); and 1506–0061 (31 CFR 1029.320—Reports by loan or finance companies of suspicious transactions). The PRA does not apply to reports by one government entity to another government entity. For that reason, there is no OMB control number associated with 31 CFR 1030.320—Reports of suspicious transactions by housing government sponsored enterprises. OMB control number 1506–0065 applies to FinCEN Report 111—SAR.

<sup>6</sup> One hour of burden is estimated under each of the following OMB control numbers: 1506–0001, 1506–0006, 1506–0015, 1506–0019, 1506–0029, and 1506–0061.

<sup>7</sup> See Table 1 below for a breakdown of the types of financial institutions that filed SARs in 2019.

### *Estimated Reporting and Recordkeeping Burden:*

In this notice, FinCEN introduces two substantial modifications to the scope and the methodology we previously used to estimate the annual PRA burden associated with the SAR. First, with respect to the scope of the estimate, FinCEN’s traditional annual PRA burden estimate associated with the SAR included only the filer’s annual operational burden and cost associated with (a) producing and filing the report, and (b) storing a copy of the filed report. Starting with this notice, FinCEN intends to add a supplemental annual PRA burden estimate that reflects the annual costs involved in (a) determining whether alerts that were elevated for further review merit filing a SAR, and (b) documenting the decision not to file a SAR when a case does not merit it.<sup>8</sup> Second, with respect to the methodology underlying the PRA burden and cost estimates, rather than continuing to allocate a single PRA burden and cost to the completion, submission, and storage of any type of SAR, FinCEN proposes to estimate the individual PRA burden and cost of different categories of SARs, grouped by the SARs’ estimated degree of complexity. Because there is no direct way to measure the complexity and related effort and cost of producing each SAR, FinCEN uses key features of SARs filed in 2019 to categorize them based on similar combinations of those key features, under the assumption that such combinations of key features

Note that all banks, casinos and card clubs, money services businesses, brokers or dealers in securities, mutual funds, providers of covered insurance products, futures commission merchants and introducing brokers in commodities, loan or finance companies, and housing government sponsored enterprises are required to comply with the SAR regulatory requirements; however, not all financial institutions identify suspicious activity that would warrant a SAR filing. See 31 CFR 1020.320 (banks), 31 CFR 1021.320 (casinos and card clubs), 31 CFR 1022.320 (money services businesses), 31 CFR 1023.320 (brokers or dealers in securities), 31 CFR 1024.320 (mutual funds), 31 CFR 1025.320 (insurance companies), 31 CFR 1026.320 (futures commission merchants and introducing brokers in commodities), 31 CFR 1029.320 (loan or finance companies), and 31 CFR 1030.320 (housing government sponsored enterprises).

<sup>8</sup> Despite the expanded scope, FinCEN has not presented in this notice an estimate of the entire burden that is associated with SAR filings because, as described further in Part 2, FinCEN lacks the granular data to estimate the costs of certain steps in that process.

reflect similar levels of effort and cost necessary to produce the SARs.

Part 1 below sets out the breakdown of the SARs filed during 2019 according to the key features that are used to group SARs into categories subject to similar PRA burden and cost. Part 1 also contains the analysis of how some combinations of key features worked or failed to work as proxies for a SAR’s complexity and, therefore, burden and cost.

Part 2 uses the results of the analysis in Part 1 to estimate the individual and total annual PRA burden and cost of each category of SARs. The methodology described in Part 2 covers both the traditional and the supplemental annual PRA burden estimate.

### Part 1. Breakdown of the 2019 SAR Filings

In 2019, 12,148 financial institutions (the “filing population”) submitted 2,751,694 SARs (the 2019 SAR submissions).<sup>9</sup> The distribution of the 2019 SAR submissions, by type of filing (original or continuing),<sup>10</sup> type of financial institution,<sup>11</sup> number of reports per filer per year, and method of filing (batch or discrete),<sup>12</sup> is presented in Table 1 below:

<sup>9</sup> Numbers are based on actual 2019 filings as reported to the BSA E-Filing System, as of 12/31/2019. Assumptions and estimates are also based on actual 2019 SAR filings.

<sup>10</sup> An original (or initial) report is the first SAR filed on suspicious activity no later than 30 days after the date of initial detection by the filer. (See e.g., 31 CFR 1020.320(a)(3)). A continuing SAR must be filed on suspicious activity that continues after an initial SAR is filed. Continuing reports must be filed on successive 90-day review periods until the suspicious activity ceases, but may be filed more frequently if circumstances warrant. For more information on continuing reports, see page 142 of the FinCEN Suspicious Activity Report (FinCEN SAR) Electronic Filing Requirements—XML Schema 2.0. [https://bsaeifiling.fincen.treas.gov/docs/XMLUserGuide\\_FinCENSAR.pdf](https://bsaeifiling.fincen.treas.gov/docs/XMLUserGuide_FinCENSAR.pdf).

<sup>11</sup> In Table 1, the category “Securities/Futures” includes brokers or dealers in securities, mutual funds, futures commission merchants, and introducing brokers in commodities. The category “Undetermined” includes filers with missing, incomplete, or contradictory information about the type of financial institution to which they belong.

<sup>12</sup> In batch filing, a filer submits a single electronic file containing several reports. In discrete filing, the filer fills in an electronic report individually, using a data entry screen that FinCEN provides. While exceptions apply, batch filing is generally used by large-volume filers that have automated the filing process, while discrete filing is generally employed by filers that submit fewer reports per year and rely more on manual data entry methods.

**Table 1 - Total 2019 SAR submissions, by type of financial institution, type of filing, and method of filing**

Type of filer	Number of filers	Number of reports filed				Grand Total	PCT Total
		Original		Continuing			
		Batch-filed	Discrete-filed	Batch-filed	Discrete-filed		
Banks	4,936	1,055,416	147,941	257,519	36,097	1,496,973	54.4%
Credit Unions	3,235	120,096	16,834	56,944	7,982	201,856	7.3%
Casinos/Card Clubs	667	35,100	20,670	4,222	2,487	62,479	2.3%
Housing GSEs	12	2,142	1,214	8	5	3,369	0.1%
Insurance Companies	129	896	1,837	341	699	3,773	0.1%
Loan and Finance Companies	344	23,975	8,396	776	272	33,419	1.2%
Money Services Businesses (MSBs)	2,069	703,839	155,576	37,019	8,183	904,617	32.9%
Undetermined	169	6,011	883	831	122	7,847	0.3%
Securities/Futures	587	14,203	20,530	1,075	1,553	37,361	1.4%
Grand Total	12,148	1,961,677	373,882	358,736	57,399	2,751,694	100.0%

Table 1 shows that banks submitted slightly over half of the total number of SARs filed in 2019. Money services businesses (MSBs) and credit unions contributed 32.9% and 7.3% of the total, respectively. Approximately 85% of the filings from all financial

institutions consisted of original reports. In addition, approximately 85% of the reports were batch filed.

To determine the concentration of 2019 SAR submissions among the filing population, FinCEN grouped filers in tranches according to the number of

SARs filed during the year. Table 2 sets out the number of reports per tranche,<sup>13</sup> and Table 3 sets out (i) each tranche as a percentage of the total filer population, and (ii) each tranche's reports as a percentage of the 2019 SAR submissions.<sup>14</sup>

**Table 2 - Total 2019 SAR submissions, by number of reports, by tranche and type of financial institution**

Fin inst type	BANK		C UNION		CASINO		LOAN_CO		MSB		OTHER	
	Filers	Reports	Filers	Reports	Filers	Reports	Filers	Reports	Filers	Reports	Filers	Reports
00_LARGEST_FILERS	6	706,963							4	640,763		
01_10001_TO_35000	11	217,686	1	19,586			1	18,617	5	94,423		
02_5001_TO_10000	18	141,163							5	28,711	1	6,523
03_1001_TO_5000	98	207,985	28	45,039	6	9,316	4	6,820	27	62,585	10	23,559
04_501_TO_1000	90	63,333	43	29,722	24	16,765	2	1,418	36	24,274	7	4,603
05_101_TO_500	432	87,880	296	65,444	126	26,965	12	3,106	147	33,645	44	10,484
06_51_TO_100	381	26,760	237	17,142	52	3,725	18	1,279	107	7,697	30	2,087
07_21_TO_50	768	24,667	377	12,300	109	3,475	34	1,097	169	5,573	63	2,121
08_11_TO_20	695	10,353	396	5,854	76	1,124	25	370	201	2,995	83	1,195
09_6_TO_10	753	5,854	425	3,308	80	631	38	290	210	1,610	97	738
10_5_OR_FEWER	1,684	4,329	1,432	3,461	194	478	210	422	1,158	2,341	562	1,040
<b>Grand Total</b>	<b>4,936</b>	<b>1,496,973</b>	<b>3,235</b>	<b>201,856</b>	<b>667</b>	<b>62,479</b>	<b>344</b>	<b>33,419</b>	<b>2,069</b>	<b>904,617</b>	<b>897</b>	<b>52,350</b>

<sup>13</sup> The category "Other" in Table 2 includes securities and futures, housing government sponsored enterprises, providers of covered insurance products, and filers for which the type of financial institution was still being determined at the moment of publication of this notice, as defined

above. We adopt the same criteria for the rest of the tables contained in the notice, such as in Tables 4A, 4B, and 5 below.

<sup>14</sup> The percentage of filers contained in each tranche, and the percentage of reports submitted by those filers, are contained in the fields "pct\_filers"

and "pct\_forms", respectively. The cumulative percentage of filers contained in all tranches up to and including the current one, and the cumulative percentage of reports submitted by such filers, are shown in the fields "cumm\_pct\_filers" and "cumm\_pct\_forms", respectively.

**Table 3 - Total 2019 SAR submissions, in percentage contribution by tranche**

Annual forms by tranche	Total Filers	Total Forms	pct_filers	pct_forms	cumm_pct_filers	cumm_pct_forms
00_LARGEST_FILERS	10	1,347,726	0.08%	49.0%	0.1%	49.0%
01_10001_TO_35000	18	350,312	0.15%	12.7%	0.2%	61.7%
02_5001_TO_10000	24	176,397	0.20%	6.4%	0.4%	68.1%
03_1001_TO_5000	173	355,304	1.42%	12.9%	1.9%	81.0%
04_501_TO_1000	202	140,115	1.66%	5.1%	3.5%	86.1%
05_101_TO_500	1,057	227,524	8.70%	8.3%	12.2%	94.4%
06_51_TO_100	825	58,690	6.79%	2.1%	19.0%	96.5%
07_21_TO_50	1,520	49,233	12.51%	1.8%	31.5%	98.3%
08_11_TO_20	1,476	21,891	12.15%	0.8%	43.7%	99.1%
09_6_TO_10	1,603	12,431	13.20%	0.5%	56.9%	99.6%
10_5_OR_FEWER	5,240	12,071	43.13%	0.4%	100.0%	100.0%
<b>Grand Total</b>	<b>12,148</b>	<b>2,751,694</b>	<b>100.00%</b>	<b>100.0%</b>		

Ten filers (six banks and four MSBs) made up the first tranche (00\_LARGEST FILERS). As set out in Table 3, these ten filers accounted for nearly half of the 2019 SAR submissions. Slightly less than 2% of the filing population (Tranches 00 to 03) submitted 81% of all the reports. Additionally, out of the filing population, 81% contributed slightly less than 4% of the filings, while 56% submitted fewer than 10 reports per year.

Unlike currency transaction reports, for example, which are more easily categorized because they are filed based on objective criteria (*i.e.*, transaction type and threshold), each SAR may require a widely disparate level of effort depending largely on the amount of research and subjective analysis required to determine: (a) Whether to file a report; (b) how to attribute the suspicious behavior to money laundering, financing of terrorism, or

fraud typologies; (c) who the main persons involved in the activity are; and (d) how to explain in concise terms the rationale that led the filer to decide to file a SAR. As FinCEN has no direct way to gauge the amount of work involved in the production of each SAR, FinCEN broke down the 2019 SAR submissions by additional key features, so that, individually or in combination, these additional key features could serve as a proxy to group SARs with similar levels of estimated complexity, and therefore, with similar estimated PRA burden.

The additional key features in the SARs that FinCEN has concentrated its analysis on are: (a) The number of persons identified as subjects; (b) the number of distinct suspicious activities selected;<sup>15</sup> (c) the length of the narrative section; and (d) whether or not the report contains an attachment.<sup>16</sup> Once FinCEN identifies the combination of key features that are common to the

largest number of reports submitted by a given type of filer (the “standard content” for that type of filer), FinCEN may take such combination as a proxy for the content and estimated complexity of a “standard” SAR for that filer type. Reports submitted by filers of the same type that contain different features (more subjects, more suspicious activities, a longer narrative) may represent SARs with “extended content” that are more complex, and therefore carry a larger PRA burden and cost for that filer type. Based on the data available, FinCEN is considering only two levels of SAR complexity.

Table 4A shows a breakdown of the 2019 SAR submissions by type of financial institution and narrative length. Table 4B shows the percentage of reports with and without attachments, by type of financial institution, and narrative length.

<sup>15</sup> FinCEN Report 111—SAR contains checkboxes that allow filers to identify a variety of suspicious activities, such as structuring, terrorist financing, fraud, money laundering, and a cyber-event. FinCEN Report 111—SAR has 18 categories of suspicious activities.

<sup>16</sup> Some filers attach a supplemental file to the report that in general contains a list of individual

transactions that raised the alert about a potential suspicious transaction. The length of the narrative is sometimes impacted by whether the filer submits an attachment to the report listing these transactions, or uses the narrative section of the report to include such a list.

**Table 4A - Total 2019 SAR submissions, by narrative length and type of financial institution**

Narrative Length	Financial Institution Type						Grand Total
	BANK	C UNION	CASINO	LOAN CO	MSB	OTHER	
Up to half a page	31.5%	61.8%	81.1%	83.9%	56.0%	38.6%	<b>43.7%</b>
Up to one page	46.0%	28.3%	14.8%	14.1%	32.0%	42.1%	<b>38.9%</b>
Over one page	22.5%	9.9%	4.1%	2.0%	12.0%	19.4%	<b>17.4%</b>
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Table 4B - Total 2019 SAR submissions, by narrative length, attachments, and type of financial institution**

Narrative Length	Financial Institution Type					
	BANK	C UNION	CASINO	LOAN CO	MSB	OTHER
Up to half a page						
*W/O Attachm	27.1%	42.4%	80.1%	80.2%	50.1%	30.1%
*With Attachm	4.4%	19.4%	1.0%	3.7%	6.0%	8.4%
Up to one page						
*W/O Attachm	35.8%	17.6%	14.5%	12.4%	28.0%	37.9%
*With Attachm	10.2%	10.7%	0.3%	1.7%	4.0%	8.4%
Over one page						
W/O Attachm	17.5%	7.1%	4.0%	1.8%	11.1%	15.3%
With Attachm	5.1%	2.8%	0.1%	0.2%	0.8%	4.0%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 5 breaks down the 2019 SAR submissions by type of financial

institution and number of suspicious activities identified in each report.<sup>17</sup>

**Table 5 - Total 2019 SAR submissions, by number of suspicious activities per report, and type of financial institution**

Suspicious Activities	Financial Institution Type					
	BANK	C UNION	CASINO	LOAN CO	MSB	OTHER
Up to Two	51.5%	52.3%	77.6%	82.8%	71.2%	59.2%
Three to Five	44.5%	44.5%	21.8%	16.6%	27.8%	37.9%
Over Five	4.1%	3.3%	0.6%	0.7%	1.1%	3.0%
<b>Grand Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Approximately 44% of the SARs submitted by all filers have narratives not exceeding 2,000 characters (half a

page), and another 39% have narratives above half a page but not exceeding one page. Most SARs (60%) identify up to

two suspicious activities, while another 38% list between three and five.

<sup>17</sup> The number of suspicious activities identified in each report represents the number of check boxes selected by the filer.

FinCEN analyzed key features of the 2019 SAR submissions described in Tables 1 through 5 to generate a tractable segmentation of the SAR universe into different levels of burden. FinCEN based this segmentation on the following observations:

- FinCEN was not able to limit the criteria for selecting categories of SAR burden to the type of financial institution or the tranche of a filer alone because of large variations in the combination of features within each type of financial institution or tranche. It was possible, however, to arrive at a small number of complexity categories by combining key features that highlight significant differences between depository institution filers (banks and credit unions), MSBs, and other types of financial institution filers (non-depository institutions).

- Based on the analyzed complexity features as well as FinCEN's extensive use of SARs in its work, *in general and on average*,<sup>18</sup> the content of SARs shows the following general features:

(a) There appears to be a positive correlation between the number and complexity of a financial institution's main business lines, and the value registered by some of the key features selected: The higher the number and complexity of the filer's business lines, the higher the number of suspicious transactions identified and the longer the narrative.

(b) In general, non-depository institutions with a single primary business line (*i.e.*, loan and finance companies or casinos) file reports that (a) list up to two suspicious transactions involving one subject and a single transaction or a small number of transactions over a short period of time, and (b) use relatively short narratives of up to half a page to explain the basis for their suspicion.

(c) Some SARs filed by non-depository institutions have features indicating complexity, particularly longer narratives, despite the SARs not being complex. A sample of the SARs filed by two of the largest non-depository institutions showed that in 94% of the SARs with longer narratives, the increased length was due to listing transactions the filer appeared to have tracked automatically. Six percent of

those SARs appeared to have required greater analytical effort. To estimate the number of SARs with extended content filed by non-depository institutions in 2019, FinCEN therefore applied the six percent threshold to the total number of SARs with narratives over one page filed by non-depository institutions.

(d) Nearly three quarters of original SARs filed by depository institutions report only up to two subjects involved in up to five suspicious activities, described in a narrative that does not exceed one page, and on their face do not appear complex. Many SARs filed by depository institutions, however, have features indicating complexity. This may reflect any combination of the factors laid out in the tables above—number of subjects per SAR, number of suspicious transactions listed per SAR, length of the narrative, and presence of an attachment. However, some SARs that appear complex based on these features often are not in reality. Depository institutions, which in general tend to offer many business lines mostly to established customers, sometimes include in SARs a comparison of other information they maintain. This can increase the apparent complexity of SARs analyzed against the complexity factors FinCEN identified without necessarily being indicative of a SAR requiring extensive research. FinCEN controlled for this by removing from the complex category SARs that had a high ratio of digits to non-digit text in the SAR narrative, because a high ratio of digits often indicates the algorithmic inclusion of transaction data in the SAR narrative.

- For all financial institutions, FinCEN estimates that the review of cases documenting the need to file continuing SARs, and the filing of the continuing SARs themselves, will require substantially less effort than the review of cases leading to the filing of original SARs, and the actual filing of such original SARs.

- Lastly, FinCEN assumes that financial institutions that batch file SARs have a degree of automation they can employ to the partial filling of the report. Batch filers will also store electronic files that may contain several reports per file. Based on these assumptions, FinCEN allocates a lower PRA burden per report to these filers. This burden consists of the actual time of submission per report (which may be close to instantaneous), and the administrative and supervisory tasks involved in this stage.

As noted, reflecting the observations above, FinCEN identified five categories of SARs to generate a tractable segmentation of complexity for

analyzing estimated PRA burden: (a) Continuing SARs; (b) original SARs with standard content filed by non-depository institutions; (c) original SARs with extended content filed by non-depository institutions; (d) original SARs with standard content filed by depository institutions; and (e) original SARs with extended content filed by depository institutions.

## Part 2. PRA Burden and Cost Estimates

Based on industry input, including input obtained over the past year in a project assessing how to improve the effectiveness of BSA data and measure its value for each stakeholder group, FinCEN understands that the SAR filing process comes at the end of a larger process that varies in complexity depending on the type and size of the financial institution:<sup>19</sup>

Stage 1—Maintaining a Monitoring System: Commensurate with the size of the filer and the complexity of its operations, each filer will run, update, and upgrade a monitoring system that reflects its assessment of risk. This monitoring system will vary in complexity from a manual review process to a fully automated one.<sup>20</sup>

Stage 2—Reviewing Alerts: When the monitoring system issues an alert, the filer will have to determine whether the alert reveals a true potential risk event, or is a false positive.

Stage 3—Transforming Alerts into Cases: If, based on the filer's analysis, the alert points to a true potential risk event, the filer will gather additional information to present the case to the reviewing level that will eventually

<sup>19</sup> FinCEN acknowledges that the description of the SAR production process in this notice seems to imply that the process is always linear, with each stage following the previous one. While this situation may reflect a large proportion of the cases reviewed and SARs filed, certain situations will require the filer to return to an earlier stage (such as requiring additional information from the case managers, or drafting several versions of a narrative). The breakdown of the SAR production process in a discrete number of linear stages is intended as a conceptual framework to guide FinCEN's estimates of the different levels of PRA burden. Such framework does not involve or imply any modification to, or new interpretation of the actual rule text of BSA regulations. The details provided in each stage of the framework serve only as a list of the features FinCEN did or did not consider when estimating the PRA burden of such stage. While FinCEN believes the tasks described in the framework represent the work generally required to produce a SAR, there is no obligation for a financial institution to adopt either formally or informally a process such as the one presented by the framework.

<sup>20</sup> FinCEN recognizes that filers may use the monitoring system to comply with additional BSA and non-BSA regulatory requirements, as well as for other business purposes such as protecting against reputational risks of money laundering and fraud against the filer or the filer's customers.

<sup>18</sup> By "in general," FinCEN is speaking without regard to outliers (*e.g.*, reports exhibiting features that are uncommonly higher or lower than those of the population at large), or that apply to a very narrow type of filer or type of transaction. By "on average," FinCEN means the mean of the distribution of each subset of the population (although FinCEN uses median labor cost data to calculate weighted hourly worker compensation allocated to each PRA burden hour in Table 6 below).

decide whether the event merits the filing of a SAR.

Stage 4—Case Review: The appropriate level will review the case to determine whether or not the event constitutes a suspicious activity that must be reported.

Stage 5—Documentation of Determination: This notice takes into account that filers document decisions they make as part of Stage 4 that lead them to conclude that an event does not warrant the filing of a SAR.

Stage 6—SAR Filing Process: If an event warrants the filing of a SAR, the filer will follow its SAR filing process, including: (a) Selecting supporting documentation; (b) completing the report, including drafting the narrative; (c) filing the report through batch or discrete filing; and (d) storing the filed report and supporting documentation in physical or electronic form.

Each stage requires the filer's use of human and technological resources, which combination will vary according to the sophistication of the filer. Previously, FinCEN limited its annual SAR PRA burden estimate to Stage 6 mentioned above, the SAR filing process (the "traditional annual PRA burden"). In this notice, FinCEN expands its PRA burden estimate to include Stages 4 and 5 listed above (the "supplemental annual PRA burden").

FinCEN is not addressing the burden associated with Stages 1 to 3 above due to the lack of the necessary granular information. Notably, FinCEN would need information regarding: (i) The levels of burden and cost attributed to differing monitoring systems; (ii)

varying levels of complexity in determining whether alerts represent true alerts; and (iii) the amount of research involved in assembling cases to determine whether true alerts warrant the filing of a SAR. Furthermore, FinCEN would need additional information to identify the proportion of these costs that are strictly connected to the filing of a SAR relative to the same costs associated with a filer's other regulatory or business requirements. FinCEN intends to address the information required for the estimate of the burden and cost of Stages 1 to 3 in a future notice. FinCEN acknowledges that each stage of the SAR production contributes to the next (including those stages of the process not included in this notice). FinCEN assesses, however, that the information provided by this notice, though not a complete estimate of the SAR PRA burden, improves the estimate and creates a foundation for a future estimate of the costs of all six stages.

FinCEN recognizes that SAR cases that are more complex may take a longer time to review at multiple stages, such as the case investigation point in Stage 4 and the SAR filing point in Stage 6. However, for ease of presentation, FinCEN calculated the extra burden of handling complex cases in our burden estimate for Stage 6, and attributed a burden that represents our estimate of the standard administrative work connected to continuing and original SARs to Stages 4 and 5. Therefore, the total estimate proposed in this notice will be the aggregate of the following estimates of the PRA burden related to:

- Evaluating cases for potential SAR filing (Stage 4). This will be part of the supplemental annual PRA burden calculation.

- Recordkeeping of cases not converted into SARs (Stage 5). This will be part of the supplemental annual PRA burden calculation.

- The SAR filing process (Stage 6). This will be part of the traditional annual PRA burden calculation and will include the PRA burden associated with the filing of (i) continuing SARs, (ii) original SARs filed by non-depository financial institutions, and (iii) original SARs filed by depository financial institutions.

FinCEN identified four staff positions and corresponding roles involved in the SAR process in order to estimate the hourly costs associated with the burden hour estimates calculated in this part. Those are: (i) General supervision (providing process oversight); (ii) direct supervision (reviewing operational-level work and cross-checking all or a sample of the filings against their supporting documentation); (iii) clerical work (engaging in case evaluation to support the determination of whether a SAR must be filed); and (iv) clerical work (engaging in producing, filing, and storing SARs and supporting documentation).

FinCEN calculated the fully loaded hourly wage for each of these four roles by taking the median wage as estimated by the U.S. Bureau of Labor Statistics (BLS), and computing an additional benefits cost as follows:<sup>21</sup>

**Table 6. Total hourly remuneration (fully-loaded hourly wage) per role and BLS job position**

Role	BLS-Code	BLS-Name	Median hourly wage	Benefit factor	Fully-loaded hourly wage
Indirect Supervision	11-3031	Financial Manager	\$62.45	1.502	\$93.80
Direct Supervision	13-1041	Compliance Officer	\$33.20	1.502	\$49.87
Clerical Work (Case review)	43-3099	Financial Clerk	\$20.40	1.502	\$30.64
Clerical Work (Recordkeeping)	43-3071	Teller	\$15.02	1.502	\$22.56

<sup>21</sup> See U.S. Bureau of Labor Statistics, Occupational Employment Statistics-National, May 2019, available at <https://www.bls.gov/oes/tables.htm>. The most recent data from the BLS corresponds to May 2019. For the benefits component of total compensation, see U.S. Bureau

of Labor Statistics, Employer's Cost per Employee Compensation as of December 2019, available at <https://www.bls.gov/news.release/ecec.nr0.htm>. The ratio between benefits and wages for financial activities, credit intermediation and related activities is \$15.80 (hourly benefits)/\$31.45 (hourly

wages) = 0.502. The benefit factor is 1 plus the benefit/wages ratio, or 1.502. Multiplying each hourly wage by the benefit factor produces the fully-loaded hourly wage per position.

FinCEN estimates that, *in general and on average*, each role would spend different amounts of time on each stage of the process covered by this notice, as described in the specific estimates below.

#### 1. Estimate of the Burden and Cost of Evaluating Cases for Potential SAR Filing

To estimate the PRA burden involved in evaluating each case generated by one or more alerts, FinCEN starts with the number of cases that, after review, resulted in the filing of 2,751,694 SARs in 2019. As set out in Table 1 above, of that total number of filings, 2,335,559 reports were original SARs, and 416,135 were continuing SARs.

In the case of continuing SARs, FinCEN assumes that the filer will be monitoring the specific transactions of the previously identified subject, and filing a continuing SAR every ninety days (if the subject did not discontinue

the activity), and noting the cumulative monetary amount involved in the suspicious activity. FinCEN therefore assesses that the number of continuing suspicious activity cases will equal the number of continuing SARs.

In the case of original SARs, however, a filer may need to review a large number of cases to determine which cases justify the filing of a report. A paper issued by the Bank Policy Institute in 2018 (the “BPI Paper”) <sup>22</sup> contains the estimates of 13 large, midsize, and small banks (with assets under management of more than \$500 billion, between \$200 to \$500 billion, and between \$50 and \$200 billion, respectively) about their average conversion rate <sup>23</sup> of cases to SARs. The BPI Paper states that, on average, banks filed SARs on 42% of alerts turned into cases (*i.e.*, alerts that are not considered false positives).<sup>24</sup> In the absence of similar data for other types of financial institutions, FinCEN adopts the bank

average conversion rate from cases to SARs set out in the BPI Paper (42%) to approximate the number of cases that could have generated the number of original SARs filed in 2019. If 42% of cases result in the filing of a SAR, the total filing population would have had to review approximately 5,560,854 cases <sup>25</sup> to report the 2,335,559 original SARs submitted in 2019.<sup>26</sup>

FinCEN estimates that the average burden involved in considering whether a case merits filing an original SAR, for all types of financial institutions and for any type of suspicious transactions, would be 20 minutes per case. FinCEN estimates that the average burden involved in reviewing cases involving continuing SARs will be much lower, at 3 minutes per case.

FinCEN assumes that the review of cases will involve the participation of three of the roles described above, as follows:<sup>27</sup>

**Table 7 - Weighted average hourly cost of evaluating cases to determine whether a SAR is merited**

Component	Indirect Supervision		Direct Supervision		Clerical Work (Case review)		Weighted average hourly cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Evaluation of Cases	10%	\$9.38	60%	\$29.92	30%	\$9.19	\$49.00

\$48.49 rounded up to \$49.00

The total annual PRA burden of this stage involving cases related to both

continuing and original SARs would be 1,874,424 hours, at a total cost of

\$91,846,776, as described in Tables 8A and 8B below.

<sup>22</sup> “Getting to Effectiveness—Report on U.S. Financial Institution Resources Devoted to BSA/AML and Sanctions Compliance”, Bank Policy Institute, October 29, 2018, available at [https://bpi.com/wp-content/uploads/2018/10/BPI\\_AML\\_Sanctions\\_Study\\_vF.pdf](https://bpi.com/wp-content/uploads/2018/10/BPI_AML_Sanctions_Study_vF.pdf). See pages 5–7.

<sup>23</sup> The average conversion rate represents the percentage of the total number of cases that, after receiving further review and consideration, warranted the filing of a SAR.

<sup>24</sup> *Ibid.* The BPI Paper identifies several provisos regarding the correlation among the different

metrics (such as the number of alerts related to AML issues only, while the number of SARs filed included both fraud and AML-related transactions). FinCEN considers that these qualifications do not affect the rationale of applying the bank conversion rate of cases into SARs to the full filer population.

<sup>25</sup> The number of original SARs submitted in 2019 (2,335,559) divided by the 42% conversion rate.

<sup>26</sup> FinCEN acknowledges that this estimate simplifies the conversion, stipulating that one case will generate or fail to generate one SAR, when in practice several cases may be reported in a single

SAR. It is also possible, while not very probable, that a single case may require the filing of more than one simultaneous SAR.

<sup>27</sup> FinCEN’s assumption is that the clerical work involved in the case review stage would include general administrative and coordination responsibilities, such as the maintaining of agendas, documentation of minutes, assembly of files to be presented to the appropriate authority (for example, a filer’s SAR Committee), and the summarization of the reasons not to file.



**Table 8A - Total annual PRA burden and cost of case evaluation - original SARs**

Evaluation of cases to determine filing of original SARs					
Nr. of Cases	Minutes per case	Total Minutes	Total Hours	Weighted average hourly cost	Total Cost
5,560,854	20	111,217,080	1,853,618	\$49.00	\$90,827,282

Weighted Average Hourly Cost from Table 7

**Table 8B - Total annual PRA burden and cost of case evaluation - continuing SARs**

Evaluation of cases to determine filing of continuing SARs					
Nr. of Cases	Minutes per case	Total Minutes	Total Hours	Weighted average hourly cost	Total Cost
416,135	3	1,248,405	20,806	\$49.00	\$1,019,494

## 2. Estimate of the Burden and Cost of Documenting Cases Not Converted Into SARs

With 2,335,559 cases resulting in SAR filings and an estimated conversion rate of 42%, out of the estimated 5,560,854

cases, 3,225,295 would be cases involving a decision not to file. FinCEN estimates that the average burden hours of documenting the rationale as to why a case does not merit filing a SAR, for all types of financial institutions and in the context of any type of suspicious

transactions, would be 25 minutes per report.

FinCEN assumes that documenting the rationale for not filing a SAR and the storage of the case documents will involve the participation of three of the roles described above, as follows:

**Table 9 - Weighted average hourly cost of documenting cases not turned into SARs**

Component	Indirect Supervision		Direct Supervision		Clerical Work (Recordkeeping)		Weighted average hourly cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Documenting cases not turned into SARs	1%	\$0.94	19%	\$9.47	80%	\$18.05	\$29.00

\$28.46 rounded up to \$29.00

The total annual PRA burden of this stage would be 1,343,872 hours, at a

total cost of \$38,972,288, as described in Table 10 below:

**Table 10 - Total annual PRA burden and cost of documenting non-filing**

Handling of cases not turned into SARs					
Nr. of Cases	Minutes per case	Total Minutes	Total Hours	Weighted average hourly cost	Total Cost
3,225,295	25	80,632,375	1,343,872	\$29.00	\$38,972,288

Weighted Average Hourly Cost from Table 9

### 3. Estimate of the Burden of the SAR Filing Process

FinCEN's prior estimate of the traditional average burden hours associated with the SAR filing process<sup>28</sup> was based on a 2010 assessment of the manual effort involved in the drafting, writing, filing, and storing of a paper-based SAR with a standard narrative of 4,000 characters (*i.e.*, one page), and the storing or segregation of paper-based supporting documentation. Since 2011, financial institutions have been able to (a) file SARs electronically either in batch or discrete format, and (b) include with their SARs an attachment containing tabular data such as transaction data providing additional suspicious activity information not suitable for inclusion in the narrative.

This attachment must be an MS Excel-compatible comma separated value (CSV) file with a maximum size of 1 megabyte. These new features contribute to a substantial decrease in the hourly burden of the mechanical aspects of the filing and storage of SARs and supporting documentation.

As set out in the estimates above, the review of approximately 5,560,854 cases would result in the closing out of 3,225,295 cases, and the filing of 2,335,559 original and 416,135 continuing SARs. In the previous part, FinCEN identified a tractable segmentation of SAR complexity: (a) Continuing SARs; (b) original SARs with standard content filed by non-depository institutions; (c) original SARs with extended content filed by

non-depository institutions; (d) original SARs with standard content filed by depository institutions; and (e) original SARs with extended content filed by depository institutions. In all cases, the estimate represents the administrative burden involved in producing and reviewing a SAR, overseeing the process of filing a SAR, and the actual filing of a SAR, and not just the mechanical process of generating, submitting, and storing the SAR (which might be very small for fully-automated filers using the batch-filing method).

FinCEN assumes that the SAR filing process involves the following four roles described in Table 6, in varying proportions depending on whether the burden accounts for the reporting or the recordkeeping stage of the process:

**Table 11A- Weighted average hourly cost of drafting, writing, and submitting SARs/Standard Content**

Component	Indirect Supervision		Direct Supervision		Clerical Work (Case review)		Weighted average hourly cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Drafting, writing, and submitting SARs	1%	\$0.94	19%	\$9.47	80%	\$24.51	\$35.00

\$34.93 rounded up to \$35.00

**Table 11B- Weighted average hourly cost of drafting, writing, and submitting SARs/Extended Content**

Component	Indirect Supervision		Direct Supervision		Clerical Work (Case review)		Weighted average hourly cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Drafting, writing, and submitting SARs	5%	\$4.69	20%	\$9.97	75%	\$22.98	\$38.00

\$37.64 rounded up to \$38.00

**Table 12 - Weighted average hourly cost of storing SARs and supporting documentation**

Component	Indirect Supervision		Direct Supervision		Clerical Work (Recordkeeping)		Weighted average hourly cost
	%time	Hourly Cost	%time	Hourly Cost	%time	Hourly Cost	
Storing SARs and supporting documentation	0%	\$0.00	5%	\$2.49	95%	\$21.43	\$24.00

\$23.93 rounded up to \$24.00

### 3.1. Continuing SARs

In the case of a suspicious transaction that continues over time, filers must submit continuing SARs every ninety

days. Financial institutions filed 416,135 continuing SARs as part of the 2019 SAR submissions. FinCEN estimates that, on average, the burden involved in filing a continuing SAR will

be relatively low, and will be substantially the same among all types of financial institutions. The estimated hourly burden and its cost for continuing SARs are as follows:

<sup>28</sup> FinCEN's estimate of the traditional average burden hours involved in the SAR filing process was 2 hours for SARs filed individually (60 minutes attributed to reporting, and 60 minutes attributed to

recordkeeping), and 2.5 hours per SAR for joint filings (90 minutes attributed to reporting, and 60 minutes attributed to recordkeeping). Joint filings are a single SAR filed by two or more separate

financial institutions. This type of filing constitutes less than 1% of total filings.

**Table 13- Continuing SARs- Drafting, writing, and submitting reports**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	358,736	20	7,174,710	119,578	\$35	\$4,185,230
Discrete	57,399	40	2,295,979	38,266	\$35	\$1,339,310
Total	416,135		9,470,690	157,844		\$5,524,540

Weighted Average Hourly Cost from Table 11A

**Table 14 - Continuing SARs - Storing filed reports and supporting documentation**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	358,736	5	1,793,678	29,894	\$24	\$717,456
Discrete	57,399	15	860,992	14,349	\$24	\$344,376
Total	416,135		2,654,670	44,243		\$1,061,832

Weighted Average Hourly Cost from Table 12

**3.2. Original SARs Filed by Non-Depository Institutions**

Based on the application of the percentage described in Part 1 to SARs with narratives over one page filed by non-depository institution, FinCEN identified 988,377 reports with standard content and 6,897 with extended content.

**Original SARs Filed by Non-Depository Institutions (Standard Content)**

For the purpose of calculating the burden of original SARs with standard content filed by non-depository institutions, FinCEN estimates that the average burden involved in the filing of original SARs will be higher than that of continuing SARs. Specifically,

FinCEN uses an estimate of 40 minutes per batch-filed report and 60 minutes per discrete-filed report for drafting, writing, and submitting the SARs, and 5 minutes per batch-filed reports and 15 minutes per discrete-filed report for storing filed reports and supporting documentation. The estimated hourly burden and its cost for this subset of SARs are therefore as follows:

**Original SARs filed by non-depository financial institutions****Table 15A - Original SARs/Non-Depository Institutions/Standard Content - Drafting, writing, and submitting SARs**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	780,730	40	31,229,200	520,486	\$35	\$18,217,010
Discrete	207,647	60	12,458,820	207,647	\$35	\$7,267,645
Total	988,377		43,688,020	728,133		\$25,484,655

Weighted Average Hourly Cost from Table 11A

**Table 16A - Original SARs/Non-Depository Institutions/Standard Content - Storing filed reports and supporting documentation**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batched	780,730	5	3,903,650	65,060	\$24	\$1,561,440
Discrete	207,647	15	3,114,705	51,911	\$24	\$1,245,864
Total	988,377		7,018,355	116,971		\$2,807,304

Weighted Average Hourly Cost from Table 12

## Original SARs Filed by Non-Depository Institutions (Extended Content)

For the purpose of calculating the burden of original SARs with extended content filed by non-depository

institutions, FinCEN estimates that the average burden will be several times higher than that of standard content SARs, and the related cost will include a larger proportion of the levels of the organization with higher fully-loaded

hourly wages (those representing indirect and direct supervision). The estimated hourly burden and its cost for this subset of SARs are therefore as follows:

**Table 15B- Original SARs/Non-Depository Institutions/Extended Content - Drafting, writing, and submitting SARs**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	5,436	200	1,087,200	18,120	\$38	\$688,560
Discrete	1,461	300	438,300	7,305	\$38	\$277,590
Total	6,897		1,525,500	25,425		\$966,150

Weighted Average Hourly Cost from Table 11B

**Table 16B - Original SARs/Non-Depository Institutions/Extended Content - Storing filed reports and supporting documentation**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batched	5,436	5	27,180	453	\$24	\$10,872
Discrete	1,461	15	21,915	365	\$24	\$8,760
Total	6,897		49,095	818		\$19,632

Weighted Average Hourly Cost from Table 12

## 3.3. Original SARs Filed by Depository Institutions

Based on the segmentation described in Part 1 of depository institution SARs into standard content and extended

content, FinCEN identified 1,313,774 reports with standard content, and 26,513 that included extended content.

The estimate of the reporting and recordkeeping burden of these two SAR

subsets is as follows, using the per-SAR burden estimates included in the tables:

Original SARs Filed by Depository Institutions (Standard Content)

**Original SARs filed by depository financial institutions (standard content)**

**Table 17 - Original SARs/Depository Institutions/Standard Content - Drafting, writing, and submitting SARs**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	1,157,995	40	46,319,820	771,996	\$35	\$27,019,860
Discrete	155,779	60	9,346,710	155,778	\$35	\$5,452,230
Total	1,313,774		55,666,530	927,774		\$32,472,090

Weighted Average Hourly Cost from Table 11A

Original SARs Filed by Depository  
Institutions (Extended Content)

**Table 18 - Original SARs/Depository Institutions/Standard Content - Storing filed reports and supporting documentation**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	1,157,995	5	5,789,977	96,499	\$24	\$2,315,976
Discrete	155,779	15	2,336,678	38,944	\$24	\$934,656
Total	1,313,774		8,126,655	135,443		\$3,250,632

Weighted Average Hourly Cost from Table 12

**Table 19 - Original SARs/Depository Institutions/Extended Content - Drafting, writing, and submitting SARs**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total hours	Weighted average hourly cost	Total Cost
Batch	17,516	200	3,503,200	58,386	\$38	\$2,218,668
Discrete	8,997	300	2,699,100	44,985	\$38	\$1,709,430
Total	26,513		6,202,300	103,371		\$3,928,098

Weighted Average Hourly Cost from Table 11B

**Table 20 - Original SARs/Depository Institutions/Extended Content - Storing filed reports and supporting documentation**

Method of filing	Nr. of reports	Minutes per report	Total minutes	Total Hours	Weighted Average Hourly Cost	Total Cost
Batch	17,516	5	87,580	1,459	\$24	\$35,016
Discrete	8,997	15	134,955	2,249	\$24	\$53,976
Total	26,513		222,535	3,708		\$88,992

Weighted Average Hourly Cost from Table 12

*Estimated Reporting and Recordkeeping Burden:* The estimated

reporting and recordkeeping burden by type of process and report is as follows:

**Table 21 - PRA burden, per report, by type of process**

Type of Process	Type of Report	Minutes per report
<b>Recordkeeping</b>		
Case review	Cases related to original SARs	20
	Cases related to continuing SARs	3
	Declined cases	25
All SARs	Batch-filed	5
	Discrete-filed	15
<b>Reporting</b>		
Continuing SARs	Batch-filed	20
	Discrete-filed	40
Original SARs/non-depository/standard	Batch-filed	40
	Discrete-filed	60
Original SARs /non-depository/extended	Batch-filed	200
	Discrete-filed	300
Original SARs/depository/standard	Batch-filed	40
	Discrete-filed	60
Original SARs /depository/extended	Batch-filed	200
	Discrete-filed	300

*Estimated Total Annual Reporting and Recordkeeping Burden:* The total estimated reporting and recordkeeping burden and cost per type of process and type of report are as follows:

As detailed in Table 22 below, the total estimated recordkeeping and reporting annual PRA burden for the case review and SAR filing process of the seven OMB control numbers

covered by this notice is 5,462,026 hours, for a total cost of \$206,422,989.

**Table 22 - Total annual PRA cost**

Type of process		Total hour burden	Total cost
<b>Recordkeeping</b>			
Case review	Tables 8A, 8B, and 10	3,218,296	130,819,064
All SARs	Tables 14, 16A, 16B, 18 and 20	301,183	7,228,392
<b>Reporting</b>			
Continuing SARs	Table 13	157,844	5,524,540
Original SARs/non-depository/standard	Table 15A	728,133	25,484,655
Original SARs/non-depository/extended	Table 15B	25,425	966,150
Original SARs/depository/standard	Table 17	927,774	32,472,090
Original SARs/depository/extended	Table 19	103,371	3,928,098
<b>Grand Totals</b>		<b>5,462,026</b>	<b>206,422,989</b>

The distribution of the total estimated annual PRA burden and cost, by type of financial institution and SAR (original or continuing), and by SAR production process stage is as follows:<sup>29</sup>

**Table 23 - Total annual PRA burden, in hours, by type of financial institution**

Type of financial institution	SARs				Burden (in hours per year)						
					Evaluation		Documentation		Filing		
	Cont	Orig	pct Cont	pct Orig	Cont	Orig	Cont	Orig	Cont	Orig	
Depository											
Banks	293,616	1,203,357	70.56%	51.52%	12,648	955,044	0	692,408	142,589	1,051,925	2,854,613
Credit Unions	64,925	136,928	15.60%	5.86%	5,278	108,675	0	78,789	31,531	119,699	343,972
Non-Depository											0
MSBs	45,201	859,414	10.86%	36.80%	2,261	682,076	0	494,505	21,951	751,265	1,952,058
Other non-depositor	12,393	135,860	2.98%	5.82%	619	107,823	0	78,172	6,018	118,752	311,384
Grand Total	416,135	2,335,559			20,806	1,853,618	0	1,343,873	202,089	2,041,640	5,462,026

Some figures were adjusted to eliminate rounding up differences

**Table 24 - Total annual PRA cost, by type of financial institution**

Type of financial institution	SARs				Cost							Total cost
					Evaluation		Documentation		Filing			
	Cont	Orig	pct Cont	pct Orig	Cont	Orig	Cont	Orig	Cont	Orig		
Depository												
Banks	293,616	1,203,357	70.56%	51.52%	\$719,333	\$46,797,210	\$0	\$20,079,821	\$4,647,204	\$35,560,119	\$107,803,688	
Credit Unions	64,926	136,930	15.60%	5.86%	\$159,063	\$5,325,055	\$0	\$2,284,883	\$1,027,616	\$4,046,386	\$12,843,002	
Non-Depository												
MSBs	45,202	859,415	10.86%	36.80%	\$110,741	\$33,421,690	\$0	\$14,340,632	\$715,434	\$25,396,370	\$73,984,867	
Other non-depositor	12,391	135,857	2.98%	5.82%	\$30,357	\$5,283,300	\$0	\$2,266,978	\$196,118	\$4,014,678	\$11,791,432	
Grand Total	416,135	2,335,559			\$1,019,494	\$90,827,255	\$0	\$38,972,315	\$6,586,372	\$69,017,553	\$206,422,989	

Some figures were adjusted to eliminate rounding up differences

FinCEN acknowledges that some of the partial estimates may over- or understate the burden and cost of some the stages of the SAR production process covered by this notice, due to generalization and lack of more detailed information. FinCEN wishes to emphasize that the total burden presented in Table 22 is spread across a number of different SAR reporting requirements involving different types of financial institutions. Indeed, in the case of depository institutions, both FinCEN and the Federal banking agencies have regulations requiring SAR reporting.<sup>30</sup> However, only one SAR form is filed in satisfaction of the rules of both FinCEN and the Federal banking agencies. FinCEN has historically never attempted to allocate the burden between agencies for SARs required by the rules of more than one agency.

FinCEN intends to conduct more granular studies of the filing population in the near future, to arrive at more

realistic estimates that take into consideration a more specific breakdown of the SAR production process, including estimating the burden to financial institutions of Stages 1 to 3, which may include the inter-agency burden allocation referred to above. The data obtained in these studies may result in a significant variation of the estimated total annual PRA burden.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Records required to be retained under the BSA must be retained for five years.

### Part 3. Request for Comments

#### a. Specific Requests for Comments:

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a

matter of public record. Comments are invited on the calculation of the total PRA burden of filing the SAR, under the current regulatory requirements. Specifically, comments are invited on the following issues:

1. FinCEN has based the estimates contained in this notice on the actual SARs filed in 2019. We have restricted the analysis to features we could measure and statements we were able to support with data extracted from the 2019 filers and submissions, using limited external data for estimates of parameters such as labor costs and conversion rates for alerts into filed SARs. FinCEN is not able to factor in its estimate of the PRA burden the burden of portions of the process for which FinCEN lacks information in filed reports or reliable existing studies. All requests for comments ask the public to suggest other factors that may affect the burden and cost of SAR reporting. Suggested factors that *FinCEN could*

<sup>29</sup> FinCEN obtained the breakdown by applying the percentages of continuing and original SARs by type of financial institution listed in Table 1, to the burden and cost estimates contained in Tables 8A, 8B, 10, and 13 to 20. Financial institutions the type

of which is "undetermined" are included in the "Other non-depository" category in Tables 23 and 24.

<sup>30</sup> See 12 CFR 208.62, 211.5(k), 211.24(f), and 225.4(f) (Federal Reserve Board); 12 CFR 353.3

(Federal Deposit Insurance Corporation); 12 CFR 748.1(c) (National Credit Union Administration); 12 CFR 21.11 and 12 CFR 163.180 (Office of the Comptroller of Currency); and 31 CFR Chapter X (FinCEN).

quantify by analyzing the contents of the BSA database, or by referring to statistical information publicly available, and without conducting a formal survey of the reporting financial institutions would be especially appreciated.

2. FinCEN proposes to expand the annual PRA burden estimate to cover three stages of the SAR production process: (a) The review of cases based on monitoring alerts considered true positives; (b) the documentation of the decision not to turn a case into a SAR; and (c) the SAR filing process. A sample conversion rate of cases that lead to SARs for depository institutions was used to calculate how many total cases at all financial institutions would have to be evaluated to produce the total number of original SARs filed in 2019. FinCEN invites comments on the characterization of these three stages, the general case conversion rate utilized, and the existence of other generally available research documents that may show different case conversion rates for different financial institution types.

3. FinCEN estimates that, *in general*, the cost of labor involved in the three stages of the SAR production process covered by this notice will depend on the level of involvement in each stage of at least four different types of labor within the organization (general supervision, direct supervision, clerical work for evaluation, and clerical work for recordkeeping). Is this a reasonable identification of the roles involved in the SAR process? Has FinCEN calculated labor costs reasonably? Within the calculations of PRA burden, has FinCEN reasonably estimated the involvement of the different kinds of labor identified?

4. FinCEN arrived at estimates for (i) the hour burden of the review of all cases based on true positive alerts, and (ii) the decision not to file SARs based on the proportion of the cases that were not converted into original SARs. *In general and on average*, are these estimates reasonable?

5. FinCEN segmented the universe of SAR filings into several different categories for purposes of estimating SAR complexity: (a) Continuing SARs; (b) original SARs with standard content filed by non-depository institutions; (c) original SARs with extended content filed by non-depository institutions; (d) original SARs with standard content filed by depository institutions; and (e) original SARs with extended content filed by depository institutions. For each of these categories, FinCEN adjusted the estimated SAR filing burden depending on the filing method

(batch or discrete). Is this segmentation reasonable? *Are there other categories of SARs which FinCEN could quantify by analyzing the contents of the BSA database and without conducting a formal survey of the reporting financial institutions?*

6. Are the other assumptions FinCEN made to calculate the burden associated with filing the different categories of SARs reasonable, such as the number of minutes required for each category of report?

#### b. General Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (1) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (2) the accuracy of the agency's estimate of the burden of the collection of information; (3) ways to enhance the quality, utility, and clarity of the information to be collected; (4) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (5) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: May 20, 2020.

**Derek Baldry,**

*Deputy Chief of Staff, Financial Crimes Enforcement Network.*

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**BILLING CODE 4810-02-P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### **Proposed Extension of Information Collection Request Submitted for Public Comment; Comment Request Relating to Requests for Miscellaneous Determination**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice and request for comments.

**SUMMARY:** The Internal Revenue Service, as part of its continuing effort to reduce paperwork and respondent burden, invites the public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction

Act of 1995. Currently, the IRS is soliciting comments concerning requests for miscellaneous determination by organizations exempt under section 501(c)(3). More specifically, the burden associated with filing Form 8940, *Request for Miscellaneous Determination*.

**DATES:** Written comments should be received on or before July 27, 2020 to be assured of consideration.

**ADDRESSES:** Direct all written comments to Kinna Brewington, Internal Revenue Service, Room 6529, 1111 Constitution Avenue NW, Washington, DC 20224. Requests for additional information or copies of the regulations should be directed to Ronald J. Durbala, at Internal Revenue Service, Room 6129, 1111 Constitution Avenue NW, Washington DC 20224, or through the internet, at [RJoseph.Durbala@irs.gov](mailto:RJoseph.Durbala@irs.gov).

**SUPPLEMENTARY INFORMATION:** *Title:* Request for Miscellaneous Determination.

*OMB Number:* 1545-2211.

*Form Number(s):* 8940.

*Abstract:* Organizations exempt under section 501(c)(3) may file Form 8940 for miscellaneous determinations under sections 507, 509(a), 4940, 4942, 4945, and 6033. Nonexempt charitable trusts may also file a Form 8940 for an initial determination under section 509(a)(3).

*Current Actions:* There is no change to the burden previously approved by OMB. This request is being submitted for renewal purposes only.

*Type of Review:* Extension of a currently approved collection.

*Affected Public:* Not-for-profit institutions.

*Estimated Number of Respondents:* 2,100.

*Estimated Time per Respondent:* 13 hours, 47 min.

*Estimated Total Annual Burden Hours:* 28,959.

The following paragraph applies to all the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

Books or records relating to a collection of information must be retained if their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

*Desired Focus of Comments:* The Internal Revenue Service (IRS) is particularly interested in comments that: