

DATE: July 30, 2002

SUBJECT: Patriot Act Regulations on Customer Identification
(Federal Reserve System Docket No. R-1127)

HIGHLIGHTS: The Department of the Treasury, through the Financial Crimes Enforcement Network (FinCEN), and seven federal financial regulators have jointly issued proposed rules that would require certain financial institutions to establish minimum procedures for identifying and verifying the identity of customers seeking to open new financial accounts.

The proposed rules implement section 326 of the USA PATRIOT Act, which directs the issuance of regulations requiring financial institutions to implement reasonable procedures for (1) verifying the identity of any person seeking to open an account, to the extent reasonable and practicable; (2) maintaining records of the information used to verify the person's identity and; (3) determining whether the person appears on any list of known or suspected terrorists or terrorist organizations. Final rules implementing section 326 must be effective by October 25, 2002.

The proposed rules have been published in the *Federal Register* (July 23, 2002, Volume 67, Number 141) and written comments may be submitted by September 6, 2002.

DOCUMENT LOCATION: The Board's July 17, 2002 press release, including the proposed rules, is available under the "press releases" section of the Board's web site:

<http://www.federalreserve.gov/boarddocs/press/bcreg/2002/>

FURTHER INFORMATION: Tim Bosch, Vice President (314) 444-8440
(or 1-800-333-0810, ext. 44-8440)
Banking Supervision and Regulation Department