



Financial Crimes Enforcement Network

A bureau of the U.S. Department of the Treasury

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FinCEN Clarifies Money Services Businesses Definitions Rule Includes Foreign-Located MSBs Doing Business in U.S.

VIENNA, Va. – The Financial Crimes Enforcement Network (FinCEN) today released a final rule, [Definitions and Other Regulations Relating to Money Services Businesses](#), that more clearly defines which businesses qualify as Money Services Businesses (MSBs) and are therefore subject to anti-money laundering rules under the Bank Secrecy Act (BSA).

“This rule will enable entities to determine in a more predictable and straightforward way whether they are operating as money service businesses subject to BSA rules,” said FinCEN Director James H. Freis, Jr. “In addition, the rule requires foreign entities conducting these activities in the United States as MSBs to register. This addresses the global nature of financial crimes.”

One key element of the definition of an MSB (other than a money transmitter) under the existing regulation that if the MSB conducts \$1,000 worth of transactions per person per day, the enterprise must comply with anti-money laundering rules required under the BSA. The rule issued today maintains this threshold for all categories of MSBs other than money transmitters. An entity that engages in money transmission in any amount is subject to the BSA rules. The rule also ensures that certain foreign-located persons engaging in MSB activities within the United States are subject to the BSA rules.

The final rule also clarifies several provisions, among them:

- Revising MSB definitions to make clearer what activities subject a person to the BSA rules pertaining to MSBs.
- Updating the MSB definitions to reflect past guidance and rulings and current business operations and to accommodate evolving technologies and emerging lines of business.
- Separating the provisions dealing with stored value from those dealing with issuers, sellers, and redeemers of traveler’s checks and money orders in order to more readily accommodate changes to be implemented in FinCEN’s pending Prepaid Access Rulemaking.

- Making minimal nomenclature changes with respect to certain MSB categories to help clarify distinctions between them.
- Replacing the term “currency dealer or exchanger” with the new term “dealer in foreign exchange,” a term used to include the exchange of instruments other than currency as a category of MSB.

[Corrected 8/16/11: The original version of this news release read, “Replacing the term ‘dealer in foreign exchange’ with the new term ‘currency dealer or exchanger...’ “The final rule replaces the phrase “currency dealer or exchanger” with “dealer in foreign exchange.” The terms were mistakenly inverted.]

Importantly, whether a person is subject to regulation as an MSB does not depend on factors such as whether the person is licensed as a business, has employees, or is engaged in a for-profit venture. This rule clarifies that it is the activities performed that cause a person to be categorized as an MSB subject to anti-money laundering rules.

In addition, an entity qualifies as an MSB based on its activity within the United States, not the physical presence of one or more of its agents, agencies, branches, or offices in the United States. This requirement arose out of the recognition that the Internet and other technological advances make it increasingly possible for persons to offer MSB services in the United States from foreign locations. FinCEN seeks to ensure that the BSA rules apply to all persons engaging in covered activities within the United States, regardless of their physical location.

FinCEN also today announced that the current version of the Registration of Money Services Business form (RMSB or [FinCEN Form 107](#)) is now [available](#) for electronic filing. The form is being updated to reflect changes made necessary by this final rule.

This rule will be effective 60 days from publication in the Federal Register. The compliance with the registration requirement will not be required until 6 months from publication in the Federal Register to allow time for the form to be updated.

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*F*inCEN's mission is to enhance U.S. national security, deter and detect criminal activity, and safeguard financial systems from abuse by promoting transparency in the U.S. and international financial systems.