Fact Sheet: Proposed Rule to Strengthen Customer Due Diligence Requirements for Covered Financial Institutions

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) has issued a proposed rule to strengthen customer due diligence requirements, implementing the directive in Executive Order 14406, *Restoring Integrity to America's Financial System*. This proposed rule supports the efforts of the Department of the Treasury to make the Customer Due Diligence Rule more effective, risk-based, and focused on the greatest threats to financial institutions and national security.

Specifically, the proposal would amend 31 C.F.R. 1010.230 to:

- explicitly provide that covered financial institutions can obtain additional information about beneficial owners of a legal entity customer that may be useful in mitigating risk or addressing supervisory concerns;
- codify exceptive relief issued by FinCEN that removed the requirement for covered financial institutions to identify and verify the beneficial owners of a legal entity customer each time the customer opens a new account; and
- specify information that a covered financial institution must obtain about each beneficial owner of a legal entity customer.

The following is a general overview of key elements of the proposed rule. Please refer to the full notice of proposed rulemaking for details.

Overview of Proposed Rule

Explicit Authority to Obtain Additional Information

First, the proposal would strengthen risk-based customer due diligence requirements for covered financial institutions by making explicit that, where warranted by other risk indicators or supervisory concerns, a covered financial institution may obtain additional information useful to mitigate risk or address supervisory concerns, including information relevant to whether account holders possess lawful immigration status and employment authorization in the United States when such information is relevant to assessing risks associated with fraud, identity misrepresentation, sanctions evasion, or other illicit financial activity.

Timing of Identification and Verification

Second, the proposal would codify FinCEN's recently issued exceptive relief, FIN-2026-R001. Under the proposed rule, covered financial institutions would no longer have to identify and verify the identities of beneficial owners of legal entity customers at each new account

opening. Instead, a covered financial institution would have to identify the beneficial owner(s) of a legal entity customer: (1) when the legal entity customer first opens an account with the covered financial institution; (2) any time thereafter when the covered financial institution has knowledge of facts that would reasonably call into question the reliability of beneficial ownership information previously obtained about the legal entity customer; and (3) as needed based on a covered financial institution's risk-based procedures for conducting ongoing customer due diligence.

Information to Collect

Finally, the proposal would specify, in the regulatory text, the information that a covered financial institution must obtain about each beneficial owner of a legal entity customer, which includes a qualifying identifying number for the individual. The information required is largely the same information currently contained in the rule's optional Appendix A form. The proposal would, however, specify that an Individual Tax Identification Number (ITIN) is not an acceptable substitute for a Social Security number. Additionally, the proposal would explicitly provide that covered financial institutions may obtain information from a third-party source.

Next Steps

Public comment is requested on all aspects of the proposed rule. Comments must be received by January 19, 2027. Comments can be submitted in one of the following two ways (please choose only one of the ways listed):

- Electronically at https://www.regulations.gov. Follow the "Submit a comment" instructions.
- Written comments may be mailed to the following address: Regulatory and Strategic Affairs Division, Financial Crimes Enforcement Network, P.O. Box 39, Vienna, VA 22183. Refer to Docket Number FINCEN-2026-0298 and RIN-1506-AB78. Mailed comments must be received by the close of the comment period.

Do not include any personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. Comments submitted are considered public records; generally, they will be displayed publicly as received unless redacted or withheld for sensitive or classified information. Comments may be submitted anonymously. Follow the search instructions on https://www.regulations.gov to view public comments. In accordance with 5 U.S.C. 553(b)(4), a summary of this rule may be found at www.regulations.gov under Docket FINCEN-2026-0298.

For Further Information

Please send questions or comments regarding the contents of this fact sheet to the FinCEN Regulatory Support Section at www.fincen.gov/contact.