

## FinCEN Finalizes Beneficial Ownership and Customer Due Diligence Requirements

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The Financial Crimes Enforcement Network (FinCEN) on May 11 released its long-awaited [Final Rule](#) (CDD Rule) that will require certain financial institutions to “look through” the nominal account holder to identify the account’s beneficial owners who own or control (directly or indirectly) certain legal entity customers. The rule also establishes a “fifth pillar” in FinCEN’s AML Program requirement that mandates that certain institutions implement risk-based procedures for conducting customer due diligence.

The CDD Rule is a key part of the Administration’s array of announced steps to combat money laundering, terrorist financing, and tax evasion on the heels of the “Panama Papers.” The CDD Rule complements these efforts, including the Administration’s call for Congress to adopt legislation that would require the collection of beneficial ownership information at the time legal entities are formed in the United States.

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