



# Information Sharing Between Financial Institutions

## Section 314(b) Fact Sheet

### What is Section 314(b)?

Section 314(b) of the USA PATRIOT Act provides financial institutions with the ability to share information with one another, under a safe harbor that offers protections from liability, in order to better identify and report potential money laundering or terrorist activities. 314(b) information sharing is a voluntary program, and FinCEN strongly encourages information sharing through Section 314(b).

### What are the Benefits of 314(b) Voluntary Information Sharing?

While information sharing under the 314(b) program is voluntary, it can help financial institutions enhance compliance with their anti-money laundering/counter-terrorist financing (AML/CFT) requirements, most notably with respect to:

- Gathering additional and potentially invaluable information on customers or transactions potentially related to money laundering or terrorist financing, including previously unknown accounts, activities, and/or associated entities or individuals.
- Shedding more comprehensive light upon overall financial trails, especially if they are complex and appear to be layered amongst numerous financial institutions, entities, and jurisdictions.
- Building a more comprehensive and accurate picture of a customer's activities where potential money laundering or terrorist financing is suspected, allowing for more precise decision-making in due diligence and transaction monitoring.
- Alerting the contacted financial institution to customers about whose suspicious activities it may not have been previously aware.
- Facilitating the filing of more comprehensive and complete SARs than would otherwise be filed in the absence of 314(b) information sharing.
- Aiding in identifying and collectively stemming money laundering and terrorist financing methods and schemes.

- Facilitating efficient SAR reporting decisions - for example, when a financial institution obtains a more complete picture of activity through the voluntary information sharing process and determines that no SAR is required for transactions that may have initially appeared suspicious.<sup>1</sup>

### Who is Eligible to Participate in 314(b)?

Financial institutions subject to an anti-money laundering program requirement under FinCEN regulations, and any association of such financial institutions, are eligible to share information under Section 314(b). This currently includes the following types of financial institutions:

- Banks (31 CFR 1020.540)
- Casinos and Card Clubs (31 CFR 1021.540)
- Money Services Businesses (31 CFR 1022.540)
- Brokers or Dealers in Securities (31 CFR 1023.540)
- Mutual Funds (31 CFR 1024.540)
- Insurance Companies (31 CFR 1025.540)
- Futures Commission Merchants and Introducing Brokers in Commodities (31 CFR 1026.540)
- Dealers in Precious Metals, Precious Stones, or Jewels (31 CFR 1027.540)
- Operators of Credit Card Systems (31 CFR 1028.540)
- Loan or Finance Companies (31 CFR 1029.540)
- Associations consisting of the financial institutions listed above<sup>2</sup>

### What Information can be Shared Under 314(b)?

Under 314(b), financial institutions or associations of financial institutions may share information with each other regarding individuals, entities, organizations, and countries for purposes of identifying, and, where appropriate, reporting

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1. For more information on the benefits of voluntary information sharing under Section 314(b), including examples of ways in which SAR narratives have referenced 314(b), see Issue 23 of the SAR Activity Review – Trends, Tips & Issues at [http://www.fincen.gov/news\\_room/rp/files/sar\\_tti\\_23.pdf](http://www.fincen.gov/news_room/rp/files/sar_tti_23.pdf).
  2. In July 2012, FinCEN issued an administrative ruling which clarified the meaning of “association of financial institutions.” For more information, see FIN-2012-R006 ([http://www.fincen.gov/news\\_room/rp/rulings/pdf/FIN-2012-R006.pdf](http://www.fincen.gov/news_room/rp/rulings/pdf/FIN-2012-R006.pdf))

activities that may involve possible terrorist activity or money laundering. FinCEN has issued guidance clarifying that, if 314(b) sharing participants suspect that transactions may involve the proceeds of specified unlawful activities under money laundering statutes, information related to such transactions can be shared under protection of the 314(b) safe harbor.<sup>3</sup>

In cases where a financial institution files a SAR that has benefited from 314(b) information sharing, FinCEN encourages financial institutions to note this in the narrative in order for FinCEN to identify and communicate additional examples of the benefits of the 314(b) program. Please note, however, that while information may be shared related to possible terrorist financing or money laundering that resulted in, or may result in, the filing of a SAR, Section 314(b) does not authorize a participating financial institution to share a SAR itself or to disclose the existence of a SAR.<sup>4</sup>

## How do Financial Institutions Participate in 314(b)?

While FinCEN encourages 314(b) information sharing due to the many benefits of the program, financial institutions may voluntarily choose whether or not to participate. FinCEN regulations (31 CFR 1010.540) set forth the requirements that must be satisfied in order to benefit from 314(b) safe harbor protection, as outlined below. Sharing information without satisfying these conditions does not by itself subject an institution to penalty under FinCEN regulations, since 314(b) participation is voluntary; however, a financial institution will only benefit from the safe harbor protection if it follows the conditions for participation in the program:

### 1) Submit a Notification to FinCEN

Information regarding the 314(b) notification process, including on-line notification, is available on FinCEN's website ([http://www.fincen.gov/statutes\\_regs/patriot/section314b.html](http://www.fincen.gov/statutes_regs/patriot/section314b.html)). Financial institutions or associations of financial institutions interested in participating in the 314(b) program must complete and submit a 314(b) notification. All notifications are processed within two business days of receipt, and participants will receive an acknowledgment via e-mail.

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3. Specified unlawful activities listed in 18 U.S.C. §§ 1956 and 1957 include an array of fraudulent and other criminal activities. For more information, see FIN-2009-G002 ([http://www.fincen.gov/statutes\\_regs/guidance/pdf/fin-2009-g002.pdf](http://www.fincen.gov/statutes_regs/guidance/pdf/fin-2009-g002.pdf)).
  4. SAR confidentiality standards are governed by applicable SAR regulations. See, e.g., 31 CFR 1020.320.

### 2) Sharing information with other 314(b) participants

Prior to sharing information under 314(b), financial institutions must take reasonable steps, such as checking the FinCEN 314(b) participant list, to verify that the other financial institution has also submitted a notification to FinCEN. To facilitate the identification of 314(b) program participants, the notification acknowledgement will contain details of participation as well as the link and information required to access the most recent 314(b) participant list. FinCEN updates the list on a daily basis. Financial institutions may establish policies and procedures that designate more than one person with the authority to participate in the financial institution's 314(b) program.<sup>5</sup>

### 3) Safeguard Shared Information and use only for AML/CFT Purposes

Financial institutions and associations must establish and maintain procedures to safeguard the security and confidentiality of shared information, and must only use shared information for the purpose of:

- Identifying and, where appropriate, reporting on activities that may involve terrorist financing or money laundering;
- Determining whether to establish or maintain an account, or to engage in a transaction; or
- Assisting in compliance with anti-money laundering requirements.

## **Updating Point of Contact Information and Additional Resources**

Any changes, updates or deletions of current 314(b) notifications should be submitted to FinCEN via e-mail at [frc@fincen.gov](mailto:frc@fincen.gov). For additional questions related to 314(b) information sharing, FinCEN can be reached via phone at 1-800-767-2825 (1-800-SOS-BUCK) or via e-mail at [frc@fincen.gov](mailto:frc@fincen.gov)

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5. For more information, see Issue 18 of the SAR Activity Review – Trends, Tips & Issues at [http://www.fincen.gov/news\\_room/rp/files/sar\\_tti\\_18.pdf](http://www.fincen.gov/news_room/rp/files/sar_tti_18.pdf).