



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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DIVISION OF SUPERVISION
AND REGULATION

SR 25-3

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**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Imposition of Special Measures by the U.S. Department of the Treasury's
Financial Crimes Enforcement Network ("FinCEN")**

Applicability: This letter on special measures applies to all covered financial institutions supervised by the Federal Reserve, regardless of asset size.

The purpose of this letter is to advise Federal Reserve supervised institutions of the special measures imposed by the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") under section 311 of the USA PATRIOT Act (31 U.S.C. § 5318A), Section 9714(a) of the Combating Russian Money Laundering Act (Public Law 116-283), as amended by section 6106(b) of the National Defense Authorization Act for Fiscal Year 2022 (Public Law 117-81), and Section 2313a of the FEND OFF Fentanyl Act (Division E of Public Law 118-50).¹ Special measures create legal obligations for covered financial institutions with respect to certain jurisdictions, financial institutions, or transactions with entities designated as being of "primary money laundering concern."²

¹ For background information on section 311, refer to the "Special Measures" section of the *Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual*, available at <https://bsaaml.ffiec.gov/manual>.

² FinCEN's special measures rules (e.g. 31 CFR 1010.658(a)(3)) define "covered financial institution" to include the following: (i) an insured bank (as defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. § 1813(h))); (ii) a commercial bank; (iii) an agency or branch of a foreign bank in the United States; (iv) a federally insured credit union; (v) a savings association; (vi) a corporation acting under section 25A of the Federal Reserve Act (12 U.S.C. § 611 *et seq.*); (vii) a trust bank or trust company that is federally regulated and is subject to an anti-money laundering program requirement; (viii) a securities broker or dealer registered, or required to be registered, with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. § 78a *et seq.*), except persons who register pursuant to section 15(b)(11) of the Exchange Act; (ix) a futures commission merchant or an introducing broker registered, or required to be registered, with the Commodity Futures Trading Commission under the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), except persons who register pursuant to section 4(f)(a)(2) of the Commodity Exchange Act; and (x) a mutual fund, which means an investment company (as defined in section 3(a)(1) of the Investment Company Act of 1940 ("Investment Company Act") (15 U.S.C. § 80a-3(a)(1))) that is an open-end company (as defined in section 5(a)(1) of the Investment Company Act (15 U.S.C. § 80a-5(a)(1))) and that is registered, or is required to register, with the SEC pursuant to the Investment Company Act.

Under section 311 of the USA PATRIOT Act, FinCEN has authority to require covered financial institutions to take one or more of the following special measures with regard to entities of primary money laundering concern:

1. maintain records, file reports, or both, concerning the aggregate amount of transactions, or concerning each transaction of the entity;
2. obtain and retain beneficial ownership information regarding U.S. accounts that involve the entity;
3. identify and obtain information comparable to U.S. customer identification requirements regarding customers permitted to use, or whose transactions are routed through, payable-through accounts of financial institutions involving the entity;
4. identify and obtain information comparable to U.S. customer identification requirements regarding customers permitted to use, or whose transactions are routed through, correspondent accounts of financial institutions involving the entity;
5. prohibit, or impose conditions upon, the opening or maintaining in the United States of a correspondent account or payable-through account for the entity; and

The Combating Russian Money Laundering and FEND OFF Fentanyl Acts added an additional special measure beyond those available under section 311 of the USA PATRIOT Act. Congress passed the Combating Russian Money Laundering Act in 2021, which, as FinCEN notes in FAQs related to the issuance of an order under it,³ “is similar to a section 311 action. However, section 9714 actions are expressly intended to address, and can only be invoked for, primary money laundering concerns in connection with Russian illicit finance, can be implemented via order (without accompanying rulemaking), and can prohibit or place conditions on certain transmittals of funds.” The FEND OFF Fentanyl Act, passed in 2024, is modeled on the Combating Russian Money Laundering Act, references it, and includes the same provisions, except the provisions are in regard to illicit opioid trafficking instead of Russian illicit finance. The additional special measure provides that FinCEN has authority to require covered financial institutions to the following special measures with regard to entities of primary money laundering concern:

6. prohibit, or impose conditions upon, certain transmittals of funds by any domestic financial institution or domestic financial agency, if such transmittal of funds involves any such institution, class of transaction, or type of account.

Because the specific special measures imposed regarding entities of primary money laundering concern can vary, covered financial institutions should refer to FinCEN’s rulemaking or order pertaining to each entity for guidance regarding the nature, applicability, and scope of the imposed special measures.⁴ Historically, the special measure most commonly imposed in Section 311 rulemakings has been the fifth special measure. The fifth special measure must be issued by rulemaking and prohibits all covered financial institutions from opening or maintaining

³ See FinCEN, *Frequently Asked Questions: Section 9714 Order Prohibits Certain Transmittals of Funds Involving Bitzlatō*, (January 18, 2023) at

https://www.fincen.gov/sites/default/files/shared/FAQs_Bitzlatō%20FINAL%20508.pdf.

⁴ The list of FinCEN’s rulemakings on *Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern* is available at <https://www.fincen.gov/resources/statutes-and-regulations/special-measures>.

a correspondent account in the United States for, or on behalf of, entities identified as a primary money laundering concern. The first four and sixth special measures may be imposed by order, without a final rulemaking.

FinCEN maintains a list of the entities for which a special measure, issued by order or rule, is in place creating obligations on the part of covered financial institutions.⁵ This list is updated periodically whenever a new special measure is imposed, removed, or changed.

Reserve Banks are asked to distribute this SR letter to supervised covered domestic and foreign financial institutions, as well as to supervisory and examination staff. In addition, questions may be sent via the Board's public website.⁶

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Supersedes:

- SR letter 16-13, "Imposition of Special Measures by the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN")"

⁵ See <https://www.fincen.gov/resources/statutes-and-regulations/special-measures>.

⁶ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.