are longer than those required by the SEC (17 CFR 240.17a–8). Therefore, the retention period remains unchanged for broker/dealers. Under this final rule, the five-year retention period applies only to records of funds transfers made on or after the rule's effective date.

The Treasury and the Board believe that a uniform retention period should apply to all records that must be retained under the Bank Secrecy Act regulations, and therefore, a longer retention period should not be required for funds transfer records than for records of other financial transactions. The Treasury and the Board are concerned that expansion of the Bank Secrecy Act record retention requirement from five to ten years may increase materially the cost of compliance for financial institutions, but will monitor the adequacy of the record retention requirement.

Effective Date—Many commenters expressed concern regarding the effective date, particularly given the need for banks to make operational and procedural changes to comply with the rule's retrievability and verification requirements. These commenters indicated that the proposed December 31, 1993 effective date was unrealistic given that the final rule had yet to be published with only weeks remaining until the deadline. They indicated that changes to existing manual and automated procedures to comply with the rule would require a significant preparation time.

Most commenters requested that the effective date be six to 12 months after publication of the final rule. Several commenters suggested that the implementation date be delayed to coincide with the effective date of the Treasury's companion Travel Rule. These commenters indicated that a single implementation date for both rules would prevent having to make changes twice to internal procedures and computer systems.

A few commenters recommended that the effective date be delayed until the new Fedwire format is adopted. As noted above, recognizing that originator's banks may strive to satisfy the recordkeeping requirements of this rule primarily through retention of records of the payment orders they execute, and that the current Fedwire format may not have sufficient space to include all means provided by the originator of identifying the beneficiary, the final rule provides an exception to the requirement that the bank retain as many means of identifying the beneficiary as provided by the originator for Fedwire transfers, until the bank's conversion to the expanded Fedwire

format is complete. With this limited exception, the expanded format is not necessary to comply with this rule, and delaying implementation of the recordkeeping rule until after a new format is implemented would delay realizing the benefits of this rule.

In response to the concerns raised by commenters, on December 22, 1993, the Treasury announced a delay in the adoption of the final rule to permit the Treasury to consider the rule as part of its ongoing comprehensive review of the Treasury's anti-money laundering enforcement policies, programs, and regulations. The Treasury and the Board recognize that adequate lead time is necessary to allow banks time to change procedures and/or install systems to comply with the final rule. Therefore, the rule will become effective on January 1, 1996, at which time the Treasury's companion Travel Rule also will become effective. [See the Treasury's notice elsewhere in today's Federal Register adopting the final Travel Rule.]

D. Paperwork Reduction Act

The collection of information required by the final rule has been submitted by the Treasury to the Office of Management and Budget in accordance with the requirements of the Paperwork Reduction Act (44 U.S.C. 3504(h)) under control number 1505–0063.

The collection of information in this regulation is authorized by 12 U.S.C. 1829b and 1951–1959 and 31 U.S.C. 5311–5328. The likely recordkeepers are financial institutions that perform transmittals of funds.

Estimated number of respondents and/or recordkeepers: 60,000.

Estimated total annual recordkeeping burden: 1 million hours.

Estimated average annual burden per respondent and/or recordkeeper: 16.3 hours.

Estimated annual frequency of responses: Upon request.

The estimated average annual burden hours have decreased significantly from those included in the August 1993 proposal. The decrease is due to the significant reduction in the number of transmittals of funds subject to the recordkeeping requirements as a result of the establishment of the \$3,000 threshold, and due to the reduction of circumstances in which additional recordkeeping and verification requirements for noncustomers would apply.

E. Final Regulatory Flexibility Analysis

Two of the three requirements of a final regulatory flexibility analysis (5 U.S.C. 604), (1) A succinct statement of

the need for and the objectives of the rule and (2) a summary of the issues raised by the public comments, the agency's assessment of the issues, and a statement of the changes made in the final rule in response to the comments, are discussed above. The third requirement of a final regulatory flexibility analysis is a description of significant alternatives to the rule that would minimize the rule's economic impact on small entities and reasons why the alternatives were rejected.

The requirements in this rule will apply to all financial institutions subject to the Bank Secrecy Act, regardless of size. An exemption for small entities would not be appropriate because it would permit money laundering operations to evade the recordkeeping process by using small financial institutions. This would diminish significantly the usefulness of these records for criminal, tax, or regulatory investigations.

The small entities that will be affected by this rule include small banks and nonbank money transmitting businesses. In order to minimize the economic impact on small entities, the rule allows financial institutions that send or receive transmittal orders for established customers to use existing records to satisfy some of the recordkeeping requirements. The rule also exempts transmittals of funds below \$3,000, which should particularly benefit nonbank providers of money transmitting services that handle smaller-value transfers. The Treasury and the Board do not believe that the final rule would impose reporting or recordkeeping burdens on small entities that require specialized professional skills not available to them.

F. Conclusion

The Treasury and the Board have adopted a revised version of its proposed rule.

G. Executive Order 12866

The Treasury finds that this final rule is not a "significant" rule for purposes of Executive Order 12866. The rule is not anticipated to have an annual effect on the economy of \$100 million or more. It will not affect adversely in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities. It creates no inconsistencies with, nor does it interfere with actions taken or planned by other agencies. Finally, it raises no novel legal or policy issues. A cost and benefit analysis therefore is not required.