determines whether the change would have a direct and material adverse effect on the ability of other service providers to compete effectively with the Federal Reserve in providing similar services, due to differing legal powers or constraints or due to a dominant market position of the Federal Reserve deriving from such legal differences.

Unlike other providers of wire transfer services, the Federal Reserve Banks are not subject to the wire transfer recordkeeping rules, because they are not considered by the Treasury to be financial institutions, as defined in 31 CFR 103.11(i).2 The Board believes, however, that the exclusion of the Federal Reserve Banks from the scope of this rule will not adversely affect the ability of other service providers to compete effectively with the Federal Reserve in providing similar services. The Federal Reserve Banks will continue to maintain records of the payment orders that they accept, similar to the records required by the rule to be kept by intermediary banks.

For funds transfers effected over the Federal Reserve's Fedwire funds transfer system, banks and domestic brokers or dealers in securities would not have to retain as many of the elements of beneficiary identification as provided by the originator, because the current Fedwire format may not have sufficient space to include such information. The Board, however, does not believe that this temporary exception would make use of the Fedwire system more desirable than other funds transfer systems. A financial institution will be required to comply fully with the requirement to retain full beneficiary information at such time that it completes its conversion to the expanded Fedwire message format.

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 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.

List of Subjects in 12 CFR Part 219

Banks, Banking, Currency, Reporting and recordkeeping requirements, Foreign banking.

For the reasons set out in the preamble, 12 CFR Part 219 is amended as set forth below.

PART 219—REIMBURSEMENT FOR PROVIDING FINANCIAL RECORDS; RECORDKEEPING REQUIREMENTS FOR CERTAIN FINANCIAL RECORDS (REGULATION S)

1. The title of part 219 is revised to read as set forth above.

Subpart A—Reimbursement to **Financial Institutions for Providing Financial Records**

§§ 219.1 through 219.7 [Designated as Subpart A]

- 2. Sections 219.1 through 219.7 are designated as Subpart A, and a new Subpart A heading is added to read as set forth above.
- 3. The authority citation for Part 219 is designated as the authority for Subpart A and continues to read as follows:

Authority: 12 U.S.C. 3415.

4. Subpart A is amended by revising § 219.1 to read as follows:

§ 219.1 Authority, purpose and scope.

This subpart of Regulation S (12 CFR part 219, subpart A) is issued by the Board of Governors of the Federal Reserve System (the Board) under section 1115 of the Right to Financial Privacy Act (the Act) (12 U.S.C. 3415). It establishes the rates and conditions for reimbursement of reasonably necessary costs directly incurred by financial institutions in assembling or providing customer financial records to a government authority pursuant to the Act.

5. Section 219.2 is amended by revising the introductory text to read as follows:

§ 219.2 Definitions.

For the purposes of this subpart, the following definitions shall apply:

6. Subpart B is added to Part 219 to read as follows:

Subpart B-Recordkeeping and Reporting Requirements for Funds Transfers and **Transmittals of Funds**

Sec

219.21 Authority, purpose and scope.

219.22 Definitions.

219.23 Recordkeeping and reporting requirements.

219.24 Retention period.

Subpart B—Recordkeeping and **Reporting Requirements for Funds Transfers and Transmittals of Funds**

Authority: 12 U.S.C. 1829b(2) and (3).

§219.21 Authority, purpose and scope.

This subpart of Regulation S (12 CFR) part 219, subpart B) is issued by the Board under the authority of section 21(b) of the Federal Deposit Insurance Act (12 U.S.C. 1829b), as amended by the Annunzio-Wylie Anti-Money Laundering Act of 1992 (Pub. L. 102-550, Title XV; 106 Stat. 3672, 4044), which authorizes the Board and the Secretary of the Treasury jointly to prescribe recordkeeping and reporting requirements for domestic wire transfers by insured depository institutions; and which also requires the Board and the Treasury jointly to prescribe recordkeeping and reporting requirements for international wire transfers by insured depository institutions and by nonbank financial institutions. The definitions and recordkeeping and reporting requirements referenced in this subpart are promulgated and administered jointly by the Board and the Treasury and are codified in 31 CFR 103.11 and 103.33(e) and (f). Such recordkeeping and reporting requirements will assist in the prosecution of money laundering activities and are determined to have a high degree of usefulness in criminal, tax or regulatory investigations or proceedings.

§219.22 Definitions.

The following terms are defined in 31 CFR 103.11 under the joint authority of the Board and the Treasury:

Accept. Beneficiary. Beneficiary's bank. Established customer. Execution date. Funds transfer.

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