

## Barclays Statement on FinCEN Customer Due Diligence Rule for Financial Institutions

On May 11, 2016, the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued final rules under the Bank Secrecy Act of 1970 to clarify and strengthen customer due diligence requirements for financial institutions, including, among others, banks and brokers or dealers in securities. The rules contain explicit customer due diligence requirements and include a new requirement to identify and verify the identity of beneficial owners of "legal entity customers" (the "FinCEN CDD Rule"). Financial institutions are required to comply with the FinCEN CDD Rule beginning on May 11, 2018. The final rule can be located in the U.S. Federal Register.<sup>1</sup>

The FinCEN CDD Rule exempts certain types of legal entities from the definition of "legal entity customers" and, therefore, covered financial institutions are not required to identify and verify beneficial owners for those exempt entities. Among other type of exempt entities, the FinCEN CDD Rule specifically exempts:

- A financial institution regulated by a Federal functional regulator<sup>2</sup> or a bank regulated by a State bank regulator (31 CFR §1010.230(e)(2)(i))
- A foreign financial institution established in a jurisdiction where the regulator of such institution maintains beneficial ownership information regarding such institution (31 CFR §1010.230(e)(2)(xiv))

### Barclays Entities That Are Exempt Under the FinCEN CDD Rule

A number of Barclays entities fall under the categories of exempt entities set forth above. Within the United States, Barclays Bank PLC operates the following subsidiaries<sup>3</sup> and branches that are exempt from the definition of legal entity customer because they are financial institutions regulated by a Federal functional regulator or regulated by a State bank regulator:

- **Barclays Capital Inc. (BCI)** is a broker or dealer in securities registered with the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC)
- **Barclays Bank PLC, New York Branch** is a bank regulated by the Board of Governors of the Federal Reserve System and the New York State Department of Financial Services
- **Barclays Bank PLC, Miami Branch** is a bank regulated by the Board of Governors of the Federal Reserve System and the Florida Office of Financial Regulation
- **Barclays Bank Delaware** is a bank regulated by the Board of Directors of the Federal Deposit Insurance Corporation and the Delaware State Bank Commissioner

Outside the United States, Barclays Bank PLC operates the following entities which are exempt from the definition of legal entity customer because they are foreign financial institutions established in a jurisdiction where the regulator of the institution maintains beneficial ownership information of the institution:

- **Barclays PLC** is established in the UK where beneficial ownership information is maintained publicly via Companies House<sup>4</sup>
- **Barclays Bank PLC** is established in the UK where beneficial ownership information is maintained publicly via Companies House
- **Barclays Capital Securities Limited (BCSL)** is established in the UK where beneficial ownership information is maintained publicly via Companies House

For additional important information on Barclays, including our Anti-Money Laundering Program, please see our website at <https://www.home.barclays/important-information.html>.

---

<sup>1</sup> U.S. Federal Register, see: <https://www.federalregister.gov/documents/2016/05/11/2016-10567/customer-due-diligence-requirements-for-financial-institutions>

<sup>2</sup> Definition of federal functional regulator, see: [https://www.ffiiec.gov/bsa\\_aml\\_infobase/pages\\_manual/regulations/31CFR103.120.htm](https://www.ffiiec.gov/bsa_aml_infobase/pages_manual/regulations/31CFR103.120.htm)

<sup>3</sup> Barclays PLC 2016 Annual Report, see:

<https://www.home.barclays/content/dam/barclayspublic/docs/InvestorRelations/ResultAnnouncements/2016FYResults/Barclays%20PLC%20Annual%20Report%202016.pdf>

<sup>4</sup> Library of Congress report on jurisdictions which maintain beneficial ownership information, see: <https://www.loc.gov/law/help/beneficial-ownership/disclosure-beneficial-ownership.pdf>