

DEPARTMENT OF THE TREASURY

Statement of Regulatory Priorities

The primary mission of the Department of the Treasury is to maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combatting threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively.

Consistent with this mission, regulations of the Department and its constituent bureaus are promulgated to interpret and implement the laws as enacted by Congress and signed by the President. It is the policy of the Department to comply with applicable requirements to issue a Notice of Proposed Rulemaking and carefully consider public comments before adopting a final rule. Also, the Department invites interested parties to submit views on rulemaking projects while a proposed rule is being developed.

To the extent permitted by law, it is the policy of the Department to adhere to the regulatory philosophy and principles set forth in Executive Orders 12866, 13563, 13609, and 13771 and to develop regulations that maximize aggregate net benefits to society while minimizing the economic and paperwork burdens imposed on persons and businesses subject to those regulations.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

The Alcohol and Tobacco Tax and Trade Bureau (TTB) issues regulations to implement and enforce Federal laws relating to alcohol, tobacco, firearms, and ammunition excise taxes and certain non-tax laws relating to alcohol. TTB's mission and regulations are designed to:

- 1) Collect the taxes on alcohol, tobacco products, firearms, and ammunition;
- 2) Protect the consumer by ensuring the integrity of alcohol products;
- 3) Ensure only qualified businesses enter the alcohol and tobacco industries; and
- 4) Prevent unfair and unlawful market activity for alcohol and tobacco products.

In FY 2020, TTB will continue its multi-year Regulations Modernization effort by prioritizing projects that reduce regulatory burdens, provide greater industry flexibility, and streamline the regulatory system, consistent with Executive Orders 13771 and 13777. TTB rulemaking priorities also include

proposing regulatory changes in response to petitions from industry members and other interested parties, and requesting comments on ways TTB may further reduce burden and support a level playing field for the regulated industry. Specifically, during FY 2020, TTB plans to finalize deregulatory rules that will reduce the number of reports submitted by certain regulated industry members and expand industry flexibility with regard to wine and distilled spirits beverage container sizes (standards of fill). TTB also plans to publish for public comment proposed deregulatory changes in connection with permit applications. Priority projects also include continuing rulemaking efforts that respond to industry member petitions to authorize new wine treating materials and processes, new grape varietal names for use on labels of wine, and new American Viticultural Areas (AVAs). None of the TTB rulemaking documents to be issued in FY 2020 are expected to be “regulatory actions” under Executive Order 13771 and subsequent OMB guidance.

This fiscal year TTB plans to give priority to the following deregulatory and regulatory measures:

- ***Proposal to Streamline and Modernize Permit Application Process (RINs: 1513-AC46, 1513-AC47, 1513-AC48, and 1513-AC49, Modernization of Permit and Registration Application Requirements for Distilled Spirits Plants, Permit Applications for Wineries, Qualification Requirements for Brewers, and Permit Application Requirements for Manufacturers of Tobacco Products or Processed Tobacco, respectively). (Deregulatory)***

Consistent with EO 13771 and 13777, in FY 2017, TTB engaged in a review of its regulations to identify any regulatory requirements that could potentially be eliminated, modified, or streamlined in order to reduce burdens on industry. In FY 2018 and FY 2019, TTB removed a number of requirements where possible without the need for rulemaking. This included the elimination of certain information collected on TTB permit-related forms. In FY 2020, TTB intends to propose amending its regulations to eliminate or streamline qualification and application requirements for new and existing businesses, including distilled spirits plants, wineries, breweries, and manufacturers of tobacco products or processed tobacco. In addition, through these regulatory amendments, TTB intends to address a number of comments it received from the interested public, including industry members, through the Treasury Department’s Request for Information on deregulatory ideas (Docket No. TREAS-DO-2017-0012, published in the Federal Register on June 14, 2017).

- ***Revisions to the Regulations to Provide Greater Flexibility in the Use of Wine and Distilled Spirits Containers (RIN: 1513-AB56, Standards of Fill for Wine, and RIN: 1513-AC45, Standards of Fill for Distilled Spirits). (Deregulatory)***

In FY 2019, TTB issued two notices in which TTB addressed petitions to amend the regulations governing wine and distilled spirits containers to provide for additional authorized “standards of fill.” (The term “standard of fill” generally relates to the size of containers, although the specific regulatory meaning is the authorized amount of liquid in the container, rather than the size or capacity of the container itself.) In these proposals, TTB offered the opportunity to comment on several options, all of which would provide industry members greater flexibility in producing and sourcing containers and meeting consumer demand. TTB intends to finalize these deregulatory actions in FY 2020.

- ***Revisions to the Regulations to Reduce Report Filing Frequency (RIN: 1513-AC30, Changes to Certain Alcohol-Related Regulations Governing Bond Requirements and Tax Return Filing Periods). (Deregulatory)***

On December 18, 2015, the President signed into law the Protecting Americans from Tax Hikes Act (PATH Act). The PATH Act contains changes to certain statutory provisions that TTB administers in the Internal Revenue Code regarding excise tax return due dates and bond requirements for certain smaller excise taxpayers. These amendments took effect beginning in January 2017, and TTB published a temporary rule amending its regulations to implement these provisions. At the same time, TTB published in the Federal Register (82 FR 780) a notice of proposed rulemaking requesting comments on the amendments made in the temporary rule and proposing further amendments to the regulations governing reporting requirements for distilled spirits plants (DSPs) and breweries to reduce the regulatory burden on industry members who pay taxes and file tax returns annually or quarterly. Under the proposal, those industry members would also submit reports less frequently; that is, either annually or quarterly, aligned with their filing of the tax return, rather than monthly as generally provided under current regulations. To be eligible for annual or quarterly filing, the DSP or brewery must reasonably expect to be liable for not more than \$1,000 in excise taxes (in the case of annual filing) or \$50,000 in excise taxes (in the case of quarterly filing) for the calendar year and must have been liable for not more than these

respective amounts in the preceding calendar year. The reduced reporting frequency will reduce regulatory burdens on these smaller industry members.

- ***Revisions to the Regulations to Reflect Statutory Changes to the Definition of Hard Cider Under the Internal Revenue Code (RIN: 1513-AC31). (Not yet determined)***

The PATH Act also contained changes to the Internal Revenue Code amending the definition of hard cider for excise tax classification purposes. The amended definition broadened the range of products to which the hard cider tax rate applies. In FY 2017, TTB published a temporary rule amending its regulations to implement these provisions. At the same time, TTB published in the Federal Register (82 FR 7753) a notice of proposed rulemaking requesting comments on the amendments made in the temporary rule, including labeling requirements under the IRC. In 2018, TTB reopened the comment period for the notice, as requested by industry members and, after consideration of the comments, intends to issue a final rule in FY 2020.

- ***Modernizing the Alcohol Beverage Labeling and Advertising Requirements (RIN: 1513-AB54, and RIN: 1513-AC54). (Deregulatory)***

The Federal Alcohol Administration Act requires that alcohol beverages introduced in interstate commerce have a label approved under regulations prescribed by the Secretary of the Treasury. In accordance with the mandate of Executive Order 13563 of January 18, 2011, regarding improving regulation and regulatory review, TTB conducted an analysis of its alcohol beverage labeling regulations to identify any that might be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with that analysis. These regulations were also reviewed to assess their applicability to the modern alcohol beverage marketplace. As a result of this review, and further review in FY 2017 and FY 2018 consistent with Executive Orders 13771 and 13777 regarding reducing regulatory burdens, in FY 2019, TTB proposed revisions to modernize the regulations concerning the labeling requirements for wine, distilled spirits, and malt beverages. TTB anticipated that these regulatory changes would assist industry in voluntary compliance, decrease industry burden, and result in the regulated industries being able to bring products to market without undue delay. TTB received over 1,100 comments in response to the notice, which included suggestions for further revisions.

TTB intends to finalize aspects of that proposal, and take other aspects into further consideration, consistent with comments received.

In FY 2019, TTB intends to bring to completion a number of rulemaking projects published as notices of proposed rulemaking in FY 2017 in response to industry member petitions to amend the TTB regulations and reopened for public comment in FY 2018:

- ***Proposal to Amend the Regulations to Authorize the Use of Additional Wine Treating Materials (RIN: 1513–AB61). (Not yet determined)***

In FY 2017, TTB proposed to amend its regulations pertaining to the production of wine to authorize additional treatments that may be applied to wine and to juice from which wine is made. These proposed amendments were made in response to requests from wine industry members to authorize certain wine treating materials and processes not currently authorized by TTB regulations. Although TTB may administratively approve such treatments, rulemaking facilitates the acceptance of exported wine made using those treatments in foreign markets. In FY 2018, TTB reopened the comment period for the notice, as requested by industry members and, after consideration of the comments, intends to issue a final rule in FY 2020.

- ***Proposal to Amend the Regulations to Add New Grape Variety Names for American Wines (RIN: 1513–AC24). (Not significant)***

In FY 2017, TTB proposed to amend its wine labeling regulations by adding a number of new names to the list of grape variety names approved for use in designating American wines. The proposed deregulatory amendments would allow wine bottlers to use these additional approved grape variety names on wine labels and in wine advertisements. In 2018, TTB reopened the comment period for the notice, as requested by industry members and, after consideration of the comments, intends to issue a final rule in FY 2020.

OFFICE OF THE COMPTROLLER OF THE CURRENCY

The Office of the Comptroller of the Currency (OCC) charters, regulates, and supervises all national banks and Federal savings associations (FSAs). The agency also supervises the Federal branches and agencies of foreign banks. The OCC's mission is to ensure that national banks and FSAs

operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.

Regulatory priorities for fiscal year 2020 are described below.

Capital High Volatility Commercial Real Estate Exposure (12 CFR part 3).

The banking agencies¹ plan to issue a final rule that will provide that the agencies may require a depository institution to assign a heightened risk weight to a high volatility commercial real estate exposure only if the exposure is a High Volatility Commercial Real Estate Exposure (HVCRE) Acquisition, Development, or Construction (ADC) Loan, as defined in section 214 of the Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA) (Pub. L. 115-174). Because the statutory definition of HVCRE ADC Loan set forth in the EGRRCPA is narrower than the current regulatory definition of HVCRE exposure, the Federal banking agencies intend to revise their rules to make them consistent with section 214 and to clarify the meaning of certain terms referenced in the definition of HVCRE ADC Loan. In addition, the banking agencies issued a notice of proposed rulemaking on the treatment of loans that finance the development of land under the one- to four-family residential properties exclusion in the definition of HVCRE exposure in the agencies' regulatory capital rule. The notice of proposed rulemaking concerning high volatility commercial real estate exposures was published on September 28, 2018, 83 FR 48990. The second notice of proposed rulemaking focused on land development loans was issued on July 23, 2019, 84 FR 35344.

Changes to Applicability Thresholds for Regulatory Capital Requirements and Liquidity Requirements (12 CFR parts 3 and 50).

The banking agencies plan to issue a rule finalizing two notices of proposed rulemaking. The final rule would establish tailored, risk-based categories for determining the applicability of requirements under the regulatory capital rule, the liquidity coverage ratio rule, and the proposed net stable funding ratio rule to large U.S. banking organizations and foreign-owned U.S. intermediate holding companies and their subsidiary U.S. depository institutions. The notices of proposed rulemaking were issued on

¹ OCC, Board of Governors of the Federal Reserve System (FRB), and Federal Deposit Insurance Corporation (FDIC).

December 21, 2018, 83 FR 66024, and May 24, 2019, 84 FR 24296.

Capital: Standardized Approach for Counterparty Credit Risk (12 CFR part 3).

The banking agencies plan to issue a final rule to implement a risk sensitive approach to counterparty credit risk exposure from the derivatives portfolio, by using a risk adjusted notational amount of derivatives as the basis of regulatory capital charges, allowing for better recognition of netting, and distinguishing margined trades from un-margined trades. The notice of proposed rulemaking was published on December 17, 2018, 83 FR 64660.

Capital Requirements for Market Risk; Fundamental Review of the Trading Book (12 CFR part 3).

The banking agencies plan to issue a notice of proposed rulemaking to revise their respective capital requirements for market risk, which are generally applied to banking organizations with substantial trading activity. The banking agencies expect the proposal to be generally consistent with the standards set forth in the Fundamental Review of the Trading Book published by the Basel Committee on Bank Supervision.

Regulatory Capital Treatment for Investments in Certain Unsecured Debt Instruments of Global Systemically Important U.S. Bank Holding Companies, Certain Intermediate Holding Companies, and Global Systemically Important Foreign Banking Organizations (12 CFR part 3).

The banking agencies plan to issue a final rule that specifies capital requirements applicable to banking organization's investments in certain debt instruments issued by global systemically important banking institutions to meet regulatory loss-absorbing debt requirements such as the FRB's total loss absorbing capacity regulations and related types of debt instruments. The notice of proposed rulemaking was published on April 8, 2019, 84 FR 13814.

Revisions to the Supplemental Leverage Ratio to Exclude Certain Central Bank Deposits of Banking Organizations Predominantly Engaged in Custody, Safekeeping and Asset Servicing Activities (12 CFR part 3).

The banking agencies plan to issue a final rule to implement section 402 of EGRRCPA. Section 402 directs the agencies to amend the supplementary leverage ratio under the capital rule to exclude certain central bank deposits of banking organizations predominantly engaged in custody, safekeeping, and asset servicing activities. Under the proposal, a banking organization that qualifies as a custodial banking organization would exclude deposits placed with certain central banks from the supplementary leverage ratio, subject to a specified limit.

Reforming the Community Reinvestment Act (CRA) Regulatory Framework (12 CFR parts 25 and 195).

The OCC plans to issue a notice of proposed rulemaking that would revise the Community Reinvestment Act (CRA) regulation to bring clarity, transparency, flexibility, and less burden for regulated financial institutions and consumers while promoting investment in a bank's entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank. The advance notice of proposed rulemaking was published on September 5, 2018, 83 FR 45053.

Incentive-Based Compensation Arrangements (12 CFR part 42).

Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203, July 21, 2010) (Dodd-Frank Act) requires the banking agencies, National Credit Union Administration (NCUA), Securities and Exchange Commission (SEC), and the Federal Housing Finance Agency (FHFA) jointly to prescribe regulations or guidance prohibiting any type of incentive-based payment arrangement or any feature of any such arrangement that the regulators determine encourages inappropriate risks by covered financial institutions by providing an executive officer, employee, director, or principal shareholder with excessive compensation, fees, or benefits, or that could lead to material financial loss to the covered financial institution. The Dodd-Frank Act also requires these agencies jointly to prescribe regulations or guidelines requiring each covered financial institution to disclose to its regulator the structure of all incentive-based compensation arrangements offered by the institution, with sufficient information to allow the regulator to determine whether the compensation structure provides any executive officer, employee, director, or principal shareholder with excessive compensation or could lead

to material financial loss to the institution. A notice of proposed rulemaking was published on June 10, 2016, 81 FR 37669.

Net Stable Funding Ratio (12 CFR part 50).

The banking agencies plan to issue a final rule that would require large, internationally active banking organizations to maintain sufficient stable funding to support their assets over a one-year time horizon. The notice of proposed rulemaking was published on June 1, 2016, 81 FR 35123.

Margin and Capital Requirements for Covered Swap Entities (12 CFR part 45).

The banking agencies, Farm Credit Administration, and FHFA issued an interim final rule amending their regulations that require swap dealers and security-based swap dealers under the Agencies' respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Swap Margin Rule). The Swap Margin Rule takes effect under a phased compliance schedule stretching from 2016 through 2020, and the dealers covered by the rule continue to hold swaps in their portfolios that were entered into before the effective dates of the rule. These swaps are grandfathered from the Swap Margin Rule's requirements until they expire according to their terms. The Agencies issued an interim final rule allowing grandfathered swaps to be transferred out of the UK in anticipation of Brexit on March 19, 2019, 84 FR 9940. The Agencies are drafting an NPRM to preserve the grandfathered status of swaps amended to address the possible disappearance of their underlying reference interest rates (e.g., LIBOR) and to repeal the initial margin requirement for interaffiliate swaps.

Real Estate Appraisals (12 CFR part 34).

The banking agencies issued a final rule that increases the threshold level at or below which appraisals would not be required for residential real estate-related transactions from \$250,000 to \$400,000. Regulated institutions are required to obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices. The rule also makes conforming changes to add transactions secured by residential property in rural areas that have been exempted from the agencies' appraisal requirement pursuant to the EGRRCPA to the list of exempt transactions and require

evaluations for these exempt transactions. Pursuant to the Dodd-Frank Act, the final rule also amends the agencies' appraisal regulations to require regulated institutions to subject appraisals for federally related transactions to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice. The final rule was issued on October 8, 2019, 84 FR 53579.

Stress Testing (12 CFR part 46).

The OCC is planning to issue a final rule to amend the annual stress test rule for national banks and FSAs required under section 165(i) of the Dodd-Frank Act (12 U.S.C. 5365(i)). These changes are required by section 401 of the EGRRCPA, which amended the Dodd-Frank Act to raise the threshold for national banks and FSAs subject to Dodd-Frank Act stress testing from \$10 billion to \$250 billion in total consolidated assets, reduce the number of required stress test scenarios, and revise the required frequency of stress testing from annual to periodic. The notice of proposed rulemaking was issued on February 12, 2019, 84 FR 3345.

Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds (12 CFR part 44).

The banking agencies plan to issue a final rule that would amend the regulations implementing section 13 of the Bank Holding Company Act. Section 13 contains certain restrictions on the ability of banking entities to engage in proprietary trading and to acquire or retain certain interests in, or enter into certain relationships with, a hedge fund or private equity fund. The amendments are intended to provide banking entities with clarity about what activities are prohibited and to improve supervision and implementation of section 13. The notice of proposed rulemaking was issued on July 17, 2018, 83 FR 33432.

Receiverships for Uninsured Federal Branches and Agencies (12 CFR chapter I).

The OCC plans to issue an advance notice of proposed rulemaking setting forth key issues to be addressed prior to the development of a framework for receiverships of uninsured Federal branches and agencies.

Rules of Practice and Procedure (12 CFR part 19).

The banking agencies plan to issue a proposed rule to amend their rules of practice and procedure to reflect modern filing and communication methods and improve or clarify other procedures.

Short-term Small Dollar Lending (12 CFR chapter I).

The OCC plans to issue a notice of proposed rulemaking that would establish standards under which national banks, FSAs, and Federal branches of foreign banks may offer or extend short-term, small-dollar loans.

Other Real Estate Owned (12 CFR part 34).

The OCC issued a final rule on other real estate owned (OREO). The rule updates and clarifies provisions relating to OREO for national banks and establishes a framework to assist Federal savings associations with managing and disposing of OREO in a safe and sound manner. The final rule was issued on October 22, 2019, 84 FR 56369.

Employment Contracts; Mutual to Stock Conversions; Technical Amendments (12 CFR parts 163 and 192).

The OCC plans to issue a notice of proposed rulemaking to remove the requirement that the board of directors of an FSA approve employment contracts with all employees and limit the approval requirement only to contracts with senior executives. The proposed rule would also update and clarify the procedures for mutual to stock conversions in part 192, along with removing burden. The proposed rule would also contain technical amendments to OCC regulations.

CUSTOMS REVENUE FUNCTIONS

The Homeland Security Act of 2002 (the Act) provides that, although many functions of the former United States Customs Service were transferred to the Department of Homeland Security, the Secretary of the Treasury retains sole legal authority over customs revenue functions. The Act also authorizes the

Secretary of the Treasury to delegate any of the retained authority over customs revenue functions to the Secretary of Homeland Security. By Treasury Department Order No. 100-16, the Secretary of the Treasury delegated to the Secretary of Homeland Security authority to prescribe regulations pertaining to the customs revenue functions subject to certain exceptions, but further provided that the Secretary of the Treasury retained the sole authority to approve such regulations.

During fiscal year 2020, CBP and Treasury plan to give priority to regulatory matters involving the customs revenue functions which streamline CBP procedures, protect the public, or are required by either statute or Executive Order. The examples of these efforts described below are exempt from Executive Order 13771 as they are non-significant rules as defined by Executive Order. Examples of these efforts are described below.

- ***Investigation of Claims of Evasion of Antidumping and Countervailing Duties. (Not significant)***

Treasury and CBP plan to finalize interim regulations (81 FR 56477) which amended CBP regulations implementing section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, which set forth procedures to investigate claims of evasion of antidumping and countervailing duty orders.

- ***Enforcement of Copyrights and the Digital Millennium Copyright Act. (Significant)***

Treasury and CBP plan to propose amendments to the CBP regulations pertaining to importations of merchandise that violate or are suspected of violating the copyright laws, including the Digital Millennium Copyright Act (DMCA), in accordance with Title III of the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) and Executive Order 13785, "Establishing Enhanced Collection and Enforcement of Anti-dumping and Countervailing Duties and Violations of Trade and Customs Laws." The proposed amendments are intended to enhance CBP's enforcement efforts against increasingly sophisticated piratical goods, clarify the definition of piracy, simplify the detention process relative to goods suspected of violating the copyright laws, and prescribe new regulations enforcing the DMCA.

- ***Inter Partes Proceedings Concerning Exclusion Orders Based on Unfair Practices in Import Trade. (Deregulatory)***

Treasury and CBP plan to publish a proposal to amend its regulations with respect to administrative rulings related to the importation of articles in light of exclusion orders issued by the United

States International Trade Commission (“Commission”) under section 337 of the Tariff Act of 1930, as amended. The proposed amendments seek to promote the speed, accuracy, and transparency of such rulings through the creation of an inter partes proceeding to replace the current ex parte process.

- ***Merchandise Produced by Convict or Forced Labor or Indentured Labor under Penal Sanctions. (Significant)***

Treasury and CBP plan to publish a proposed rule to update, modernize, and streamline the process for enforcing the prohibition in 19 U.S.C. 1307 against the importation of merchandise that has been mined, produced, or manufactured, wholly or in part, in any foreign country by convict or forced labor, of indentured labor under penal sanctions. The proposed rule would generally bring the forced labor regulations and detention procedures into alignment with other statutes, regulations and procedures that apply to the enforcement of restrictions against other types of prohibited merchandise.

FINANCIAL CRIMES ENFORCEMENT NETWORK

As administrator of the Bank Secrecy Act (BSA), the Financial Crimes Enforcement Network (FinCEN) is responsible for developing and implementing regulations that are the core of the Department’s anti-money laundering (AML) and counter-terrorism financing efforts. FinCEN’s responsibilities and objectives are linked to, and flow from, that role. In fulfilling this role, FinCEN seeks to enhance U.S. national security by making the financial system increasingly resistant to abuse by money launderers, terrorists and their financial supporters, and other perpetrators of crime.

The Secretary of the Treasury, through FinCEN, is authorized by the BSA to issue regulations requiring financial institutions to file reports and keep records that are determined to have a high degree of usefulness in criminal, tax, or regulatory matters or in the conduct of intelligence or counter-intelligence activities to protect against international terrorism. The BSA also authorizes requiring designated financial institutions to establish AML programs and compliance procedures. To implement and realize its mission, FinCEN has established regulatory objectives and priorities to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering, and other illicit activity.

These objectives and priorities include: (1) issuing, interpreting, and enforcing compliance with regulations implementing the BSA; (2) supporting, working with, and as appropriate, overseeing

compliance examination functions delegated to other Federal regulators; (3) managing the collection, processing, storage, and dissemination of data collected under the BSA; (4) maintaining a government-wide access service to that same data, including for network users with overlapping interests; (5) conducting analysis in support of policymakers, law enforcement, regulatory and intelligence agencies, and the financial sector; and (6) coordinating with and collaborating on anti-terrorism and AML initiatives with domestic law enforcement and intelligence agencies, as well as foreign financial intelligence units.

FinCEN's regulatory priorities for fiscal year 2019 include:

- ***Report of Foreign Bank and Financial Accounts. (Deregulatory)***

On March 10, 2016, FinCEN issued a notice of proposed rulemaking to address requests from filers for clarification of certain requirements regarding the Report of Foreign Bank and Financial Accounts, including requirements with respect to employees who have signature authority over, but no financial interest in, the foreign financial accounts of their employers. FinCEN is considering public comments and preparing a Final Rule.

- ***Amendments to the Definitions of Broker or Dealer in Securities. (Regulatory)***

On April 4, 2016, FinCEN issued a notice of proposed rulemaking proposing amendments to the regulatory definitions of broker or dealer in securities under the BSA's regulations. The proposed changes would expand the current scope of the definitions to include funding portals and would require them to implement policies and procedures reasonably designed to achieve compliance with all of the BSA's requirements that are currently applicable to brokers or dealers in securities. FinCEN is considering public comments and preparing a Final Rule.

- ***Anti-Money Laundering Program Requirements for Banks Lacking a Federal Functional Regulator. (Not yet determined)***

On August 25, 2016, FinCEN issued a notice of proposed rulemaking to remove the AML program exemption for banks that lack a Federal functional regulator, including, but not limited to, private banks, non-federally insured credit unions, and certain trust companies. The proposed rule would prescribe minimum standards for AML programs and would ensure that all banks, regardless of whether they are subject to Federal regulation and oversight, are required to establish and implement AML programs. FinCEN is considering public comments and preparing a Final Rule.

- ***Anti-Money Laundering Program and SAR Requirements for Investment Advisers. (Regulatory)***

On September 1, 2015, FinCEN published in the Federal Register a notice of proposed rulemaking to solicit public comment on proposed rules under the BSA that would prescribe minimum standards for anti-money laundering programs to be established by certain investment advisers and to require such investment advisers to report suspicious activity to FinCEN. FinCEN is considering those comments and preparing a Final Rule.

- ***Anti-Money Laundering Program Requirements for Persons Involved in Real Estate Closings and Settlements. (Regulatory)***

FinCEN intends to issue an ANPRM to initiate a rulemaking that would establish BSA requirements for “persons involved in real estate closings and settlements,” 31 U.S.C. 5312(a)(2)(U). The new rules may cover various types of businesses and professions involved in real estate transactions, including real estate agents and brokers, settlement attorneys, and title companies. The data from a series of geographical targeting orders issued by FinCEN is being evaluated to support this rulemaking to address money laundering through real estate transactions, especially acquisitions made via currency transmittals. Real estate transactions involving mortgages are already covered by BSA rules for banks and FinCEN rules for residential mortgage lenders and originators.

- ***Registration Requirements of Money Services Businesses. (Regulatory)***

FinCEN is considering issuing a notice of proposed rulemaking amending the registration requirements for money services businesses.

- ***Reporting of Cross-Border Electronic Transmittals of Funds. (Regulatory)***

FinCEN is considering requiring certain depository institutions and money services businesses (MSBs) to affirmatively provide records to FinCEN of certain cross-border electronic transmittals of funds (CBETF). Current regulations already require that these financial institutions maintain and make available, but not affirmatively report, essentially the same CBETF information. FinCEN issued this proposal to meet the requirements of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA).

- ***Changes to the Currency and Monetary Instrument Report (CMIR) Reporting Requirements. (Significance not yet determined)***

FinCEN will research, obtain, and analyze relevant data to validate the need for changes aimed at updating and improving the CMIR and ancillary reporting requirements. Possible areas of study to be examined could include current trends in cash transportation across international borders, transparency levels of physical transportation of currency, the feasibility of harmonizing data fields with bordering countries, and information derived from FinCEN's experience with Geographic Targeting Orders.

- ***Other Requirements.***

FinCEN also will continue to issue proposed and final rules pursuant to section 311 of the USA PATRIOT Act, as appropriate. Finally, FinCEN expects that it may propose various technical and other regulatory amendments in conjunction with ongoing efforts with respect to a comprehensive review of existing regulations to enhance regulatory efficiency.

BUREAU OF THE FISCAL SERVICE

The Bureau of the Fiscal Service (Fiscal Service) administers regulations pertaining to the Government's financial activities, including: (1) implementing Treasury's borrowing authority, including regulating the sale and issue of Treasury securities; (2) administering Government revenue and debt collection; (3) administering government-wide accounting programs; (4) managing certain Federal investments; (5) disbursing the majority of Government electronic and check payments; (6) assisting Federal agencies in reducing the number of improper payments; and (7) providing administrative and operational support to Federal agencies through franchise shared services.

During fiscal year 2020, the Fiscal Service will accord priority to the following regulatory projects:

- ***Amendment of Electronic Payment Regulation. (Deregulatory)***

The Fiscal Service is proposing to amend its electronic payment regulation at 31 CFR part 208. The amendment would eliminate obsolete references in the rule, including references to the Electronic Transfer Account (ETAsm). In addition, the proposed rule would provide for the disbursement of non-benefit payments through Treasury-sponsored accounts, such as the U.S. Debit Card.

- ***Government Participation in the Automated Clearing House. (Not yet determined)***

The Fiscal Service is proposing to amend its regulation at 31 CFR part 210 governing the government's participation in the Automated Clearing House (ACH). The proposed amendment would address changes to the National Automated Clearing House Association's (NACHA) private-sector ACH rules since those rules were last incorporated by reference in Part 210. Among other things, the amendment would address the expansion of Same-Day ACH.

INTERNAL REVENUE SERVICE

The Internal Revenue Service (IRS), working with the Office of Tax Policy, promulgates regulations that interpret and implement the Internal Revenue Code and related tax statutes. The purpose of these regulations is to carry out the tax policy determined by Congress in a fair, impartial, and reasonable manner, taking into account the intent of Congress, the realities of relevant transactions, the need for the Government to administer the rules and monitor compliance, and the overall integrity of the Federal tax system. The goal is to make the regulations practical and as clear and simple as possible.

During fiscal year 2020, the IRS and Treasury's Office of Tax Policy's priority is to continue providing guidance regarding implementation of key provisions of the Tax Cuts and Jobs Act (TCJA), Public Law 115-97, as well as the Taxpayer First Act, Public Law No: 116-25.

Every year, Treasury and the IRS identify guidance projects that are priorities for allocation of the resources during the year in the Priority Guidance Plan (PGP) (available on [irs.gov](https://www.irs.gov) and [regulations.gov](https://www.regulations.gov)). The plan represents projects that Treasury and the IRS intend to actively work on during the year. To help facilitate and encourage suggestions, Treasury and the IRS have developed an annual process for soliciting public input for guidance projects. The annual solicitation is done through the issuance of a notice inviting recommendations from the public for items to be included on the PGP for the upcoming plan year. We also invite the public to continue throughout the year to provide us with their comments and suggestions for guidance projects.

OFFICE OF INVESTMENT SECURITY:

Last year, the President signed into law the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), which expanded the scope and authorities of the Committee on Foreign Investment in

the United States (CFIUS) to review foreign investment for national security risks. On September 17, 2019, Treasury issued a Notice of Proposed Rulemaking to implement the new FIRRMA authorities. Among other things, the proposed regulations implement authority for CFIUS to review certain non-controlling investments and certain real estate transactions. The regulations also create a process for parties to file short-form declarations of transactions. The public comment period on the proposed rulemaking ended on October 17, 2019. Under FIRRMA, the regulations must become effective by February 13, 2020. In addition, Treasury is working on an additional rulemaking to institute filing fees in accordance with FIRRMA.