

(2) The amount of the transmittal of funds;

(3) The execution date of the transmittal order;

(4) The identity of the recipient's financial institution; and,

(5) Either the name and address or the account number of the recipient, if received with the transmittal order.

The proposed travel rule would have required any receiving financial institution acting as an intermediary financial institution to include in its corresponding transmittal order the following information, if received from the sender:

(1) The name and address of the transmitter and the deposit account number of the transmitter;

(2) The amount of the transmittal of funds;

(3) The execution date of the transmittal order;

(4) The identity of the recipient's financial institution;

(5) Either the name and address or the account number of the recipient, if received with the transmittal order; and,

(6) Either the name and address or the numerical identifier of the transmitter's financial institution.

Overview

This final rule will assist law enforcement investigations of money laundering involving transmittals of funds by requiring users of transmittals of funds to provide additional identifying information. Together with the final recordkeeping rule, this final rule will help remedy the difficulties presently encountered by law enforcement in cases involving transmittals of funds in which the transmittal orders do not include the transmitters' and recipients' names or other identifying information, and cases involving transmittals of funds in which such identifying information is not conveyed to intermediary financial institutions. The requirement that transmittal orders include complete transmitter information, as well as recipient information received by the financial institution with the transmittal order, may discourage money launderers from attempting to abuse the payment and message systems and should complicate their ability to do so.

Treasury will monitor experience under this final rule to assess its usefulness to law enforcement and its effect on the cost and efficiency of the payments system. Within 36 months of the effective date, Treasury will review the effectiveness of this final rule and will consider making any appropriate modifications.

Comments

One hundred thirteen (113) comments were received in response to the proposed recordkeeping rule and the proposed travel rule. Treasury has carefully considered each comment in drafting this final rule.

Effect of Proposed Changes to Fedwire System

The proposed travel rule provided for a thirty (30) day comment period concluding on October 4, 1993. Many of the commenters noted that they could neither comment nor initiate changes to their internal wire transfer systems until the Federal Reserve Board announced its proposed changes in the Fedwire format. Treasury believes that the comments it received relating to Fedwire were helpful, and these comments have been taken into account in framing this final rule.

Commenters on the proposed travel rule were particularly concerned with the difficulty of including the required information on Fedwire, which, unlike the Clearing House Interbank Payments System (CHIPS) (operated by the New York Clearing House) and the Society for Worldwide Interbank Financial Telecommunications (S.W.I.F.T.) system, does not have sufficient space in the fields in which to include complete originator and beneficiary information. Commenters also noted that it would be difficult to map information to Fedwire from S.W.I.F.T., CHIPS and other proprietary systems, and to comply with the proposed travel rule's requirements by the proposed effective date.

One commenter suggested that the proposed travel rule be withdrawn. This commenter characterized the proposed travel rule as unworkable and premature because the Fedwire format had to be expanded, and conventions and protocols coordinated before the proposed travel rule could issue. Other commenters raised similar concerns.

As more fully discussed below, this final rule recognizes the difficulty that financial institutions will have in including all of the required information within the Fedwire format, and makes appropriate allowances. In light of these allowances, and because the Federal Reserve Board has adopted an expanded Fedwire format (published elsewhere in today's **Federal Register**), this final rule is promulgated at the appropriate time.

Effective Date

The proposed travel rule provided for an effective date twelve months following publication of a final rule. Many commenters believed that the

proposed effective date twelve months after publication of a final rule was too soon; they suggested that no effective date be announced until the Federal Reserve Board had published proposed changes to Fedwire, and that any proposed effective date take into account those proposed changes. Alternatively, commenters suggested that the effective date be delayed until twelve months following implementation of Fedwire format changes. Finally, one bank suggested that the effective date of the proposed rule coincide with the effective date of changes to the Fedwire format.

The effective date of this final rule and of the recordkeeping rule is January 1, 1996. As noted, this final rule allows for the fact that a financial institution will not be able to include all otherwise required information in Fedwire transfers until the format changes have been implemented by that institution.

Mapping Issues

The proposed travel rule would have required that certain information be included, at the time of transmittal, in a transmittal order transmitted to a financial institution by any means, including any funds transfer system (e.g., Fedwire, S.W.I.F.T. and CHIPS) or other system for transmittals of funds. This would have meant, for example, that a bank receiving a S.W.I.F.T. message would have been obligated to include all required information, if received, in its corresponding Fedwire transmittal order, and that any originator's bank issuing a Fedwire transmittal order would have had to include all of the required information in that order.

Currently, the Fedwire fields designated for originator and beneficiary information do not contain sufficient space to include all of the information required by this final rule. However, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision have issued a policy encouraging banks to use optional fields where possible to include complete originator and beneficiary information in Fedwire payment orders. A similar statement was issued by the Federal Financial Institutions Examination Council (FFIEC). (See, FFIEC Statement dated March 11, 1993, 58 FR 14400, March 17, 1993.)

While many commenters acknowledged that complete originator and beneficiary information could be included in S.W.I.F.T. and CHIPS payment orders, they objected to the use