

[DISCUSSION DRAFT]

118TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To establish an Office of Innovation within the Financial Crimes Enforcement Network, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To establish an Office of Innovation within the Financial Crimes Enforcement Network, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINCEN OFFICE OF INNOVATION.**

4 (a) IN GENERAL.—Section 310 of title 31, United  
5 States Code, is amended by adding at the end the fol-  
6 lowing:

7 “(m) OFFICE OF INNOVATION.—

1           “(1) IN GENERAL.—There is established in the  
2           Financial Crimes Enforcement Network an Office of  
3           Innovation.

4           “(2) INNOVATION OFFICER.— The Office of In-  
5           novation established under subsection (a) shall be  
6           headed by the FinCEN Innovation Officer required  
7           under section 6208 of the William M. (Mac) Thorn-  
8           berry National Defense Authorization Act for Fiscal  
9           Year 2021.

10          “(3) INNOVATION HOURS.—

11                 “(A) IN GENERAL.—The FinCEN Innova-  
12                 tion Officer shall, each month, host an event  
13                 through which the FinCEN Innovation Officer  
14                 shall allow eligible participants to discuss their  
15                 innovative products, services, and business proc-  
16                 esses or approaches designed to enhance anti-  
17                 money laundering and the countering of the fi-  
18                 nancing of terrorism efforts or provide new fi-  
19                 nancial services options to consumers and busi-  
20                 nesses.

21                 “(B) PARTICIPATION.—

22                         “(i) IN GENERAL.—The event hosted  
23                         by the FinCEN Innovation Officer under  
24                         this paragraph shall be open to all eligible  
25                         participants who wish to present their in-

1 novations relating to anti-money laun-  
2 dering and the countering of the financing,  
3 but priority shall be given to eligible par-  
4 ticipants doing substantial business in the  
5 United States.

6 “(ii) APPLICATION.—

7 “(I) IN GENERAL.—Any eligible  
8 participant interested in participating  
9 in an event hosted under this para-  
10 graph shall submit a request to the  
11 FinCEN Innovation Officer that pro-  
12 vides information about the eligible  
13 participant and proposed discussion  
14 topics.

15 “(II) ADDITIONAL INFORMA-  
16 TION.—The FinCEN Innovation offi-  
17 cer may request additional informa-  
18 tion from any eligible participant who  
19 submits an application, including in-  
20 formation about the eligible partici-  
21 pant’s history, technology portfolio,  
22 and technology readiness levels.

23 “(III) NOTIFICATION.—The  
24 FinCEN Innovation Officer shall, not  
25 later than 90 days after receiving an

1 application from an eligible partici-  
2 pant, notify such eligible participant  
3 by email whether the eligible partici-  
4 pant’s application was approved.

5 “(iii) REQUIREMENTS.—The FinCEN  
6 Innovation Officer shall require each eligi-  
7 ble participant approved to participate in  
8 an event under this paragraph to—

9 “(I) address how the products or  
10 services of such eligible participant  
11 can enhance compliance with the  
12 Bank Secrecy Act and the Anti-Money  
13 Laundering Act; and

14 “(II) present only about a prod-  
15 uct or service that is in production or  
16 ready for deployment.

17 “(iv) GOVERNMENT ATTENDEES.—  
18 The FinCEN Innovation Officer may invite  
19 representatives from the Federal functional  
20 regulators (including the innovation offi-  
21 cers required under section 6208 of the  
22 William M. (Mac) Thornberry National  
23 Defense Authorization Act for Fiscal Year  
24 2021), Federal law enforcement agencies,  
25 and other select domestic or foreign gov-

1           ernment partners to any event hosted by  
2           the FinCEN Innovation Officer under this  
3           paragraph.

4           “(C) MEETINGS.—Each eligible participant  
5           approved to participate in an event under this  
6           paragraph shall be provided the opportunity to  
7           meet with representatives from FinCEN and  
8           other offices within the Department of the  
9           Treasury about the eligible participant’s innova-  
10          tions relating to anti-money laundering and the  
11          countering of the financing.

12          “(D) GUIDANCE.—The FinCEN Innova-  
13          tion Officer shall, as appropriate, provide addi-  
14          tional guidance to eligible participants about  
15          technological and security requirements.

16          “(E) ELIGIBLE PARTICIPANT DEFINED.—  
17          The term ‘eligible participant’ means a financial  
18          technology company, a regulatory technology  
19          company, or a financial institution that—

20                 “(i) provides or uses financial or regu-  
21                 latory products or services to designed to  
22                 enhance anti-money laundering and the  
23                 countering of the financing of terrorism ef-  
24                 forts ; and

1                   “(ii) is not the subject of a Federal or  
2                   other criminal or civil enforcement action;  
3                   and”.

4           (b) **ADDITIONAL DUTIES.**—Section 6208(c) of the  
5 William M. (Mac) Thornberry National Defense Author-  
6 ization Act for Fiscal Year 2021 is amended—

7                   (1) in subsection (c)—

8                           (A) by designating paragraphs (3) and (4)  
9                           as paragraphs (4) and (5); and

10                           (B) by inserting after paragraph (2) the  
11                   following:

12                   “(3) support pilot programs for financial institutions  
13 and associations of financial institutions, agents of finan-  
14 cial institutions, and other persons (including service pro-  
15 viders, vendors and technology companies) that relate to  
16 innovative methods, processes, and new technologies that  
17 may assist in compliance with the requirements of the  
18 Bank Secrecy Act;” and

19                           (C) by adding at the end the following:

20                   “(d) **ADDITIONAL REQUIREMENTS RELATING TO**  
21 **PILOT PROGRAMS.**—

22                           “(1) **IN GENERAL.**—When determined appro-  
23 priate by the Director of FinCEN or the appropriate  
24 Federal functional regulator, pilot programs sup-  
25 ported by the innovation officers pursuant to sub-

1 section (c)(3) may be designed in a manner that  
2 does not—

3 “(A) subject financial institutions to super-  
4 visory criticism; and

5 “(B) result in supervisory action against  
6 financial institutions involved if a gap in com-  
7 pliance is exposed through the pilot program.

8 “(2) EARLY ENGAGEMENT.—When an innova-  
9 tion officer supports a pilot program pursuant to  
10 subsection (c)(3), such innovation officer shall en-  
11 gage with each participating financial institution as  
12 early as is practicable to better understand the ap-  
13 proach being taken and to set expectations.

14 “(3) REPORTS REQUIRED.—The Director of the  
15 Financial Crimes Enforcement Network, in coordi-  
16 nation with the each Federal functional regulator,  
17 shall, submit a report each year to the Committee on  
18 Financial Services of the House of Representatives  
19 and the Committee on Banking, Housing, and  
20 Urban Affairs of the Senate about any pilot pro-  
21 grams supported and considered by the innovation  
22 officers pursuant to subsection (c)(3).”.