



Early this week, FinCEN issued three new FAQs related to customer due diligence requirements. The new FAQs address customer information risk-based procedures, customer risk profiles, and ongoing monitoring of the customer relationship.

**Key Takeaways:**

1. The CDD Rule does not categorically require (1) the collection of any particular customer due diligence information (other than that required to develop a customer risk profile, conduct monitoring, and collect beneficial ownership information); (2) the performance of media searches or particular screenings; or (3) the collection of customer information from a financial institution's clients when the financial institution is a customer of a covered financial institution.
2. It is not a requirement that covered financial institutions use a specific method or categorization to establish a customer risk profile. Further, covered financial institutions are not required or expected to automatically categorize as "high risk" products or customer types listed in government publications.
3. There is no categorical requirement that financial institutions update customer information on a continuous or periodic schedule. The requirement to update customer information is risk-based and occurs as a result of normal monitoring.

You can read the FinCEN Guidance here: [https://www.fincen.gov/sites/default/files/2020-08/FinCEN%20Guidance%20CDD%20508%20FINAL\\_2.pdf](https://www.fincen.gov/sites/default/files/2020-08/FinCEN%20Guidance%20CDD%20508%20FINAL_2.pdf)