

# TCH Report on Redesign of the AML/CFT Regulatory Framework

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The Clearing House published this week a report that highlights potential anachronisms and inefficiencies in current U.S. anti-money laundering / counter-financing of terrorism regulation. The report makes 8 core recommendations for reform, including the following:

- **Centralizing Regulatory Responsibility:** “The Department of Treasury, through its Office of Terrorism and Financial Intelligence (TFI), should take a more prominent role in coordinating AML/CFT policy across the government [and] FinCEN should reclaim sole supervisory responsibility for large, multinational financial institutions that present complex supervisory issues.”
- **Transparency in Beneficial Ownership:** “Congress should enact legislation, already pending in various forms, that requires the reporting of beneficial owner information at the time of incorporation, preventing the establishment of anonymous companies.”
- **Innovation and Big Data:** “Treasury TFI should strongly encourage innovation, and FinCEN should propose a safe harbor rule allowing financial institutions to innovate in a[] [financial intelligence unit] ‘sandbox’ without fear of examiner sanction.” In addition, “Policymakers should further facilitate the flow of raw data from financial institutions to law enforcement to assist with the modernization of the current AML/CFT technological paradigm.”

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