

MEMO# 24423

July 16, 2010

Letter Requesting Additional Time to Comply with the Travel Rule

[24423]

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TO: AML COMPLIANCE WORKING GROUP No. 10-10
TRANSFER AGENT ADVISORY COMMITTEE No. 35-10 RE: LETTER REQUESTING ADDITIONAL
TIME TO COMPLY WITH THE TRAVEL RULE

In April, the Financial Crimes Enforcement Network (“FinCEN”) issued a final rule (the “Rule”) defining mutual funds as “financial institutions” under the Bank Secrecy Act regulations, thereby subjecting mutual funds to 31 C.F.R. § 103.33 (the “Travel Rule”). [\[1\]](#) Mutual funds must comply with the Travel Rule by January 10, 2011. [\[2\]](#)

The Institute submitted the attached letter requesting an extension until April 10, 2011 for mutual funds to comply with the Rule. We based the request on: (1) the systems “freeze” that occurs for varying periods between December and March; (2) the substantial changes that certain transfer agents will need to make to comply with the Rule; and (3) the impact of changes that are already affecting mutual fund transaction and recordkeeping systems as a result of other new regulatory requirements. Based on member comments, we described the systems freeze as beginning in December and “unfreezing” in subsequent months at various times.

Susan Olson
Senior Counsel - International Affairs

[Attachment](#)

endnotes

[1] Under the Rule, financial institutions are required to create and retain records on transmittals of funds, and to transmit information on these transactions to other financial institutions in the payment chain. See Amendment to the Bank Secrecy Act Regulations; Defining Mutual Funds as Financial Institutions, 75 Fed. Reg. 19241 (Apr. 14, 2010).

[2] The compliance date is nine months after the adoption of the Rule. The ICI had requested at least 18 months for mutual funds to comply with the Travel Rule. See Comments of the Investment Company Institute on “Defining Mutual Funds as Financial Institutions” (Sept. 3, 2009).

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