

MEMO# 24388

June 25, 2010

Draft Letter - Extension of Time for Mutual Funds to Comply with the Travel Rule

[24388]

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TO: AML COMPLIANCE WORKING GROUP No. 9-10
TRANSFER AGENT ADVISORY COMMITTEE No. 32-10 RE: DRAFT LETTER - EXTENSION OF TIME FOR MUTUAL FUNDS 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. [\[2\]](#)

As we have discussed, the Institute intends to request an extension of the date by which mutual funds are required to comply with the Rule. We have based the request for an extension on: (1) the systems "freeze" that occurs 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. In the letter we describe the length of the systems freeze as well as the basis for the freeze. We intend to request an extension until April 10, 2011. We would like to submit the request during the first full week of July. Please call me at 202-326-5813 if you have any questions or comments.

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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