

MEMO# 15307

October 28, 2002

TREASURY DEFERS APPLICATION OF AML PROGRAM RULES TO INVESTMENT COMPANIES OTHER THAN MUTUAL FUNDS

[15307] October 28, 2002 TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 52-02 MONEY LAUNDERING RULES WORKING GROUP No. 62-02 UNIT INVESTMENT TRUST MEMBERS No. 32-02 RE: TREASURY DEFERS APPLICATION OF AML PROGRAM RULES TO INVESTMENT COMPANIES OTHER THAN MUTUAL FUNDS On October 25, 2002, the Department of the Treasury issued an interim final rule that defers the application of Section 352 of the USA PATRIOT Act to certain financial institutions pending further study. Section 352 of the Act required all financial institutions, as defined by the Bank Secrecy Act, to establish an anti-money laundering program within six months of the passage of the Act. A copy of the interim final rule is attached. The deferral in the interim final rule extends to, among other types of institutions, investment companies other than those that are required to establish an AML program pursuant to rules adopted under Section 352 of the Act (i.e., mutual funds). Thus, the deferral extends to, for example, closed-end investment companies, unit investment trusts, and unregistered investment companies.¹ For the identified financial institutions, compliance with section 352 is not required until Treasury completes its study of their industry and issues final rules applicable to them. The press release accompanying the interim final rule states that Treasury will publish regulations called for by the Act within the next six months. Robert C. Grohowski Associate Counsel Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 15307, or call the ICI Library at (202) 326-8304 and request the attachment for memo 15307. Attachment (in .pdf format) 1 Treasury has proposed a rule that, if adopted, would require certain unregistered investment companies to adopt AML programs. See Financial Crimes Enforcement Network; Anti-Money Laundering Programs for Unregistered Investment Companies, 67 Fed. Reg. 60617 (Sept. 16, 2002).

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