

**MEMO# 16250**

June 27, 2003

## **DRAFT ICI COMMENT LETTER ON PROPOSED ANTI-MONEY LAUNDERING PROGRAM REQUIREMENT FOR INVESTMENT ADVISERS**

[16250] June 27, 2003 TO: INVESTMENT ADVISERS COMMITTEE No. 16-03 MONEY LAUNDERING RULES WORKING GROUP No. 43-03 SEC RULES COMMITTEE No. 62-03 RE: DRAFT ICI COMMENT LETTER ON PROPOSED ANTI-MONEY LAUNDERING PROGRAM REQUIREMENT FOR INVESTMENT ADVISERS As previously indicated, the Treasury Department's Financial Crimes Enforcement Network recently issued a proposed rule that would require investment advisers to establish anti-money laundering programs.<sup>1</sup> The Institute has prepared a draft comment letter on the proposal. A copy of the draft letter is attached and summarized below. Comments on the proposal must be filed by July 7th. If you have any comments on the attached draft letter, please contact me at either 202/326-5822 or frances@ici.org by the close of business on Wednesday, July 2nd. The draft letter references the Institute's consistent support for effective rules to combat money laundering in the financial services industry. The letter expresses the view that it is appropriate as a matter of public policy to treat investment advisers as "financial institutions" for purposes of Section 5318(h) of the Bank Secrecy Act and to require them to establish anti-money laundering programs. The letter then highlights a unique provision in the proposed rule for investment advisers that would permit an adviser to exclude from its anti-money laundering program any pooled investment vehicle it advises that is itself subject to an anti-money laundering program requirement. It notes that this would include mutual funds. The letter supports this approach and encourages FinCEN to apply the same principle of avoiding duplicative anti-money laundering responsibilities in other contexts. Frances M. Stadler Deputy Senior Counsel Attachment (in .pdf format) 1 See Memorandum to Investment Advisers Committee No. 9-03, Money Laundering Rules Working Group No. 26-03 and SEC Rules Committee No. 42-03 [15974], dated April 29, 2003.