

MEMO# 19305

October 27, 2005

IOSCO ISSUES FINAL PAPER ON ANTI-MONEY LAUNDERING RESPONSIBILITIES FOR MUTUAL FUNDS AND OTHER COLLECTIVE INVESTMENT SCHEMES

©2005 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [19305] October 27, 2005 TO: AML COMPLIANCE WORKING GROUP No. 9-05 INTERNATIONAL COMMITTEE No. 24-05 INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 29-05 RE: IOSCO ISSUES FINAL PAPER ON ANTI-MONEY LAUNDERING RESPONSIBILITIES FOR MUTUAL FUNDS AND OTHER COLLECTIVE INVESTMENT SCHEMES The Technical Committee of the International Organization of Securities Commissions (IOSCO) has published its final report on anti-money laundering responsibilities for collective investment schemes (CIS), such as mutual funds.¹ The report was first published as a consultation document in February.² IOSCO made very few changes to the report in response to comments. Two of the significant changes, however, responded directly to comments made by the Institute. The Institute expressed concern that the preliminary report failed to take into consideration the fact that customer information available to a CIS may be different than the customer information available to a bank or a securities firm. IOSCO addressed that concern by including “types of identifying information available” among the appropriate factors for a CIS to consider in establishing its customer identification and verification procedures.³ The Institute also requested that IOSCO explicitly recognize the exception under the mutual fund customer identification program (CIP) rule for transactions through the National Securities Clearing Corporation’s Fund/SERV system. IOSCO did so by adding a reference to Fund/SERV in the final report.⁴ Robert C. Grohowski Senior Counsel - International Affairs

1 The final report can be found at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD205.pdf>. 2 See Memorandum No. 18635, dated March 8, 2005 (describing the initial consultation) and Memorandum No. 18859, dated May 17, 2005 (describing the Institute’s comment letter on the report). 3 See Section IV(B) of the final report. 4 See footnote 36 of the final report.