

MEMO# 15305

October 28, 2002

TREASURY SUBMITS REPORT TO CONGRESS ON THE IDENTIFICATION AND VERIFICATION OF FOREIGN CUSTOMERS

[15305] TO: BROKER/DEAL COMPLIANCE MONEY LAUN SEC RULES ME SMALL FUNDS
TRANSFER AGE RE: TREASURY SUB VERIFICATION On October 22, 2 addressing issues relate
foreign nationals who o by Section 326(b) of the In the report, Tr financial institutions' ab a
result, the report state acceptable or unaccepta approach taken by the p pursuant to which
finan existing and available id The report also c unique SSN-like identif financial institution.
Fo recommends that the ap 1 The report also can be found 2 See Memorandum to Money
No. 59-02, dated July 18, 2002 Advisory Committee No. 52- 2002. See also Memorandum
88-02, Money Laundering Ru Members No. 42-02, dated O dated October 17, 2002. October
28, 2002 ER ADVISORY COMMITTEE No. 43-02 ADVISORY COMMITTEE No. 94-02 DERING
RULES WORKING GROUP No. 61-02 MBERS No. 94-02 MEMBERS No. 46-02 NT ADVISORY
COMMITTEE No. 93-02 MITS REPORT TO CONGRESS ON THE IDENTIFICATION AND OF
FOREIGN CUSTOMERS 002, the Department of the Treasury sent a report to Congress d to
domestic financial institutions' ability to verify the identity of pen an account. This report, a
copy of which is attached, was required USA PATRIOT Act.1 easury finds that there are
"significant impediments to domestic ility to identify, much less verify the identity of,
foreign nationals." As s that "it might not be practicable for Treasury to prescribe rigid rules
of ble forms of identification." Instead, it recommends the flexible roposed rule relating to
customer identification programs (CIPs),2 cial institutions would make reasonable efforts to
verify identity using entifying information and documents. onsiders whether Treasury
should require foreign nationals to obtain a ication number, such as an ITIN, prior to
opening an account with a r several reasons, the report rejects this idea. However, the
report propriate parties, including the Department of Homeland Security at
<http://www.treas.gov/press/releases/reports/sec326breport.final.pdf>. Laundering Rules
Working Group No. 38-02 and Transfer Agent Advisory Committee , and Memorandum to
Broker/Dealer Advisory Committee No. 22-02, Compliance 02, SEC Rules Committee No.
53-02 and Small Funds Members No. 22-02, dated July 23, to Broker/Dealer Advisory
Committee No. 42-02, Compliance Advisory Committee No. les Working Group No. 58-02,
SEC Rules Committee No. 88-02 and Small Funds ctober 15, 2002 and Memorandum to
Transfer Agent Advisory Committee No. 90-02, 2 (when established), study this issue
further within that framework to determine whether such a system is feasible and
appropriate. Finally, the report recommends that financial institutions not be required to
consult government databases to verify identity until such databases are complete and
made available to them, preferably in one location. The report notes that the government
does not maintain any such comprehensive database at the present time. Robert C.

Grohowski Associate Counsel Attachment (in .pdf format) 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 15305, or call the ICI Library at (202) 326-8304 and request the attachment for memo 15305.

Source URL: <https://icinew-stage.ici.org/memo-15305>

Copyright © by the 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.