

**MEMO# 19580**

January 6, 2006

## **NEW AML RULE ON "CORRESPONDENT ACCOUNTS" PUBLISHED; COMPLIANCE DATES SET**

©2006 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. [19580] January 6, 2006 TO: AML COMPLIANCE WORKING GROUP No. 1-06 SEC RULES MEMBERS No. 1-06 TRANSFER AGENT ADVISORY COMMITTEE No. 3-06 RE: NEW AML RULE ON "CORRESPONDENT ACCOUNTS" PUBLISHED; COMPLIANCE DATES SET As you know, the Financial Crimes Enforcement Network ("FinCEN") issued a final regulation implementing the foreign correspondent account provisions and the private banking provisions of section 312 of the USA PATRIOT Act last month. See Memorandum No. 19496, dated December 19, 2005. The final rule and a related proposed rule were published in the Federal Register on January 4th. Copies of the published versions can be found at the following links: Final rules on due diligence for correspondent accounts and private bank accounts:

<http://edocket.access.gpo.gov/2006/pdf/06-5.pdf> Proposed rule on enhanced due diligence for correspondent accounts held by certain types of foreign banks:

<http://edocket.access.gpo.gov/2006/pdf/06-6.pdf> 1 Mutual funds will have until April 4th (90 days from publication of the rule in the Federal Register) to adopt and apply the AML procedures contemplated by the rule to new accounts, i.e., those correspondent and private banking accounts established on or after April 4th. Mutual funds will have until October 2nd (270 days from publication of the rule in the Federal Register) to apply the new AML procedures to existing accounts, i.e., those opened before April 4th. Robert C. Grohowski Senior Counsel - International Affairs 1 In the next few days we will circulate a separate memorandum to the AML Compliance Working Group and TAAC describing the proposed rule in more detail.