

MEMO# 14547

March 18, 2002

ICI COMMENT LETTER ON NASD ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM RULE

[14547] March 18, 2002 TO: BROKER/DEALER ADVISORY COMMITTEE No. 6-02 CLOSED-END INVESTMENT COMPANY COMMITTEE No. 11-02 COMPLIANCE ADVISORY COMMITTEE No. 23-02 MONEY LAUNDERING RULES WORKING GROUP No. 14-02 SEC RULES COMMITTEE No. 22-02 SMALL FUNDS COMMITTEE No. 2-02 TRANSFER AGENT ADVISORY COMMITTEE No. 21-02 UNIT INVESTMENT TRUST COMMITTEE No. 9-02 RE: ICI COMMENT LETTER ON NASD ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM RULE The Institute has filed a comment letter with the Securities and Exchange Commission on proposed NASD Rule 3011, which would prescribe minimum standards for anti-money laundering compliance programs established by NASD members under the USA PATRIOT Act.¹ A copy of the letter is attached and it is summarized below. The letter recommends that the rule provide an exemption for broker-dealers who underwrite securities issued by registered investment companies ("funds") that have established an anti-money laundering program meeting the requirements of Section 352 of the Act (and any rule applicable to funds adopted thereunder). The proposed exemption would apply only with respect to the broker-dealer's fund underwriting activities. The letter explains that the proposed exemption would avoid both unnecessary regulatory duplication and the creation of an illogical, bifurcated compliance examination regime – without creating any gaps in anti-money laundering compliance. It also points out that the proposal is consistent with Congressional intent to allow appropriate tailoring of anti-money laundering compliance programs to fit different business models. Frances M. Stadler Deputy Senior Counsel Attachment (in .pdf format) 1 See Memorandum to Broker/Dealer Advisory Committee No. 3-02, Closed-End Investment Company Members No. 7-02, Compliance Advisory Committee No. 17-02, SEC Rules Members No. 12-02, Small Funds Members No. 5-02, Transfer Agent Advisory Committee No. 15-02 and Unit Investment Trust Members No. 6-02, dated February 28, 2002; Memorandum to Money Laundering Rules Working Group No. 9-02, dated February 28, 2002.