

**MEMO# 19883**

March 24, 2006

## **FinCEN Grants ICI Request for 90-day Extension to the Compliance Deadline for the New Correspondent Account Rule - New Deadline is July 5, 2006**

©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. [19883] March 24, 2006 TO: AML COMPLIANCE WORKING GROUP No. 10-06 BANK AND TRUST ADVISORY COMMITTEE No. 13-06 BROKER/DEALER ADVISORY COMMITTEE No. 14-06 COMPLIANCE MEMBERS No. 17-06 OPERATIONS MEMBERS No. 9-06 SEC RULES MEMBERS No. 31-06 TRANSFER AGENT ADVISORY COMMITTEE No. 24-06 RE: FINCEN GRANTS ICI REQUEST FOR 90-DAY EXTENSION TO THE COMPLIANCE DEADLINE FOR THE NEW CORRESPONDENT ACCOUNT RULE - NEW DEADLINE IS JULY 5, 2006 As you know, the Financial Crimes Enforcement Network ("FinCEN") adopted a rule in January relating to correspondent accounts for foreign financial institutions.<sup>1</sup> The new rule requires every mutual fund to establish a due diligence program reasonably designed to enable it to detect and report money laundering activity involving correspondent accounts established, maintained, administered, or managed for foreign financial institutions. As adopted, the rule required the new due diligence program to be in place by April 4, 2006 for any account opened on or after that date. In response to requests by the ICI and other financial trade associations, FinCEN has extended the compliance deadline for ninety days.<sup>2</sup> The FinCEN release should be published in the Federal Register in the next few days. In the meantime, it can be accessed at [http://www.fincen.gov/312\\_extension\\_special\\_due\\_diligence.pdf](http://www.fincen.gov/312_extension_special_due_diligence.pdf). As a result of the extension, mutual funds will now have until July 5th to adopt and apply the AML procedures contemplated by the rule to new accounts, i.e., those correspondent and private 1 See Memorandum No. 19678, dated February 3, 2006. See also 71 Fed. Reg. 496 (January 4, 2006) (adopting the rule). 2 See Memorandum No. 19774, dated February 24, 2006. 2 banking accounts established on or after July 5th. Mutual funds will continue to have until October 2nd to apply the new AML procedures to existing accounts, i.e., those opened before July 5th. Robert C. Grohowski Senior Counsel - International Affairs

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