

MEMO# 16472

August 26, 2003

CUSTOMER VERIFICATION AND THE FAIR CREDIT REPORTING ACT

[16472] August 26, 2003 TO: COMPLIANCE ADVISORY COMMITTEE No. 64-03 MONEY LAUNDERING RULES WORKING GROUP No. 53-03 SEC RULES COMMITTEE No. 69-03 TRANSFER AGENT ADVISORY COMMITTEE No. 80-03 RE: CUSTOMER VERIFICATION AND THE FAIR CREDIT REPORTING ACT As you know, the customer identification program (CIP) rule for mutual funds, among other things, requires all mutual funds to take steps to verify the identity of their customers.¹ On a number of occasions, we have been asked whether the verification process pursuant to the CIP rule would implicate the Fair Credit Reporting Act (FCRA). We have received a memorandum from counsel that addresses this issue. The memorandum expresses the view that there is a reasonable basis to conclude that reports typically used by mutual funds and fund service providers only to verify a customer's identity should not be considered consumer reports subject to regulation under the FCRA. A copy of the memorandum is attached. Robert C. Grohowski Associate Counsel Attachment (in .pdf format) 1 See 68 Fed. Reg. 25131 (May 9, 2003).

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.