

Joint Audit Committee

Regulatory Update

02-02

TO: Chief Financial Officers
Chief Compliance Officers

DATE: May 29, 2002

SUBJECT: Anti-Money Laundering Compliance Program

The events of 9-11 highlighted international money laundering and its possible role in terrorist activities. As a result, the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 was signed into law on October 26, 2001. FCMs fall within the purview of this law. Accordingly, the National Futures Association amended its Compliance Rule 2-9 for anti-money laundering issues. The amended rule and interpretive notice (1-02-09) detail specific policies, procedures and internal controls that all firms must now have in a written anti-money laundering compliance program.

The notice highlights various sections that each firm's anti-money laundering program must encompass. These sections include:

- Customer Identification and Verification
- Detection and Reporting of Suspicious Activity
- Hiring of Qualified Staff
- Recordkeeping
- Designation of a Compliance Officer
- Employee Training
- Independent Audit Function

If, upon review, your firm has activity that warrants reporting, please contact the FinCEN (Financial Crimes Enforcement Network) BSA Regulatory Hotline at 1-800-949-2732. The FinCEN web site is located at www.treas.gov/fincen.

The NFA's notice was effective as of April 23, 2002 and can be found at www.nfa.futures.org/compliance/manual/M11Interp_44.html.

If you have any questions, please consult your DSRO and/or the CFTC.