JOINT RELEASE **Financial Crimes Enforcement Network (FinCEN)**
Commodity Futures Trading Commission (CFTC)

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FinCEN and CFTC Staff Issue Guidance on Application of CIP Rules to Give-Up Arrangements

The Financial Crimes Enforcement Network (FinCEN) and staff of the Commodity Futures Trading Commission (CFTC) announced today that they are jointly issuing guidance on the application of the customer identification program (CIP) regulation to give-up arrangements in the futures industry. Today's guidance is issued in response to a request from the Futures Industry Association, a futures industry trade association, about whether futures commission merchants (FCMs) acting solely as executing brokers in give-up arrangements are required to comply with CIP requirements.

The guidance clarifies the CIP regulation for FCMs that was issued in 2003 by stating that clearing brokers in give-up arrangements are required to comply with CIP requirements because they establish a formal relationship with a futures and options customer when they open an account. The guidance explains that, subject to a limited exception, executing brokers do not establish a formal relationship that would require them to apply their CIPs to such futures and options customers.

Today's guidance reminds FCMs that they must have an anti-money laundering program that contains risk-based policies, procedures and controls for assessing money laundering risks posed by all its operations, including its execution brokerage activities; for monitoring and mitigating that risk; and for detecting and reporting suspicious activity.

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Guidance on the Application of the Customer Identification Program Rule to Future Commission Merchants Operating as Executing and Clearing Brokers in Give-Up Arrangements