

U.S. Department of the Treasury  
Financial Crimes Enforcement Network

**FinCENnews**

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### **FinCEN Issues Guidance on Suspicious Activity Reporting Requirements for Mutual Funds**

The Financial Crimes Enforcement Network today issued guidance designed to assist mutual funds in complying with their suspicious transaction reporting requirement. Under a final rule, mutual funds must file reports with FinCEN that identify and describe transactions that raise suspicions of illegal activity. The requirement to file Suspicious Activity Reports (SARs) applies to transactions occurring after October 31, 2006.

The suspicious activity reporting rules are not intended to operate in a mechanical fashion. To that end, FinCEN issued the guidance in the form of a series of Frequently-Asked Questions. The Frequently-Asked Questions format will allow mutual funds to use the basic principles set forth in the rule, as articulated in these Frequently-Asked Questions, to address a multitude of transaction scenarios that mutual funds encounter in the daily course of business. Mutual funds are expected to implement their suspicious activity reporting program in accordance with the nature of their business. However, financial institutions may also call the FinCEN Regulatory Helpline at 800-949-2732 for assistance in meeting their reporting obligation.

The final rule, which was published in the *Federal Register* on May 4, 2006 (<http://www.fincen.gov/finalrule05042006.pdf>), created a suspicious transaction reporting requirement that is uniform with reporting requirements already established for other financial institutions, such as banks, broker-dealers, casinos, and money services businesses. Since May 2003, mutual funds have been subject to the rule requiring that they develop and implement anti-money laundering programs designed to prevent them from being used to launder money or finance terrorist activities.

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**Attachment:**

**[FIN-2006-G013 Frequently-Asked Questions; Suspicious Reporting Requirements for Mutual Funds](#)**