

May 17, 2005

Alan Damais
Executive Secretary
FATF / GAFI
2, rue André Pascal
75775 Paris Cedex 16
FRANCE

RE: Consultation with global securities industry on AML measures

Dear Mr. Damais,

On behalf of the International Council of Securities Associations (ICSA), we are writing you to respectfully request that FATF enter into an effective working relationship with ICSA to discuss global AML policy and implementation issues.¹ The application of AML measures by national jurisdictions, based on FATF's 40 Recommendations, is an important issue for ICSA members. Accordingly, ICSA has formed an AML Working Group that has been considering policy and practical implementation issues arising from the FATF Recommendations.

We understand that FATF will be considering a consultation process at its June plenary session intended to assist the ongoing development of AML policy and implementation issues. In light of its global membership and expertise in the global capital market, ICSA is well placed to assist international policy setters, such as FATF, in the development and implementation of new policy measures. To that end, ICSA has already initiated a dialogue with IOSCO's Technical Committee on issues concerning the regulation and conduct of securities markets. For the same reason, we believe that it would be appropriate for FATF to include ICSA as a consultation partner.

¹ The International Council of Securities Associations (ICSA) comprises 16 member associations that represent and/or regulate the securities industry in 12 jurisdictions as well as on a global basis. The markets represented by ICSA's member associations collectively account for the overwhelming majority of the world's equity, bond and derivatives markets. ICSA's objectives are to aid and encourage the sound growth of the international securities market by promoting and encouraging harmonization and, where appropriate, mutual recognition in the procedures and regulation of that market and to promote the mutual understanding and exchange of information among ICSA members. A list of the individual members of ICSA is attached to this letter.

We believe that it would be useful for FATF to have regular contact with representatives of the global and national securities markets in order to discuss ongoing issues, current developments and to receive feedback on both current and preliminary proposals. The precise form of consultation would obviously be a matter for discussion between FATF and ICSA.² For example, we could envisage periodic formal meetings, alone or with other broadly representative associations for the financial sector, and carrying out ongoing work by e-mail and teleconferences. Through this process, FATF could provide draft concept papers, proposals or preliminary thoughts about proposals for comment from ICSA and other private sector representatives.

For its part, ICSA could, on request, provide FATF with information about the industry on matters such as how particular processes work, the size or extent of certain kinds of business and developments in the capital markets that may relate to FATF's mandate. ICSA could also provide comments or suggestions for changes to existing guidelines and recommendations based on implementation experience within the securities industry.

ICSA's Secretariat is based in New York with member associations based in all major capital markets. The key contact person for ICSA is:

Dr. Marilyn Skiles
120 Broadway, 35th floor
New York, NY 10271
(212) 720-0616
mskiles@sia.com

We trust that this proposed approach will lead to an effective working relationship between FATF and ICSA and look forward to your response. ICSA's Secretary General, Marilyn Skiles, will follow-up with you in the next week or so to discuss this matter in more detail.

Sincerely,

Marc Lackritz, President
Securities Industry Association (SIA)
and Chairman, ICSA Advisory Committee

Dr. Marilyn Skiles
Secretary General
ICSA

² ICSA has published a *Statement on Regulatory and Self-Regulatory Consultation Practice*, important elements of which were included in IOSCO's recently approved public consultation program. While not all elements contained in the ICSA *Statement* would be appropriate for FATF's consultation process, many elements could be. A copy of the *Statement* is available on ICSA's website at www.icsa.bz.

The following associations are members of ICSA:

Association Francaise des Entreprises d'Investissement, France

Australian Financial Markets Association, Australia

Bond Exchange of South Africa, South Africa

Bond Market Association, United States

International Banks and Securities Association of Australia, Australia

International Primary Market Association, United Kingdom

International Securities Market Association, Switzerland

Investment Dealers Association of Canada, Canada

Italian Association of Financial Intermediaries, Italy

Japan Securities Dealers Association, Japan

Korea Securities Dealers Association, Korea

London Investment Banking Association, United Kingdom

NASD, United States

Securities Industry Association, United States

Swedish Securities Dealers Association, Sweden

Taiwan Securities Association, Taiwan