

Information Memo

New York Stock Exchange, Inc.
20 Broad Street
New York, NY 10005

Member Firm Regulation



Number 03-48
October 23, 2003

ATTENTION: CHIEF EXECUTIVE OFFICER, MANAGING PARTNERS, CHIEF COMPLIANCE OFFICER, AML OFFICER / CONTACT PERSONS

TO: ALL MEMBERS AND MEMBER ORGANIZATIONS

SUBJECT: RULE 445 - INITIAL ANTI-MONEY LAUNDERING AUDIT

Rule 445 (“Anti-Money Laundering Compliance Program”) became effective on April 24, 2002 (see NYSE Information Memo No. 02-21, dated May 6, 2002). Rule 445 requires each member organization and each member not associated with a member organization to develop and implement an anti-money laundering program consistent with ongoing obligations prescribed in Title III of the USA PATRIOT Act.

The prescribed obligations include the development of internal policies, procedures and controls, the designation of a compliance officer, ongoing employee training, and an independent audit function to test the various elements of the program.

Neither Title III, Rule 445, nor corresponding NASD Rule 3011 currently specifies time-frames within which the independent audit function must be performed. The Exchange and the NASD, are in the process of codifying such time-frames. Details will be included in a forthcoming Information Memo.

In the interim, the Exchange advises the membership that if an initial AML audit has not yet been completed, members and member organizations must, at a minimum, have developed a definitive plan for the audit that includes a detailed description of testing procedures and a timetable for their completion.

Questions regarding this Memo may be directed to Stephen A. Kasprzak at (212) 656-5226.

Salvatore Pallante
Executive Vice President