

# Information Memo

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

Member Firm Regulation



Number 02-16  
April 12, 2002

**ATTENTION:** CHIEF EXECUTIVE OFFICER, MANAGING PARTNERS,  
COMPLIANCE AND LEGAL DEPARTMENTS

**TO:** ALL MEMBERS AND MEMBER ORGANIZATIONS

**SUBJECT:** ANTI-MONEY LAUNDERING COMPLIANCE PROGRAM  
REQUIREMENTS

On October 26, 2001, President Bush signed into law the USA PATRIOT Act (the “Act”) which amends, among other laws, the Bank Secrecy Act as set forth in Title 31 of the United States Code. The Act expands government powers to fight the war on terrorism and requires that financial institutions<sup>1</sup>, including broker-dealers, implement policies and procedures to that end.

Title III of the Act, separately known as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (“MLAA”), focuses on the requirement that financial institutions establish anti-money laundering monitoring and supervisory systems. Specifically, MLAA Section 352 requires each financial institution to establish Anti-Money Laundering Programs by April 24, 2002 that include, at minimum:

- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test programs.

Given the time-sensitive nature of this, and other federal requirements outlined in the MLAA, members and member organizations are advised to review their existing anti-money laundering policies and procedures and to become familiar with pending federal requirements in this regard as soon as practicable.

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<sup>1</sup> As defined in 31 U.S.C. 5312(a)(2).

Proposed New Rule 445

Proposed new NYSE Rule 445 (“Anti-Money Laundering Compliance Program”) has been filed with the SEC for approval<sup>2</sup>. Though not yet approved, it incorporates and references existing and pending federal requirements regarding anti-money laundering procedures.

The Exchange will issue an Information Memo in conjunction with approval of Rule 445 that will address the Rule’s specific requirements as well as the federal requirements referenced.

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

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Salvatore Pallante  
Executive Vice President

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<sup>2</sup> File No. SR-NYSE-2002-10 [Federal Register Release No. 34-45487 – Vol. 67, No. 45 / Thursday, March 7, 2002].