

# Information Memo

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

Member Firm Regulation



Number 02-46  
October 31, 2002

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

**TO:** ALL MEMBERS AND MEMBER ORGANIZATIONS

**SUBJECT:** COMPLIANCE WITH SECTION 326 ("VERIFICATION OF  
IDENTIFICATION") OF THE USA PATRIOT ACT

On July 23, 2002, the Department of the Treasury ("Treasury"), through the Financial Crimes Enforcement Network ("FinCEN") and the Securities and Exchange Commission (the "Commission"), jointly issued a proposed regulation<sup>1</sup> to implement Section 326 of the USA PATRIOT Act of 2001. Section 326 requires the Secretary of the Treasury to jointly prescribe with the Commission a regulation that, at minimum, requires broker-dealers to implement reasonable procedures to verify the identity of any person seeking to open an account; maintain records of the information used to verify the person's identity; and determine whether the person appears on any lists of known or suspected terrorists or terrorist organizations.

An October 11, 2002 Treasury release<sup>2</sup> advised all financial institutions, including securities brokers and dealers, that they will not be required to comply with Section 326 until final implementing regulations are issued and become effective. Treasury has indicated that the final regulations will provide a "reasonable amount of time in which to come into compliance." In the interim, members and member organizations should become familiar with the current expectations of the proposed regulation and monitor Treasury's website ([www.treasury.gov](http://www.treasury.gov)) for further developments in this regard.

Also, members and member organizations are reminded that NYSE Rule 445 ("Anti-Money Laundering Compliance Program") requires that all designated "AML Contact Persons" be identified to the Exchange by name, title, mailing address, e-mail address, telephone number, and facsimile number. A number of members and member organizations have either not provided an AML contact person at all or have not provided all of the contact information required for such persons. Failure to provide this information, particularly e-mail address, hinders the timely dissemination of AML notices to the membership and may result in regulatory action.

<sup>1</sup> See Release No. 34-46192, File No. S7-25-02.

<sup>2</sup> <http://www.treasury.gov/press/releases/po3530.htm>

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

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