

breaker” or “equipment changeover” halts). Notice of the proposed rule change was published for comment in the **Federal Register** on May 12, 2003.<sup>3</sup> No comments were received on the proposed rule change.

In 1997, the Commission approved the Exchange’s policies regarding indications, openings and re-openings.<sup>4</sup> To make them more accessible to members and member organizations, the Exchange has proposed to codify these policies as new Rule 119. The Exchange would also update its rules on re-opening trading in a stock after a post-opening trading halt to conform them to those of the New York Stock Exchange (“NYSE”). The Exchange’s current policy on re-openings requires a minimum of 10 minutes to elapse between the first price indication and the re-opening, and a minimum of five minutes to elapse after the last indication, provided in all cases that the minimum 10 minutes has elapsed since the first indication. The Exchange proposes to shorten these minimum time periods to five minutes after the first indication, and three minutes after the last indication, provided that a minimum of five minutes has elapsed since the first price indication.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> Specifically, the Commission finds that the proposal is consistent with section 6(b)(5) of the Act,<sup>6</sup> which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market, and to protect investors and the public interest. The Commission notes that Amex’s codification of the previously approved policies will result in greater transparency of Exchange procedures. Further, the Commission notes that Amex’s proposal to shorten the minimum time periods that must elapse between indications and re-openings would conform Amex’s procedures to those in effect at the

NYSE,<sup>7</sup> which the Commission believes strike a reasonable balance between preserving the price discovery process and providing timely opportunities for investors to participate in the market.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (File No. SR-Amex-2003-34) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48169; File No. SR-MSRB-2003-04]

### Self-Regulatory Organizations; Order Granting Approval of a Proposed Rule Change by the Municipal Securities Rulemaking Board To Require Dealers To Establish Anti-Money Laundering Compliance Programs

Date: July 11, 2003.

On May 22, 2003, the Municipal Securities Rulemaking Board (“Board” or “MSRB”) filed with the Securities & Exchange Commission (“Commission” or “SEC”), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“the Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change (File No. SR-MSRB-2003-04) (the “proposed rule change”). The MSRB’s rule change establishes Rule G-41, on anti-money laundering compliance.

The Commission published the proposed rule change for notice and comment in the **Federal Register** on June 9, 2003.<sup>3</sup> The Commission received one comment letter on the proposed rule change.<sup>4</sup> This order approves the proposed rule change.

### I. Description of the Proposed Rule Change

The MSRB filed a proposed rule change, Rule G-41, on anti-money

laundering compliance in response to the passage of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“USA PATRIOT Act”).<sup>5</sup> Section 352, of the USA PATRIOT Act, requires financial institutions, including broker/dealers, to establish and implement anti-money laundering compliance programs designed to ensure ongoing compliance with the requirements of the Bank Secrecy Act (“BSA”),<sup>6</sup> and the regulations promulgated thereunder, by April 24, 2002. The MSRB proposed Rule G-41 to ensure that all brokers, dealers and municipal securities dealers (“dealers”)<sup>7</sup> that effect transactions in municipal securities, and in particular those that only effect transactions in municipal securities (“sole municipal dealers”), are aware of, and in compliance with, anti-money laundering program requirements. The proposed rule change requires that all dealers establish and implement anti-money laundering programs that are in compliance with the rules and regulations of either its registered securities association (*i.e.*, NASD) or its appropriate banking regulator governing the establishment and maintenance of anti-money laundering programs.<sup>8</sup>

### II. Summary of Comments

The Commission received one comment letter relating to the proposed rule change.<sup>9</sup> The comment letter expresses its general support for the proposed rule, but requests at least a five-month delay for mandatory compliance with the rule’s “Customer Identification Program” (“CIP”).<sup>10</sup> According to the comment letter, T. Rowe believes that timely compliance with the CIP is “extremely burdensome” for broker and dealers involved with the distribution of college savings plans “to efficiently implement all of the operational and informational technology related changes the rule demands.”<sup>11</sup> T. Rowe requested the delay to “minimize the disruption of

<sup>5</sup> Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, 115 Stat. 272 (2001).

<sup>6</sup> 31 U.S.C. 5311, *et seq.*

<sup>7</sup> The term “dealer” is used herein as shorthand for “broker,” “dealer” or “municipal securities dealer,” as those terms are defined in the Act. The use of the term does not imply that the entity is necessarily taking a principal position in a municipal security.

<sup>8</sup> See Release No. 34-47969; *see also* Release No. 34-46739 (Oct. 29, 2002) 67 FR 67432 (Nov. 5, 2002); 31 CFR 103.120(b).

<sup>9</sup> See T. Rowe letter.

<sup>10</sup> *Id.* at 1.

<sup>11</sup> *Id.* at 2.

<sup>3</sup> See Release No. 34-47796 (May 5, 2003), 68 FR 25400.

<sup>4</sup> See Release No. 34-38549 (April 28, 1997), 62 FR 24519 (1997).

<sup>5</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78(c)(f).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> See NYSE Rule 123D(1); Release No. 34-47104 (December 30, 2002), 68 FR 597 (January 6, 2003).

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).

<sup>10</sup> 15 U.S.C. 78s(b)(1).

<sup>11</sup> 17 CFR 240.19b-4.

<sup>12</sup> See Release No. 34-47969 (June 3, 2003), 68 FR 34450.

<sup>13</sup> Letter from Henry H. Hopkins, Chief legal Counsel, Regina M. Pizzonia, Associate Counsel, T. Rowe Price Associates, Inc. (“T. Rowe”), to Jonathan G. Katz, Secretary, Commission, dated June 27, 2003.