

workshop commentary will be transcribed and made available to the participants and the public.

Dated at Rockville, Maryland, this 19th day of February, 2002.

For the Nuclear Regulatory Commission.

**Frank J. Congel,**

*Director, Office of Enforcement.*

[FR Doc. 02-4380 Filed 2-22-02; 8:45 am]

**BILLING CODE 7590-01-M**

## POSTAL SERVICE BOARD OF GOVERNORS

### Sunshine Act Meeting

**TIMES AND DATES:** 8 a.m., Monday, March 4, 2002; 8:30 a.m., Tuesday, March 5, 2002.

**PLACE:** Washington, DC, at U.S. Postal Service Headquarters, 475 L'Enfant Plaza, SW., in the Benjamin Franklin Room.

**STATUS:** March 4-8 a.m. (Closed); March 5-8:30 a.m. (Open).

#### MATTERS TO BE CONSIDERED

*Monday, March 4-8 a.m. (Closed)*

1. Financial Performance.
2. Strategic Planning.
3. Preliminary Annual Performance Plan Targets FY 2003.
4. Personnel Matters and Compensation Issues.

*Tuesday, March 5-8:30 a.m. (Open)*

1. Minutes of the Previous Meeting, February 4-5, 2002.
2. Remarks of the Postmaster General and CEO.

Fiscal Year 2001 Comprehensive Statement on Postal Operations.

4. Consideration of Borrowing Resolution.

5. Capital Investment.

a. Burlingame, California, Peninsula Delivery Distribution Center.

6. Tentative Agenda for the April 8-9, 2002, meeting in Washington, DC.

#### CONTACT PERSON FOR MORE INFORMATION:

William T. Johnstone, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza SW., Washington, DC 20260-1000. Telephone (202) 268-4800.

**William T. Johnstone,**

*Secretary.*

[FR Doc. 02-4537 Filed 2-21-02; 8:45 am]

**BILLING CODE 7710-12-M**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT.** [67 FR 7208, February 15, 2002]

**STATUS:** Closed Meeting.

**PLACE:** 450 Fifth Street, NW., Washington, DC.

**DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING:** Thursday, February 21, 2002, at 10 a.m.

**CHANGE IN THE MEETING:** Additional Item.

The following item has been added to the closed meeting scheduled for Thursday, February 21, 2002: Consideration of amicus participation.

Commissioner Glassman, as duty officer, determined that Commission business required the above change and that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: February 20, 2002.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 02-4509 Filed 2-21-02; 8:47 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of February 25, 2002: An open meeting will be held on Wednesday, February 27, 2002 at 10 a.m., in Room 1C30, the William O. Douglas Room, and closed meetings will be held on Wednesday, February 27, 2002 at 11 a.m. and Thursday, February 28, 2002 at 10 a.m.

The subject matter of the open meeting scheduled for Wednesday, February 27, 2002, will be: The Commission will hear oral argument on an appeal by Sandra K. Simpson, formerly an associated person with a registered broker-dealer, from the decision of an administrative law judge. For further information, contact Roy Sheetz at (202) 942-0950.

Commissioners, Counsel to the Commissioners, the Secretary to the

Commission, and recording secretaries will attend the closed meetings. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), (8), (9)(B), and (10) and 17 CFR 200.402(a)(3), (5), (7), (8), 9(ii) and (10), permit consideration of the scheduled matters at the closed meetings.

The subject matter of the closed meeting scheduled for Wednesday, February 27, 2002, will be: Post-argument discussion.

The subject matter of the closed meeting scheduled for Thursday, February 28, 2002, will be: Inspection report; institution and settlement of injunctive actions; institution and settlement of administrative proceedings of an enforcement nature; and formal orders of investigation.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: February 20, 2002.

**Jonathan G. Katz,**

*Secretary.*

[FR Doc. 02-4510 Filed 2-21-02; 11:47 am]

**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45457; File No. SR-NASD-2002-24]

### Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Anti-Money Laundering Compliance Programs

February 19, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 15, 2002, the National Association of Securities Dealers, Inc. ("NASD" or "Association"), through its subsidiary, NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASD Regulation. The

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

<sup>2</sup> 17 CFR 240.19b-4.

Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### **I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

NASD Regulation proposes to establish NASD Rule 3011, Anti-Money Laundering Compliance Program. As further discussed below, the USA PATRIOT Act requires financial institutions, including broker-dealers, by April 24, 2002, to establish and implement anti-money laundering compliance programs designed to ensure ongoing compliance with the requirements of the Bank Secrecy Act and the regulations promulgated thereunder. The proposed rule change prescribes the minimum standards required for each member firm's anti-money laundering program. The text of the proposed rule change is below. Proposed new language is in italics.

#### **3011. Anti-Money Laundering Compliance Program**

*On or before April 24, 2002, each member shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the member's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et seq.), and the implementing regulations promulgated thereunder by the Department of the Treasury. Each member organization's anti-money laundering program must be approved, in writing, by a member of senior management. The anti-money laundering programs required by this Rule shall, at a minimum,*

*(a) Establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and the implementing regulations thereunder;*

*(b) Establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder;*

*(c) Provide for independent testing for compliance to be conducted by member personnel or by a qualified outside party;*

*(d) Designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and*

*(e) Provide ongoing training for appropriate personnel.*

\* \* \* \* \*

### **II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, NASD Regulation included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. NASD Regulation has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### **A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

##### **1. Purpose**

##### **Introduction**

The purpose of the proposed rule change is to establish minimum standards for the anti-money laundering programs that broker-dealers are required to develop and implement under section 352 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act").<sup>3</sup> The USA PATRIOT Act, which was signed into law by President Bush on October 26, 2001, is designed to deter and punish terrorists in the United States and abroad and to enhance law enforcement investigating tools by prescribing, among other things, new surveillance procedures, new immigration laws, and new and more stringent anti-money laundering laws.

Title III of the USA PATRIOT Act, referred to as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("Money Laundering Act"), focuses on strengthening the anti-money laundering provisions put into place by earlier legislation, particularly with respect to crimes by foreign nationals and foreign financial institutions. The Money Laundering Act imposes certain obligations on broker-dealers through new anti-money laundering provisions and amendments to the Bank Secrecy Act ("BSA").<sup>4</sup> Among other things, broker-dealers will have to implement anti-money laundering programs (as described below), prepare and file suspicious activity reports, and follow

new know-your-customer procedures. Broker-dealers will be required to comply with these new obligations in addition to continuing to comply with existing BSA reporting and recordkeeping requirements.<sup>5</sup>

#### **Anti-Money Laundering Programs**

Section 352 of the Money Laundering Act requires all financial institutions, including broker-dealers, to develop and implement anti-money laundering compliance programs on or before April 24, 2002. Section 352 requires the compliance programs, at a minimum, to establish (1) the development of internal policies, procedures, and controls, (2) the designation of a compliance officer with responsibility for a firm's anti-money laundering program, (3) an ongoing employee training program, and (4) an independent audit function to test the effectiveness of the anti-money laundering compliance program. Section 352 further allows the Secretary of the Department of Treasury, at its discretion, to establish minimum standards for the anti-money laundering programs.

The legislative history of the USA PATRIOT Act explains that the requirement to have an anti-money laundering compliance program is not a "one-size-fits-all" requirement. The general nature of the requirements reflects Congress' intent that each financial institution should have the flexibility to tailor the anti-money laundering programs to fit its business, taking into account factors such as size, location, activities of the firm's business, and the risks or vulnerabilities to money laundering in the firm. This flexibility is designed to ensure that all entities covered by the statute, from the very large financial institutions to the small firms, have in place policies and procedures to monitor for anti-money laundering compliance.<sup>6</sup>

The proposed rule change, consistent with Section 352, would require member firms to implement anti-money laundering programs and would set

<sup>5</sup> Rule 17a-8 under the Act requires broker-dealers to comply with the recordkeeping and reporting requirements of the BSA and related regulations, including the obligation to file reports and make and preserve records in connection with certain transactions generally exceeding \$10,000 and involving currency or the physical transport of currency into or out of the United States. 17 CFR 240.17a-8.

<sup>6</sup> See USA PATRIOT Act of 2001: Consideration of H.R. 3162 Before the Senate (October 25, 2001) (statement of Sen. Sarbanes); Financial Anti-Terrorism Act of 2001: Consideration Under Suspension of Rules of H.R. 3004 Before the House of Representatives (October 17, 2001) (statement of Rep. Kelly) (provisions of the Financial Anti-Terrorism Act of 2001 were incorporated as Title III in the USA PATRIOT Act.).

<sup>3</sup> Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

<sup>4</sup> 31 U.S.C. 5311, et seq.

forth minimum standards for such programs. The standards established by the proposed rule change are substantially equivalent to those found in the existing bank anti-money laundering program rules.<sup>7</sup> Consistent with the USA PATRIOT Act, the proposed rule change would require firms to develop and implement a written anti-money laundering compliance program by April 24, 2002. The program would need to be approved in writing by a member of senior management and be reasonably designed to achieve and monitor the member's ongoing compliance with the requirements of the BSA and the implementing regulations promulgated thereunder. The proposed rule change would require firms, at a minimum, to (1) establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of suspicious transactions, (2) establish and implement policies, procedures, and internal controls reasonably designed to assure compliance with the BSA and implementing regulations, (3) provide for independent testing for compliance to be conducted by member personnel or by a qualified outside party, (4) designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program, and (5) provide ongoing training for appropriate personnel.

Prior to implementation of the proposed rule change, NASD Regulation anticipates providing guidance in a *Notice to Members* to assist member firms in developing an anti-money laundering program that fits their business model and needs.<sup>8</sup>

## 2. Statutory Basis

NASD Regulation believes that the proposed rule change is consistent with the provisions of section 15A(b)(6) of the Act,<sup>9</sup> which requires among other things, that the Association's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. NASD Regulation believes that the proposed rule change is designed to accomplish these ends by establishing the minimum

requirements for anti-money laundering compliance programs of member firms. These programs are designed to help identify and prevent money laundering abuses that can affect the integrity of the U.S. capital markets.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

NASD Regulation does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others*

Written comments were neither solicited nor received.

## III. Date of Effectiveness of the Proposed Rule Change and Timing For Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the NASD consents, the Commission will:

A. by order approve such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number

SR-NASD-2002-24 and should be submitted by March 18, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 02-4345 Filed 2-22-02; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45454; File No. SR-NYSE-2001-43]

### **Self-Regulatory Organizations; Order Approving a Proposed Rule Change by the New York Stock Exchange, Inc. Amending Paragraph (1) of the Guidelines to Exchange Rule 105 to Permit Approved Persons of Specialists To Act as a Specialist With Respect To an Option on a Specialty Stock**

February 15, 2002.

## I. Introduction

On August 21, 2001, the New York Stock Exchange, Inc. ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend paragraph (1) of the Guidelines to NYSE Rule 105 to permit an approved person of a specialist to act as a specialist or primary market maker with respect to an option on a stock in which the NYSE specialist is registered as such on the Exchange ("specialty stock"), provided that the requirements of the NYSE Rule 98 exemption program are met. The Exchange filed Amendment No. 1 to the proposed rule change on December 4, 2001.<sup>3</sup> The proposed rule change, as amended by Amendment No. 1, was published for comment in the **Federal Register** on December 12, 2001.<sup>4</sup> The Commission received two comment letters on the proposed rule change.<sup>5</sup> This order

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See letter from James E. Buck, Senior Vice President and Secretary, NYSE, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated December 3, 2001 ("Amendment No. 1").

<sup>4</sup> See Securities Exchange Act Release No. 45136 (December 6, 2001), 66 FR 64328.

<sup>5</sup> See letters to Jonathan G. Katz, Secretary, Commission, from Edward J. Joyce, President and Chief Operating Officer, Chicago Board of Options Exchange, Inc. ("CBOE"), dated January 17, 2002

Continued

<sup>7</sup> See e.g., 12 CFR 208.63.

<sup>8</sup> On February 12, 2002, the Securities Industry Association Anti-Money Laundering Committee released a *Preliminary Guidance for Deterring Money Laundering Activity*. In general, the guidance discusses key elements for a broker-dealer to consider in developing an effective anti-money laundering program.

<sup>9</sup> 15 U.S.C. 78o-3(b)(6).