

# Regulatory Bulletin

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**RB-02-04**  
April 17, 2002

**TO:** Pacific Exchange Members, Member Organizations and ETP Holders

**FROM:** Regulation Division

**RE:** REMINDER - Anti-Money Laundering Programs

The USA PATRIOT Act (the "Act"), which was signed into law on October 26, 2001, is designed to deter terrorism in the United States and abroad and to enhance law enforcement investigating tools by prescribing new surveillance procedures and stringent anti-money laundering laws to financial institutions, including broker-dealers.

Section 352 of the Act, referred to as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("Money Laundering Act"), imposes certain obligations on broker-dealers. Among other things, broker-dealers will be required to implement anti-money laundering monitoring and supervisory systems. All broker-dealers are required to develop and put those programs into place prior to the **April 24, 2002 deadline**. At a minimum, you must:

- develop policies, procedures, and internal controls reasonably expected to detect suspicious transactions;
- test compliance with anti-money laundering procedures;
- provide training for appropriate personnel;
- designate a "compliance officer" to oversee anti-money laundering program; and
- adopt an independent audit function to test the effectiveness of the program.

Given the time-sensitive nature of compliance with the Act, Pacific Exchange Members, Member Organizations and ETP Holders are strongly encouraged to review their anti-money laundering policies and procedures. Please refer to Regulatory Bulletin RB-02-02 for a more detailed discussion of the Act's requirements.

Questions regarding this bulletin should be directed to Frank Troutman, Director, Financial and Operational Compliance Department, at (415) 393-4135.