

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.*

[FR Doc. 03-18259 Filed 7-17-03; 8:45 am]

**BILLING CODE 8010-01-P**

## 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.

services to our account holders" and that it believed that college savings plan, "pose a low threat as a money laundering vehicle".<sup>12</sup> For these and other reasons expressed in the letter, T. Rowe believes that a five-month compliance delay, specifically in relation to brokers and dealers who distribute the college saving plan, would not threaten the government's anti-terrorism goals.<sup>13</sup>

### III. Discussion and Commission Findings

Section 19(b) of the Act<sup>14</sup> requires the Commission to approve the proposed rule change filed by the MSRB if the Commission finds that the proposed rule change consistent with the requirements of the Act and the rules and regulations thereunder. After careful review of the proposed rule change and the related comments, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder, which govern the MSRB.<sup>15</sup> The language of section 15B(b)(2)(C) of the Act requires that the MSRB's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principals of trade, to foster cooperation and coordination with persons engaged in the regulating, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and in general, to protect investors and the public interest.<sup>16</sup> The commission believes that the MSRB's proposed rule change meets this statutory threshold.

Since the passage of the USA PATRIOT Act, the Commission has worked with self-regulatory organizations to coordinate rules requiring programs designed to help identify and prevent money laundering abuses that jeopardize the integrity of the U.S. capital markets. Title III of the USA PATRIOT Act, also known as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("AML Act"). Imposes certain obligations on financial institutions and the dealer community. Section 352 of the AML Act requires financial institutions to establish certain minimum anti-money laundering

standards. Furthermore, section 352 requires dealers to develop and implement a written anti-money laundering compliance program by April 24, 2002.<sup>17</sup> The Commission notes that the provisions of the USA PATRIOT Act are mandates of federal law. As a result, MSRB members should have already established anti-money laundering compliance programs.

The Commission believes that Rule G-41 will facilitate compliance with the federal government's anti-terrorism goals. The purpose of Rule G-41 is to ensure that all brokers, dealers and municipal securities dealers who effect transactions in municipal securities, especially sole municipal securities dealers, are aware of their obligations under section 352 and know where to look for guidance concerning appropriate anti-money laundering programs. Moreover, the Commission notes that Rule G-41 will provide clarification to dealers and examiners of the rules and regulations with which dealers who effect transactions in municipal securities must comply concerning anti-money laundering compliance programs.

### IV. Conclusion

*It Is Therefore Ordered*, pursuant to section 19(b)(2) of the Act,<sup>18</sup> that the proposed rule change (File No. SR-MSRB-2003-04) be and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>19</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-18190 Filed 7-17-03; 8:45 am]

**BILLING CODE 8010-01-P**

### SMALL BUSINESS ADMINISTRATION

#### [Declaration of Disaster #3526]

#### State of Indiana

As a result of the President's major disaster declaration on July 11, 2003, and subsequent amendment also on July 11, I find that Adams, Allen, Benton, Blackford, Boone, Carroll, Cass, Clinton, Delaware, Fountain, Grant, Hamilton, Hancock, Henry, Howard, Huntington, Jasper, Jay, Kosciusko, Madison, Marion, Miami, Montgomery, Noble, Pulaski, Randolph, Tippecanoe, Tipton, Wabash, Warren, Wayne, Wells, White, and Whitley Counties in the State of Indiana constitute a disaster area due to

damages caused by severe storms, tornadoes, and flooding occurring on July 4, 2003 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on September 9, 2003 and for economic injury until the close of business on April 12, 2004 at the address listed below or other locally announced locations:

U.S. Small Business Administration,  
Disaster Area 2 Office, One Baltimore  
Place, Suite 300, Atlanta, GA 30308.

In addition, applications for economic injury loans from small businesses located in the following contiguous counties may be filed until the specified date at the above location: DeKalb, Elkhart, Fayette, Fulton, Hendricks, Johnson, LaGrange, Lake, LaPorte, Marshall, Morgan, Newton, Parke, Porter, Putnam, Rush, Shelby, Starke, Steuben, Union, and Vermillion in the State of Indiana; Iroquois and Vermilion Counties in the State of Illinois; Darke, Defiance, Mercer, Paulding, Preble, and Van Wert Counties in the State of Ohio.

The interest rates are:

	Percent
For Physical Damage:	
Homeowners with credit available elsewhere .....	5.625
Homeowners without credit available elsewhere .....	2.812
Businesses with credit available elsewhere .....	5.906
Businesses and non-profit organizations without credit available elsewhere .....	2.953
Others (including non-profit organizations) with credit available elsewhere .....	5.500
For Economic Injury:	
Businesses and small agricultural cooperatives without credit available elsewhere .....	2.953

The number assigned to this disaster for physical damage is 352611. For economic injury, the numbers are 9W2900 for Indiana; 9W3000 for Illinois; and 9W3100 for Ohio.

(Catalog of Federal Domestic Assistance Program Nos. 59002 and 59008)

Dated: July 14, 2003.

**Herbert L. Mitchell,**

*Associate Administrator for Disaster Assistance.*

[FR Doc. 03-18328 Filed 7-17-03; 8:45 am]

**BILLING CODE 8025-01-P**

<sup>12</sup> *Id.* at 3.

<sup>13</sup> *Id.* at 2.

<sup>14</sup> 15 U.S.C. 78s(b).

<sup>15</sup> Additionally, in approving this rule the Commission notes that it has considered the proposed rule's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>16</sup> 15 U.S.C. 780-4(b)(2)(C).

<sup>17</sup> See 31 U.S.C. 5318(h) (amended by section 352 of the AML Act).

<sup>18</sup> 15 U.S.C. 78s(b)(2).

<sup>19</sup> 17 CFR 200.30-3(a)(12).