



RULE  
ADOPTION  
NOTICE

RAN-02-33  
October 7, 2002

**TO:** All PCX Members and Member Organizations  
**FROM:** Department of Regulatory Policy  
**SUBJECT:** Anti-Money Laundering Compliance Program  
(File No. SR-PCX-2002-44)

On July 26, 2002, the Exchange filed a proposed rule change with the Securities and Exchange Commission regarding adoption of PCX Rule 4.25 and PCXE Rule 6.17, both entitled "Anti-Money Laundering Compliance Program." The rules became effective on September 6, 2002. Following is the text of these new rules. Questions regarding this bulletin may be directed to Mai Shiver at (415) 393-4266.

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EXHIBIT A

PACIFIC EXCHANGE, INC.

RULES OF THE BOARD OF GOVERNORS

Text of the Rule Change<sup>1</sup>

Rule 4.26 Anti-Money Laundering Compliance Program. Each Member and Member Organization for which the Exchange is the Designated Examining Authority, must develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the Member or Member Organization'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 or Member Organization's anti-money laundering program must be approved in writing by a representative of its senior management staff. The anti-money laundering programs required by this Rule must include, at a minimum, a requirement to:

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

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<sup>1</sup> New text is underscored.

(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 or Member Organization personnel or a qualified outside party;

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

(e) provide ongoing training for appropriate personnel.

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## EXHIBIT B

PCX EQUITIES, INC.

### RULES OF THE BOARD OF DIRECTORS

Text of the Rule Change:<sup>2</sup>

Rule 6.17 Anti-Money Laundering Compliance Program. Each ETP Holder's anti-money laundering program must be approved in writing by a representative of its senior management staff. The anti-money laundering programs required by this Rule must include, at minimum, a requirement to:

(a) establish and implement policies, procedures and controls that can be reasonably expected to detect and cause the reporting of transactions required under 31 U.S.C. 5318(g) and 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 the ETP Holder personnel or a qualified outside party;

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

(e) provide ongoing training for appropriate personnel.

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<sup>2</sup> New text is underscored.