

after the date of publication of notice of filing thereof in the **Federal Register**.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change as amended is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an E-mail to rule-comments@sec.gov. Please include File Number SR-NASD-2004-116 on the subject line.

Paper Comments

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609.

All submissions should refer to File Number SR-NASD-2004-116. This rule number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

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 Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the NASD. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASD-2004-116 and should be submitted on or before October 27, 2004.

It is therefore ordered, pursuant to section 19(b)(2) of the Act, that the proposed rule change (SR-NASD-2004-116), as amended, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁸

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 04-22441 Filed 10-6-04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-50475; File No. SR-NSX-2004-02]

Self-Regulatory Organizations; National Stock Exchange; Order Approving Proposed Rule Change and Amendment No. 1 Thereto Relating to Anti-Money Laundering Compliance Programs

September 30, 2004.

I. Introduction

A. Filing Background

On March 5, 2004, National Stock Exchange ("NSX" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to establish NSX Rule 5.6, Anti-Money Laundering Compliance Program. The proposed rule change prescribes the minimum standards required for each member firm's anti-money laundering program. On August 9, 2004, NSX filed Amendment No. 1 to the proposed rule change.³ On August 20, 2004, notice of the proposed rule change was published in the **Federal Register**.⁴ The Commission received no comments on the proposal. For the reasons discussed below this order approves the proposed rule change.

B. USA PATRIOT Act

In response to the events of September 11, 2001, President Bush signed into law on October 26, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "PATRIOT Act") to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased

information sharing and broadened anti-money laundering requirements.⁵ The PATRIOT Act amends, among other laws, the Bank Secrecy Act, as set forth in Title 31 of the United States Code.⁶ Certain provisions of Title III of the PATRIOT Act, also known as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("MLAA"), impose affirmative obligations on a broad range of financial institutions, including broker-dealers, specifically requiring the establishment of anti-money laundering monitoring and supervisory programs.

MLAA Section 352 requires all financial institutions (including broker-dealers) to establish anti-money laundering programs that include, at a minimum: (i) Internal policies, procedures and controls; (ii) the specific designation of an anti-money laundering compliance officer; (iii) an ongoing employee training program; and (iv) an audit function to test the anti-money laundering program.

The Commission has previously approved several other self-regulatory organizations' ("SROs") proposals (including those of the NYSE and the NASD) to adopt rules requiring their members to establish anti-money laundering compliance programs with the minimum standards described above.⁷ Proposed NSX Rule 5.6 involves similar requirements.

II. Description of the Proposed Rule Change

NSX proposes to establish NSX Rule 5.6, Anti-Money Laundering Compliance Program, which requires NSX members to establish and implement anti-money laundering compliance programs. These anti-money laundering compliance programs must be designed to comply with Section 352 of the PATRIOT Act. The proposed rule change prescribes the minimum standards required for each member firm's anti-money laundering program.

Under the proposal, NSX members must develop and implement an anti-money laundering compliance program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act, and the implementing regulations promulgated under that Act by the Department of Treasury. Each member's anti-money laundering program must be approved, in writing, by a member of its senior management. The anti-money

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See letter from James C. Yong, Senior Vice President of Regulation and General Counsel, NSX, to Nancy Sanow, Assistant Director, Division of Market Regulation, Commission, dated August 9, 2004 ("Amendment No. 1").

⁴ Exchange Act Release No. 50198 (August 13, 2004), 69 FR 51739 (August 20, 2004).

⁵ Pub. L. 107-56, 115 Stat. 272 (2001).

⁶ 31 U.S.C. 5311, *et seq.*

⁷ See, e.g., Securities Exchange Act Release No. 45798 (April 22, 2002), 67 FR 20854 (April 26, 2002) (order approving SR-NASD-2002-10 and SR-NASD-2002-24).

laundering programs required under the proposed rule must establish and implement policies and procedures that can be reasonably expected to detect and cause the reporting of transactions required under Section 5318(g) of the Bank Secrecy Act and the implementing regulations under that Act. The programs must also establish and implement policies, procedures, and internal controls reasonably designed to achieve compliance with the Bank Secrecy Act and the implementing regulations thereunder. The programs must provide for independent testing for compliance to be conducted by member personnel or by a qualified outside party. The programs must also designate, and identify to the Exchange, a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program and provide prompt notification to the Exchange regarding any change in such designation. In addition, the programs must provide ongoing training for appropriate persons. The proposed rule also states that, in the event any of the provisions of the rule conflict with any of the provisions of another applicable SRO's rule requiring the development and implementation of an anti-money laundering compliance program, the provisions of the member's Designated Examining Authority ("DEA") rule would apply.

III. Discussion and Commission Findings

The Commission finds, for the reasons set forth below, that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered national securities exchange,⁸ and, in particular, with the requirements of Sections 6(b)(5)⁹ of the Act. Section 6(b)(5) requires, among other things that the rules of a registered national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, 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 and a national market system and, in general to protect investors and the public interest.

⁸In approving these rules, the Commission has considered their impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹15 U.S.C. 78f(b)(5).

The Commission finds that the proposed rule change is consistent with these Sections of the Act. The Commission finds that the NSX has proposed a rule that accurately, reasonably, and efficiently implements the requirements of the PATRIOT Act as it applies to NSX members. Moreover, the Commission finds it appropriate and consistent with the Act for NSX members to follow the anti-money laundering rules of their DEAs to the extent those rules conflict with NSX's. The Commission believes that provision of the NSX rule implementing this approach will avoid confusion and enhance compliance for dual members.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposal SR-NSX-2004-02, as amended, be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹¹

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. E4-2499 Filed 10-5-04; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #3620]

State of Florida (Amendment #4)

In accordance with a notice received from the Department of Homeland Security—Federal Emergency Management Agency—effective September 25, 2004, the above numbered declaration is hereby amended to include Manatee, Sarasota, and Suwannee as disaster areas due to damages caused by Hurricane Frances occurring on September 3, 2004, and continuing.

In addition, applications for economic injury loans from small businesses located in the contiguous county of Madison in the State of Florida may be filed until the specified date at the previously designated location. All other counties contiguous to the above named primary counties have previously been declared.

All other information remains the same, *i.e.*, the deadline for filing applications for physical damage is November 3, 2004 and for economic injury the deadline is June 6, 2005.

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

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ 17 CFR 200.30-3(a)(12).

Dated: September 30, 2004.

Cheri L. Cannon,

Acting Associate Administrator for Disaster Assistance.

[FR Doc. 04-22490 Filed 10-5-04; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster #P056]

State of Georgia

As a result of the President's major disaster declaration for Public Assistance on September 24, 2004, and a notice from the Department of Homeland Security—Federal Emergency Management Agency dated September 27, 2004, the U.S. Small Business Administration is activating its disaster loan program only for private non-profit organizations that provide essential services of a governmental nature. I find that Appling, Atkinson, Bacon, Baker, Ben Hill, Berrien, Bibb, Bleckley, Brantley, Brooks, Butts, Calhoun, Camden, Candler, Charlton, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooly, Dougherty, Echols, Elbert, Emanuel, Evans, Glynn, Grady, Greene, Hancock, Harris, Hart, Houston, Irwin, Jasper, Jeff Davis, Johnson, Jones, Lamar, Lanier, Laurens, Long, Lowndes, Macon, McIntosh, Monroe, Montgomery, Peach, Pike, Pulaski, Putnam, Rabun, Schley, Spalding, Sumter, Talbot, Taliaferro, Tattnall, Taylor, Telfair, Thomas, Tift, Toombs, Treutlen, Turner, Twiggs, Upson, Ware, Wayne, Washington, Webster, Wheeler, Wilcox, Wilkes, Wilkinson, and Worth Counties in the State of Georgia constitute a disaster area due to damages caused by Tropical Storm Frances occurring on September 3, 2004 and continuing. Applications for loans for physical damage as a result of this disaster may be filed until the close of business on November 23, 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.

The interest rates are:

	Percent
For Physical Damage:	
Non-profit organizations without credit available elsewhere	2.900
Non-profit organizations with credit available elsewhere	4.875

The number assigned to this disaster for physical damage is P05608.

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