Boards concerning the participation of the Portfolios in the Credit Facility and the terms and other conditions of any extensions of credit under the Credit Facility.

14. The Board of each Fund, including a majority of the Independent Directors, will (a) review no less frequently than quarterly the participation by the Fund's Portfolios in the Credit Facility during the preceding quarter for compliance with the conditions of any order permitting the transactions; (b) establish the Bank Loan Rate formula used to determine the Interfund Loan Rate on Interfund Loans and review no less frequently than annually the continuing appropriateness of the Bank Loan Rate formula; and (c) review no less frequently than annually the continuing appropriateness of the Portfolios' participation in the Credit Facility.

15. In the event an Interfund Loan is not paid according to its terms and the default is not cured within two business days from its maturity or from the time the lending Portfolio makes a demand for payment under the provisions of the Interfund Lending Agreement, the Adviser to the lending Portfolio promptly will refer the loan for arbitration to an independent arbitrator selected by the Boards of the Funds whose Portfolios are involved in the loan who will serve as arbitrator of disputes concerning Interfund Loans. If the dispute involves Portfolios with separate Boards, the Board of each Portfolio will select an independent arbitrator that is satisfactory to those Boards. The arbitrator will resolve any problem promptly and the arbitrator's decision will be binding on both Portfolios. The arbitrator will submit, at least annually, a written report to the Boards setting forth a description of the nature of any dispute and the actions taken by the Portfolios to resolve the dispute.

16. Each Fund, on behalf of its Portfolios, will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any transaction under the Credit Facility occurred, the first two years in an easily accessible place, written records of all such transactions setting forth a description of the terms of the transaction, including the amount, the maturity, and the Interfund Loan Rate, the rate of interest available at the time on short-term repurchase agreements and commercial bank borrowings, and such other information presented to the Fund's Board in connection with the review required by conditions 13 and 14.

17. The Credit Facility Committee and the Advisers will prepare and submit to the Boards of the Funds for review an initial report describing the operations of the Credit Facility and the procedures to be implemented to ensure that all Portfolios are treated fairly. After the commencement of operation of the Credit Facility, the Credit Facility Committee and the Advisers will report on the operations of the Credit Facility at the quarterly meetings of the Boards of the Funds.

In addition, for two years following the commencement of the Credit Facility, the independent public accountants for each Portfolio shall prepare an annual report that evaluates the respective Adviser's assertion that the Credit Facility Committee and the Adviser have established procedures reasonably designed to achieve compliance with the conditions of the order. The report shall be prepared in accordance with the Statements on Standards for Attesting Engagements No. 3 and it shall be filed pursuant to Sub-Item 77Q3 of Form N–SAR. In particular, the report shall address procedures designed to achieve the following objectives: (a) That the Interfund Loan Rate will be higher than the Repo Rate, but lower than the Bank Loan Rate, and if applicable, the Lines of Credit Rates; (b) compliance with the collateral requirements as set forth in the application; (c) compliance with the percentage limitations on interfund borrowing and lending; (d) allocation of interfund borrowing and lending demand in an equitable manner and in accordance with procedures establish by the Boards; and (e) that the Interfund Loan Rate does not exceed the interest rate on any third party borrowings of a borrowing Portfolio at the time of the Interfund Loan.

After the final report is filed, the Portfolio's independent public accountants in connection with their Portfolio audit examinations, will continue to review the operation of the Credit Facility for compliance with the conditions of the application and their review will form the basis, in part, of the auditor's report on internal accounting controls in Form N-SAR.

18. No Portfolio will participate in the Credit Facility upon receipt of requisite regulatory approval unless it has fully disclosed in its SAI all material facts about its intended participation.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02–15426 Filed 6–19–02; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46075; File No. SR–Amex–2002–52]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC To Require Members and Member Organizations To Establish Anti-Money Laundering Compliance Programs

June 13, 2002.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 3, 2002, the American Stock Exchange LLC (''Amex'' or ''Exchange'') 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 the Exchange. The 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

The Exchange proposes to adopt Amex Rule 431 (Anti-Money Laundering Compliance Program) to require members and member organizations to establish anti-money laundering programs meeting specific minimum standards. The text of the proposed rule change is below. Proposed new language is in italics.[3]

Anti-Money Laundering Compliance Program

Rule 431. Each member organization and each member not associated with a member organization shall develop and implement a written anti-money laundering program reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act (31 U.S.C. 5311, et

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Amex did not underscore all of the proposed new language in its Form 19b–4. Rather than require the Amex to file an amendment to correct this technical omission, the Commission added the missing underscoring, to ensure that all proposed new language appears in italics in the **Federal Register**.

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:

(1) 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;

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

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

(4) Designate a person or persons responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and

(5) Provide ongoing training for appropriate persons.

* * * * *

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

In its filing with the Commission, the Exchange 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. The Exchange 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

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 terrorists threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. The Patriot Act amends, among other laws, the Bank Secrecy Act, as set forth in Title 31 of the United States Code. 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 required all financial institutions (including broker-dealers) to establish anti-money laundering programs by April 24, 2002, that include, at a minimum: (i) Internal policies, procedures and controls; (ii) specific designation of an anti-money laundering compliance officer; (iii) ongoing employee training programs; and (iv) an independent audit function to test the anti-money laundering program.

In addition to requiring the establishment of anti-money laundering programs, the MLAA imposes additional obligations, including, without limitation:

—Implementation of special measures with respect to transactions involving ''Primary Money Laundering Concerns'' (''PMLCs'' are particular foreign jurisdictions designated by the Department of Treasury), including obtaining and maintaining records of beneficial ownership of accounts;
—Cooperation and information sharing among law enforcement and regulators concerning information about individuals or entities engaged in or suspected of money laundering or terrorism;
—Identification and verification of owners of new accounts for both domestic and foreign customers; and
—Prohibition on financial institutions from establishing, maintaining, administering or managing correspondent accounts for foreign shell banks (banks with no physical presence in their offshore jurisdiction).

Additionally, the rules to be issued by the Department of Treasury in conjunction with the Commission and the Federal Reserve Board on or about July 1, 2002 will require registered securities brokers and dealers, among others, to file Suspicious Activity Reports pursuant to Section 356 of the Patriot Act.

The Commission has already approved the New York Stock Exchange's (''NYSE'') and the National Association of Securities Dealers, Inc.'s (''NASD'') proposed rule changes adopting respective new rules requiring their members and member organizations to establish anti-money laundering compliance programs with the minimum standards described above.[4] Proposed Amex Rule 431 involves a similar requirement. The Amex is the designated examining authority for almost 300 broker-dealers. Virtually all of those firms clear through other brokerage firms that are either NYSE or NASD members and, therefore, do not carry customer funds or securities on their own. While the clearing firms will have primary responsibility for anti-money laundering compliance, all broker-dealers are covered by the law. In implementing the proposed rule, the Amex will make sure that the specific standards it develops, and the Amex's enforcement of the Rule, recognizes the significant differences between self-clearing firms and those that do not handle customer funds or securities, or do not maintain customer accounts.

As noted above, many of the federal regulations that will help clarify the application of the requirements of the Patriot Act to our members and member organizations are awaiting issuance in the coming months. Adoption of proposed Amex Rule 431 establishes a regulatory framework for members and member organizations pending issuance of further regulatory guidance.

2. Statutory Basis

The Amex believes that the proposed rule change is consistent with Section 6(b) of the Act[5] in general and furthers the objectives of Section 6(b)(5)[6] in particular in that it is 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 facilitating transactions in securities, and 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, and is not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition.

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[4] *See* Securities Exchange Act Release No. 45798 (April 22, 2002), 67 FR 20854 (April 26, 2002)(SR–NASD–2002–24 and SR–NYSE–2002–10)(approval order).

[5] 15 U.S.C. 78f(b).

[6] 15 U.S.C. 78f(b)(5).

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

No written comments were solicited or received with respect to the proposed rule change.

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 Exchange 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 Amex. All submissions should refer to file number SR-Amex-2002–52 and should be submitted by July 11, 2002.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[7]

Jill M. Peterson,

Assistant Secretary.

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BILLING CODE 8010–01–P

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–46077; File No. SR–NASD–2002–62]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating To Amending Code of Arbitration Procedure To Conform Rule 10314(b) to the Current Minimum Standard Applicable to Claims

June 14, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 9, 2002, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly-owned subsidiary, NASD Dispute Resolution, Inc. (''NASD Dispute Resolution'') 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 Dispute Resolution. The 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 Dispute Resolution is proposing to amend the Code of Arbitration Procedure to conform Rule 10314(b) to the current minimum standard applicable to claims. Below is the text of the proposed rule change. Proposed new language is in *italics*; proposed deletions are in brackets.

CODE OF ARBITRATION PROCEDURE

* * * * *

10314. Initiation of Proceedings

(a) Unchanged.

(b) Answer—Defenses, counter Claims and/or Cross-Claims:

(1) Within 45 calendar days from receipt of the Statement of Claim, Respondent(s) shall serve each party with an executed Submission Agreement and a copy of the Respondent's Answer. Respondent's executed Submission Agreement and Answer shall also be filed with the Director of Arbitration with sufficient additional copies for the arbitrator(s) along with any deposit required under the schedule of fees. The Answer shall specify all [available defenses and] relevant facts *and available defenses* [thereto that will be relied upon at the hearing] *to the Statement of Claim submitted* and may set forth any related Counterclaim the Respondent(s) may have against the Claimant, any Cross-Claim the Respondent(s) may have against any other named Respondent(s), and any Third-Party Claim against any other party or person based on any existing dispute, claim, or controversy subject to arbitration under this Code.

(2) (A) A Respondent, Responding Claimant, Cross-Claimant, Cross-Respondent, or Third-Party Respondent who pleads only a general denial [as an Answer] *to a pleading that states specific facts and contentions* may, upon objection by a party, in the discretion of the arbitrators, be barred from presenting any facts or defenses at the time of the hearing.

(Remainder of rule unchanged.)

* * * * *

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 Dispute Resolution 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 Dispute Resolution 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

NASD Dispute Resolution proposes to amend the Code to conform Rule 10314(b) to the current minimum standard applicable to claims, so that Answers need only specify relevant facts and available defenses to the Statement of Claim that was submitted by the claimant, rather than specifying all such facts and defenses that may be relied upon at the hearing.

As background, NASD Dispute Resolution recently streamlined its procedures for review of arbitration claims, NASD Dispute Resolution does not consider a Statement of Claim to be deficient if it meets the minimum requirements of a properly signed Uniform Submission Agreement that names the same respondents as shown on the Statement of Claim, proper fees, and sufficient copies of the Statement of

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.