

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) the selection specifications and content outline for the Limited Representative – Investment Banking (“Series 79”) Examination program.²

The Series 79 examination program is proposed in connection with NASD Rule 1032(i), a new limited representative registration category for persons whose activities are limited to investment banking and principals who supervise such activities.³ FINRA is not proposing any textual changes to its By-Laws, Schedules to the By-Laws or rules.

A description of the Series 79 examination is included in the attached content outline. Additional information on the examination is included in the Series 79 selection specifications, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission’s Secretary pursuant to Rule 24b-2 under the Act.⁴

¹ 15 U.S.C. 78s(b)(1).

² Based upon instruction from the Commission staff, FINRA is submitting SR-FINRA-2009-049 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, and is not filing the question bank for Commission review. See Letter from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, dated July 24, 2000. The question bank is available for Commission review.

³ FINRA will announce the effective date of NASD Rules 1022(a)(1)(B) and 1032(i) in the same Regulatory Notice that will announce the implementation date of the proposed rule change, and those two dates will be the same.

⁴ 17 CFR 240.24b-2.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on February 7, 2008, the FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness. FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be issued at least 90 days prior to the implementation date of the proposed rule change. The implementation date of the proposed rule change and corresponding NASD Rules 1022(a)(1)(B) and 1032(i) will be November 2, 2009, to coincide with a new Central Registration Depository (CRD[®]) release.

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

(a) Purpose

On April 13, 2009, the Commission approved NASD Rule 1032(i), which establishes a new limited representative category—Limited Representative-Investment Banking—for persons whose activities are limited to investment banking and principals who supervise such persons.⁵ More specifically, the registration category encompasses those associated persons whose activities involve: (1) advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing

⁵ See Securities Exchange Act Release No. 59757 (April 13, 2009), 74 FR 18268 (April 21, 2009) (Order Approving File No. SR-FINRA-2009-006).

of such securities and managing the allocation and stabilization activities of such offerings, or (2) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion.

Pursuant to Section 15A(g)(3)(B) of the Act,⁶ FINRA is authorized to prescribe standards of training, experience, and competence for persons associated with FINRA members. The Series 79 examination program has been developed to ensure that persons associated with FINRA members seeking to register as investment banking representatives have attained specified levels of competence and knowledge.

Within the six-month period following the implementation of Rule 1032(i), individuals who are registered as a General Securities Representative and function in a member's investment banking business line as described in Rule 1032(i), or act as principals supervising such persons, may opt in to the Limited Representative-Investment Banking registration category. After the six-month opt-in period, individuals who perform the job functions set out in Rule 1032(i) will be required to pass the Series 79 exam in lieu of the General Securities Representative ("Series 7") exam (or equivalent exams), unless subject to an exception in the Rule. Any person whose activities go beyond those specified in Rule 1032(i) will be required to separately qualify and register in the appropriate category or categories of registration attendant to such activities. The registration category does not cover individuals whose investment banking work is

⁶ 15 U.S.C. 78q-3(g)(3)(B).

limited to public (municipal) finance or direct participation programs as defined in NASD Rule 1022(e)(2). Moreover, individuals who are currently registered as a Limited Representative – Private Securities Offerings may continue to function in such capacity, so long as their investment banking activities remain limited to effecting private securities offerings as defined in NASD Rule 1032(h)(1)(A). Similarly, individuals who in the future wish to engage in investment banking activities limited to effecting such private securities offerings may opt to register as a Limited Representative – Private Securities Offerings and pass the corresponding Series 82 exam in lieu of the Series 79 exam.

The qualification exam consists of 175 multiple-choice questions.⁷ Candidates will be allowed 300 minutes to complete the exam. Candidates will be given an informational breakdown of their performance on each section, along with their overall score and pass/fail status at the completion of the exam session.

A content outline has been prepared to assist member firms in preparing candidates for the Investment Banking Professional Qualification Examination and is available at www.finra.org/brokerqualifications/registeredrep. The content outline describes the following four topical sections comprising the examination: (1) Collection, Analysis and Evaluation of Data (75 questions); (2) Underwriting/New Financing Transactions, Types of Offerings and Registration of Securities (43 questions); (3) Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions (34 questions); and (4) General Securities Industry Regulations (23 questions).

⁷

To ensure that new exam questions meet acceptable testing standards prior to use, each examination includes 10 additional, unidentified “pre-test” questions that do not contribute towards the candidate's score. Therefore, the exam actually consists of 185 questions, 175 of which are scored. The 10 pre-test questions are randomly distributed throughout the examination.

The selection specifications for the Series 79 examination, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission's Secretary pursuant to Rule 24b-2 under the Act,⁸ describe additional confidential information regarding the examination.

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice to be issued at least 90 days prior to the implementation date of the proposed rule change. The implementation date of the proposed rule change and corresponding NASD Rules 1022(a)(1)(B) and 1032(i) will be November 2, 2009, to coincide with a new CRD release.

(b) Statutory Basis

FINRA believes that the proposed Series 79 examination program is consistent with Section 15A(b)(6),⁹ which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest and Section 15A(g)(3) of the Act,¹⁰ which authorize FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes the proposed rule change would provide for a more targeted assessment of the competency of investment banking personnel to perform their unique job functions and, as a result, provide investors better protection.

⁸ 17 CFR 240.24b-2.

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78o-3(g)(3).

4. Self-Regulatory Organization’s Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹¹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹² in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing.

In accordance with Rule 19b-4,¹³ FINRA submitted written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4.

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

Exhibit 3a. Content Outline for the Series 79 Examination.

Exhibit 3b. Selection Specifications for the Series 79 Examination. FINRA has requested confidential treatment for the Series 79 selection specifications, and thus the specifications are omitted from this filing. The Series 79 selection specifications have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.¹⁴

Exhibit 3c. Letter from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, dated July 24, 2000.

¹⁴ 17 CFR 240.24b-2.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2009-049)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt the Selection Specifications and Study Outline for the Limited Representative – Investment Banking (“Series 79”) Examination Program

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 _____, _____, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to adopt the selection specifications and content outline for the Limited Representative – Investment Banking (“Series 79”) Examination program.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

⁴ Based upon instruction from the Commission staff, FINRA is submitting SR-FINRA-2009-049 for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder, and is not filing the question bank for

The Series 79 examination program is proposed in connection with NASD Rule 1032(i), a new limited representative registration category for persons whose activities are limited to investment banking and principals who supervise such activities.⁵ FINRA is not proposing any textual changes to its By-Laws, Schedules to the By-Laws or rules.

A description of the Series 79 examination is included in the attached content outline. Additional information on the examination is included in the Series 79 selection specifications, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission's Secretary pursuant to Rule 24b-2 under the Act.⁶

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

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

In its filing with the Commission, FINRA 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

Commission review. See Letter from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, dated July 24, 2000. The question bank is available for Commission review.

⁵ FINRA will announce the effective date of NASD Rules 1022(a)(1)(B) and 1032(i) in the same Regulatory Notice that will announce the implementation date of the proposed rule change, and those two dates will be the same.

⁶ 17 CFR 240.24b-2.

the places specified in Item IV below. FINRA 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

On April 13, 2009, the Commission approved NASD Rule 1032(i), which establishes a new limited representative category—Limited Representative-Investment Banking—for persons whose activities are limited to investment banking and principals who supervise such persons.⁷ More specifically, the registration category encompasses those associated persons whose activities involve: (1) advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities and managing the allocation and stabilization activities of such offerings, or (2) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion.

Pursuant to Section 15A(g)(3)(B) of the Act,⁸ FINRA is authorized to prescribe standards of training, experience, and competence for persons associated with FINRA members. The Series 79 examination program has been developed to ensure that persons

⁷ See Securities Exchange Act Release No. 59757 (April 13, 2009), 74 FR 18268 (April 21, 2009) (Order Approving File No. SR-FINRA-2009-006).

⁸ 15 U.S.C. 78q-3(g)(3)(B).

associated with FINRA members seeking to register as investment banking representatives have attained specified levels of competence and knowledge.

Within the six-month period following the implementation of Rule 1032(i), individuals who are registered as a General Securities Representative and function in a member's investment banking business line as described in Rule 1032(i), or act as principals supervising such persons, may opt in to the Limited Representative-Investment Banking registration category. After the six-month opt-in period, individuals who perform the job functions set out in Rule 1032(i) will be required to pass the Series 79 exam in lieu of the General Securities Representative ("Series 7") exam (or equivalent exams), unless subject to an exception in the Rule. Any person whose activities go beyond those specified in Rule 1032(i) will be required to separately qualify and register in the appropriate category or categories of registration attendant to such activities. The registration category does not cover individuals whose investment banking work is limited to public (municipal) finance or direct participation programs as defined in NASD Rule 1022(e)(2). Moreover, individuals who are currently registered as a Limited Representative – Private Securities Offerings may continue to function in such capacity, so long as their investment banking activities remain limited to effecting private securities offerings as defined in NASD Rule 1032(h)(1)(A). Similarly, individuals who in the future wish to engage in investment banking activities limited to effecting such private securities offerings may opt to register as a Limited Representative – Private Securities Offerings and pass the corresponding Series 82 exam in lieu of the Series 79 exam.

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A content outline has been prepared to assist member firms in preparing candidates for the Investment Banking Professional Qualification Examination and is available at www.finra.org/brokerqualifications/registeredrep. The content outline describes the following four topical sections comprising the examination: (1) Collection, Analysis and Evaluation of Data (75 questions); (2) Underwriting/New Financing Transactions, Types of Offerings and Registration of Securities (43 questions); (3) Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions (34 questions); and (4) General Securities Industry Regulations (23 questions).

The selection specifications for the Series 79 examination, which FINRA has submitted under separate cover with a request for confidential treatment to the Commission's Secretary pursuant to Rule 24b-2 under the Act,¹⁰ describe additional confidential information regarding the examination.

FINRA has filed the proposed rule change for immediate effectiveness. FINRA will announce the implementation date of the proposed rule change in a Regulatory

⁹ To ensure that new exam questions meet acceptable testing standards prior to use, each examination includes 10 additional, unidentified "pre-test" questions that do not contribute towards the candidate's score. Therefore, the exam actually consists of 185 questions, 175 of which are scored. The 10 pre-test questions are randomly distributed throughout the examination.

¹⁰ 17 CFR 240.24b-2.

Notice to be issued within 60 days of the date of effectiveness of the proposed rule change.

2. Statutory Basis

FINRA believes that the proposed Series 79 examination program is consistent with Section 15A(b)(6),¹¹ which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest and Section 15A(g)(3) of the Act,¹² which authorize FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes the proposed rule change would provide for a more targeted assessment of the competency of investment banking personnel to perform their unique job functions and, as a result, provide investors better protection.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

¹¹ 15 U.S.C. 78o-3(b)(6).

¹² 15 U.S.C. 78o-3(g)(3).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. 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-FINRA-2009-049 on the subject line.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

Paper Comments:

- Send paper comments in triplicate to Florence E. Harmon, Deputy Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2009-049. This file 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 Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2009-049 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Florence E. Harmon

Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).



Investment Banking Representative Qualification Examination (Test Series 79)

Content Outline

Table of Contents

INTRODUCTION 21

THE PURPOSE OF THE SERIES 79 EXAMINATION..... 21

ELIGIBILITY REQUIREMENTS 21

APPLICATION PROCEDURES 21

DEVELOPMENT OF THE SERIES 79 CONTENT OUTLINE AND EXAMINATION 21

 DEVELOPMENT OF THE SERIES 79 CONTENT OUTLINE..... 21

 ORGANIZATION OF THE SERIES 79 CONTENT OUTLINE..... 22

 EXAMINATION DEVELOPMENT AND MAINTENANCE 22

ORGANIZATION AND ADMINISTRATION OF THE SERIES 79 EXAMINATION..... 23

 ADMINISTRATION OF THE SERIES 79 EXAMINATION AND SCORING 23

 CANDIDATES’ TEST RESULTS:..... 23

 INDEX OF RULES AND REGULATIONS, SAMPLE TEST QUESTIONS, REFERENCES..... 24

THE SERIES 79 CONTENT OUTLINE 25

1. COLLECTION, ANALYSIS AND EVALUATION OF DATA 25

 1.1 COLLECTION OF DATA 25

 1.2 ANALYSIS AND EVALUATION OF DATA 26

 1.3 DUE DILIGENCE ACTIVITIES..... 28

2. UNDERWRITING/NEW FINANCING TRANSACTIONS, TYPES OF OFFERINGS AND REGISTRATION OF SECURITIES 30

 2.1 PUBLIC OFFERINGS 30

 2.2 ACTIVITIES OF THE UNDERWRITING SYNDICATE 32

 2.3 EXECUTION AND DISTRIBUTION 32

 2.4 POST-EXECUTION ACTIVITIES FOR FINANCING DEALS..... 34

 2.5 SECURITIES EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933..... 35

 2.6 TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 35

 2.7 PRINCIPAL TRADING MARKETS 36

3. MERGERS AND ACQUISITIONS, TENDER OFFERS AND FINANCIAL RESTRUCTURING TRANSACTIONS..... 36

 3.1 MERGERS AND ACQUISITIONS – SELL SIDE TRANSACTIONS 36

 3.2 MERGERS AND ACQUISITIONS – BUY SIDE TRANSACTIONS..... 38

 3.3 FAIRNESS OPINIONS (APPLICABLE FOR BOTH BUY SIDE AND SELL SIDE TRANSACTIONS)..... 38

 3.4 SIGNING TO CLOSING (APPLICABLE FOR BOTH BUY SIDE AND SELL SIDE TRANSACTION)..... 39

 3.5 SEC RULES APPLICABLE TO MERGERS AND ACQUISITIONS..... 39

 3.6 TENDER OFFER REGULATIONS 39

 3.7 FINANCIAL RESTRUCTURING/ BANKRUPTCY..... 40

4. GENERAL SECURITIES INDUSTRY REGULATIONS 40

 4.1 REQUIREMENTS FOR REGISTRATION OF INDIVIDUALS 40

 4.2 BUSINESS CONDUCT 41

INDEX OF THE RULES AND REGULATIONS TO SECTIONS OF THE CONTENT OUTLINE 43

SAMPLE EXAMINATION QUESTION FORMATS AND ORIENTATION..... 49

REFERENCES 51

INTRODUCTION

This *Content Outline* provides a comprehensive guide to the topics covered on the Financial Industry Regulatory Authority (FINRA) *Investment Banking Representative Qualification Examination (Series 79)*. The outline is intended to familiarize examination candidates with the range of subjects covered on the examination, as well as the depth of knowledge required. Sample questions are also included to acquaint candidates with the principal formats of multiple-choice questions used on the examination. It is recommended that candidates refer to the content outline as part of their preparatory studies. Candidates are responsible for planning their course of study in preparation for the examination.

THE PURPOSE OF THE SERIES 79 EXAMINATION

The Series 79 Examination is designed to assess the competency of entry-level investment bankers. As a qualification examination, it is intended to safeguard the investing public by seeking to measure the degree to which each candidate possesses the knowledge, skills and abilities needed to perform the major functions of an entry-level investment banker. Candidates should note that the duties and functions of the investment banker must be performed in accordance with just and equitable principles of trade, federal and state laws, and industry regulations. Furthermore, it is the responsibility of the candidate to be aware of changes in current legislation, regulation and policy. A registrant who violates industry regulations is subject to disciplinary action, including censures, fines, suspension, and permanent loss of registration.

ELIGIBILITY REQUIREMENTS

The candidate must be sponsored by a FINRA member firm to be eligible to take the Series 79 Examination. For more information on eligibility requirements, please see NASD Rule 1032(i), which can be viewed through the following web link:

http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=3585

APPLICATION PROCEDURES

The member organization that employs the applicant must file a Form U-4, Uniform Application for Securities Industry Registration or Transfer ("Form U-4") in Central Registration Depository (CRD), and request the Series 79 Examination on the Form U-4.

DEVELOPMENT OF THE SERIES 79 CONTENT OUTLINE AND EXAMINATION

Development of the Series 79 Content Outline: The Series 79 Content Outline was developed based on a job analysis of investment bankers. The job analysis process included collecting data about the job functions, tasks and required knowledge of investment bankers from a wide variety of firms through one-on-one interviews and surveys of entry-level bankers and their supervisors. Under the guidance of FINRA staff, and using data collected from the job analysis interviews and surveys, a committee of investment bankers (the "Committee") identified and described the four major functions that are performed by entry-level investment bankers. For each major function, the Committee identified tasks that investment bankers perform. In addition to the tasks, the Committee identified topics which are listed under each function on the content outline that investment bankers must know to perform the tasks associated with the major

functions. The Committee also determined the number of test questions allocated to each major function based on an evaluation of the functions' and their associated tasks' relative importance and the amount of time spent performing the tasks associated with the functions.

Organization of the Series 79 Content Outline: The content outline is organized by the four major job functions. Under each major job function is a list of task statements and topics, denoted by two-digit numbers, such as 1.1 "Collection of Data" and 1.2 "Analysis and Evaluation of Data". In many instances, the task statements and topics are expanded to subheadings (*e.g.*, 1.1.3 "Engages in permissible communications with clients and other departments within the firm and coordinates when necessary with legal and compliance"). The tasks and main topics and their subheadings cover the subject matter associated with the major functions of investment bankers.

Following the content outline, for ease of reference, is an index of the rules and regulations that appear in the content outline. In the index, the rules and regulations are listed in alphabetical and numerical order. As some of the questions may require knowledge of rules or regulations, in the index, the rules and regulations are referenced to the related task/topic number(s) (*e.g.*, FINRA Rule 2010 is linked to "4.2.1 Anti-manipulation and fraud rules" of the content outline).

Examination Development and Maintenance: To ensure and sustain the job relevance of the examination, under the guidance of FINRA staff, the Committee writes, reviews and validates all test questions. Test questions are subject to multiple reviews prior to inclusion on the examination and each question is linked directly to a component of the content outline. The Series 79 Examination intends to measure competence at entry-level and requires candidates to apply knowledge in the context of work-related situations. Test questions vary in difficulty and complexity. For example, some questions may require calculation of commonly used financial metrics. Other questions assess knowledge of rules and regulations that are pertinent to investment banking. Each question will have one correct or best answer. The purpose of the Series 79 Examination is to determine if the candidate has attained the level of competency required to function as an investment banker.

The test questions are maintained in an electronic test question bank. The bank of test questions changes constantly as a result of amendments to, or the introduction of, government and industry rules and regulations, changes in practice and the introduction of new products. It is the candidate's responsibility to keep abreast of such changes when preparing to take the examination.

Examination questions and their statistical performance are analyzed routinely by FINRA staff and the Committee to ensure that test questions continue to be relevant to the functions of an investment banker. Examination questions are updated when necessary to reflect current industry practices and regulations. Questions on new rules are added to the bank of questions within a reasonable time period after their effective dates, and questions on rescinded rules will be removed from the bank of questions.

Please Note: *Candidates are responsible for keeping abreast of changes made to the applicable rules and regulations, as the examination is updated when new rules are introduced and when the rules are amended.*

ORGANIZATION AND ADMINISTRATION OF THE SERIES 79 EXAMINATION

The examination consists of 175 multiple-choice questions, which are distributed among the four major job functions of an investment banker. Detail on the content of each of these four major job functions, the tasks associated with the job functions and the knowledge necessary to perform the tasks is included in the text of the content outline that follows. The allocation of test questions for each major function is listed below in Table 1:

Table 1 – Number of Test Questions on the Series 79 Exam by Major Job Function

Major Job Function	Description	Number of Questions
1	Collection, Analysis and Evaluation of Data	75
2	Underwriting/New Financing Transactions, Types of Offerings and Registration of Securities	43
3	Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions	34
4	General Securities Industry Regulations	23
Total		175

Administration of the Series 79 Examination and Scoring: The examination is administered via computer. A tutorial on how to take the examination, via computer, is presented prior to taking the examination. Candidates are given five (5) hours of testing time to take the examination. To ensure that new questions meet acceptable testing standards prior to use, each examination includes 10 additional, unidentified "pre-test" questions that do not contribute towards the candidate's score. The 10 questions are randomly distributed throughout the examination. Therefore, each candidate takes a total of 185 questions, of which 175 questions are scored. Each test question is worth one point. There is no penalty for guessing. Therefore, candidates should try to respond to each question.

Scratch paper, basic electronic calculators, and an Exhibits Book will be provided to the candidates by the test administrator, but must be returned to the test administrator at the end of the testing session. Some test questions involve calculations. Only calculators provided by the test administrators are allowed. The exam may contain questions that require the use of charts, graphs, tables and scenarios, which are contained in the Exhibits Book. The questions will indicate when to refer to the Exhibits Book. Candidates will not be permitted to bring any reference material to their testing session. Severe penalties are imposed on candidates who cheat on FINRA-administered examinations.

Candidates' Test Results: On the day of the test, candidates will receive a report of their test results. The score report will indicate pass/fail status and the total score on the examination. The passing score for the examination is the minimum number of test questions that a candidate has to answer correctly in order to pass the examination. The Committee, using a standard setting procedure, establishes the passing

score for the examination. The passing score is an absolute standard and it is independent of the performance of candidates taking the examination. Since multiple forms of the examination will be administered, the passing score will fluctuate moderately from examination to examination. The pass point for the examination will be indicated on the candidate's score report.

The test results are final and there are no adjustments or special considerations made to the passing score and/or the candidates' test scores. For security reasons, the examination and/or individual test questions are not available for review before or after taking the examination.

Index of Rules and Regulations, Sample Test Questions, References: The index of rules and regulations provides a quick reference of the rules and regulations covered on the examination. Again, it is the responsibility of the candidate to keep abreast of changes made to the applicable rules and regulations.

Several sample questions are presented at the end of this booklet. The sample questions are included to illustrate the basic formats of multiple-choice questions used on the examination. The sample questions do not reflect the type of content covered on the exam, or difficulty level of test questions. Candidates who familiarize themselves with these formats should be able to improve their test-taking skills so that their performance on the examination will better reflect their knowledge in the areas tested.

A list of links to self regulatory organizations' (SROs') websites is provided as reference. The information provided on the websites may be used by candidates in preparation to take the examination. However, the list is not all-inclusive and is just a sample of the types of references that a candidate may wish to use as part of his/her preparatory studies.

This content outline and additional information regarding FINRA qualification examinations are available on the FINRA Web Site at www.finra.org.

The Series 79 Content Outline

1. Collection, Analysis and Evaluation of Data	
1.1	<i>Collection of Data</i>
1.1.1	<p>Collects financial, performance, issuance and transaction data from various commercial and proprietary market databases, regulatory sources, internet sites of private and public companies, media and other resources for the following purposes:</p> <ul style="list-style-type: none"> 1.1.1.1 analyzing trends in the market and specific industry sectors 1.1.1.2 analyzing individual companies 1.1.1.3 conducting an analysis of the capital structure and valuation metrics of comparable companies 1.1.1.4 performing relative valuation analysis regarding positioning (the company's relative position when comparing its valuation with other companies within the same industry) 1.1.1.5 tracking recent securities offerings and mergers and acquisitions (i.e., precedent transactions) executed by the firm, as well as recent deals executed by competitors
1.1.2	<p>Reviews and understands what information would be found in schedules, reports, statements and forms filed pursuant to the Securities Exchange Act of 1934</p> <ul style="list-style-type: none"> 1.1.2.1 Current Reports on Form 8-K (SEC Rule 13a-11, SEC Rule 15d-11) 1.1.2.2 Quarterly Reports on Form 10-Q (SEC Rule 13a-13, SEC Rule 15d-13) 1.1.2.3 Annual Reports on Form 10-K (SEC Rule 13a-10, SEC Rule 15d-10) 1.1.2.4 Beneficial Ownership Reports on Schedules 13D and 13G (SEC Rule 13d-1, SEC Rule 13g) 1.1.2.5 Reports by Institutional Investment Managers of information with Respect to Accounts Over Which They Exercise Investment Discretion on Schedule 13F (SEC Rule 13-1) 1.1.2.6 Proxy statements on Form 14A (SEC Rule 14a-6) 1.1.2.7 Beneficial Ownership Reports of Directors, Officers and Principal Stockholders on Forms 3, 4 and 5 (SEC Rule 16a-1)
1.1.3	<p>Engages in permissible communications with clients and other departments within the firm and coordinates when necessary with legal and compliance</p> <ul style="list-style-type: none"> 1.1.3.1 Communicates with clients to gather and verify information for financial modeling/financial statements 1.1.3.2 Communicates with industry specialists within investment banking and capital markets to obtain information regarding business opportunities and communicates with industry specialists to collect industry data to determine marketing strategies best suited for the company 1.1.3.3 Communicates with the firm's research department to obtain perspectives on the market and particular industry sectors <ul style="list-style-type: none"> 1.1.3.3.1 NASD Rule 2711 -- Research Analysts and Research Reports, NASD Rule 2711(b) -- Restrictions on relationship with research department, NASD Rule 2711(j) -- Prohibition of retaliation against research analysts, and NYSE Rule 472 -- Communications with the Public, NYSE Rule 472(b)(1-3) -- Restrictions on relationship with research department and NYSE Rule 472(g)(2) -- Prohibition of retaliation against research analysts

	<p>1.1.3.4 Communicates with the syndicate desk to obtain information about deals that are in the market place, current market demands, security pricing, structure, and covenants</p> <p>1.1.3.5 Coordinates with internal departments to review data for inclusion in marketing materials, and/or secure approval of those materials</p>
<p>1.2 Analysis and Evaluation of Data</p>	
<p>1.2.1</p> <p>1.2.2</p>	<p>Conducts financial analysis of individual companies, comparable companies and particular industry sectors using models involving basic financial accounting concepts and statistical analyses and prepares spreadsheets, graphs and other materials based on the collected data. Enters data into proprietary financial models</p> <p>1.2.1.1 Balance sheet (e.g., current assets, including cash and cash equivalents, marketable securities, inventory, and accounts receivable, property, plant and equipment (PP&E), goodwill and intangibles; deferred assets; current liabilities, including accounts payable, short-term debt, and accruals, long-term debt; deferred liabilities; stockholders' equity/net worth including preferred stock, common stock, additional paid-in capital, retained earnings and capital surplus)</p> <p>1.2.1.2 Income statement (e.g., revenue/sales, cost of goods sold, including fixed/variable costs, SG&A expenses, amortization/depreciation/depletion, operating income/loss, interest income/expense, taxes and net income/loss)</p> <p>1.2.1.3 Cash flow statement (e.g., operating cash flow, investing cash flow, financing cash flow)</p> <p>Uses any or all of the following valuation metrics, ratios and other types of data for any or all of the following areas: equity and debt transactions, equity-linked transactions, mergers and acquisitions, restructurings and general corporate or financial advisory services:</p> <p>1.2.2.1 Liquidity (e.g., cash collection cycle, including receivables turnover, inventory turnover and payables turnover, cash flow; current ratio (working capital ratio), debt-to-capital (total and long term), debt-to-equity (total and long term), free cash flow yield, net debt; quick ratio (acid test ratio), and working capital)</p> <p>1.2.2.2 Profitability (e.g., adjustments, including extraordinary items/nonrecurring items, earnings before interest, taxes, depreciation, and amortization (EBITDA), earnings before interest, and taxes (EBIT), earnings before interest, taxes, depreciation, amortization and rent (EBITDAR), earnings per share (EPS), earnings yield, equity turnover; profit margins including gross margin, operating margin, net margin, net profit margin, operating profit margin, pre-tax margin, return on assets (ROA), return on equity (ROE), return on investment (ROI), return on invested capital (ROIC), and total expense ratio (TER))</p> <p>1.2.2.3 Leverage (e.g., including interest coverage ratio, leverage net debt/EBITDA, debt to EBITDA)</p> <p>1.2.2.4 Valuation (e.g., including accretion/dilution, enterprise value (EV), adjusted EV/EBITDA, price to book value (stated and tangible), compound annual growth rate (CAGR), cost of capital, discounted cash flow, dividend discount model, dividend payout ratio, dividend yield, earnings, economic profit, EV to EBITDA, EV to sales, equity value, forward P/E multiple, internal rate of return (IRR), LTM P/E multiple, market cap, net present value, normalized (operating) earnings, price to book value (stated and tangible), price to cash flow (P/CF), price to earnings (P/E), price to free cash flow, Price/NAV, P/E to Growth (PEG), price to sales (P/S), price per share, sum of the parts analysis, stock volatility, beta, and weighted average cost of capital (WACC))</p>

1.2.2.5 Asset turnover (e.g., inventory valuation methods: LIFO, FIFO)

1.2.3 Analyzes market and industry trends

1.2.3.1 Understands basics of financial markets and economics

1.2.3.1.1 How the financial markets work and general knowledge of business cycle indicators

1.2.3.1.2 Market capitalization (micro cap, small cap, mid cap and large cap; market indices)

1.2.3.1.3 Economic indicators (leading, coincident, lagging)

1.2.3.1.4 Effect of fiscal and monetary policies on markets

1.2.3.1.5 Relative economic indicators and their effect on currencies

1.2.3.1.6 Role of the central banks

1.2.3.1.7 Supply of money and interest rates; determination of interest rate movements and tools available to the central banks

1.2.3.1.8 Relation to level of economic activity

1.2.3.1.9 Relation to prices of, and return on, securities investments

1.2.4 Understands the characteristics of various types of securities and financial instruments

1.2.4.1 Equity securities

1.2.4.1.1 Common stock, equity, ordinary shares (e.g., ownership in a corporation, rights of stockholders, value at issuance)

1.2.4.1.2 Preferred stock (e.g., dividend preference over common, asset preference, classes of preferred and degree of preference, types of preferred stock, protective provisions, hybrids)

1.2.4.1.3 Rights and warrants (e.g., rights (subscription rights, ex-rights), warrants, stock appreciation rights (SAR) and equity equivalents, and employee stock options)

1.2.4.1.4 Depository Receipts and Global Depository Shares (e.g., origin and nature of ADRs, ADSs, GDRs and GDSs, sponsored versus non-sponsored)

1.2.4.2 Fixed income securities

1.2.4.2.1 Types of bonds (e.g., corporate bonds, mortgage bonds, debentures, convertible, callable, collateral trust bonds, equipment trust obligations, guaranteed bonds, Eurobonds, variable rate (income bonds), zero coupon bonds)

1.2.4.2.2 General characteristics of bonds (e.g., convexity, make-whole provision, terms of payment, general terms (e.g., par value, premium, discount, principal, conversion ratio, coupon, maturity), trust indenture or deed of trust (Trust Indenture Act of 1939), debt retirement, ranking in capital structure (e.g. senior, subordinated), credit ratings, yield calculations (e.g., including current yield, yield to call, yield to maturity, yield to worst (YTW), discount yield (bond equivalent yield), duration, interest calculations)

1.2.4.2.3 Government and agency securities (general characteristics)

1.2.4.2.4 Asset-backed securities (general characteristics)

1.2.4.3 Derivatives and structured products (general characteristics)

1.2.5 Reviews and analyzes precedent transactions for trends in capital raising and mergers and acquisitions (e.g., capital restructuring, use of derivatives, share repurchase programs, tender offers,

rights offerings and debt issuance)

1.2.5.1 Registration statements

1.2.5.2 Proxy statements

1.2.5.3 Going private transactions (SEC Rule 13e-3, Schedule 13E-3)

1.2.5.4 Tender offers: Schedule TO (Sections 14(d)(1) and 13(e)(1) of the Securities Exchange Act of 1934, Schedule 14D--1 (SEC Rules 14d-1 and 14d-9), Schedule 14D-9 (Section 14(d)(4) of the Securities Exchange Act of 1934)

1.2.6 Analyzes investor and shareholder data to understand ownership and trading behavior

1.2.7 Analyzes the impact of various financing strategies for potential investors

1.2.7.1 Investment objectives (e.g., growth at a reasonable price (GARP), growth, aggressive growth, value income, capital appreciation)

1.2.7.2 Investment strategies (e.g., distressed, value, deep value, momentum trading, Index, quantitative (formula driven), arbitrage, risk arbitrage, long, short, special situations, income and sector specific)

1.2.7.3 Types of investment risks (e.g., interest rate, credit, inflation, deflation, currency, exchange rate, counterparty, market, re-investment, systemic)

1.2.8 Analyzes the various alternatives available to the company

1.2.8.1 Types of organizational structures (e.g., C Corporations, S Corporations, limited liability companies, limited partnerships, trusts, master limited partnerships, real estate investment trusts (REITs), hedge funds, private equity funds, federal, state and municipal governments)

1.2.8.2 Types of investors (e.g., institutional, retail clients/individuals, governments, mutual funds, pension funds, hedge funds, endowments, money market funds, growth funds, insurance companies, venture capital firms, private equity firms, qualified institutional buyers (QIBS), employee stock option plans (ESOPs), qualified purchasers, accredited investors)

1.2.8.3 Types of financing transactions (e.g., debt, equity or hybrid securities, public offering versus private offering (e.g., IPO, follow-on, PIPEs), primary versus secondary offering, forward sale)

1.2.8.4 Types of merger and acquisition (M&A) transactions (e.g., merger, acquisition, sale, tender offer, form of consideration (cash or securities))

1.2.9 Evaluates the impact of various alternatives for the company, makes preliminary recommendations with respect to transactions based on the results of the above analyses and understands the benefits and risks associated with such recommendations

1.3 Due Diligence Activities

3.1 Conducts due diligence by identifying information that is required to be disclosed in public or private offering documents

1.3.1.1 Reviews the business of the issuer, including, but not limited to, reviewing financial information and business plans, speaking to the company's management, vendors, suppliers and customers, conducting site visits, and performing bring-down due diligence

1.3.1.2 Understands the disclosure standard that offering documents should not contain untrue statements of material fact or omit material facts necessary to make the statements therein not misleading

- 1.3.2 Assists in the due diligence process -- Sell side transactions
 - 1.3.2.1 Performs financial due diligence on the seller
 - 1.3.2.2 Assists the seller in gathering due diligence materials to be provided to potential buyers
 - 1.3.2.3 Prepares, reviews and finalizes with the client data room procedures and index of materials to be presented in data room
 - 1.3.2.4 Provides supplemental due diligence information, monitors access to data room and otherwise assists buyers with seller due diligence
 - 1.3.2.5 Assists the seller in performing due diligence on the potential buyers
- 1.3.3 Assists in the due diligence process -- Buy side transactions
 - 1.3.3.1 Coordinates schedule for management presentations, data room access and site visits with the buyer and the target
 - 1.3.3.2 Facilitates the buyer's due diligence process
 - 1.3.3.2.1 Conducts a comprehensive and confidential investigation to uncover information that could impact the merger or acquisition, for the purposes of recommending alternatives for handling benefits, compensation, and other human resource programs after the deal closes
 - 1.3.3.2.2 Identifies strategic positions for negotiating
 - 1.3.3.2.3 Evaluates the leadership of the organization, including performing background checks
 - 1.3.3.2.4 Examines the target's culture, environmental, corporate governance, and labor issues, identifies strengths and weaknesses of the employee groups, uncovers risk, such as un-funded liabilities or obligations, and corporate governance, degree of off-balance sheet disclosures, identifies cost-saving opportunities, such as those available through consolidation or negotiation
 - 1.3.3.3 Performs due diligence from available sources other than the target company
- 1.3.4 Understands due diligence-related regulatory requirements
 - 1.3.4.1 Securities Act of 1933, Rule 176 -- Circumstances Affecting the Determination of What Constitutes Reasonable Investigation and Reasonable Grounds for Belief Under Section 11 of the Securities Act
 - 1.3.4.2 Understands basic disclosure requirements with respect to compliance with the Sarbanes-Oxley Act, Section 402 – Enhanced Conflict of Interest Provisions
 - 1.3.4.2.1 Section 403 -- Disclosures of Transactions Involving Management and Principal Stockholders (i.e., external auditors must conduct separate tests and issue opinions on management's assessment and on the effectiveness of the company's internal controls over financial reporting, "material weaknesses" found by the auditors or management must be reported in the annual report)
 - 1.3.4.2.2 Section 404 -- Management Assessment of Internal Controls (e.g., testing of control environment by management, testing and issuance of opinions by external auditors, certification and reporting requirements apply to the entire company, including acquisitions)

2. Underwriting/New Financing Transactions, Types of Offerings and Registration of Securities

2.1 *Public Offerings*

- 2.1.1 Participates in the drafting of the offering documents, internal commitment memos, internal sales memos and road show presentations
 - 2.1.1.1 Understands regulatory requirements pertaining to filing of registration of securities offerings
 - 2.1.1.1.1 Securities Act of 1933, Section 5 -- Registration statement and prospectus requirement
 - 2.1.1.1.2 Securities Act of 1933, Section 7 -- Information Required in Registration Statement
 - 2.1.1.1.3 Regulation S-K -- Content of non-financial statements portions of registration statements under the Securities Act of 1933 and other documents required under the Securities Exchange Act of 1934
 - 2.1.1.1.4 Regulation S-X -- Financial statements required to be filed as part of registration statements under Sections 12, 13 and 14 of the Securities Act of 1933
 - 2.1.1.1.5 Forms of registration statements (Forms S-1, S-3, S-4, and S-8)
 - 2.1.1.1.6 SEC Rule 405 -- Categories of issuers and issuer-related requirements (e.g., ineligible issuer, unseasoned reporting issuer (not primary S-3 eligible), seasoned issuer (primary S-3 eligible), well-known seasoned issuer ("WKSI"))
 - 2.1.1.1.7 Effectiveness of registration statements (SEC Rule 405, Section 8)
 - 2.1.1.1.8 Shelf registration (SEC Rule 405 -- Automatic shelf registration statement, SEC Rule 415 -- Shelf registration statement (refreshing requirements, effective date of prospectus))
 - 2.1.1.1.9 Securities Exchange Act of 1934, Section 10A -- Audit Requirements
 - 2.1.1.2 Understands regulatory requirements pertaining to a prospectus (base prospectus, prospectus supplement)
 - 2.1.1.2.1 Securities Act of 1933, Section 2(a)(10) -- Definition of Prospectus
 - 2.1.1.2.2 Types of prospectuses pursuant to SEC Rule 405 (e.g., free writing prospectus, SEC Rule 164 -- Post-filing Free Writing Prospectuses in Connection with Certain Registered Offerings; graphic communication, written communication, electronic road shows, SEC Rule 433 --Conditions to Permissible Post-filing Free Writing Prospectuses)
 - 2.1.1.2.3 Content and filing requirements of prospectus, Securities Act of 1933, Section 10
 - 2.1.1.2.3.1 Rule 424 -- Filing of Prospectuses, Number of Copies
 - 2.1.1.2.3.2 Rule 427 -- Contents of Prospectus used After Nine Months
 - 2.1.1.2.3.3 Rule 430 -- Prospectus for Use Prior to Effective Date
 - 2.1.1.2.3.4 Rule 430A -- Prospectus in a Registration Statement at the Time of Effectiveness
 - 2.1.1.2.3.5 Rule 430B -- Prospectus in a Registration Statement After Effective Date
 - 2.1.1.2.4 Exemptions / Safe harbors
 - 2.1.1.2.4.1 Public notices excluded from the definition of prospectus

- 2.1.1.2.4.2 SEC Rule 134 -- Communications not Deemed a Prospectus
- 2.1.1.2.4.3 SEC Rule 135a -- Generic Advertising
- 2.1.1.2.4.4 SEC Rule 163A -- Exemption from Section 5(c) of the Act for Certain Communications Made by or on Behalf of Issuers More than 30 days Before a Registration Statement is Filed
- 2.1.1.2.4.5 SEC Rule 163 -- Exemption from Section 5(c) of the Act for Certain Communications by or on Behalf of Well-known Seasoned Issuers
- 2.1.1.2.4.6 SEC Rule 168 -- Exemptions from Sections 2(a)(10) and 5(c) of the Act for Certain Communications of Regularly Released Factual Business Information and Forward-looking Information
- 2.1.1.2.4.7 SEC Rule 169 -- Exemptions from Sections 2(a)(10) and 5(c) of the Act for Certain Communications of Regularly Released Factual Business Information
- 2.1.1.2.5 Research reports and free writing prospectuses
 - 2.1.1.2.5.1 SEC Rule 137 -- Definition of "offers," "participates," or "participation" in Section 2(11) in relation to certain publications by persons independent of participants in a distribution
 - 2.1.1.2.5.2 SEC Rule 138 and SEC Rule 139 -- Definition of "offer for sale" and "offer to sell" in Sections 2(10) and 5(c) in relation to certain publications
- 2.1.1.3 Understands communication-related liabilities
 - 2.1.1.3.1 Securities Act of 1933, Section 11 -- Civil Liabilities on Account of False Registration Statement
 - 2.1.1.3.2 Securities Act of 1933 Section 12 -- Civil Liabilities Arising in Connection with Prospectuses and Communications
 - 2.1.1.3.2.1 Rule 159 -- Information Available to Purchaser at Time of Contract of Sale
 - 2.1.1.3.2.2 Rule 412 -- Modified or Superseded Documents
 - 2.1.1.3.3 Securities Act of 1933, Section 17 -- Fraudulent Interstate Transactions
 - 2.1.1.3.4 Securities Act of 1933, Section 23 -- Unlawful Representations
 - 2.1.1.3.5 SEC Rule 175 -- Liability for Certain Statements by Issuers
 - 2.1.1.3.6 Securities Exchange Act of 1934, Rule 3b-6 -- Liability for Certain Statements by Issuers
- 2.1.1.4 Understands regulatory requirements pertaining to a company's ongoing reporting obligations
 - 2.1.1.4.1 Registration of issuer's securities under Securities Exchange Act of 1934
 - 2.1.1.4.1.1 Section 12 -- Registration Requirements for Securities
 - 2.1.1.4.1.2 Section 12(a) -- Exchange-listed Securities
 - 2.1.1.4.1.3 Section 12(f) -- Unlisted Trading Privileges for Security Originally Listed on Another National Exchange
 - 2.1.1.4.1.4 Section 12(g) -- Registration of Securities of Issuers Engaged in Interstate Commerce
 - 2.1.1.4.1.5 Section 12(j) -- Suspension or Revocation of Registration of the Issuer's Securities
 - 2.1.1.4.1.6 Regulation 15D -- Reports of Registrants Under the Securities Act of 1933 (Rules 15d-1 to 15g-100)

	<ul style="list-style-type: none"> 2.1.1.4.2 Regulation FD -- Selective Disclosure and Insider Trading 2.1.1.5 Understands regulatory requirements pertaining to disclosure of a member firm's interest in distribution <ul style="list-style-type: none"> 2.1.1.5.1 SEC Rule 15c1-5 -- Disclosure of Control 2.1.1.5.2 SEC Rule 15c1-6 -- Disclosure of Interest in Distributions 2.1.1.5.3 NASD Rule 2240 -- Disclosure of Control Relationship with Issuer 2.1.1.5.4 NASD Rule 2250 -- Disclosure of Participation or Interest in Primary or Secondary Distribution 2.1.2. Assists in the distribution of the preliminary and final prospectuses <ul style="list-style-type: none"> 2.1.2.1 Securities Act of 1933 <ul style="list-style-type: none"> 2.1.2.1.1 Rule 153A -- Definition of "Preceded by a Prospectus" as Used in Section 5(b)(2) in Relation to Certain Transactions Requiring Approval of Security Holders 2.1.2.1.2 Rule 172 -- Delivery of Prospectuses 2.1.2.1.3 Rule 174 -- Delivery of prospectus by dealers 2.1.2.1.4 Rule 460 -- Distribution of preliminary prospectus 2.1.2.2 Securities Exchange Act of 1934 <ul style="list-style-type: none"> 2.1.2.2.1 Rule 15c2-8 -- Delivery of Prospectus (preliminary prospectus, final prospectus, information required in registration statements) 2.1.3. Understands FINRA/NASD rules pertaining to securities distributions <ul style="list-style-type: none"> 2.1.3.1 FINRA Rule 5110 -- Corporate Financing Rule -- Underwriting Terms and Arrangements 2.1.3.2 NASD Rule 2720 --Distribution of Securities of Members and Affiliates -- Conflicts of Interest
<p>2.2 <i>Activities of the Underwriting Syndicate</i></p>	
	<ul style="list-style-type: none"> 2.2.1 Manages the execution of syndicate agreements, including agreement among underwriters, selected dealers agreement, deal wires <ul style="list-style-type: none"> 2.2.1.1 Types of underwriting commitments (e.g., firm commitment, competitive bid or negotiated, stand-by commitment , all or none, best efforts) 2.2.1.2 Issuer and shareholder lock-up agreements 2.2.1.3 Securities Exchange Act of 1934 <ul style="list-style-type: none"> 2.2.1.3.1 Rule 10b-9 -- Prohibited Representations in Connection with Certain Offerings 2.2.1.3.2 SEC Rule 15c2-4 -- Transmission or Maintenance of Payments Received in Connection with Underwritings 2.2.1.4 NASD Rule 2770 -- Disclosure of Price in Selling Agreements 2.2.2 Prepares and files all necessary regulatory wires (e.g., Regulation M filings) <ul style="list-style-type: none"> 2.2.2.1 Regulation M, Rule 101 -- Activities by Distribution Participants, Rule 102 --Activities by Issuers and Selling Security Holders During a Distribution
<p>2.3 <i>Execution and Distribution</i></p>	
	<ul style="list-style-type: none"> 2.3.1 Assists in the education of internal sales force and marketing of the offering <ul style="list-style-type: none"> 2.3.1.1 Determines current trends in the market/sectors and identifies the sales points of each transaction

- 2.3.1.2 Assists in drafting materials regarding the transaction to educate the internal sales force (e.g. internal sales memo)
- 2.3.1.3 Assists the issuer in preparing the road show presentation
- 2.3.1.4 Assists the issuer in setting up investor meetings
- 2.3.1.5 Reviews the current shareholders of the issuer as well as shareholders of comparable companies to locate prospective investors
- 2.3.1.6 Distributes materials to potential investors as permitted by regulations
- 2.3.1.7 Keeps issuer apprised of the status of marketing, market conditions and time frame for transaction
- 2.3.1.8 Understands marketing restrictions under industry regulations
 - 2.3.1.8.1 SEC Rule 15c1-8 – Sales at the Market and NASD Rule 2760 --Offerings “At the Market”
 - 2.3.1.8.2 “Blue Sky” and The National Securities Markets Improvement Act of 1996 (NSMIA) (Section 18 of the Securities Act of 1933 -- Exemption from State Regulation of Securities Offerings)
 - 2.3.1.8.3 NASD Rule 2711(a)(5) and NYSE Rule 472.50 -- Definition of Public Appearance
 - 2.3.1.8.4 NASD Rule 2711(c)(4-6) and NYSE Rule 472(b)(5-6) -- Restrictions on Communications with the Subject Company
 - 2.3.1.8.5 NASD Rule 2711(e) and NYSE Rule 472(g) -- Prohibition of Offering Favorable Research for Business
 - 2.3.1.8.6 NASD Rule 2711(f) and NYSE Rule 472(f) -- Restrictions on Publishing Research Reports and Public Appearances; Termination of Coverage
 - 2.3.1.8.7 NASD Rule 3120 -- Use of Information Obtained in Fiduciary Capacity
- 2.3.2 Builds the book
 - 2.3.2.1 Ascertains investor interest and price level information and maintains “indication of interest book” and assists in creating and maintaining the book, which includes: the list of prospective investors and how the issue is split among the underwriters
 - 2.3.2.2 Understand the suitability rules in order to perform thorough suitability assessments of customers
 - 2.3.2.2.1 NASD Rule 2310 -- Recommendations to Customers -- Suitability
 - 2.3.2.2.2 NASD IM 2310-3 -- Suitability obligations to institutional customers
 - 2.3.2.2.3 NYSE Rule 405 -- Diligence as to Accounts
- 2.3.3 Sizing, pricing and timing
 - 2.3.3.1 Maintains information about other scheduled transactions in the market and the release of economic data for the purpose of pricing and scheduling the offering
 - 2.3.3.2 Makes sizing, pricing and timing judgments and recommendations to issuers based on certain factors, including but not limited to: indications of interest, supply and demand, overall market conditions, debt and volatility, investor feedback, trading depth and volatility during the marketing period, existing holder participation in a follow-on offering, and valuation
- 2.3.4 Allocation, syndicate short covering, stabilization and other market activities
 - 2.3.4.1 Researches and summarizes the following allocation factors:

<p>2.3.4.1.1 2.3.4.1.2 2.3.4.1.3 2.3.4.1.4 2.3.4.1.5 2.3.4.1.6 2.3.4.1.7 2.3.4.2 2.3.4.2.1 2.3.4.2.1.1 2.3.4.2.1.2 2.3.4.2.1.3 2.3.4.2.1.4 2.3.4.2.1.5 2.3.4.2.2 2.3.4.3 2.3.5 2.3.5.1 2.3.5.2 2.3.5.3 2.3.5.4 2.3.5.5</p>	<p>Retail versus institutional demand Investor trading history NASD Rule 2810 -- Direct Participation Programs NASD Rule 2750 -- Transactions with Related Person FINRA Rule 5130 -- Restrictions on the Purchase and Sale of Initial Equity Public Offerings and FINRA Rule 6130 -- Transactions Related to Initial Public Offerings FINRA Rule 5190 -- Notification Requirements for Offering Participants SEC Regulation M Rule 105 -- Short Selling in Connection with a Public Offering Manages stabilizing activity and syndicate short positions Understands the following rules and regulations applicable to such activities SEC Regulation M Rule 100 -- Definitions SEC Regulation M Rule 103 -- Nasdaq Passive Market Making SEC Regulation M Rule 104 -- Stabilizing and Other Activities in Connection with an Offering SEC Rule 17a-2 -- Recordkeeping Requirements Relating to Stabilizing Activities FINRA Rules 6220(a)(17) -- Definition of stabilizing bid and FINRA Rule 5190(e) -- Notice of Penalty Bids and Syndicate Covering Transactions in OTC Equity Securities Assists in structuring and managing the over-allotment option (i.e., green shoe), determines whether to exercise the green shoe and to what extent based upon market conditions and the short position NASD Rule 2780 -- Solicitation of Purchases on an Exchange to Facilitate a Distribution of Securities Billing and delivery Calculates compensation of the syndicate (e.g., components of underwriter's spread including management fee, underwriting fee, selling concession; gross spread; pot agreement (jump ball, fixed); free retention; designations) Assists in ensuring that all customer orders are booked correctly Communicates with branch office managers or designee to confirm allotments and designations NASD Rule 2730 -- Securities Taken in Trade NASD Rule 2740 -- Selling Concessions, Discounts, and other Allowances</p>
<p>2.4</p>	<p><i>Post-Execution Activities for Financing Deals</i></p>
<p>2.4.1 2.4.1.1 2.4.1.1.1 2.4.1.1.2 2.4.1.1.3</p>	<p>Compiles the deal file, including correspondence with underwriting group members, selling groups and/or the issuer, archives of pitch and marketing materials, information used for road shows, book building, prospectuses, and copies of underwriting materials Understands books and record requirements SEC Rule 17a-3 -- Records to be Made by Certain Exchange Members, Brokers and Dealers SEC Rule 17a-4 -- Records to be Preserved by Certain Exchange Members, Brokers and Dealers NASD Rule 3110(a) -- Books and Records and NYSE Rule 440 -- Books and</p>

	records
2.4.2	Keeps tracks of billing and finalizing the transaction
2.4.2.1	NASD Rule 11880 -- Settlement of Syndicate Accounts
2.5	<i>Securities Exempt from the Registration Requirements of the Securities Act of 1933</i>
2.5.1	Section 3 -- Exempted securities
2.5.1.1	SEC Rule 147 -- "Part of an Issue," "Person Resident" and "Doing Business Within," for Purposes of Section 3(a)(11)
2.5.1.2	SEC Regulation A -- General exemptions
2.5.1.2.1	Rule 251 -- Definition of terms
2.5.1.2.2	Rule 254 -- Amount of securities exempted
2.5.1.2.3	Rule 256 -- Filing and use of the offering circular
2.5.1.2.4	Rule 258 -- Sales material to be filed
2.6	<i>Transactions Exempt from the Registration Requirements of the Securities Act of 1933</i>
2.6.1	Private Placements -- Performs tasks similar to those associated with public offerings (e.g., see sections on communications and due diligence) and performs the following tasks that are unique to private placement
2.6.1.1	Assists in drafting and executing the Placement Agent Agreement
2.6.1.2	Assists in drafting and executing of engagement documentation for private placements
2.6.1.2.1	Understanding the obligations and liabilities to the issuer and investors
2.6.1.3	Assists in determining eligibility of interested investors
2.6.1.4	Assists in the preparation of the private offering documents, including but not limited to the private placement memorandum (PPM), the confidentiality agreement, and the teaser (i.e., an executive summary, or a one-page document describing financing opportunities to attract interest), and security term sheets (i.e., expected pricing)
2.6.1.5	Assists in identifying the list of potential investors and determines the types and suitability of investors for whom private placement is appropriate
2.6.1.6	Assists in structuring appropriate private placement securities, convertibles, preferred stock, subordinated debt, warrants
2.6.1.7	Assists in procuring nonbinding commitments from interested investors
2.6.2	Understands regulations pertaining to the distribution of private placement offerings
2.6.2.1	Securities Act of 1933 Section 4(2) -- Transactions by an Issuer not Involving any Public Offering
2.6.2.2	Securities Act of 1933 Section 4(6) -- Private Placements
2.6.2.3	Regulation D -- Rules Governing the Limited Offer and Sale of Securities Without Registration Under the Securities Act of 1933
2.6.2.3.1	Rule 501 -- Definitions and Terms Used in Regulation D
2.6.2.3.2	Rule 502 -- General Conditions to be Met
2.6.2.3.3	Rule 503 -- Filing of Notice of Sales
2.6.2.3.4	Rule 504 -- Exemption for Limited Offerings and Sales of Securities Not Exceeding \$1,000,000
2.6.2.3.5	Rule 505 -- Exemption for Limited Offers and Sales of Securities Not Exceeding \$5,000,000
2.6.2.3.6	Rule 506 -- Exemption for Limited Offers and Sales Without Regard to Dollar

Amount of Offering	
2.6.2.4	SEC Rule 144A -- Private Resales of Securities to Institutions
2.6.2.5	Regulation S -- Rules Governing Offers and Sales Made Outside the U.S. Without Registration Under the Securities Act of 1933
2.6.2.5.1	Rule 901-- General statement
2.6.2.5.2	Rule 902 -- Definitions
2.6.2.5.3	Rule 903 -- Offers or Sales of Securities by the Issuer, a Distributor, and of their Respective Affiliates, or Any Person Acting on Behalf of Any of the Foregoing; Conditions Relating to Specific Securities
2.6.2.5.4	Rule 904 -- Offshore Resales
2.6.2.6	FINRA Rule 5122 -- Private Placements of Securities Issued by Members
2.6.3	Resales of securities by control persons
2.6.3.1	SEC Rule 144 -- Persons Deemed Not to be Engaged in a Distribution and Therefore not Underwriters
2.7 Principal Trading Markets	
2.7.1	General understanding of securities markets/exchanges (e.g., Nasdaq, NYSE, OTC Bulletin Board, foreign)
2.7.2	NYSE and Nasdaq listing requirements
3. Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions	
3.1 Mergers and Acquisitions – Sell Side Transactions	
3.1.1	Setting up the process
3.1.1.1	Assists in preparing, negotiating and finalizing the engagement letter with the seller
3.1.1.2	Prepares and reviews with the seller potential transaction structures and the impact of existing market, regulatory and tax environment on the proposed transaction
3.1.1.2.1	Identifies and assesses potential transactions (e.g., sale of entire company, divestitures, spin--offs, split--offs)
3.1.1.2.2	Identifies and assesses potential transaction structures (e.g., stock versus asset sale, merger versus tender offer)
3.1.1.2.3	Coordinates with the seller's tax advisors to identify potential tax issues and their financial implications (e.g., tax free reorganization, recapitalizations, IRS Rule 338(h)(10) elections, stock versus cash)
3.1.1.2.4	Coordinates with the seller's legal advisors in identifying antitrust and other regulatory issues (e.g., cross border transactions)
3.1.1.2.5	Assists the seller in identifying potential corporate issues (e.g., IRS Rules 160 and 280G, golden parachute, plant closings, shareholder objectives, corporate culture)
3.1.1.2.6	Assists the seller in evaluating the impact of terms of existing equity and debt securities and contractual obligations of the seller on the proposed transaction (e.g. debt covenants, consents, conversion features)

- 3.1.1.3 Performs financial valuation analysis for the seller and produces a comprehensive valuation report using a variety of valuation methods (See Section 1.2)
- 3.1.1.4 Conducts extensive analyses of potential buyers to:
 - 3.1.1.4.1 Assist the seller in identifying potential buyers and their strengths and weaknesses, including capacity to pay
 - 3.1.1.4.2 Assist in evaluating any financing requirements, including stapled financing
 - 3.1.1.4.3 Assess the primary competitors both general and sector--specific
 - 3.1.1.4.4 Assess the existing growth strategy and optimization potential
 - 3.1.1.4.5 Perform suitability assessments of specific candidates
 - 3.1.1.4.6 Assist in evaluating credit implications of the potential transaction
 - 3.1.1.4.7 Evaluate potential market reaction announcements concerning a merger/acquisition
- 3.1.2 Marketing the transaction
 - 3.1.2.1 Assists the seller in preparation of confidentiality agreements (CAs)
 - 3.1.2.2 Prepares, finalizes and distributes a business profile highlighting corporate overview, financial history, and other information relevant to a potential buyer ("teaser")
 - 3.1.2.3 Assists in process of contacting potential buyers and having them sign the confidentiality/non--disclosure agreements
 - 3.1.2.4 Assists in the preparation of a confidential offering document for presentation to potential buyers and merger partners
 - 3.1.2.5 Prepares, finalizes and distributes bidding procedures letter to potential buyers
 - 3.1.2.6 Assists the seller in drafting of management presentations
- 3.1.3 Managing the bidding process
 - 3.1.3.1 Receives non--binding indications of interest from potential buyers and organizes and communicates material to the seller
 - 3.1.3.2 Evaluates buyers' proposals from strategic and financial perspectives; (e.g., buyers' ability to pay; strength of buyers' currency, accretion/dilution analysis, assessment of potential synergies deemed obtainable from buyers) social issues, sensitivity to potential regulatory/antitrust issues)
 - 3.1.3.2.1 General understanding of Hart Scott Rodino Anti--Trust Act
 - 3.1.3.3 Assists the seller to determine successful bids and assists in communicating regret or invitations to move forward with potential buyers
 - 3.1.3.4 Attends and monitors management presentations, data room sessions and site visits (See Section 1.3.2 -- Assists in due diligence process -- sell side transactions)
 - 3.1.3.5 Responds to potential buyers' requests for additional information (See Section 1.3.2 -- Assists in due diligence process -- sell side transactions)
 - 3.1.3.6 Assists the seller in preparation of the final round procedures, including deadline for final offers and guidance on issues to be addressed in letters of intent
- 3.1.4 Executing the transaction
 - 3.1.4.1 Finalizes and distributes final round procedure letter to potential buyers
 - 3.1.4.2 Receives, analyzes and presents final round bids to the seller
 - 3.1.4.3 Assists the seller in selecting a buyer(s) with whom to negotiate definitive agreements
 - 3.1.4.3.1 Assists the seller in communicating to the seller's legal counsel and

	<p>accountants the material financial terms of the transaction as agreed to by seller and buyer</p> <p>3.1.4.4 Assists in the preparation of a fairness opinion, if warranted or requested (See Section 3.3 -- Fairness Opinion)</p>
3.2	<i>Mergers and Acquisitions – Buy Side Transactions</i>
3.2.1	<p>Analysis before the bid</p> <p>3.2.1.1 Determines or assesses the strategy, resources, financial capacity of the buyer</p> <p>3.2.1.2 Evaluates rationale for the acquisition and value of the business</p> <p>3.2.1.3 Identifies potential corporate, structural or legal impediments to the transaction (control share acquisition statutes, shareholder rights plans, staggered boards, etc.)</p> <p>3.2.1.4 Coordinates with buyer's tax advisors in the identification of potential tax issues and their financial implications (tax free reorganization, recapitalizations, IRS Rule 338(h)(10), elections, stock versus cash)</p> <p>3.2.1.5 Reviews the confidential offering memorandum and confidentiality agreement provided by the seller</p> <p>3.2.1.6 Analyzes target's financial results, future prospects, market position, industry dynamics, potential strategic value to the buyer and potential synergies with the buyer (See Section 1.3.3 – Assists in the due diligence process – Buy side transactions)</p> <p>3.2.1.7 Produces preliminary stand-alone and pro forma valuations of target through comparable company analysis, precedent transaction analysis, discounted cash flow analysis, leveraged buyout (LBO) analysis and other relevant analyses (See Section 1.2 – Analysis and Evaluation of Data)</p> <p>3.2.1.8 Assists in evaluating credit implications of the potential transaction</p> <p>3.2.1.9 Assesses the capabilities of other buyers and informs the buyer regarding recent developments among other buyers and competitors</p> <p>3.2.1.10 Evaluate potential market reaction announcements concerning a merger/acquisition</p>
3.2.2	<p>Bidding process</p> <p>3.2.2.1 Assists the buyer with development, finalization and review of preliminary bid</p> <p>3.2.2.2 Assists in process of contacting the seller and/or acting as a liaison with its advisors</p> <p>3.2.2.3 Assists in arrangement of financing alternatives from various institutions, as necessary</p>
3.2.3	<p>Executing the deal</p> <p>3.2.3.1 Assists the buyer in preparing follow up due diligence requests and communicates with target (See Section 1.3.3 – Assists in the due diligence process – Buy side transactions)</p> <p>3.2.3.2 Develops, finalizes and reviews final bid with the buyer</p> <p>3.2.3.3 Assists in the preparation of a fairness opinion, if warranted or requested. (See Section 3.3 – Fairness Opinions)</p> <p>3.2.3.4 Assists buyer in communicating to buyer's legal counsel and accountants material financial terms of the transaction as agreed to by seller and buyer</p>
3.3	<i>Fairness Opinions (applicable for both buy side and sell side transactions)</i>
3.3.1	Assists the client with the determination of whether a fairness opinion is necessary
3.3.2	Prepares the financial analysis for the fairness opinion (See Section 1.2)

3.3.3	Presents the analysis to the firm's internal approval committees, the client and the client's board of directors or special committee of the board
3.3.3.1	Assists in preparation of fairness opinion meeting; internal procedures for disclosing conflicts
3.3.4	Assists in drafting the fairness opinion letter
3.3.5	Assists client in the preparation of proxy statement/prospectus disclosure regarding any fairness opinion that has been issued
3.3.6	FINRA Rule 5150 -- Fairness Opinions (e.g., Disclosures, Procedures)
3.4	<i>Signing to Closing (Applicable for both buy side and sell side transaction)</i>
3.4.1	Reviews proxy statement/prospectus disclosure regarding the transaction
3.4.2	Assists buyer in certain closing conditions; monitors closing conditions
3.4.3	Assists buyer in facilitating the closing
3.4.4	Assists buyer in the development of external communications materials (e.g., press release, Investor presentation)
3.5	<i>SEC Rules Applicable to Mergers and Acquisitions</i>
3.5.1	Securities Act of 1933
3.5.1.1	Rule 145 -- Reclassification of Securities, Mergers, Consolidations, and Acquisitions of Assets
3.5.1.2	Form S-4 -- Registration Statement -- Used in connection with business combinations and exchange offers
3.5.1.3	Rule 165 -- Offers Made in Connection with a Business Combination Transaction; Rule 425 -- Filing of Certain Prospectuses and Communications Under Rule 135 in Connection With Business Combination Transactions
3.5.2	Securities Exchange Act of 1934
3.5.2.1	Rule 14a-101 -- Information Required in Proxy Statement, Schedule 14A -- Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934; Item 14 of Schedule 14A -- Mergers, consolidations, acquisitions and similar matters
3.5.2.2	Regulation M-A -- Mergers and Acquisitions
3.6	<i>Tender Offer Regulations</i>
3.6.1	General understanding of tender offer regulations including communications, timing and filing requirements, disclosure requirements and equal treatment of shareholders
3.6.1.1	Tender offers by issuer
3.6.1.1.1	SEC Rule 13e-4 -- Tender Offers by Issuers (including Dutch Auctions and other repurchase programs); Schedule 13E-4 -- Filing requirement
3.6.1.1.2	SEC Rule 13e-3 -- Going Private Transactions by Certain Issuers or Their

Affiliates	
3.6.1.2	Other tender offers
3.6.1.2.1	SEC Rule 14d-1 -- Filing of Schedules 13D-G
3.6.1.2.2	SEC Rule 14d-9 -- Recommendation or Solicitation by the Subject Company and Others
3.6.1.2.3	SEC Rule 14d-10 -- Equal Treatment of Security Holders
3.6.1.2.4	SEC Rule 14e-1 -- Unlawful Tender Offer Practices
3.6.1.2.5	SEC Rule 14e-2 -- Position of Subject Company with Respect to a Tender Offer
3.6.1.2.6	SEC Rule 14e-3 -- Transactions in Securities on the Basis of Material, Non-public Information in the Context of Tender Offers
3.6.1.2.7	SEC Rule 14e-4 -- Prohibited Transactions in Connection with Partial Tender Offers
3.6.1.2.8	SEC Rule 14e-5 -- Prohibiting Purchases Outside of a Tender Offer
3.7 Financial Restructuring/ Bankruptcy	
3.7.1	Understands the potential claims and priorities of investors in connection with bankruptcy (e.g., senior secured creditors (senior debt lenders); junior secured creditors (senior subordinated debt); unsecured creditors (trade suppliers); mezzanine (convertible debt); preferred stock; common stock)
3.7.2	Understands fundamental terms of loan documents
3.7.2.1	Credit agreements and indentures (e.g., repayment, prepayment, events of default, negative covenants)
3.7.2.2	Financial covenants (including an assessment of the company's short-term and long-term liquidity including maturities of debt, required redemptions, and other obligations and rights)
3.7.2.3	Consequences of refinancing early
3.7.3	Understands fundamental terms of bankruptcy (e.g., plan of reorganization (Bankruptcy Code Chapter 11), debtor in Possession financing (DIP), liquidation (Bankruptcy Code Chapter 7), mergers and acquisitions (Bankruptcy Code Section 363), stalking horse, the roles of creditor committees, debtor in possession, company's board of directors/management, and trustee)
4. General Securities Industry Regulations	
4.1 Requirements for Registration of Individuals	
4.1.1	Qualification, registration and approval
4.1.1.1	FINRA By-Laws and NASD Rules
4.1.1.1.1	Article III, Sec. 3 -- Ineligibility of Certain Persons for Membership or Association
4.1.1.1.2	Article IV, Sec. 4 -- Retention of Jurisdiction
4.1.1.1.3	Article V, Sec. 1 -- Qualification Requirements
4.1.1.1.4	NASD Rule 1000 Series -- Membership, Registration and Qualification Requirements
4.1.1.1.5	NASD Rule 3010 (e) -- Qualifications Investigated
4.1.1.2	NYSE Rules

4.1.1.2.1	Rule 345 -- Employees -- Registration, Approval, Records
4.1.1.2.2	Rule 345.11 -- Investigation and Records
4.1.1.2.3	Rule 346(a) -- Limitations -- Employment and Association with Members and Member Organizations
4.1.1.3	Securities Exchange Act of 1934
4.1.1.3.1	Rule 17f-2 -- Fingerprinting of Securities Industry Personnel
4.1.2	Continuing education for registered persons
4.1.2.1	Regulatory Element (NASD Rule 1120(a), NYSE Rule 345A(a))
4.1.2.2	Firm Element (NASD Rule 1120(b), NYSE Rule 345A(b))
4.1.3	Statutory disqualification
4.1.3.1	SEC Rule 3(a)(39) -- Definition of "Statutory Disqualification"
4.2	<i>Business Conduct</i>
4.2.1	Anti-manipulation and fraud rules
4.2.1.1	Securities Exchange Act of 1934
4.2.1.1.1	Section 9(a)(1)-(a)(6) -- Prohibition Against Manipulation of Security Prices
4.2.1.1.2	Rule 10b-1 -- Prohibition of Use of Manipulative or Deceptive Devices or Contrivances with Respect to Certain Securities Exempted from Registration
4.2.1.1.3	Rule 10b-3 -- Employment of Manipulative and Deceptive Devices by Brokers or Dealers
4.2.1.1.4	Rule 10b-18 -- Purchase of Certain Equity Security by the Issuer
4.2.1.1.5	Rule 15c1-1 -- Definitions
4.2.1.1.6	Rule 15c1-2 -- Fraud and Misrepresentation
4.2.1.1.7	Rule 15c1-3 -- Misrepresentation by Brokers, Dealers and Municipal Securities Dealers as to Registration
4.2.1.1.8	Rule 15c1-9 -- Use of Pro Forma Balance Sheets
4.2.1.2	FINRA and NASD Rules
4.2.1.2.1	FINRA Rule 2010 -- Standards of Commercial Honor and Principles of Trade
4.2.1.2.2	FINRA Rule 2020 -- Use of Manipulative, Deceptive or other Fraudulent Devices
4.2.1.2.3	NASD IM-3310 -- Manipulative and Deceptive Quotations
4.2.1.3	NYSE Rules
4.2.1.3.1	Rule 77 -- Prohibited Dealings and Activities; Rule 435(5) --Miscellaneous Prohibitions -- Circulation of Rumors
4.2.2	Insider trading/information barriers
4.2.2.1	Insider Trading and Securities Fraud Enforcement Act of 1988 and Joint Memo on Chinese Wall Policies and Procedures (NASD NTM 91-45 and NYSE IM 91-22)
4.2.2.2	Securities Exchange Act of 1934
4.2.2.2.1	Rule 10b5 -- Employment of Manipulative and Deceptive Devices
4.2.2.2.2	Rule 10b5-1 -- Trading "On the Basis of" Material Nonpublic Information in Insider Trading Cases
4.2.2.2.3	Rule 10b5-2 -- Duties of Trust or Confidence in Misappropriation Insider Trading Cases

- 4.2.2.2.4 Section 15(f) -- Written procedures designed to prevent misuse of material, non-public information
- 4.2.2.3 NYSE Rules
 - 4.2.2.3.1 Rule 351(e) -- Reports of Proprietary and Employee Trading Reviews
- 4.2.3 General business conduct rules and regulations
 - 4.2.3.1 Supervisory procedures and systems
 - 4.2.3.1.1 NASD Rule 3010 -- Supervision
 - 4.2.3.1.2 NYSE Rule 342 -- Offices: Approval, Supervision and Control
 - 4.2.3.2 Anti-money laundering rules
 - 4.2.3.2.1 NASD Rule 3011 -- Anti-Money Laundering Compliance Program; NASD IM-3011-1 -- Independent Testing Requirements; NASD IM-3011-2 -- Review of Anti-Money Laundering Compliance Person Information
 - 4.2.3.3 Transactions with other professionals
 - 4.2.3.3.1 NASD Rule 3050 -- Transactions for or by Associated Persons
 - 4.2.3.3.2 NYSE Rule 407 -- Transactions -- Employees of Members, Member Organizations and the Exchange
 - 4.2.3.4 Outside business activities
 - 4.2.3.4.1 NASD Rule 3030 -- Outside Business Activities of an Associated Person
 - 4.2.3.4.2 NASD Rule 3040 -- Private Securities Transactions of an Associated Person
 - 4.2.3.4.3 NYSE Rule 346 -- Limitations -- Employment and Association with Members and Member Organizations
 - 4.2.3.5 Sharing in customer accounts
 - 4.2.3.5.1 NASD Rule 2330(e) -- Prohibition Against Guarantees
 - 4.2.3.5.2 NASD Rule 2330(f) -- Sharing in Accounts; Extent Permissible
 - 4.2.3.5.3 NASD Rule 2370 -- Borrowing From or Lending to Customers
 - 4.2.3.6 Gifts and gratuities
 - 4.2.3.6.1 FINRA Rule 3220 -- Influencing or Rewarding Employees of Others
 - 4.2.3.7 Handling customer complaints
 - 4.2.3.7.1 NASD Rule 3110(d) -- Record of Written Complaints
 - 4.2.3.7.2 NASD Rule 3110(e) -- "Complaint" Defined
 - 4.2.3.8 Reporting requirements
 - 4.2.3.8.1 NASD Rule 3070 -- Reporting Requirements
 - 4.2.3.9 Investigations and resulting sanctions
 - 4.2.3.9.1 FINRA Rule 8000 -- Investigations and Sanctions
 - 4.2.3.9.2 FINRA Rule 8310 -- Sanctions for Violation of the Rules
 - 4.2.3.10 Arbitration and mediation procedures
 - 4.2.3.10.1 NASD Rule 3080 -- Disclosure to Associated Persons When Signing Form U-4
 - 4.2.3.10.2 FINRA Rule 12000 -- Code of Arbitration Procedure for Customer Disputes
 - 4.2.3.10.3 FINRA Rule 13000 -- Code of Arbitration Procedure for Industry Disputes
 - 4.2.3.10.4 FINRA Rule 14000 -- Code of Mediation Procedure

Index of the Rules and Regulations to Sections of the Content Outline

The rules and regulations presented in the following table are listed in alphabetical and numeric order. The column entitled "Outline Section(s)" indicates the linkage of each rule/regulation to particular sections of the content outline. Note that the references and citations given here are current as of the time of this publication. Questions on the examination are updated to reflect the current interpretations of the rules and regulations on which they are based. Questions on new rules are added to the pool of questions for the examination within a reasonable time period after their effective dates. Questions on rescinded rules are deleted from the pool of questions. Candidates are responsible for keeping abreast of rule changes that relate to topics covered in the examination.

Rule, Law, Regulation, Manual or Document	Outline Section(s)
Blue Sky laws	2.3.1.8.2
FINRA By-laws	4.1.1.1
FINRA 2010 -- Standards of Commercial Honor and Principles of Trade	4.2.1.2.1
FINRA 2020 -- Use of Manipulative, Deceptive or Other Fraudulent Devices	4.2.1.2.2
FINRA 5122 -- Private Placements of Securities Issued by Members	2.6.2.6
FINRA 3220 -- Influencing or Rewarding Employees of Others	4.2.3.6.1
FINRA 5110 -- Corporate Financing Rule -- Underwriting Terms and Arrangements	2.1.3
FINRA 5130 -- Restrictions on the Purchase and Sale of Initial Equity Public Offerings	2.3.4.1.5
FINRA 5150 -- Fairness Opinions	3.3.6
FINRA 5190 -- Notification Requirements for Offering Participants	2.3.4.1.6
FINRA 6130 -- Transactions Related to Initial Public Offerings	2.3.4.1.5
FINRA 6220 -- Definitions	2.3.4.2.1.5
FINRA 8000 -- Investigations and Sanctions	4.2.3.9.1
FINRA 8310 -- Sanctions for Violation of the Rules	4.2.3.9.2
FINRA 12000 -- Code of Arbitration Procedure for Customer Disputes	4.2.3.10.2
FINRA 13000 -- Code of Arbitration Procedure for Industry Disputes	4.2.3.10.3
FINRA 14000 -- Code of Mediation Procedure	4.2.3.10.4
NASD 2370 -- Borrowing From or Lending to Customers	4.2.3.5.3
NASD 2750 -- Transactions with Related Persons	2.3.4.1.4
NASD 3030 -- Outside Business Activities of an Associated Person	4.2.3.4.1
NASD 3070 -- Reporting Requirements	4.2.3.8.1
NASD 3080 -- Disclosure to Associated Persons When Signing Form U-4	4.2.3.10.1
NASD 342 -- Offices -- Approval, Supervision and Control	4.2.31.2
NASD 1000 Series -- Membership, Registration and Qualification Requirements	4.1.1.1.4
NASD 1120 -- Continuing Education Requirements	4.1.2.1, 4.1.2.2
NASD 11880 -- Settlement of Syndicate Accounts	2.4.2.1
NASD 2240 -- Disclosure of Control Relationship with Issuer	2.1.1.5.3
NASD 2250 -- Disclosure of Participation or Interest in Primary or Secondary Distribution	2.1.1.5.4
NASD 2310 -- Recommendations to Customers-- Suitability	2.3.2.2.1
NASD 2310-3 -- Suitability Obligations to Institutional Customers	2.3.2.2.2
NASD 2330 -- Customers' Securities or Funds	4.2.3.5.1,

	4.2.3.5.2
NASD 2711 -- Research Analysts and Research Reports	1.1.3.3.1, 2.3.1.8.3
NASD 2720 -- Distribution of Securities of Members and Affiliates -- Conflicts of Interest	2.1.3.2
NASD 2730 -- Securities Taken in Trade	2.3.5.4
NASD 2740 -- Selling Concessions, Discounts and Other Allowances	2.3.5.5
NASD 2760 -- Offerings 'At the Market'	2.3.1.8
NASD 2770 -- Disclosure of Price in Selling Agreements	2.2.1.4
NASD 2780 -- Solicitation of Purchases on an Exchange to Facilitate a Distribution of Securities	2.3.4.3
NASD 2810 -- Direct Participation Programs	2.3.4.1.3
NASD 3010 -- Supervision	4.1.1.1.5, 4.2.3.1.1
NASD 3011 -- Anti-Money Laundering Compliance Program	4.2.3.2.1
NASD 3040 -- Private Securities Transactions of an Associated Person	4.2.3.4.2
NASD 3050 -- Transactions for or by Associated Persons	4.2.3.3.1
NASD 3110 -- Books and Records	2.4.1.1.4, 4.2.3.7.1, 4.2.3.7.2
NASD 3120 -- Use of Information Obtained in Fiduciary Capacity	2.3.1.8.7
NASD IM-3011-1 -- Independent Testing Requirements	4.2.3.2.1
NASD IM-3011-2 -- Review of Anti-Money Laundering Compliance Person Information	4.2.3.2.1
NASD IM-3310 -- Manipulative and Deceptive Quotations	4.2.1.2.3
NASD NTM 91-45 -- NASD/NYSE Joint Memo on Chinese Wall Policies and Procedures	4.2.2.1
NYSE 77 -- Prohibited Dealings and Activities	4.2.1.3.1
NYSE 345 -- Employees -- Registration, Approval, and Records	4.1.1.2.1
NYSE 345A -- Continuing Education For Registered Person	4.1.2.1
NYSE 346 -- Limitations -- Employment and Association with Members and Member Organizations	4.1.1.2.3, 4.2.3.4.3
NYSE 351 -- Offices -- Approval, Supervision and Control	4.2.2.3.1
NYSE 405 -- Diligence as to Accounts	2.3.2.2.3
NYSE 407 -- Transactions-- Employees of Members, Member Organizations and the Exchange	4.2.3.3.2
NYSE 435 -- Miscellaneous Prohibitions	4.2.1.3.1
NYSE 440 -- Books and Records	2.4.1.1.3
NYSE 472 -- Communications With The Public	1.1.3.3.1, 2.3.1.8.3
NYSE IM 91-22 -- NASD/NYSE Joint Memo on Chinese Wall Policies and Procedures	4.2.2.1
Regulation A -- Conditional Small Issues Exemption	2.5.1.2.1--
Rule 251 -- Scope of Exemption	2.5.1.2.4
Rule 254 -- Solicitation of Interest Document for Use Prior to an Offering Statement	
Rule 256 -- Filing of Sales Material	
Rule 258 -- Suspension of the Exemption	

Regulation D -- Rules Governing the Limited Offer and Sale of Securities Without Registration Under the Securities Act of 1933 Rule 501 -- Definitions and Terms Used in Regulation D Rule 502 -- General Conditions to Be Met Rule 503 -- Filing of Notice of Sales Rule 504 -- Exemption for Limited Offerings and Sales of Securities Not Exceeding \$1,000,000 Rule 505 -- Exemption for Limited Offers and Sales of Securities Not Exceeding \$5,000,000 Rule 506 -- Exemption for Limited Offers and Sales without Regard to Dollar Amount of Offering	2.6.2.3--2.6.2.3.6
Regulation FD -- Fair Disclosure	2.1.1.4.2
Regulation M Rule 100 -- Preliminary Note; Definitions Rule 101 -- Activities by Distribution Participants Rule 102 -- Activities by Issuers and Selling Security Holders During a Distribution Rule 103 -- Nasdaq Passive Market Making Rule 104 -- Stabilizing and Other Activities in Connection with an Offering Rule 105 -- Short Selling in Connection with a Public Offering	2.2.2.1, 2.3.4.1.7, 2.3.4.2.1.1 -- 2.3.4.2.1.3
Regulation M-A -- Mergers and Acquisitions	3.5.2.2
Regulation S -- Rules Governing Offers and Sales Made Outside the United States Without Registration Under the Securities Act of 1933 Rule 901 -- General Statement Rule 902 -- Definitions Rule 903 -- Offers or Sales of Securities by the Issuer, a Distributor, Any of their Respective Affiliates, or Any Person Acting on Behalf of Any of the Foregoing; Conditions Relating to Specific Securities Rule 904 -- Offshore Resales	2.6.2.5.1-- 2.6.2.5.4
Regulation S-K -- Standard Instructions for Filing Forms under the Securities Act of 1933, Securities Exchange Act of 1934, and Energy Policy and Conservation Act of 1975	2.1.1.1.3
Regulation S-X -- Accounting Rules Form and Content of Financial Statements	2.1.1.1.4
Securities Act of 1933, Rule 134 -- Communications Not Deemed a Prospectus	2.1.1.2.4.2
Securities Act of 1933, Rule 135a -- Generic Advertising	2.1.1.2.4.3
Securities Act of 1933, Rule 137 -- Publications or Distributions of Research Reports by Brokers or Dealers That Are Not Participating In an Issuer's Registered Distribution of Securities	2.1.1.2.5.1
Securities Act of 1933, Rule 138 -- Publications or Distributions of Research Reports By Brokers or Dealers About Securities Other Than Those They are Distributing	2.1.1.2.5.2
Securities Act of 1933, Rule 139 -- Publications or Distributions of Research Reports By Brokers or Dealers Distributing Securities	2.1.1.2.5.2
Securities Act of 1933, Rule 144 -- Persons Deemed Not to be Engaged in a Distribution and Therefore not Underwriters	2.6.3.1
Securities Act of 1933, Rule 144A -- Private Resales of Securities to Institutions	2.6.2.4
Securities Act of 1933, Rule 145 -- Reclassification of Securities, Mergers, Consolidations and Acquisitions of Assets	3.5.1.1

Securities Act of 1933, Rule 147 -- "Part of an Issue," "Person Resident," and "Doing Business Within" for Purposes of Section 3(a)(11)	2.5.1.1
Securities Act of 1933, Rule 153A -- Definition of "Preceded by a Prospectus" as Used in Section 5(b)(2) in Relation to Certain Transactions Requiring Approval of Security Holders	2.1.2.1.1
Securities Act of 1933, Rule 159 -- Information Available to Purchaser At Time of Contract of Sale	2.1.1.3.2.1
Securities Act of 1933, Rule 163 -- Exemption from Section 5(c) of the Act for Certain Communications By or On Behalf of Well-Known Seasoned Issuers	2.1.1.2.4.5
Securities Act of 1933, Rule 163A -- Exemption from Section 5(c) of the Act for Certain Communications Made by or on Behalf of Issuers More than 30 days Before a Registration Statement is Filed	2.1.1.2.4.4
Securities Act of 1933, Rule 164 -- Post-Filing Free Writing Prospectuses in Connection with Certain Registered Offerings	2.1.1.2.2
Securities Act of 1933, Rule 165 -- Offers Made in Connection with a Business Combination Transaction	3.5.1.3
Securities Act of 1933, Rule 168 -- Exemption from Sections 2(a)(10) and 5(c) of the Act for Certain Communications of Regularly Released Factual Business Information and Forward-Looking Information	2.1.1.2.4.6
Securities Act of 1933, Rule 169 -- Exemption from Sections 2(a)(10) and 5(c) of the Act for Certain Communications of Regularly Released Factual Business Information	2.1.1.2.4.7
Securities Act of 1933, Rule 172 -- Delivery of Prospectuses	2.1.2.1.2
Securities Act of 1933, Rule 174 -- Delivery of Prospectus by Deal	2.1.2.1.3
Securities Act of 1933, Rule 175 -- Liability for Certain Statements by Issuers	2.1.1.3.5
Securities Act of 1933, Rule 176 -- Circumstances Affecting the Determination of What Constitutes Reasonable Investigation and Reasonable Grounds for Belief Under Section 11 of the Securities Act	1.3.4.1
Securities Act of 1933, Rule 405 -- Definitions of Terms	2.1.1.1.6
Securities Act of 1933, Rule 412 -- Modified or Superseded Documents	2.1.1.3.2.2
Securities Act of 1933, Rule 415 -- Delayed or Continuous Offering and Sale of Securities	2.1.1.1.8
Securities Act of 1933, Rule 424 -- Filing of Prospectuses, Number of Copies	2.1.1.2.3.1
Securities Act of 1933, Rule 425 -- Filing of Certain Prospectuses and Communications under Rule 135 in Connection with Business Combination Transaction	3.5.1.3
Securities Act of 1933, Rule 427 -- Contents of Prospectus Used After Nine Months	2.1.1.2.3.2
Securities Act of 1933, Rule 430 -- Prospectus for Use Prior to Effective Date	2.1.1.2.3.3
Securities Act of 1933, Rule 430A -- Prospectus in a Registration Statement at the Time of Effectiveness	2.1.1.2.3.4
Securities Act of 1933, Rule 430B -- Prospectus in a Registration Statement After Effective Date	2.1.1.2.3.5
Securities Act of 1933, Rule 433 -- Conditions to Permissible Post-Filing Free Writing Prospectuses	2.1.1.2.2
Securities Act of 1933, Rule 460 -- Distribution of Preliminary Prospectus	2.1.2.1.4
Securities Act of 1933, Section 2 -- Definitions; Promotion of Efficiency, Competition, and Capital Formation	2.1.1.2.1
Securities Act of 1933, Section 3 -- Classes of Securities under this Title	2.5.1

Securities Act of 1933, Section 4 -- Exempted Transactions	2.6.2.1--2
Securities Act of 1933, Section 5 -- Prohibitions Relating to Interstate Commerce and the Mails	2.1.1.1.1
Securities Act of 1933, Section 7 -- Information Required in Registration Statement	2.1.1.1.2
Securities Act of 1933, Section 10 -- Information Required in Prospectus	2.1.1.2.3
Securities Act of 1933, Section 11 -- Civil Liabilities on Account of False Registration Statement	2.1.1.3.1
Securities Act of 1933, Section 12 -- Civil Liabilities Arising in Connection with Prospectuses and Communications	2.1.1.3.2
Securities Act of 1933, Section 17 -- Fraudulent Interstate Transactions	2.1.1.3.3
Securities Act of 1933, Section 23 -- Unlawful Representations	2.1.1.3.4
Securities Exchange Act of 1934, Rule 3(a)(39) -- Definitions and Application	4.1.3.1
Securities Exchange Act of 1934, Rule 3b-6 -- Liability for Certain Statements by Issuers	2.1.1.3.6
Securities Exchange Act of 1934, Rule 10b-1 -- Prohibition of Use of Manipulative or Deceptive Devices or Contrivances with Respect to Certain Securities Exempted from Registration	4.2.1.1.2
Securities Exchange Act of 1934, Rule 10b-3 -- Employment of Manipulative and Deceptive Devices by Brokers or Dealers	4.2.1.1.3
Securities Exchange Act of 1934, Rule 10b-5 -- Employment of Manipulative and Deceptive Devices	4.2.2.2.1
Securities Exchange Act of 1934, Rule 10b5-1 -- Trading "on the Basis of" Material Nonpublic Information in Insider Trading Cases	4.2.2.2.2
Securities Exchange Act of 1934, Rule 10b5-2 -- Duties of Trust or Confidence in Misappropriation Insider Trading Cases	4.2.2.2.3
Securities Exchange Act of 1934, Rule 10b-9 -- Prohibited Representations in Connection with Certain Offerings	2.2.1.3.1
Securities Exchange Act of 1934, Rule 10b-18 -- Purchases of Certain Equity Securities by the Issuer and Others	4.2.1.1.4
Securities Exchange Act of 1934, Rule 14a-101 -- Schedule 14A -- Information Required in Proxy Statement	3.5.2.1
Securities Exchange Act of 1934, Rule 15c2-8 -- Delivery of Prospectus	2.1.2.2
Securities Exchange Act of 1934, Rule 13a-11 -- Current Reports on Form 8-K	1.1.2.1
Securities Exchange Act of 1934, Rule 13a-13 -- Quarterly Reports on Form 10-Q and Form 10-QSB	1.1.2.2
Securities Exchange Act of 1934, Rule 13e-3 -- Going Private Transactions by Certain Issuers or their Affiliates	1.2.5.3, 3.6.1.1.2
Securities Exchange Act of 1934, Rule 13e-4 -- Tender Offers by Issuers	3.6.1.1.1
Securities Exchange Act of 1934, Rule 13g -- Information to Be Included in Statements Filed Pursuant to Rule 13d-1(b), (c) and (d) and Amendments Thereto Filed Pursuant to Rule 13d-2	1.1.2.4
Securities Exchange Act of 1934, Rule 14a-6 -- Filing Requirements	1.1.2.6
Securities Exchange Act of 1934, Rule 14d-1 -- Scope of and Definitions Applicable to Regulations 14D and 14E	1.2.5.4, 3.6.1.2
Securities Exchange Act of 1934, Rules 14d-9 -- Recommendation or Solicitation by the Subject Company and Others	1.2.5.4, 3.6.1.2.2

Securities Exchange Act of 1934, Rule 14d-10 -- Equal Treatment of Security Holders	3.6.1.2.3
Securities Exchange Act of 1934, Rule 14e-1 -- Unlawful Tender Offer Practices	3.6.1.2.4
Securities Exchange Act of 1934, Rule 14e-2 -- Position of Subject Company with Respect to a Tender Offer	3.6.1.2.5
Securities Exchange Act of 1934, Rule 14e-3 -- Transactions in Securities on the Basis of Material, Nonpublic Information in the Context of Tender Offers	3.6.1.2.6
Securities Exchange Act of 1934, Rule 14e-4 -- Prohibited Transactions in Connection with Partial Tender Offers	3.6.1.2.7
Securities Exchange Act of 1934, Rule 14e-5 -- Prohibiting Purchases Outside of a Tender Offer	3.6.1.2.8
Securities Exchange Act of 1934, Rule 15c1-1 -- Definitions	4.2.1.1.5
Securities Exchange Act of 1934, Rule 15c1-2 -- Fraud and Misrepresentation	4.2.1.1.6
Securities Exchange Act of 1934, Rule 15c1-3 -- Misrepresentation by Brokers, Dealers and Municipal Securities Dealers as to Registration	4.2.1.1.7
Securities Exchange Act of 1934, Rule 15c1-5 -- Disclosure of Control	2.1.1.5.1
Securities Exchange Act of 1934, Rule 15c1-6 -- Disclosure of Interest in Distribution	2.1.1.5.2
Securities Exchange Act of 1934, Rule 15c1-8 -- Sales at the Market	2.3.1.8
Securities Exchange Act of 1934, Rule 15c1-9 -- Use of Pro Forma Balance Sheets	4.2.1.1.8
Securities Exchange Act of 1934, Rule 15c2-4 -- Transmission or Maintenance of Payments Received in Connection with Underwritings	2.2.1.3.2
Securities Exchange Act of 1934, Rule 15d-10 -- Transition Reports	1.1.2.3
Securities Exchange Act of 1934, Rule 15d-11 -- Current Reports on Form 8-K	1.1.2.1
Securities Exchange Act of 1934, Rule 15d-13 -- Quarterly Reports on Form 10-Q and Form 10-QSB	1.1.2.2
Securities Exchange Act of 1934, Rule 16a-1 -- Reports of Directors, Officers, and Principal Shareholders	1.1.2.7
Securities Exchange Act of 1934, Rule 17a-2 -- Recordkeeping Requirements Relating to Stabilizing Activities	2.3.4.2.1.4
Securities Exchange Act of 1934, Rule 17a-3 -- Records to Be Made by Certain Exchange Members, Brokers and Dealers	2.4.1.1.1
Securities Exchange Act of 1934, Rule 17a-4 -- Records to Be Preserved by Certain Exchange Members, Brokers and Dealers	2.4.1.1.2
Securities Exchange Act of 1934, Rule 17f-2 -- Fingerprinting of Securities Industry Personnel	4.1.1.3.1
Securities Exchange Act of 1934, Section 10A -- Audit Requirements	2.1.1.1.9
Securities Exchange Act of 1934, Section 15 -- Registration and Regulation of Brokers and Dealers	4.2.2.2.4
Securities Exchange Act of 1934, Section 9 -- Manipulation of Security Prices	4.2.1.1.1
Securities Exchange Act of 1934, Section 12 -- Registration Requirements for Securities	2.1.1.3.2
Securities Exchange Act of 1934, Section 13 -- Periodical and Other Reports	1.1.2.3
Securities Exchange Act of 1934, Regulation 13D (Rules 13d-1 to 13f-1) Rule 13d-1 (Filing of Schedules 13D and 13G) Rule 13f-1 -- Reporting by Institutional Investment Managers of Information with Respect to Accounts over Which They Exercise Investment Discretion	1.1.2.3--5

Securities Exchange Act of 1934, Regulation 15d -- Reports of Registrants Under the Securities Act of 1933 (Rules 15d-1 to 15g-100)	2.1.1.4.6
<i>Sarbanes-Oxley Act of 2002</i> Section 402 -- Enhanced Conflict of Interest Provisions Section 403 -- Disclosures of Transactions Involving Management and Principal Stockholders Section 404 -- Management Assessment of Internal Controls	1.3.4.2--1.3.4.2.2
Trust Indenture Act of 1939	1.2.4.2.2
Hart Scott Rodino Anti-Trust Act	3.1.3.2.1
Internal Revenue Code, Rule 160	3.1.1.2.5
Internal Revenue Code, Rule 280G	3.1.1.2.5
Internal Revenue Code, Rule 338(h)(10)	3.1.1.2.3, 3.2.1.4

Sample Examination Question Formats and Orientation

The questions on the exam may range from recall of facts to the drawing of conclusions from a set of facts. Questions may present job-related scenarios or problems that typically require candidates to go beyond the simple recall of facts and may require the application of knowledge. Other questions may require the evaluation of an array of information to arrive at a decision about the "BEST" or the "FIRST" action to take in a particular situation. Some questions involve calculations. All exam questions will be presented in one of the five following multiple-choice formats: closed stem, sentence completion, "EXCEPT," complex multiple-choice ("Roman Numeral") and "MOST/LEAST/BEST." Examples of these formats are shown below. The sample questions presented below are not reflective of the content or difficulty level of actual test questions. The intent of the sample questions is to simply illustrate the various formats of test questions. The questions' correct answers are identified by the double asterisks (**).

1. **Closed-Stem Format:** The stem (the part that poses the question) is a complete sentence, concluding with a question mark. The four options (answer choices) may be complete or incomplete sentences. Below is an example of a closed-stem test question:

EE savings bonds can be described as which of the following?

- (A) Direct obligations of municipalities
- (B) Direct obligations of the federal government **
- (C) Moral obligations of a local zoning board
- (D) Moral obligations of state governments

2. **Open-Stem Format:** This type of test question is an incomplete statement, followed by four options that represent completions of the sentence. Below is an example of an open-stem test question:

Liquidity is the degree of ease with which assets can be

- (A) purchased on credit
- (B) converted into cash**
- (C) used as collateral
- (D) transferred to other ownership

3. **"EXCEPT" or "NOT" Format:** This format is used when the task is to select the response option that is an exception to the principle or rule stated in the stem. The stem may be open or closed. Below is an example of this type of test question:

All of the following are considered advantages of registered limited partnerships EXCEPT

- (A) professional management
- (B) limited liability
- (C) diversification of risk* *
- (D) flow-through of income and expense

4. **Complex Multiple-Choice ("Roman Numeral") Format:** The "Roman Numeral" type question presents a question, which is followed by four statements, phrases or terms identified by Roman numerals. The four answer choices represent combinations of these statements, phrases, or terms. The candidate must select the combination that best answers the question. Below is an example of this type of question:

In which order, from first to last, are the following actions performed during the underwriting of an issue of corporate securities?

- I. The holding of a due diligence meeting
- II. Investigation and analysis of the issuer
- III. The filing of a registration statement
- IV. The assignment of the effective date by the SEC

- (A) I, II, III, IV
- (B) II, III, I, IV**
- (C) III, I, II, IV
- (D) IV, II, III, I

The Roman numeral format is also used is when more than one of the Roman numeral statements is a correct response. Below is an example of this format.

Which TWO of the following are TRUE of options sales literature?

- I. It must be preceded or accompanied by an options disclosure document.
- II. It must be approved by CBOE prior to use
- III. It must contain projected performance figures for the member firm's recommendations.
- IV. It may portray past performances of the member firm's recommendations.

- (A) I and II
- (B) I and IV**
- (C) II and III
- (D) II and IV

5. **"MOST/LEAST/BEST" Format:** This type of test question requires candidates to select an option that is either better or worse than the others. The basis on which the evaluation is to be made is stated in the stem. Below is an example of this format.

Which of the following BEST describes an aspect of partnership democracy?

- (A) An equal sharing agreement among limited and general partners
- (B) The right of limited partners to examine partnership books and records **
- (C) Management by both limited and general partners
- (D) Prohibitions against control by a single limited partner

References

Listed below are self-regulatory organizations' (SROs') websites that provide information about rules and other information that may be useful in preparing for the examination. In addition to information about rules, the SROs may publish glossaries of terms, explanations of securities products, and compliance procedures. Candidates are encouraged to check the SROs' websites for information memos or notices to members concerning amendments to rules and/or the announcement of new rules that may be pertinent to the exam. Copies of federal securities laws and SEC rules may be purchased through the network of federal government printing offices. However, some of this information may be available on the SROs' and pertinent federal government's (*e.g.*, the SEC) websites. It is recommended that candidates refer to the content outline as part of their preparatory studies. Candidates are responsible for planning their course of study in preparation for the examination. FINRA produces only the content outline and is not involved or endorses any particular course of study.

Financial Industry Regulatory Authority's website: www.finra.org

11 Wall Street
New York, NY 10005
www.nyse.com

NASD Manual
CCH Inc.
4025 W. Peterson Ave.
Chicago, IL 60646
www.finra.org

Securities Industry/Regulatory Council On Continuing Education
<http://www.cecouncil.com>

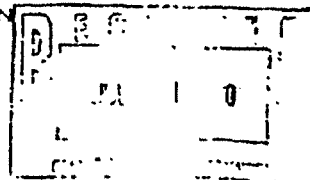
New York Stock Exchange, Inc., Constitution and Rules
New York Stock Exchange

Securities and Exchange Commission
<http://www.sec.gov/rules/final.shtml>

The Financial Industry Regulatory Authority's (FINRA's) Content Outline for the Limited Registered Investment Banker Examination (Series 79) is available in PDF file format on FINRA's website:
www.finra.org



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549



July 24, 2000

Mr. Alden S. Adkins
Senior Vice President & General Counsel
NASD Regulation, Inc.
1735 K Street, N. W.
Washington, D.C. 20006-1500

Re: Procedure for Filings Relating to Qualification Examinations

Dear Mr. Adkins: *Alden*

I am writing to inform you of a change in the filing requirements for proposed rule changes involving qualification examinations for associated persons. In the past, the Division required the SROs to file question banks for new examinations for Commission approval pursuant to Section 19(b)(2) of the Exchange Act. The Division also required SROs to file questions being added to the question bank for Commission approval.


The Division has decided that it is no longer necessary for SROs to file new exam question banks for Commission approval under Section 19(b)(2). In the future, any new examinations should be filed as non-controversial rule changes for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Exchange Act and Rule 19b-4(f)(6) thereunder. As you know, Rule 19b-4(f)(6) requires the SRO to give notice to the Commission of its intent to file a proposed rule change five days before doing so. During the five days prior to filing, the Division will determine if the proposed rule change is appropriately filed as non-controversial. To assist us in our analysis, please include a complete description of the examination in your rule filing. For example, the proposed rule change should address who will be required to take the exam, what information the exam will cover, the time allotted for each section, the weight assigned to each topic, the effective date of the exam requirement, and any other information that would be helpful to us in determining whether the proposal should become effective on filing. Also, pursuant to Rule 19b-4(f)(6), the rule change should be designated as effecting a change that does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition and, by its terms, does not become operative for 30 days after the date of the filing.

Alden S. Adkins
Page 2

Filings to modify an existing examination should be submitted as "constituting a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule..." pursuant to Section 19(b)(3)(A) of the Exchange Act.

Our goal in changing these procedures is to expedite the effectiveness of proposed rule changes involving examination requirements for persons associated with SRO members. Please contact Kathy England, Assistant Director, at 202-942-0154, or Karl Varner, Special Counsel, at 202-942-7125, if you have any questions.

Sincerely,



Belinda Blaine
Associate Director