

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 47	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2013 - * 045	Amendment No. (req. for Amendments *)
Filing by Financial Industry Regulatory Authority Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934				
Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>
			Section 19(b)(3)(B) * <input type="checkbox"/>	
			Rule	
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input checked="" type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934	
Section 806(e)(1) <input type="checkbox"/>		Section 806(e)(2) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>	
Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>			
Description				
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).				
<input type="text" value="Proposed Rule Change to Revise the Series 6 Examination Program"/>				
Contact Information				
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.				
First Name *	<input type="text" value="Kosha"/>	Last Name *	<input type="text" value="Dalal"/>	
Title *	<input type="text" value="Associate Vice President and Associate General Counsel"/>			
E-mail *	<input type="text" value="Kosha.Dalal@finra.org"/>			
Telephone *	<input type="text" value="(202) 728-6903"/>	Fax	<input type="text" value="(202) 728-8264"/>	
Signature				
Pursuant to the requirements of the Securities Exchange Act of 1934,				
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.				
(Title *)				
Date	<input type="text" value="10/16/2013"/>	<input type="text" value="Senior Vice President and Deputy General Counsel"/>		
By	<input type="text" value="Patrice M. Gliniecki"/>	<input type="text" value="Patrice Gliniecki,"/>		
(Name *)				
NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.				

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 *

Add Remove View

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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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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, security-based swap submission, or advance notice 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

Add Remove View

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

Add Remove View

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 the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “SEA”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) revisions to the content outline and selection specifications for the Investment Company and Variable Contracts Products Representative (Series 6) examination program.² The proposed revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative. In addition, FINRA is proposing to make changes to the format of the content outline. FINRA is not proposing any textual changes to the By-Laws, Schedules to the By-Laws or Rules of FINRA.

The revised content outline is attached. The Series 6 selection specifications have been submitted to the Commission under separate cover with a request for confidential treatment pursuant to SEA Rule 24b-2.³

(b) Not applicable.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² FINRA also is proposing corresponding revisions to the Series 6 question bank. Based on instruction from SEC staff, FINRA is submitting this filing for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for review. See Letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is available for SEC review.

³ 17 CFR 240.24b-2.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of FINRA Regulation, Inc. (f/k/a NASD Regulation, Inc.) at its meeting on January 24, 2001, which authorized the staff to propose modifications to examination programs, including content outlines, selection specifications and question banks, and to file the proposed modifications with the SEC, without obtaining further or specific authorization from the Board of Directors of FINRA Regulation, Inc. The Board of Governors of FINRA (f/k/a NASD) had an opportunity to review that action at its meeting on January 25, 2001. No other action by FINRA is necessary for the filing of the proposed rule change.

As further discussed below, FINRA is filing the proposed rule change for immediate effectiveness. FINRA proposes to implement the revised Series 6 examination program on December 16, 2013. FINRA will announce the proposed rule change and the implementation date in a Regulatory Notice.

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

(a) Purpose

Section 15A(g)(3) of the Act⁴ authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge, consistent with applicable registration requirements under FINRA rules. FINRA periodically reviews the content of the examinations to determine

⁴ 15 U.S.C. 78q-3(g)(3).

whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

Pursuant to NASD Rule 1032(b)⁵ (Limited Representative – Investment Company and Variable Contracts Products), if a representative’s activities are limited solely to redeemable securities of companies registered under the Investment Company Act of 1940 (“Investment Company Act”), securities of closed-end companies registered under the Investment Company Act during the period of original distribution, and variable contracts and insurance premium funding programs and other contracts issued by an insurance company (except contracts that are exempt securities pursuant to Section 3(a)(8) of the Securities Act of 1933), the representative may register and qualify as an Investment Company and Variable Contracts Products Representative instead of registering and qualifying as a General Securities Representative (Series 7) pursuant to NASD Rule 1032(a) (General Securities Representative).⁶ The Series 6 examination qualifies an individual to function as an Investment Company and Variable Contracts Products Representative.

In consultation with a committee of industry representatives, FINRA recently undertook a review of the Series 6 examination program. As a result of this review,

⁵ The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

⁶ See also Incorporated NYSE Rule 345.15(3) and Incorporated NYSE Rule Interpretation 345.15/02.

FINRA is proposing to make revisions to the content outline to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative. FINRA also is proposing to make changes to the format of the content outline.

Current Outline

The current content outline is divided into six sections. The following are the six sections and the number of questions associated with each of the sections, denoted Section 1 through Section 6:

1. Securities Markets, Investment Securities and Economic Factors, 8 questions;
2. Securities and Tax Regulation, 23 questions;
3. Marketing, Prospecting and Sales Presentation, 18 questions;
4. Evaluation of Customers, 13 questions;
5. Product Information; Investment Company Securities and Variable Contracts, 26 questions; and
6. Opening and Servicing Customer Accounts, 12 questions.

Each section also includes the applicable laws, rules and regulations associated with that section. The current outline also includes a preface (addressing, among other things, the purpose, administration and scoring of the examination), sample questions and reference materials.

Proposed Revisions

FINRA is proposing to divide the content outline into four major job functions that are performed by an Investment Company and Variable Contracts Products

Representative. The following are the four major job functions, denoted Function 1 through Function 4, with the associated number of questions:

Function 1: Regulatory fundamentals and business development, 22 questions;

Function 2: Evaluates customers' financial information, identifies investment objectives, provides information on investment products, and makes suitable recommendations, 47 questions;

Function 3: Opens, maintains, transfers and closes accounts and retains appropriate account records, 21 questions; and

Function 4: Obtains, verifies, and confirms customer purchase and sale instructions, 10 questions.

Each function also includes specific tasks describing activities associated with performing that function. There are four tasks (1.1 – 1.4) associated with Function 1; four tasks (2.1 – 2.4) associated with Function 2; three tasks (3.1 – 3.3) associated with Function 3; and two tasks (4.1 – 4.2) associated with Function 4.⁷ By way of example, one such task (Task 2.1) is to gather customers' financial and non-financial information to identify, analyze, and assess risk tolerance, investment experience and sophistication level.⁸ Further, the outline lists the knowledge required to perform each function and associated tasks (e.g., account authorizations and legal documents).⁹ In addition, where applicable, the outline lists the laws, rules and regulations a candidate is expected to know to perform each function and associated tasks. These include the applicable

⁷ See Exhibit 3a, Outline Pages 6-18.

⁸ See Exhibit 3a, Outline Page 10.

⁹ See Exhibit 3a, Outline Page 15.

FINRA Rules (e.g., FINRA Rule 1250), NASD Rules (e.g., NASD Rule 1070) and SEC rules (e.g., SEA Rule 17f-2).¹⁰ FINRA conducted a job analysis study of Investment Company and Variable Contracts Products Representatives, which included the use of a survey, in developing each function and associated tasks and updating the required knowledge set forth in the revised outline. The functions and associated tasks, which appear in the revised outline for the first time, reflect the day-to-day activities of an Investment Company and Variable Contracts Products Representative.

As noted above, FINRA also is proposing to revise the content outline to reflect changes to the laws, rules and regulations covered by the examination. Among other revisions, FINRA is proposing to revise the content outline to reflect the adoption of rules in the consolidated FINRA rulebook (e.g., NASD Rule 2310 (Recommendations to Customers (Suitability)) and NASD Rule 3110 (Books and Records) were adopted as FINRA Rule 2111 (Suitability) and FINRA Rule 4510 Series (Books and Records), respectively).¹¹

FINRA is proposing similar changes to the Series 6 selection specifications and question bank.

Finally, FINRA is proposing to make changes to the format of the content outline, including the preface, sample questions and reference materials. Among other changes, FINRA is proposing to: (1) add a table of contents;¹² (2) provide more details regarding

¹⁰ See Exhibit 3a, Outline Pages 6-7.

¹¹ See Rule Conversion Chart, available at <http://www.finra.org/Industry/Regulation/FINRARules/p085560>.

¹² See Exhibit 3a, Outline Page 2.

the purpose of the examination;¹³ (3) provide more details on the application procedures;¹⁴ (4) provide more details on the development and maintenance of the content outline and examination;¹⁵ (5) explain that the passing scores are established by FINRA staff, in consultation with a committee of industry representatives, using a standard setting procedure and that the scores are an absolute standard independent of the performance of candidates taking the examination;¹⁶ and (6) note that each candidate will receive a score report at the end of the test session, which will indicate a pass or fail status and include a score profile listing the candidate's performance on each major content area covered on the examination.¹⁷

The number of questions on the Series 6 examination will remain at 100 multiple-choice questions,¹⁸ and candidates will continue to have 135 minutes to complete the examination. Currently, a score of 70 percent is required to pass the examination. The passing score will remain the same.

¹³ See Exhibit 3a, Outline Page 3.

¹⁴ See Exhibit 3a, Outline Page 3.

¹⁵ See Exhibit 3a, Outline Page 4.

¹⁶ See Exhibit 3a, Outline Page 5.

¹⁷ See Exhibit 3a, Outline Page 5.

¹⁸ Consistent with FINRA's practice of including "pre-test" questions on certain qualification examinations, which is designed to ensure that new examination questions meet acceptable testing standards prior to use for scoring purposes, the examination includes five additional, unidentified pre-test questions that do not contribute towards the candidate's score. Therefore, the examination actually consists of 105 questions, 100 of which are scored. The five pre-test questions are randomly distributed throughout the examination.

Availability of Content Outlines

The current Series 6 content outline is available on FINRA's website, at www.finra.org/brokerqualifications/exams. The revised Series 6 content outline will replace the current content outline on FINRA's website.

FINRA is filing the proposed rule change for immediate effectiveness. FINRA proposes to implement the revised Series 6 examination program on December 16, 2013. FINRA will announce the proposed rule change and the implementation date in a Regulatory Notice.

(b) Statutory Basis

FINRA believes that the proposed revisions to the Series 6 examination program are consistent with the provisions of Section 15A(b)(6) of the Act,¹⁹ which requires, among other things, that FINRA rules must 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,²⁰ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes that the proposed revisions will further these purposes by updating the examination program to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative.

¹⁹ 15 U.S.C. 78q-3(b)(6).

²⁰ 15 U.S.C. 78q-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. The updated examination aligns with the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative and tests knowledge of the most current laws, rules, regulations and skills relevant to those functions and associated tasks. As such, the proposed revisions would make the examination more efficient and effective.

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) or Section 19(b)(7)(D)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A)(i) of the Act²¹ and Rule 19b-4(f)(1) thereunder,²² in that the proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of FINRA. FINRA proposes to implement the revised Series 6 examination program on December 16, 2013. FINRA will announce the implementation date in a Regulatory Notice.

²¹ 15 U.S.C. 78s(b)(3)(A)(i).

²² 17 CFR 240.19b-4(f)(1).

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 3a. Revised Content Outline for the Series 6 Examination.

Exhibit 3b. Revised Selection Specifications for the Series 6 Examination.

FINRA has requested confidential treatment for the Series 6 revised selection specifications, and thus the specifications are omitted from this filing. The Series 6 revised selection specifications have been filed separately with the Commission pursuant to SEA Rule 24b-2.²³

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

²³ 17 CFR 240.24b-2.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2013-045)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Revise the Series 6 Examination Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “SEA”)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, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule” under Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ 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 filing revisions to the content outline and selection specifications for the Investment Company and Variable Contracts Products Representative (Series 6)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

examination program.⁵ The proposed revisions update the material to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative. In addition, FINRA is proposing to make changes to the format of the content outline. FINRA is not proposing any textual changes to the By-Laws, Schedules to the By-Laws or Rules of FINRA.

The revised content outline is attached. The Series 6 selection specifications have been submitted to the Commission under separate cover with a request for confidential treatment pursuant to SEA Rule 24b-2.⁶

The text of the proposed rule change is available on FINRA's website 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 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.

⁵ FINRA also is proposing corresponding revisions to the Series 6 question bank. Based on instruction from SEC staff, FINRA is submitting this filing for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for review. See Letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000. The question bank is available for SEC review.

⁶ 17 CFR 240.24b-2.

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

1. Purpose

Section 15A(g)(3) of the Act⁷ authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge, consistent with applicable registration requirements under FINRA rules. FINRA periodically reviews the content of the examinations to determine whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

Pursuant to NASD Rule 1032(b)⁸ (Limited Representative – Investment Company and Variable Contracts Products), if a representative’s activities are limited solely to redeemable securities of companies registered under the Investment Company Act of 1940 (“Investment Company Act”), securities of closed-end companies registered under the Investment Company Act during the period of original distribution, and variable contracts and insurance premium funding programs and other contracts issued by an insurance company (except contracts that are exempt securities pursuant to Section

⁷ 15 U.S.C. 78o-3(g)(3).

⁸ The current FINRA rulebook consists of (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from NYSE (“Incorporated NYSE Rules”) (together, the NASD Rules and Incorporated NYSE Rules are referred to as the “Transitional Rulebook”). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

3(a)(8) of the Securities Act of 1933), the representative may register and qualify as an Investment Company and Variable Contracts Products Representative instead of registering and qualifying as a General Securities Representative (Series 7) pursuant to NASD Rule 1032(a) (General Securities Representative).⁹ The Series 6 examination qualifies an individual to function as an Investment Company and Variable Contracts Products Representative.

In consultation with a committee of industry representatives, FINRA recently undertook a review of the Series 6 examination program. As a result of this review, FINRA is proposing to make revisions to the content outline to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative. FINRA also is proposing to make changes to the format of the content outline.

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⁹ See also Incorporated NYSE Rule 345.15(3) and Incorporated NYSE Rule Interpretation 345.15/02.

5. Product Information; Investment Company Securities and Variable Contracts, 26 questions; and
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Each section also includes the applicable laws, rules and regulations associated with that section. The current outline also includes a preface (addressing, among other things, the purpose, administration and scoring of the examination), sample questions and reference materials.

Proposed Revisions

FINRA is proposing to divide the content outline into four major job functions that are performed by an Investment Company and Variable Contracts Products Representative. The following are the four major job functions, denoted Function 1 through Function 4, with the associated number of questions:

Function 1: Regulatory fundamentals and business development, 22 questions;

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Function 3; and two tasks (4.1 – 4.2) associated with Function 4.¹⁰ By way of example, one such task (Task 2.1) is to gather customers' financial and non-financial information to identify, analyze, and assess risk tolerance, investment experience and sophistication level.¹¹ Further, the outline lists the knowledge required to perform each function and associated tasks (e.g., account authorizations and legal documents).¹² In addition, where applicable, the outline lists the laws, rules and regulations a candidate is expected to know to perform each function and associated tasks. These include the applicable FINRA Rules (e.g., FINRA Rule 1250), NASD Rules (e.g., NASD Rule 1070) and SEC rules (e.g., SEA Rule 17f-2).¹³ FINRA conducted a job analysis study of Investment Company and Variable Contracts Products Representatives, which included the use of a survey, in developing each function and associated tasks and updating the required knowledge set forth in the revised outline. The functions and associated tasks, which appear in the revised outline for the first time, reflect the day-to-day activities of an Investment Company and Variable Contracts Products Representative.

As noted above, FINRA also is proposing to revise the content outline to reflect changes to the laws, rules and regulations covered by the examination. Among other revisions, FINRA is proposing to revise the content outline to reflect the adoption of rules in the consolidated FINRA rulebook (e.g., NASD Rule 2310 (Recommendations to Customers (Suitability)) and NASD Rule 3110 (Books and Records) were adopted as

¹⁰ See Exhibit 3a, Outline Pages 6-18.

¹¹ See Exhibit 3a, Outline Page 10.

¹² See Exhibit 3a, Outline Page 15.

¹³ See Exhibit 3a, Outline Pages 6-7.

FINRA Rule 2111 (Suitability) and FINRA Rule 4510 Series (Books and Records), respectively).¹⁴

FINRA is proposing similar changes to the Series 6 selection specifications and question bank.

Finally, FINRA is proposing to make changes to the format of the content outline, including the preface, sample questions and reference materials. Among other changes, FINRA is proposing to: (1) add a table of contents;¹⁵ (2) provide more details regarding the purpose of the examination;¹⁶ (3) provide more details on the application procedures;¹⁷ (4) provide more details on the development and maintenance of the content outline and examination;¹⁸ (5) explain that the passing scores are established by FINRA staff, in consultation with a committee of industry representatives, using a standard setting procedure and that the scores are an absolute standard independent of the performance of candidates taking the examination;¹⁹ and (6) note that each candidate will receive a score report at the end of the test session, which will indicate a pass or fail status and include a score profile listing the candidate's performance on each major content area covered on the examination.²⁰

¹⁴ See Rule Conversion Chart, available at <http://www.finra.org/Industry/Regulation/FINRARules/p085560>.

¹⁵ See Exhibit 3a, Outline Page 2.

¹⁶ See Exhibit 3a, Outline Page 3.

¹⁷ See Exhibit 3a, Outline Page 3.

¹⁸ See Exhibit 3a, Outline Page 4.

¹⁹ See Exhibit 3a, Outline Page 5.

²⁰ See Exhibit 3a, Outline Page 5.

The number of questions on the Series 6 examination will remain at 100 multiple-choice questions,²¹ and candidates will continue to have 135 minutes to complete the examination. Currently, a score of 70 percent is required to pass the examination. The passing score will remain the same.

Availability of Content Outlines

The current Series 6 content outline is available on FINRA's website, at www.finra.org/brokerqualifications/exams. The revised Series 6 content outline will replace the current content outline on FINRA's website.

FINRA is filing the proposed rule change for immediate effectiveness. FINRA proposes to implement the revised Series 6 examination program on December 16, 2013. FINRA will announce the proposed rule change and the implementation date in a Regulatory Notice.

2. Statutory Basis

FINRA believes that the proposed revisions to the Series 6 examination program are consistent with the provisions of Section 15A(b)(6) of the Act,²² which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in

²¹ Consistent with FINRA's practice of including "pre-test" questions on certain qualification examinations, which is designed to ensure that new examination questions meet acceptable testing standards prior to use for scoring purposes, the examination includes five additional, unidentified pre-test questions that do not contribute towards the candidate's score. Therefore, the examination actually consists of 105 questions, 100 of which are scored. The five pre-test questions are randomly distributed throughout the examination.

²² 15 U.S.C. 78o-3(b)(6).

general, to protect investors and the public interest, and Section 15A(g)(3) of the Act,²³ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. FINRA believes that the proposed revisions will further these purposes by updating the examination program to reflect changes to the laws, rules and regulations covered by the examination and to incorporate the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative.

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. The updated examination aligns with the functions and associated tasks currently performed by an Investment Company and Variable Contracts Products Representative and tests knowledge of the most current laws, rules, regulations and skills relevant to those functions and associated tasks. As such, the proposed revisions would make the examination more efficient and effective.

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.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)

²³ 15 U.S.C. 78q-3(g)(3).

of the Act²⁴ and paragraph (f)(1) of Rule 19b-4 thereunder.²⁵ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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-2013-045 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(1).

All submissions should refer to File Number SR-FINRA-2013-045. 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 website (<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 website viewing and printing 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-2013-045 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.²⁶

Elizabeth M. Murphy

Secretary

²⁶ 17 CFR 200.30-3(a)(12).



**Investment Company
And Variable Contracts
Products Representative
Qualification Examination
(Series 6)**

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INTRODUCTION

The Series 6 Examination is the Investment Company and Variable Contracts Products Representative Qualification Examination. The examination is developed and maintained by the Financial Industry Regulatory Authority (FINRA). This Content Outline provides a comprehensive guide to the topics covered on the Investment Company and Variable Contracts Products Representative Qualification Examination (Series 6). 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 types of multiple-choice questions used on the examination. It is recommended that candidates refer to the content outline as part of their preparation to take the examination. Candidates are responsible for planning their course of study in preparation for the examination.

THE PURPOSE OF THE EXAMINATION

The Series 6 Examination is designed to assess the competency of entry-level Investment Company and Variable Contracts Products Representatives. It is intended to safeguard the investing public by helping to ensure that Investment Company and Variable Contracts Products Representatives are competent to perform their jobs. Given this purpose, the Series 6 Examination seeks to measure the degree to which each candidate possesses the knowledge, skills and abilities needed to perform the critical functions of an Investment Company and Variable Contracts Products Representative. For more information about the permissible activities of an Investment Company and Variable Contracts Products Representative, please see NASD Rule 1032, which can be viewed in the FINRA Rule Manual through the following web link: www.finra.org.

ELIGIBILITY REQUIREMENTS

The candidate must be associated with and sponsored by a FINRA member firm to be eligible to take the Series 6 Examination. There is no prerequisite requirement for this examination. For more information on eligibility requirements, please see NASD Rule 1031, which can be viewed in the FINRA Rule Manual through the following web link: www.finra.org

APPLICATION PROCEDURES

The FINRA member firm that sponsors the applicant must file a Uniform Application for Securities Industry Registration or Transfer (Form U4) in the Central Registration Depository (CRD[®]) and request the Investment Company and Variable Contracts Products Representative position (ET) on the Form U4.

STRUCTURE OF THE EXAMINATION

The examination consists of 100 multiple-choice questions, which are distributed among the four major content areas listed in the table below.

Job Functions and Number of Questions by Job Function

Job Functions		Number of Questions
Function 1	Regulatory fundamentals and business development	22
Function 2	Evaluates customers' financial information, identifies investment objectives, provides information on investment products, and makes suitable recommendations	47
Function 3	Opens, maintains, transfers and closes accounts and retains appropriate account records	21
Function 4	Obtains, verifies, and confirms customer purchase and sale instructions	10
Total		100

DEVELOPMENT AND MAINTENANCE OF THE CONTENT OUTLINE AND EXAMINATION

The Series 6 Content Outline was developed based on the results of a job analysis study of Investment Company and Variable Contracts Products Representatives. The job analysis process included collecting data about the job functions, tasks and required knowledge of Investment Company and Variable Contracts Products Representatives from a wide variety of firms using numerous data collection techniques, including a survey.

To ensure and sustain the job relevance of the examination, under the guidance of FINRA staff, a committee of industry representatives ("the Committee") writes, reviews and validates all test questions. Test questions are subjected to multiple reviews prior to inclusion on the examination and each question is linked directly to a component of the content outline. Test questions vary in difficulty and complexity. Each question will have only one correct or best answer.

The bank of test questions changes constantly as a result of amendments to, or the introduction of, government and self-regulatory organization (SRO) rules and regulations, changes in industry 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 Investment Company and Variable Contracts Products Representatives. Examination questions are updated when necessary to reflect current industry practices and government and SRO rules and regulations. **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.**

THE ADMINISTRATION OF THE EXAMINATION

The examination is administered via computer. A tutorial on how to take the examination via computer is provided prior to taking the examination. Each candidate's examination includes 5 additional, unidentified pretest questions that do not contribute toward the candidate's score. The 5 questions are randomly distributed throughout the examination. Therefore, each candidate's examination consists of a total of 105 questions (100 scored and 5 unscored). Each scored test question is worth one point. There is no penalty for guessing. Therefore, candidates should attempt to answer all questions. Candidates will be allowed 135 minutes to complete the examination.

Scratch paper and basic electronic calculators will be provided to candidates by the test administrator, and must be returned to the test center administrator at the end of the testing session. Some test questions involve calculations. Only calculators provided by the test center administrators are allowed for use during the examination.

Candidates will not be permitted to bring any reference material to their testing session. Severe penalties are imposed on candidates who cheat or attempt to cheat on FINRA-administered examinations.

HOW THE EXAMINATION IS SCORED

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. FINRA staff, in consultation with 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. The passing score is 70%.

CANDIDATES' TEST RESULTS

On the day of the test, candidates will receive a report of their test results both on screen and in paper format at the end of their test session. The score report will indicate pass/fail status and a score profile indicating performance based on each major content area covered on the examination. It is recommended that candidates who fail the examination review the information provided on the score report, as they may want to focus on the areas that they performed poorly on when preparing to retake the examination. For security reasons, the examination and individual test questions are not available for review after taking the examination.

THE SERIES 6 CONTENT OUTLINE

FUNCTION 1 – Regulatory fundamentals and business development

1.1: Demonstrates understanding of fundamental regulatory knowledge and provides personal and professional information required to be disclosed to obtain and maintain appropriate registration(s)

Knowledge of:

- General industry regulations, including SEC, SRO, and state requirements
- Registration, qualification, continuing education, and termination of employment of associated persons
- Permitted activities for registered and non-registered associated persons

FINRA By-Laws

Article I – Definitions

Paragraph (rr) – Person Associated with a Member

Article III – Qualifications of Members and Associated Persons

Section 1 – Persons Eligible to Become Members and Associated Person of Members

Section 3 – Ineligibility of Certain Persons for Membership or Association

Section 4 – Definition of Disqualification

Article V – Registered Representatives and Associated Persons

FINRA Rules

1010 – Electronic Filing Requirements for Uniform Forms

1122 – Filing of Misleading Information as to Membership or Registration

1250 – Continuing Education Requirements

2263 – Arbitration Disclosure to Associated Persons Signing or Acknowledging Form U4

3270 – Outside Business Activities of an Associated Person

4530 – Reporting Requirements

8312 – FINRA BrokerCheck Disclosure

NASD Rules

IM-1000-2 – Status of Persons Serving in the Armed Forces of the United States

1031 – Registration Requirements

1032(b) – Investment Company and Variable Contracts Products Representative

1060 – Persons Exempt from Registration

1070 – Qualification Examinations and Waiver of Requirements

1080 – Confidentiality of Examinations

3010 – Supervision

3010(b) – Written Procedures

3040 – Private Securities Transactions of an Associated Person

3050 – Transactions for or by Associated Persons

Securities Exchange Act of 1934

- Section 3(a) – Definitions and Application of Title
- Section 15 – Registration and Regulation of Brokers and Dealers
- Section 15A – Registered Securities Associations
- Section 17(f)(2) – Accounts and Records, Reports, Examinations of Exchanges, Members, and Others
- Rule 17f-2 – Fingerprinting of Security Industry Personnel

Investment Advisers Act of 1940

- Section 201 – Findings
- Section 202(a) – Definitions (of investment advisers and persons associated with an investment adviser)
- Section 203 – Registration of Investment Advisers

1.2: Solicits business by contacting and building relationships with customers and prospects in person, by telephone, mail or electronic means

Knowledge of:

- Product definitions and classifications
- Required approvals and content standards of public communications: retail communications, institutional communications, correspondence, research reports, telephone solicitations
- Appropriate use of professional designations
- Definition of regulated investment company by the Internal Revenue Code
- “Conduit” or “pipeline” theory, required distribution of income and realized capital gains
- “Do-not-call” lists and other telemarketing requirements

FINRA Rules

- 2210 – Communications with the Public
- 2212 – Use of Investment Companies Rankings in Retail Communications
- 2213 – Requirements for the Use of Bond Mutual Fund Volatility Rating
- 2214 – Requirements for the Use of Investment Analysis Tools
- 3160 – Networking Arrangements Between Members and Financial Institutions
- 3230 – Telemarketing
- 4512 – Customer Account Information
- 5230 – Payments Involving Publications that Influence the Market Price of a Security

NASD Rules

- IM-2210-2 – Communications with the Public About Variable Life Insurance and Variable Annuities
- 3010(b)(2) – Tape Recording of Conversations

Securities Act of 1933

- Section 2 – Definitions; Promotion of Efficiency, Competition, and Capital Formation (definitions of “offer to sell” and “prospectus”)

Section 5 – Prohibitions Relating to Interstate Commerce and the Mails
Section 17 – Fraudulent Interstate Transactions
Rule 134 – Communications Not Deemed a Prospectus
Rule 482 – Advertising by an Investment Company as Satisfying Requirements of Section 10 of Securities Act of 1933

Investment Company Act of 1940
Section 2 – General Definitions
Section 3 – Definition of Investment Company
Section 4 – Classification of Investment Companies
Section 5 – Subclassification of Management Companies
Section 6 – Exemptions
Section 8 – Registration of Investment Companies
Rule 34b-1 – Sales Literature Deemed to Be Misleading

1.3: Discusses the products and services offered with customers and prospects and distributes offering and disclosure documents

Knowledge of:

- Content and delivery of prospectuses, Statement of Additional Information (SAI), and other offering documents
- Networking arrangements
- Regulations related to marketing/prospecting
- Initial privacy disclosures to customers (*e.g.*, definitions, privacy and opt-out notices, disclosure limitations, exceptions)

FINRA Rules

2020 – Use of Manipulative, Deceptive, or other Fraudulent Devices
2266 – SIPC Information

NASD Rule

2420 – Dealing with Non-Members

Securities Exchange Act of 1934

Section 3(a)(4)(B) – Definitions and Application, Broker (Exception for Certain Bank Activities)

Section 10 – Manipulative and Deceptive Devices

Rule 10b-3 – Employment of Manipulative and Deceptive Devices by Brokers or Dealers

Securities Act of 1933

Section 10 – Information Required in Prospectus

Section 23 – Unlawful Representations

Regulation D – Rules Governing the Limited Offer and Sale of Securities Without Registration Under the Securities Act of 1933

Rule 431 – Summary Prospectuses

Rule 498 – Summary Prospectuses for Open-End Management Investment Companies

Rule 501 – Definitions and Terms Used in Regulation D

Rule 506 – Exemption for Limited Offers and Sales Without Regard to Dollar Amount of Offering

Investment Company Act of 1940

Section 35 – Unlawful Representations and Names

Rule 35d-1– Investment Company Names

1.4: Conducts seminars and holds other public forums with customers and prospects, and obtains appropriate approvals

Knowledge of:

- Definitions of retail communications, institutional communications and correspondence, including categorization of public appearances, seminars and related sales literature and advertising
- Regulations regarding communications with the public
- Standards and approval of communications

FINRA Rules

2210 – Communications with the Public

NASD Rule

IM-2210-2 – Communications with the Public About Variable Life Insurance and Variable Annuities

Securities Act of 1933

Section 12 – Civil Liabilities Arising in Connection with Prospectuses and Communications

Rule 135a – Generic Advertising

Rule 135b – Materials Not Deemed an Offer to Sell or Offer to Buy Nor a Prospectus

Rule 156 – Investment Company Sales Literature

Rule 482 – Advertising by an Investment Company as Satisfying Requirements of Section 10 of Securities Act of 1933

Investment Company Act of 1940

Section 30(b) – Periodic and Other Reports; Reports of Affiliated Persons

Rule 34b-1 – Sales Literature Deemed to be Misleading

FUNCTION 2 – Evaluates customers’ financial information, identifies investment objectives, provides information on investment products, and makes suitable recommendations

2.1: Gathers customers’ financial and non-financial information to identify, analyze, and assess risk tolerance, investment experience and sophistication level

Knowledge of:

- Essential facts regarding customers and customer relationships
- Financial and personal profile of a customer (e.g., age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance)
- Reasonable-basis suitability, customer-specific suitability and quantitative suitability
- Investment strategies and recommendations to hold

FINRA Rules

2010 – Standards of Commercial Honor and Principles of Trade

2090 – Know Your Customer

2111 – Suitability

2111.03 – Recommended Strategies

2111.05 – Components of Suitability Obligations

2.2: Makes suitable investment recommendations based on customers’ current investment profile, including financial status, tax status, and investment objectives and explains to customers how recommended products are structured and priced and the risks associated with the underlying investments

Knowledge of:

- Investment profile and strategies
- Types of investment returns (e.g., dividends, capital gains, return of capital)
- Securities markets (e.g., exchange markets, over-the-counter (OTC)/negotiated market, new issue market (e.g., primary offering, role of investment banker))
- Fair dealings with customers and appropriate business conduct (e.g., application, definitions, sales charges, withhold orders, refund of sales charges, dealer concessions, member compensation, execution of portfolio transactions, breakpoint sales)
- FINRA’s cash and non-cash compensation regulations (e.g., gifts and business entertainment limits)
- Insider trading and prohibited activities (e.g., churning, front running, switching, commingling, unauthorized trading, guarantees against losses, selling away)
- Capitalization, pricing, secondary market trading, and redeemability
- Types of underlying securities
 - Equity securities: Definitions and features of common stock, preferred stock and other types of equity securities (e.g., ADRs, rights, and warrants)

- Debt securities: Definitions and features of corporate bonds and other debt securities (e.g., zero coupon bond, convertible bond, mortgage-backed securities (pass through), collateralized mortgage obligations (CMOs), asset-backed securities (ABS))
- Options: definition and features
- U.S. Treasury securities (e.g., Treasury bills, notes, and bonds, Separate Trading of Registered Interest and Principal Securities (STRIPS), and Treasury Inflation Protection Securities (TIPS))
- U.S. government agencies securities (e.g., Government National Mortgage Association (GNMA) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities) issuing agencies and their purposes, risks, payment of interest and principal
- Municipal bonds (General Obligation (GO) bonds, Revenue bonds)
- Other types of debt securities and money market instruments, including but not limited to: corporate commercial paper, brokered certificates of deposit (CDs) and banker's acceptances
- Other investment types, including but not limited to: Exchange Traded Funds (ETFs) and hedge funds
- Variable annuities, deferred variable annuities and variable life (fees and charges, premiums, riders, investment options, death benefits and payout options)
- Tax considerations
 - Mutual fund investor activities, reporting dividend and capital gains distributions to IRS and state tax agency, tax treatment of securities transactions and realized/unrealized net capital gains/losses, exchanges as taxable event, shareholder's tax basis (e.g., offering price, exchange of securities, gift of securities, inheritance of securities, reinvested dividends and capital gains distributions)
 - Determining holding period of securities (e.g., trade date, acquisition, redemption, wash sale rule)
 - Tax treatment of variable annuity contracts (e.g., accumulation period, annuitization period, 72(t) taxation of annuity payments, withdrawals and surrenders, death benefits, 1035 exchanges)
 - Tax treatment of variable life insurance to the policyholder (e.g., during the life of the policy, upon the death of the insured, upon full or partial surrender of the policy, 1035 exchanges, modified endowment contract (MEC))

FINRA Rules

2000 Series – Duties and Conflicts

2060 – Use of Information Obtained in Fiduciary Capacity

2111 - Suitability

2150 – Improper Use of Customers' Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts

2320 – Variable Contracts of an Insurance Company

2330 – Members' Responsibilities Regarding Deferred Variable Annuities

2342 – "Breakpoint" Sales

3220 – Influencing or Rewarding Employees of Others

3240 – Borrowing From or Lending to Customers

NASD Rules

- IM-2420-1 — Transactions Between Members and Non-Members
- IM-2420-2 — Continuing Commissions Policy
- 1060(b) – Persons Exempt from Registration
- 2830 – Investment Company Securities

MSRB Rule

- G-19 – Suitability of Recommendations and Transactions; Discretionary Accounts

Securities Exchange Act of 1934

- Section 3(a) – Definitions and Application (Definitions of broker, dealer, security, investment contract)
- Section 20A – Liability to Contemporaneous Traders for Insider Trading
- Section 21A – Civil Penalties for Insider Trading
- Rule 10b-5 – Employment of Manipulative and Deceptive Devices

Securities Act of 1933

- Section 2 – Definitions; Promotion of Efficiency, Competition, and Capital Formation (Definitions of issuer and underwriter)

Investment Company Act of 1940

- Section 8(b) — Registration of Investment Companies
- Section 11 — Offers of Exchange
- Section 12 — Functions and Activities of Investment Companies
- Rule 12b-1 — Distribution of Shares by Registered Open-End Management Investment Company
- Section 13 — Changes in Investment Policy
- Section 19 — Payments or Distributions
- Rule 19a-1 — Written Statement to Accompany Dividend Payments by Management Companies
- Rule 19b-1 — Frequency of Distribution of Capital Gains
- Section 22 — Distribution, Redemption, and Repurchase of Redeemable Securities
- Rule 22c-1 — Pricing of Redeemable Securities For Distribution, Redemption and Repurchase
- Rule 22d-1 — Exemption From Section 22(d) to Permit Sales of Redeemable Securities at Prices Which Reflect Sales Loads Set Pursuant to a Schedule
- Rule 22d-2 — Exemption From Section 22(d) for Certain Registered Separate Accounts
- Rule 22e-1 — Exemption From Section 22(e) During Annuity Payment Period of Variable Annuity Contracts Participating in Certain Registered Separate Accounts
- Section 23 — Distribution and Repurchase of Securities: Closed-End Companies
- Section 35 — Unlawful Representations and Names
- Section 37 — Larceny and Embezzlement

Insider Trading and Securities Fraud Enforcement Act of 1988

- Section 3 - Civil Penalties of Controlling Persons for Illegal Insider Trading by Controlled Persons
- Section 4 - Increases in Criminal Penalties

Section 5 - Liability to Contemporaneous Traders for Insider Trading

2.3: Provides appropriate disclosures concerning products, risks, services, costs, fees, current quotes and explains pricing method

Knowledge of:

- Definitions, characteristics, and concepts of products, types of accounts, and plans
 - Price and yield terms (e.g., bid, ask, NAV, premium, par)
 - Tax treatment, contributions, accumulation, withdrawals, account ownership, beneficiaries, benefits, required minimum distributions (RMD), and rollovers and transfers
 - Retirement and tax advantaged plans
 - Types of individual retirement accounts (e.g., IRAs: traditional, Roth and SEP)
 - Employer-sponsored retirement plans (e.g., Simplified Employee Pension Plan (SEP), Savings Incentive Match Plans for Employees (SIMPLE), IRA and 401(k), 403(b) and 403(b)(7); 501(c)(3), and 457 plans, Employee Retirement Income Security Act (ERISA)
 - Non-qualified deferred compensation
 - Education plans (e.g., 529 College Savings Plans, Coverdell Education Savings Plan)
 - Open-end investment company
 - Fund shares, important factors in comparison of funds, structure and operation (e.g., functions of the board of directors, investor advisor, underwriter/distributor, custodian, and transfer agent), rights of shareholders, exchange privileges within families of funds, automatic reinvestment of dividend income and capital gains distributions, systematic purchase and withdrawal plans, performance, dollar cost averaging (DCA)
 - Mutual fund
 - Types of portfolios and funds (e.g., money market, fixed income, equity, specialized)
 - NAV per share, offering price, ex-dividend, share class, SEC Rule 12b-1 distribution plans, letter of intent, rights of accumulation,
 - Fees, charges, and expenses including no load, load (e.g., front-end, back-end), management fees, 12b-1 fees, administrative expenses, redemption fee, reduced sales charges/quantity discounts, and breakpoints
 - Variable annuity and variable life insurance
 - Insurance company separate accounts/general accounts (Exempt under 3a-8 of the Securities Act of 1933, Investment Company Act of 1940 Section 2(a)(37))
 - Valuation of variable annuity contracts (accumulation units, annuitization units, assumed interest rate (AIR), relationship between AIR and actual rate of return)
 - Variable life insurance (fixed and flexible premium types)
 - Fees, charges, and expenses including management fees, 12b-1 fees, mortality and expense charges, administrative expenses, payout or withdrawal plans, conversion privilege, restrictions, contingent deferred sales charge, and reduced sales charges/quantity discounts
 - Unit Investment Trust (UIT)
 - Closed-end fund
 - Capitalization, pricing, distribution, redemption restrictions
- FINRA Rules

2330 – Members' Responsibilities Regarding Deferred Variable Annuities
2330(b) – Recommendation Requirements
2330(e) – Training

Securities Act of 1933

Section 3a-8 – Classes of Securities under this Title

Investment Company Act of 1940

Section 2(a)(37) – General Definitions

Rule 12b-1 – Distribution of Shares by Registered Open-End Management Investment Company

2.4: Provides explanations to customers regarding how economic events and investment risk factors may impact investments

Knowledge of:

- Investment risk factors (e.g., call, capital, credit, currency, inflationary, interest rate, liquidity, market (systematic, non-systematic), social and political, pre-payment, reinvestment, timing)
- Concept of risk/reward and the effects of diversification
- Types of investment strategies
- Sources of market and investment information (e.g., news outlets, internet, rating agencies, research reports) and economic factors (e.g., inflation, deflation, monetary policy, economic policy)
- The role of the Federal Reserve Board
- Changing interest rates and the effect on money supply, fiscal policy, federal taxation and spending
- International economic factors (e.g., currency exchange rates, balance of trade, gross domestic product (GDP))

FUNCTION 3 – Opens, maintains, transfers and closes accounts and retains appropriate account records

3.1: Provides information and disclosures to customers regarding various account types, characteristics, and restrictions

Knowledge of:

- Account registration types (*e.g.*, individual, JTWR0S, UGMA)
- Distribution elections (*e.g.*, cash, reinvestment)

3.2: Obtains and updates customer information and documentation necessary to open, maintain, and close the account

Knowledge of:

- Customer screening (*e.g.*, Customer Identification Program (CIP), determining whether a customer is an associated person of another broker-dealer)
- Account authorizations and legal documents (*e.g.*, power of attorney, authorized account user, discretionary accounts, Transfer on Death (TOD), beneficiary forms)
- Recordkeeping (*e.g.*, retention of customer and firm-related records)
- Customer account record maintenance (*e.g.*, update personal information, holding of customer mail, sending required SEC Rule 17a-3 notifications)
- Transferring customer accounts between broker-dealers (*e.g.*, Automated Customer Account Transfer Service (ACATS))
- Account registration changes and internal transfers (*e.g.*, TOD, divorce)
- Delivery of annual reports and notices of corporate actions (*e.g.*, proxy statements)

FINRA Rules

- 2090 – Know Your Customer
- 2251 – Forwarding of Proxy and Other Issuer-Related Materials
- 2267 – Investor Education and Protection
- 3250 – Designation of Accounts
- 4510 Series – Books and Records Requirements
- 11870 – Customer Account Transfer Contracts

NASD Rules

- 2510 – Discretionary Accounts
- 3110(i) – Holding of Customer Mail

Securities Exchange Act of 1934

- Rule 17a-3 – Records to Be Made by Certain Exchange Members, Brokers and Dealers
- Rule 17a-3(a)(9) – Customer Account Information
- Rule 17a-3(a)(17) – Customer Account Records and Updates
- Rule 17a-4 – Records to Be Preserved by Certain Exchange Members, Brokers and Dealers
- Rule 17a-4(b)(6) – Records relating to discretionary authority

Rule 17a-8 – Financial Recordkeeping and Reporting of Currency and Foreign Transactions

Regulation S-P – Privacy of Customer Financial Information and Safeguarding Personal Information

USA PATRIOT Act
Section 326 – Customer Identification Programs

3.3: Identifies and responds appropriately to suspicious customer account activity for the life of an account

Knowledge of:

- Anti-Money Laundering (AML) compliance procedures, program, and reporting (*e.g.*, Bank Secrecy Act (BSA), Office of Foreign Asset Control (OFAC) Specially Designated Nationals (SDN) list, Currency Transactions Reports (CTRs), Customer Identification Program (CIP), Suspicious Activity Reports (SARs))
- Circumstances for notifying FinCEN or refusing or restricting activity in an account and/or closing accounts

FINRA Rule
3310 – Anti-Money Laundering Compliance Program

USA PATRIOT Act
Section 314 – Cooperative Efforts to Deter Money Laundering
Section 352 – Anti-Money Laundering Programs

FUNCTION 4 – Obtains, verifies, and confirms customer purchase and sale instructions

4.1: Verifies, enters and monitors orders in accordance with customers' instructions and regulatory requirements and reports trade executions to customers

Knowledge of:

- Cash accounts (e.g., prompt payment for securities purchased, extension of time, frozen accounts)
- Market terms (e.g., trade date, settlement date, ex-dividend date)
- Delivery requirements and settlement of transactions
- Trade execution activities (e.g., market timing, late trading, prompt payment for securities purchased, extension of time, frozen accounts, prohibition on arranging loans for others)
- Information required on an order ticket
- Sharing of referral fees and commissions
- Confirmations and account statements

FINRA Rules

2232 – Customer Confirmations

4510 – Books and Records Requirements

4514 – Authorization Records for Negotiable Instruments Drawn From a Customer's Account

4515 – Approval and Documentation of Changes in Account Name or Designation

5310 – Best Execution and Interpositioning

11860 – COD Orders

NASD Rules

2340 – Customer Account Statements

Securities Exchange Act of 1934

Section 17 – Accounts and Records, Reports, Examinations of Exchanges, Members, and Others

Rule 10b-10 – Confirmation of Transactions

Rule 17a-3(a)(6) and (a)(7) – Order Tickets and Memoranda of Purchases and Sales

Rule 17a-3(a)(19) – Records to Be Made by Certain Exchange Members, Brokers and Dealers

Federal Reserve Board

Regulation T – Credit by Brokers and Dealers

4.2: Informs the appropriate supervisor and assists in the resolution of trade discrepancies, possible errors, disputes, and complaints

Knowledge of:

- Customer complaint procedures
- Arbitration procedures

- Investigations and sanctions

FINRA Rules

2080 – Obtaining an Order of Expungement of Customer Dispute Information from the Central Registration Depository (CRD) System

4513 – Records of Written Customer Complaints

4530 – Reporting Requirements

8000 Series – Investigations and Sanctions

9000 Series – Code of Procedure

12000 Series – Code of Arbitration Procedure for Customer Disputes

13000 Series – Code of Arbitration Procedure for Industry Disputes

14000 Series – Mediation Ground Rules

NASD Rule

3010 – Supervision

SAMPLE QUESTIONS

The following sample questions are included to provide an introduction to the basic formats of multiple-choice questions used on the examination. The sample questions do not reflect the difficulty level of actual test questions. Candidates who familiarize themselves with these formats may be able to improve their test-taking skills so that their performance on the examination will better reflect their knowledge of the areas tested.

Closed-Stem: The stem (the part that poses the question) is a complete sentence, and thus concludes with a question mark. The options (answer choices) may be complete or incomplete sentences.

Example: Which of the following mutual fund services must be offered continually to the mutual fund's shareholders?

- (A) Issuing shares
- (B) Redeeming shares
- (C) Exchanging shares
- (D) Transferring ownership of shares*

Open-Stem (Sentence Completion): The stem is an incomplete statement, and the options represent conclusions to the sentence.

Example: The major difference between a closed-end fund and an open-end fund is that the closed-end fund:

- (A) Is unmanaged
- (B) Does not have a sales charge
- (C) Does not redeem shares held by the investors*
- (D) Is not diversified

Except or Not: The "EXCEPT" case is used when the task is to select the response option that is an exception to the principle or rule stated in the stem. If it is clearly more straightforward or less awkward to use "not," rather than "except," this is done. In either case, the stem may be open or closed.

Example: In the Investment Company Act of 1940, the term "management company" applies to all of the following EXCEPT:

- (A) Unit investment trusts*
- (B) Non-diversified companies
- (C) Open-end companies
- (D) Closed-end companies

REFERENCES

Listed below are government and 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 refer to the SROs' websites for information memos or Regulatory Notices concerning amendments to rules and the announcement of new rules that may be pertinent to the examination. 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 preparation to take the examination. Candidates are responsible for planning their course of study in preparation for the examination. FINRA produces only the content outline and is not involved with and does not endorse any particular course of study.

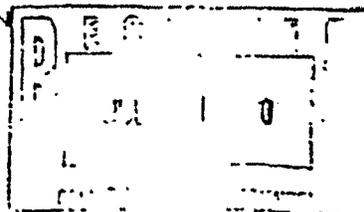
Financial Industry Regulatory Authority (FINRA)
1735 K Street
Washington DC, 20006
www.finra.org

**Securities Industry/Regulatory Council
On Continuing Education**
www.cecouncil.com

**Securities and Exchange Commission
Office of Investor Education and Advocacy**
1-800-SEC-0330
www.sec.gov



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.

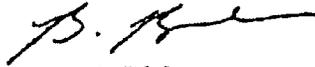
Alden S. Adkins

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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