

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 43	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 004 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"/>
Pilot <input type="checkbox"/>			Rule		
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 *).

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="Philip"/>	Last Name *	<input type="text" value="Shaikun"/>
Title *	<input type="text" value="Vice President and Associate General Counsel"/>		
E-mail *	<input type="text" value="philip.shaikun@finra.org"/>		
Telephone *	<input type="text" value="(202) 728-8451"/>	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="02/09/2018"/>	<input type="text" value="Senior Vice President and Deputy General Counsel"/>
By	<input type="text" value="Patrice M. Gliniecki"/> (Name *)	<input type="text" value="Patrice Gliniecki,"/> Patrice Gliniecki,

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 *

Add Remove View

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 *

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, 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

Add Remove View

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

Add Remove View

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

Add Remove View

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 Banking Representative (Series 79) examination as part of the restructuring of the representative-level examination program.² The proposed revisions also 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 Banking 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 Series 79 content outline is attached. The revised Series 79 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 79 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. 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

At its meeting on December 15, 2015, 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.

As discussed further below, FINRA is filing the proposed rule change for immediate effectiveness. The implementation date will be October 1, 2018, to coincide with the implementation of the restructured representative-level examination program. FINRA will also announce the implementation date of the proposed rule change 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 whether revisions are necessary or appropriate in view of changes pertaining to the subject matter covered by the examinations.

⁴ 15 U.S.C. 78q-3(g)(3).

The SEC recently approved a proposed rule change to restructure the FINRA representative-level qualification examination program.⁵ The rule change, which will become effective on October 1, 2018,⁶ restructures the examination program into a new format whereby all new representative-level applicants will be required to take a general knowledge examination (the Securities Industry Essentials or SIE™) and a tailored, specialized knowledge examination (a revised representative-level qualification examination) for their particular registered role.

The restructured program eliminates duplicative testing of general securities knowledge on the current representative-level qualification examinations by moving such content into the SIE examination.⁷ The SIE examination will test fundamental securities-related knowledge, including knowledge of basic products, the structure and function of the securities industry, the regulatory agencies and their functions and regulated and prohibited practices, whereas the revised representative-level qualification examinations

⁵ See Securities Exchange Act Release No. 81098 (July 7, 2017), 82 FR 32419 (July 13, 2017) (Order Approving File No. SR-FINRA-2017-007).

⁶ See Regulatory Notice 17-30 (SEC Approves Consolidated FINRA Registration Rules, Restructured Representative-Level Qualification Examinations and Changes to Continuing Education Requirements) (October 2017).

⁷ Each of the current representative-level examinations covers general securities knowledge, with the exception of the Research Analyst (Series 86 and 87) examinations.

will test knowledge relevant to day-to-day activities, responsibilities and job functions of representatives.⁸

As part of the restructuring process and in consultation with a committee of industry representatives, FINRA undertook a review of the Investment Banking Representative (Series 79) examination to remove the general securities knowledge currently covered on the examination and to create a tailored examination to test knowledge relevant to the day-to-day activities, responsibilities and job functions of an Investment Banking Representative. As a result of this review, FINRA also is proposing to revise the Series 79 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 Banking Representative. The proposed change will align the organization of the Series 79 content outline with the organization of the content outlines of the other revised representative-level examinations.⁹ In addition, FINRA is proposing to make other changes to the format of the Series 79 content outline.

Beginning on October 1, 2018, new applicants seeking to register as Investment Banking Representatives must pass the SIE examination and the revised Investment Banking Representative (Series 79) examination.

⁸ FINRA filed the SIE content outline with the SEC for immediate effectiveness. See Securities Exchange Act Release No. 82578 (January 24, 2018), 83 FR 4375 (January 30, 2018) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2018-002). In addition to the proposed rule change relating to the revised Series 79 examination, FINRA will file with the Commission for immediate effectiveness the content outlines for the other revised representative-level qualification examinations.

⁹ FINRA currently has organized several FINRA qualification examinations, such as the Securities Trader (Series 57) examination, based on the functions that are performed by the respective registered persons and the associated tasks. FINRA is proposing similar layouts for all of the representative-level examinations, including the Series 79 examination.

Current Content Outline

The current Series 79 content outline is divided into four sections. The following are the four sections, denoted Section 1 through Section 4, with the associated number of questions:

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.

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

Revised Content Outline

As noted above, FINRA is proposing to move the general securities knowledge currently covered on the Series 79 examination to the SIE examination. For example, FINRA Rule 3220 (Influencing or Rewarding Employees of Others) (the Gifts Rule) will now be tested on the SIE examination, rather than on the Series 79 examination. As a result, the revised Series 79 examination will test knowledge specific to the day-to-day activities, responsibilities and job functions of an Investment Banking Representative.

Further, FINRA is proposing to reorganize the content outline by dividing it into three major job functions that are performed by an Investment Banking Representative.

The following are the three major job functions, denoted Function 1 through Function 3, with the associated number of questions:

Function 1: Collection, Analysis and Evaluation of Data, 37 questions;

Function 2: Underwriting and New Financing Transactions, Types of Offerings and Registration of Securities, 20 questions; and

Function 3: Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions, 18 questions.

FINRA also is proposing to adjust the number of questions assigned to each major job function to ensure that the overall examination better reflects the key tasks performed by an Investment Banking Representative. The questions on the revised Series 79 examination will place emphasis on tasks such as advising on or facilitating debt or equity offerings through a private placement or public offering, and advising or facilitating mergers and acquisitions, tender offers, financial restructurings and asset sales.

Each function also includes specific tasks describing activities associated with performing that function. There are three tasks (1.1 – 1.3) associated with Function 1;¹⁰ six tasks (2.1 – 2.6) associated with Function 2;¹¹ and six tasks (3.1 – 3.6) associated with Function 3.¹² For example, one such task (Task 1.3) is conducting due diligence.¹³ Further, the content outline lists the knowledge required to perform each function and

¹⁰ See Exhibit 3a, Outline Pages 3-6.

¹¹ See Exhibit 3a, Outline Pages 7-11.

¹² See Exhibit 3a, Outline Pages 12-15.

¹³ See Exhibit 3a, Outline Pages 5-6.

associated tasks (e.g., due diligence processes on both the buy- and sell-sides). In addition, where applicable, the content outline lists the laws, rules and regulations a candidate is expected to know to perform each function and associated tasks (e.g., SEC Rule 135a).

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 new FINRA rules (e.g., FINRA Rule 5131 (New Issue Allocations and Distributions)).

FINRA is proposing similar changes to the Series 79 selection specifications and question bank.

Finally, FINRA is proposing to make other changes to the format of the content outline, including to the preface, sample questions and reference materials.¹⁴ Among other changes, FINRA is proposing to: (1) reduce the preface to one page of introductory information; (2) streamline details regarding the purpose of the examination; (3) move the application procedures to FINRA's website; and (4) explain that the passing score is established using a standard setting procedure, and that a statistical adjustment process known as equating is used in scoring the examination.¹⁵

As a result of the proposed changes, the number of scored questions on the Series 79 examination will be reduced from 175 questions to 75 questions.¹⁶ Further, the test

¹⁴ FINRA is proposing similar changes to the content outlines for other representative-level examinations.

¹⁵ See Exhibit 3a, Outline Page 2.

¹⁶ Consistent with FINRA's practice of including "pretest" questions on examinations, the Series 79 examination includes 10 additional, unidentified pretest questions that do not contribute towards the candidate's score. The pretest

time, which is the amount of time candidates will have to complete the examination, will be reduced from five hours to two hours and 30 minutes. Currently, a score of 73 percent is required to pass the examination. FINRA will publish the passing score of the revised Series 79 examination on its website, at www.finra.org, prior to its first administration.

Availability of Content Outline

The current Series 79 content outline is available on FINRA's website. The revised Series 79 content outline will replace the current content outline on FINRA's website, and it will be made available on the website on the date of this filing.

FINRA is filing the proposed rule change for immediate effectiveness. The implementation date will be October 1, 2018, to coincide with the implementation of the restructured representative-level examination program. FINRA will also announce the implementation date of the proposed rule change in a Regulatory Notice.

(b) Statutory Basis

FINRA believes that the proposed revisions to the Series 79 examination program are consistent with the provisions of Section 15A(b)(6) of the Act,¹⁷ 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,¹⁸ which authorizes FINRA to prescribe standards of training, experience, and competence

questions are designed to ensure that new examination questions meet acceptable testing standards prior to use for scoring purposes. Therefore, the Series 79 examination actually consists of 85 questions, 75 of which are scored. The 10 pretest questions are randomly distributed throughout the examination.

¹⁷ 15 U.S.C. 78o-3(b)(6).

¹⁸ 15 U.S.C. 78o-3(g)(3).

for persons associated with FINRA members. The proposed rule change will improve the examination program, without compromising the qualification standards, by removing the general knowledge content currently covered on the Series 79 examination, since that content will be covered in the co-requisite SIE examination. In addition, the proposed revisions will further the purposes of the Act 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 Banking Representative.

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 Banking 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 effective. FINRA also provided a detailed economic impact assessment regarding the introduction of the SIE examination and the restructuring of the representative-level examinations as part of the proposed rule change to restructure the FINRA representative-level qualification examination program.¹⁹

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.

¹⁹ See Securities Exchange Act Release No. 80371 (April 4, 2017), 82 FR 17336 (April 10, 2017) (Notice of Filing of File No. SR-FINRA-2017-007).

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 Act²⁰ and Rule 19b-4(f)(1) thereunder,²¹ 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. The implementation date will be October 1, 2018, to coincide with the implementation of the restructured representative-level examination program. FINRA will also announce the implementation date of the proposed rule change in a Regulatory Notice.

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 79 Examination.

²⁰ 15 U.S.C. 78s(b)(3)(A)(i).

²¹ 17 CFR 240.19b-4(f)(1).

Exhibit 3b. Revised Selection Specifications for the Series 79 Examination.

FINRA has requested confidential treatment for the Series 79 revised selection specifications, and thus the specifications are omitted from this filing. The Series 79 revised selection specifications have been filed separately with the Commission pursuant to SEA Rule 24b-2.²²

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.

²² 17 CFR 240.24b-2.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2018-004)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Revise the Investment Banking Representative (Series 79) Examination

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, 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 proposing revisions to the content outline and selection specifications for the Investment Banking Representative (Series 79) examination as part of the

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).

restructuring of the representative-level examination program.⁵ The proposed revisions also 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 Banking 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 Series 79 content outline is attached. The revised Series 79 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 79 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. 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.

The SEC recently approved a proposed rule change to restructure the FINRA representative-level qualification examination program.⁸ The rule change, which will become effective on October 1, 2018,⁹ restructures the examination program into a new format whereby all new representative-level applicants will be required to take a general knowledge examination (the Securities Industry Essentials or SIE™) and a tailored, specialized knowledge examination (a revised representative-level qualification examination) for their particular registered role.

⁷ 15 U.S.C. 78o-3(g)(3).

⁸ See Securities Exchange Act Release No. 81098 (July 7, 2017), 82 FR 32419 (July 13, 2017) (Order Approving File No. SR-FINRA-2017-007).

⁹ See Regulatory Notice 17-30 (SEC Approves Consolidated FINRA Registration Rules, Restructured Representative-Level Qualification Examinations and Changes to Continuing Education Requirements) (October 2017).

The restructured program eliminates duplicative testing of general securities knowledge on the current representative-level qualification examinations by moving such content into the SIE examination.¹⁰ The SIE examination will test fundamental securities-related knowledge, including knowledge of basic products, the structure and function of the securities industry, the regulatory agencies and their functions and regulated and prohibited practices, whereas the revised representative-level qualification examinations will test knowledge relevant to day-to-day activities, responsibilities and job functions of representatives.¹¹

As part of the restructuring process and in consultation with a committee of industry representatives, FINRA undertook a review of the Investment Banking Representative (Series 79) examination to remove the general securities knowledge currently covered on the examination and to create a tailored examination to test knowledge relevant to the day-to-day activities, responsibilities and job functions of an Investment Banking Representative. As a result of this review, FINRA also is proposing to revise the Series 79 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 Banking Representative. The proposed change

¹⁰ Each of the current representative-level examinations covers general securities knowledge, with the exception of the Research Analyst (Series 86 and 87) examinations.

¹¹ FINRA filed the SIE content outline with the SEC for immediate effectiveness. See Securities Exchange Act Release No. 82578 (January 24, 2018), 83 FR 4375 (January 30, 2018) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2018-002). In addition to the proposed rule change relating to the revised Series 79 examination, FINRA will file with the Commission for immediate effectiveness the content outlines for the other revised representative-level qualification examinations.

will align the organization of the Series 79 content outline with the organization of the content outlines of the other revised representative-level examinations.¹² In addition, FINRA is proposing to make other changes to the format of the Series 79 content outline.

Beginning on October 1, 2018, new applicants seeking to register as Investment Banking Representatives must pass the SIE examination and the revised Investment Banking Representative (Series 79) examination.

Current Content Outline

The current Series 79 content outline is divided into four sections. The following are the four sections, denoted Section 1 through Section 4, with the associated number of questions:

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.

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

¹² FINRA currently has organized several FINRA qualification examinations, such as the Securities Trader (Series 57) examination, based on the functions that are performed by the respective registered persons and the associated tasks. FINRA is proposing similar layouts for all of the representative-level examinations, including the Series 79 examination.

Revised Content Outline

As noted above, FINRA is proposing to move the general securities knowledge currently covered on the Series 79 examination to the SIE examination. For example, FINRA Rule 3220 (Influencing or Rewarding Employees of Others) (the Gifts Rule) will now be tested on the SIE examination, rather than on the Series 79 examination. As a result, the revised Series 79 examination will test knowledge specific to the day-to-day activities, responsibilities and job functions of an Investment Banking Representative.

Further, FINRA is proposing to reorganize the content outline by dividing it into three major job functions that are performed by an Investment Banking Representative. The following are the three major job functions, denoted Function 1 through Function 3, with the associated number of questions:

Function 1: Collection, Analysis and Evaluation of Data, 37 questions;

Function 2: Underwriting and New Financing Transactions, Types of Offerings and Registration of Securities, 20 questions; and

Function 3: Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions, 18 questions.

FINRA also is proposing to adjust the number of questions assigned to each major job function to ensure that the overall examination better reflects the key tasks performed by an Investment Banking Representative. The questions on the revised Series 79 examination will place emphasis on tasks such as advising on or facilitating debt or equity offerings through a private placement or public offering, and advising or facilitating mergers and acquisitions, tender offers, financial restructurings and asset sales.

Each function also includes specific tasks describing activities associated with performing that function. There are three tasks (1.1 – 1.3) associated with Function 1;¹³ six tasks (2.1 – 2.6) associated with Function 2;¹⁴ and six tasks (3.1 – 3.6) associated with Function 3.¹⁵ For example, one such task (Task 1.3) is conducting due diligence.¹⁶ Further, the content outline lists the knowledge required to perform each function and associated tasks (e.g., due diligence processes on both the buy- and sell-sides). In addition, where applicable, the content outline lists the laws, rules and regulations a candidate is expected to know to perform each function and associated tasks (e.g., SEC Rule 135a).

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 new FINRA rules (e.g., FINRA Rule 5131 (New Issue Allocations and Distributions)).

FINRA is proposing similar changes to the Series 79 selection specifications and question bank.

Finally, FINRA is proposing to make other changes to the format of the content outline, including to the preface, sample questions and reference materials.¹⁷ Among

¹³ See Exhibit 3a, Outline Pages 3-6. The outline is attached as Exhibit 3a to the 19b-4 form.

¹⁴ See Exhibit 3a, Outline Pages 7-11.

¹⁵ See Exhibit 3a, Outline Pages 12-15.

¹⁶ See Exhibit 3a, Outline Pages 5-6.

¹⁷ FINRA is proposing similar changes to the content outlines for other representative-level examinations.

other changes, FINRA is proposing to: (1) reduce the preface to one page of introductory information; (2) streamline details regarding the purpose of the examination; (3) move the application procedures to FINRA's website; and (4) explain that the passing score is established using a standard setting procedure, and that a statistical adjustment process known as equating is used in scoring the examination.¹⁸

As a result of the proposed changes, the number of scored questions on the Series 79 examination will be reduced from 175 questions to 75 questions.¹⁹ Further, the test time, which is the amount of time candidates will have to complete the examination, will be reduced from five hours to two hours and 30 minutes. Currently, a score of 73 percent is required to pass the examination. FINRA will publish the passing score of the revised Series 79 examination on its website, at www.finra.org, prior to its first administration.

Availability of Content Outline

The current Series 79 content outline is available on FINRA's website. The revised Series 79 content outline will replace the current content outline on FINRA's website, and it will be made available on the website on the date of this filing.

FINRA is filing the proposed rule change for immediate effectiveness. The implementation date will be October 1, 2018, to coincide with the implementation of the

¹⁸ See Exhibit 3a, Outline Page 2.

¹⁹ Consistent with FINRA's practice of including "pretest" questions on examinations, the Series 79 examination includes 10 additional, unidentified pretest questions that do not contribute towards the candidate's score. The pretest questions are designed to ensure that new examination questions meet acceptable testing standards prior to use for scoring purposes. Therefore, the Series 79 examination actually consists of 85 questions, 75 of which are scored. The 10 pretest questions are randomly distributed throughout the examination.

restructured representative-level examination program. FINRA will also announce the implementation date of the proposed rule change in a Regulatory Notice.

2. Statutory Basis

FINRA believes that the proposed revisions to the Series 79 examination program are consistent with the provisions of Section 15A(b)(6) of the Act,²⁰ 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,²¹ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. The proposed rule change will improve the examination program, without compromising the qualification standards, by removing the general knowledge content currently covered on the Series 79 examination, since that content will be covered in the co-requisite SIE examination. In addition, the proposed revisions will further the purposes of the Act 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 Banking 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

²⁰ 15 U.S.C. 78o-3(b)(6).

²¹ 15 U.S.C. 78o-3(g)(3).

performed by an Investment Banking 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 effective. FINRA also provided a detailed economic impact assessment regarding the introduction of the SIE examination and the restructuring of the representative-level examinations as part of the proposed rule change to restructure the FINRA representative-level qualification examination program.²²

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) of the Act²³ and paragraph (f)(1) of Rule 19b-4 thereunder.²⁴ 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.

²² See Securities Exchange Act Release No. 80371 (April 4, 2017), 82 FR 17336 (April 10, 2017) (Notice of Filing of File No. SR-FINRA-2017-007).

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(1).

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-2018-004 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Robert W. Errett, Deputy Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2018-004. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2018-004 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.²⁵

Robert W. Errett
Deputy Secretary

²⁵ 17 CFR 200.30-3(a)(12).



Exhibit 3a
SR-FINRA-2018-004

Investment Banking Representative Qualification Examination (Series 79)

CONTENT OUTLINE

Series 79

PURPOSE OF THE EXAM

The Series 79 exam is designed to assess the competency of entry-level Investment Banking Representatives. The Series 79 exam seeks to measure the degree to which each candidate possesses the knowledge, skills and abilities needed to perform the critical functions of an Investment Banking Representative. In order to obtain registration as an Investment Banking Representative, candidates must pass both the Series 79 and a general knowledge co-requisite, the Securities Industry Essentials (SIE) exam. For more information about the activities requiring registration as an Investment Banking Representative, see FINRA Rule 1220(b)(5).

STRUCTURE OF THE EXAM

The exam consists of 75 multiple-choice items, and each item consists of four answer choices. The allocation of exam items for each major function is as follows:

Function	Description	Percentage of Exam Items	Number of Items
1	Collection, Analysis and Evaluation of Data	49%	37
2	Underwriting and New Financing Transactions, Types of Offerings and Registration of Securities	27%	20
3	Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions	24%	18
TOTAL		100%	75

ADMINISTRATION OF THE EXAM

The exam is administered via computer. A tutorial on how to take the exam is provided prior to taking the exam. Each candidate's exam includes 10 additional, unidentified pretest items that do not contribute toward the candidate's score. The pretest items are randomly distributed throughout the exam. Therefore, each candidate's exam consists of a total of 85 items (75 scored and 10 unscored). There is no penalty for guessing. Therefore, candidates should attempt to answer all items. Candidates will be allowed 2 hours and 30 minutes to complete the Series 79 exam.

All candidate test scores are placed on a common scale using a statistical adjustment process known as equating. Equating scores to a common scale accounts for the slight variations in difficulty that may exist among the different sets of exam items that candidates receive. This allows for a fair comparison of scores and ensures that every candidate is held to the same passing standard regardless of which set of exam items they received.

Candidates are not permitted to bring reference materials to their testing session. Severe penalties are imposed on candidates who cheat or attempt to cheat on FINRA-administered exams.

Please visit www.finra.org for additional details.

Series 79

FUNCTION 1: Collection, Analysis and Evaluation of Data

1.1 Collection of Data

Knowledge of:

- Collection of 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
 - Analysis of trends in the market and specific industry sectors
 - Analysis of individual companies
 - Analysis of the capital structure and valuation metrics of comparable companies
 - Relative valuation analysis regarding positioning (the company's relative position when comparing its valuation with other companies within the same industry)
 - Tracking of recent securities offerings and mergers and acquisitions (M&As) (*i.e.*, precedent transactions) executed by the firm, as well as recent deals executed by competitors
- Information found in schedules, reports, statements and forms filed pursuant to the Securities Exchange Act of 1934
- Permissible communications with clients and other departments within the firm, coordinating when necessary with legal and compliance
 - Communication with clients to gather and verify information for financial modeling/financial statements
 - Communication with industry specialists within investment banking and capital markets to obtain information regarding business opportunities and communication with industry specialists to collect industry data to determine marketing strategies best suited for the company
 - Communication with the firm's research department to obtain perspectives on the market and particular industry sectors
 - Communication with the syndicate desk to obtain information about deals that are in the marketplace, current market demands, security pricing, structure and covenants
 - Coordination with internal departments to review data for inclusion in marketing materials and/or secure approval of those materials

FINRA Rules

2241 – Research Analysts and Research Reports

2242 – Debt Research Analysts and Debt Research Reports

SEC Rules and Regulations

Securities Exchange Act of 1934

13a-10 – Transition Reports

13a-11 – Current Reports on Form 8-K

13a-13 – Quarterly Reports on Form 10-Q

13d-1 – Filing of Schedules 13D and 13G

13f-1 – Reports by Institutional Investment Managers of Information with Respect to Accounts Over Which They Exercise Investment Discretion

14a-6 – Filing Requirements

15d-10 – Transition Reports

15d-11 – Current Reports on Form 8-K

15d-13 – Quarterly Reports on Form 10-Q

16a-1 – Definition of Terms

Series 79

1.2 Analysis and Evaluation of Data

Knowledge of:

- Financial analysis of individual companies, comparable companies and particular industry sectors
- Models involving basic financial accounting concepts and statistical analyses and preparation of spreadsheets, graphs and other materials based on the collected data; data entry into proprietary financial models
 - Balance sheet (*e.g.*, current assets, including cash and cash equivalents, marketable securities, inventory, accounts receivable, property, plant and equipment (PP&E), goodwill and intangibles; deferred assets; current liabilities, including accounts payable, short-term debt, accruals, and long-term debt; deferred liabilities; and stockholders' equity/net worth, including preferred stock, common stock, additional paid-in capital, retained earnings and capital surplus)
 - Income statement (*e.g.*, revenue/sales and cost of goods sold (COGS), including fixed/variable costs, selling, general and administrative (SG&A) expenses, amortization/depreciation/depletion, operating income/loss, interest income/expense, taxes, net income/loss)
 - Cash flow statement (*e.g.*, operating cash flow, investing cash flow, financing cash flow)
- Valuation metrics, ratios and other types of data for any or all of the following areas: equity and debt transactions, equity-linked transactions, M&As, restructurings and general corporate or financial advisory services
 - 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), working capital)
 - Profitability (*e.g.*, adjustments including extraordinary items/nonrecurring items; earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); 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), and return on invested capital (ROIC); total expense ratio)
 - Leverage (*e.g.*, interest coverage ratio, leverage net debt/EBITDA, debt to EBITDA)
 - Valuation (*e.g.*, accretion/dilution, enterprise value (EV), adjusted EV/EBITDA, price-to-book (P/B) value (stated and tangible), compound annual growth rate (CAGR), cost of capital, discounted cash flow (DCF), dividend discount model (DDM), dividend payout ratio, dividend yield, earnings, economic profit, EV/EBITDA, EV/sales, equity value, forward P/E multiple, internal rate of return (IRR), last 12 months (LTM), price-to-earnings (P/E) multiple, market cap, net present value, normalized (operating) earnings, price to cash flow, P/E, price to free cash flow, price/NAV, price/earnings to growth (PEG), price to sales (P/S), price per share, sum of the parts analysis, stock volatility, beta, weighted average cost of capital (WACC))
 - Asset turnover (*e.g.*, inventory valuation methods: LIFO, FIFO)
- Review and analysis of precedent transactions for trends in capital raising and M&As (*e.g.*, capital restructuring, use of derivatives, share repurchase programs, tender offers, rights offerings, debt issuance)
 - Registration and proxy statements
- Analysis of investor and shareholder data to understand ownership and trading behavior
- Analysis of the impact of various financing strategies for potential investors, including risks
 - Investment objectives (*e.g.*, growth at a reasonable price (GARP), growth, aggressive growth, value income, capital appreciation)
 - 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)
- Analysis of the various financing alternatives available to the company

Series 79

- Types of organizational structures (*e.g.*, C corporations; S corporations; limited liability companies (LLCs); limited partnerships; trusts; master limited partnerships; real estate investment trusts (REITs); private equity funds; federal, state and municipal governments)
- Types of investors (*e.g.*, mutual funds, hedge funds, venture capital firms, private equity firms, qualified institutional buyers (QIBs), qualified purchasers)
- Types of financing transactions (*e.g.*, debt, equity or hybrid securities, public versus private offering (*e.g.*, initial public offering (IPO), follow-on, private investments in public equity (PIPEs), primary versus secondary offering, forward sale))
- Evaluation of the impact of various alternatives for the company, including preliminary recommendations with respect to transactions based on the results of the above analyses and understanding of the benefits and risks associated with such recommendations

SEC Rules and Regulations

Securities Exchange Act of 1934

- 13e-1 – Purchase of Securities by the Issuer During a Third-party Tender Offer
- 13e-3 – Going Private Transactions by Certain Issuers of Their Affiliates
- 14d-1 – Scope and Definitions Applicable to Regulations 14D and 14E
- 14d-9 – Recommendation or Solicitation by the Subject Company and Others

1.3 Due Diligence Activities

Knowledge of:

- Due diligence by identification of information that is required to be disclosed in public or private offering documents
 - Review of 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
 - 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
- The due diligence process: sell-side transactions
 - Financial due diligence on the seller
 - Assistance to the seller in gathering due diligence materials to be provided to potential buyers
 - Preparation, review and finalization of the client data room procedures and index of materials to be presented in data room
 - Supplemental due diligence information, monitoring of access to data room
 - Assistance to the seller in performing due diligence on the potential buyers
- The due diligence process: buy-side transactions
 - Coordination of the schedule for management presentations, data room access and site visits with the buyer and the target
 - Facilitation of the buyer's due diligence process
 - Conducting of a comprehensive and confidential investigation to uncover information that could impact the merger or acquisition, for the purpose of recommending alternatives for handling benefits, compensation and other human resource programs after the deal closes
 - Identification of strategic positions for negotiating
 - Evaluation of the leadership of the organization, including performing background checks
 - Examination of the target's culture, environment, corporate governance, and labor issues; identification of strengths and weaknesses of the employee groups; discovery of risk, such as unfunded liabilities or obligations and corporate governance, degree of off-balance sheet disclosures; and identification of cost-saving opportunities, such as those available through consolidation or negotiation

Series 79

- Performance of due diligence from available sources other than the target company
- Due-diligence-related regulatory requirements
 - Basic disclosure requirements with respect to compliance with the Sarbanes-Oxley Act

SEC Rules and Regulations

Securities Act of 1933

176 – Circumstances Affecting the Determination of What Constitutes Reasonable Investigation and Reasonable Grounds for Belief Under Section 11 of the Securities Act

Sarbanes-Oxley Act

Title IV – Enhanced Financial Disclosures

402 – Enhanced Conflict of Interest Provisions

403 – Disclosures of Transactions Involving Management and Principal Stockholders

404 – Management Assessment of Internal Controls

Series 79

FUNCTION 2: Underwriting and New Financing Transactions, Types of Offerings and Registration of Securities

2.1 Public Offerings

Knowledge of:

- The drafting of the offering documents, internal commitment memos, internal sales memos and road show presentations
 - Regulatory requirements pertaining to:
 - Filing of registration statement of securities offerings
 - A company's ongoing reporting obligations
 - Disclosure of a firm's interest in a distribution
 - Securities distributions
 - Prospectuses (base prospectus, prospectus supplement)
 - Exemptions/safe harbors
 - Research reports and free writing prospectuses
 - Communication-related liabilities
- The distribution of the preliminary and final prospectuses

FINRA Rules

- 2262 – Disclosure of Control Relationship with Issuer
- 2269 – Disclosure of Participation or Interest in Primary or Secondary Distribution
- 5110 – Corporate Financing Rule—Underwriting Terms and Arrangements
- 5121 – Public Offerings of Securities with Conflicts of Interest

SEC Rules and Regulations

Securities Act of 1933

- Section 2(a)(10) – Definition of Prospectus
- Section 5 – Prohibitions Relating to Interstate Commerce and the Mails
- Section 7 – Information Required in Registration Statement
- Section 10 – Information Required in Prospectus
- Section 11 – Civil Liabilities on Account of False Registration Statement
- Section 12 – Civil Liabilities Arising in Connection with Prospectuses and Communications
- Section 17 – Fraudulent Interstate Transactions
- Section 23 – Unlawful Representations

- 134 – Communications Not Deemed a Prospectus
- 135a – Generic Advertising
- 137 – Publications or Distributions of Research Reports by Brokers or Dealers that Are Not Participating in an Issuer's Registered Distribution of Securities
- 138 – Publications or Distributions of Research Reports by Brokers or Dealers About Securities Other than Those They Are Distributing
- 139 – Publications by Brokers or Dealers Distributing Asset-backed Securities
- 153A – Definition of "Preceded by a Prospectus" as Used in Section 5(b)(2) in Relation to Certain Transactions Requiring Approval of Security Holders
- 159 – Information Available to Purchaser at Time of Contract of Sale
- 163 – Exemption from Section 5(c) of the Act for Certain Communications by or on Behalf of Well-known Seasoned Issuers

Series 79

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
164 – Post-filing Free Writing Prospectuses in Connection with Certain Registered Offerings; Graphic Communication, Written Communication, Electronic Road Shows
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
169 – Exemptions from Sections 2(a)(10) and 5(c) of the Act for Certain Communications of Regularly Released Factual Business Information
172 – Delivery of Prospectuses
174 – Delivery of Prospectus by Dealers
175 – Liability for Certain Statements by Issuers
405 – Automatic Shelf Registration Statement
412 – Modified or Superseded Documents
415 – Shelf Registration Statement
424 – Filing of Prospectuses, Number of Copies
427 – Contents of Prospectus Used After Nine Months
430 – Prospectus for Use Prior to Effective Date
430A – Prospectus in a Registration Statement at the Time of Effectiveness
430B – Prospectus in a Registration Statement After Effective Date
433 – Conditions to Permissible Post-filing Free Writing Prospectuses
460 – Distribution of Preliminary Prospectus

Securities Exchange Act of 1934

Section 10A – Audit Requirements
Section 12 – Registration Requirements for Securities
 12(a) – Exchange-listed Securities
 12(f) – Unlisted Trading Privileges for Security Originally Listed on Another National Exchange
 12(g) – Registration of Securities of Issuers Engaged in Interstate Commerce
 12(j) – Suspension or Revocation of Registration of the Issuer's Securities

3b-6 – Liability for Certain Statements by Issuers
15c1-5 – Disclosure of Control
15c1-6 – Disclosure of Interest in Distributions
15c2-8 – Delivery of Prospectus

Regulation FD – Selective Disclosure and Insider Trading

Regulation S-K – Standard Instructions for Filing Forms Under Securities Act of 1933, Securities Exchange Act of 1934 and Energy Policy and Conservation Act of 1975

Regulation S-X – Form and Content of and Requirements for Financial Statements, Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, Investment Advisers Act of 1940, and Energy Policy and Conservation Act of 1975

Jumpstart Our Business Startups (JOBS) Act

Series 79

2.2 Activities of the Underwriting Syndicate

Knowledge of:

- The execution of syndicate agreements, including agreement among underwriters, selected dealers' agreement, deal wires
 - Types of underwriting commitments (e.g., firm commitment, competitive bid or negotiated, standby commitment, all-or-none, best efforts)
 - Issuer and shareholder lock-up agreements
- Preparation and filing of all necessary regulatory wires (e.g., Regulation M filings)

FINRA Rule

5160 – Disclosure of Price and Concessions in Selling Agreements

SEC Rules and Regulations

Securities Exchange Act of 1934

10b-9 – Prohibited Representations in Connection with Certain Offerings

15c2-4 – Transmission or Maintenance of Payments Received in Connection with Underwritings

Regulation M

101 – Activities by Distribution Participants

102 – Activities by Issuers and Selling Security Holders During a Distribution

2.3 Execution and Distribution

Knowledge of:

- The education of the internal sales force and marketing of the offering
 - Determination of current trends in the market/sectors and identification of the sales points of each transaction
 - Drafting of materials regarding the transaction to educate the internal sales force (e.g., internal sales memo)
 - Assistance to the issuer in preparing the road show presentation and setting up investor meetings
 - Review of the current shareholders of the issuer as well as shareholders of comparable companies to locate prospective investors
 - Distribution of materials to potential investors as permitted by regulations
 - Status of marketing, market conditions and time frame for transaction
- Building the book
 - Investor interest, price-level information, maintenance of "indication of interest (IOI) book," and creation and maintenance of the book, which includes the list of prospective investors and how the issue is split among the underwriters
 - Thorough suitability assessments of customers
- Sizing, pricing and timing
 - Information about other scheduled transactions in the market and the release of economic data for the purpose of pricing and scheduling the offering
 - Sizing, pricing and timing judgments and recommendations to issuers based on certain factors, including but not limited to: IOIs, 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
- Allocation, syndicate short covering, stabilization and other market activities
 - Research and summarization of retail versus institutional demand and investor trading history
 - Management of stabilizing activity and syndicate short positions

Series 79

- Structure and management of the over-allotment option (*i.e.*, green shoe)
- Determination of whether to exercise the green shoe
- Billing and delivery
 - Calculation of compensation of the syndicate (*e.g.*, components of underwriter's spread, including management fee, underwriting fee and selling concession; gross spread; pot agreement (jump ball, fixed); free retention; and designations)
 - Verification of accuracy of customer orders
 - Communication with branch office managers or designees to confirm allotments and designations
- NYSE and Nasdaq listing requirements

FINRA Rules

- 2060 – Use of Information Obtained in Fiduciary Capacity
- 2241 – Research Analysts and Research Reports
- 2310 – Direct Participation Programs
- 5130 – Restrictions on the Purchase and Sale of Initial Equity Public Offerings
- 5131 – New Issue Allocations and Distributions
- 5141 – Sale of Securities in a Fixed Price Offering
- 5190 – Notification Requirements for Offering Participants
- 6130 – Transactions Related to Initial Public Offerings
- 6220(a)(17) – Definition of Stabilizing Bid

SEC Rules and Regulations

- Securities Act of 1933
 - Section 18 – Exemption from State Regulation of Securities Offerings
- Securities Exchange Act of 1934
 - 15c1-8 – Sales at the Market
 - 17a-2 – Recordkeeping Requirements Relating to Stabilizing Activities
- Regulation M
 - 100 – Definitions
 - 103 – Nasdaq Passive Market Making
 - 104 – Stabilizing and Other Activities in Connection with an Offering
 - 105 – Short Selling in Connection with a Public Offering

2.4 Post-Execution Activities for Financing Deals

Knowledge of:

- 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 documents, prospectuses, and copies of underwriting materials
 - Understanding of books and record requirements
 - Tracking of billing and finalization of the transaction

FINRA Rules

- 4511 – General Requirements
- 11880 – Settlement of Syndicate Accounts

SEC Rules and Regulations

- Securities Exchange Act of 1934
 - 17a-3 – Records To Be Made by Certain Exchange Members, Brokers and Dealer
 - 17a-4 – Records To Be Preserved by Certain Exchange Members, Brokers and Dealers

Series 79

2.5 Securities Exempt from the Registration Requirements of the Securities Act of 1933

SEC Rules and Regulations

Securities Act of 1933

- 147 – “Part of an Issue,” “Person Resident” and “Doing Business Within,” for Purposes of Section 3(a)(11)
 - 147A – “Exemptions to facilitate intrastate and regional securities offerings”
- Regulation A – Conditional Small Issues Exemption

2.6 Transactions Exempt from the Registration Requirements of the Securities Act of 1933

Knowledge of:

- Private placements, including the performance of tasks similar to those associated with public offerings and tasks that are unique to private placement
 - Structuring of appropriate private placement securities, convertibles, preferred stock, subordinated debt, warrants
 - Drafting and execution of engagement documentation for private placements and the placement agent agreement
 - Identification of the list of potential investors and determination of the types and suitability of investors for whom private placement is appropriate
 - Determination of eligibility of interested investors and procurement of non-binding commitments
 - Preparation of the private offering documents, including but not limited to the private placement memorandum (PPM), confidentiality agreement, teaser (*i.e.*, executive summary or one-page document describing financing opportunities to attract interest), and security term sheets (*i.e.*, expected pricing)
- Resales of securities by control persons

FINRA Rules

- 5122 – Private Placements of Securities Issued by Members
- 5123 – Private Placements of Securities

SEC Rules and Regulations

Securities Act of 1933

- Section 4(a)(2) – Transactions by an Issuer Not Involving Any Public Offering
- Section 4(6) – Private Placements
- 144 – Persons Deemed Not To Be Engaged in a Distribution and Therefore Not Underwriters
- 144A – Private Resales of Securities to Institutions

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

- 501 – Definitions and Terms Used in Regulation D
- 502 – General Conditions To Be Met
- 503 – Filing of Notice of Sales
- 504 – Exemption for Limited Offerings and Sales of Securities Not Exceeding \$5,000,000
- 506 – Exemption for Limited Offers and Sales Without Regard to Dollar Amount of Offering

Regulation S – Rules Governing Offers and Sales Made Outside the United States Without Registration Under the Securities Act of 1933

- 901 – General statement
- 902 – Definitions
- 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
- 904 – Offshore Resales

Series 79

FUNCTION 3: Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions

3.1 Mergers and Acquisitions: Sell-side Transactions

Knowledge of:

- Setup of the process
 - Preparation, negotiation and finalization of the engagement letter with the seller
 - Preparation and review, with the seller, of potential transaction structures and the impact of existing market, regulatory and tax environment on the proposed transaction
 - Identification and assessment of potential transactions (*e.g.*, sale of entire company, divestitures, spinoffs, split offs)
 - Identification and assessment of potential transaction structures (*e.g.*, stock versus asset sale, merger versus tender offer)
 - Coordination 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)
 - Coordination with the seller's legal advisors to identify antitrust and other regulatory issues (*e.g.*, cross-border transactions)
 - Assistance in identifying potential corporate issues (*e.g.*, IRS Rules 160 and 280G, golden parachute, plant closings, shareholder objectives, corporate culture)
 - Assistance 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)
 - Performance of financial valuation analysis for the seller and production of comprehensive valuation report using a variety of valuation methods
 - Extensive analysis of potential buyers
 - Assistance with identification of potential buyers and their strengths and weaknesses, including capacity to pay
 - Assistance with evaluation of any financing requirements, including stapled financing
 - Assessment of the primary competitors both general and sector-specific
 - Assessment of the existing growth strategy and optimization potential
 - Performance of suitability assessments of specific candidates
 - Assistance with evaluating credit implications of the potential transaction
 - Evaluation of potential market reaction announcements concerning a merger/acquisition
- Marketing of the transaction
 - Assistance in preparation of confidentiality agreements
 - Preparation, finalization and distribution of a business profile highlighting corporate overview, financial history, and other information relevant to a potential buyer ("teaser")
 - Assistance with the process of contacting potential buyers and signing of the confidentiality/non-disclosure agreements
 - Assistance with the preparation of a confidential offering document for presentation to potential buyers and merger partners
 - Preparation, finalization and distribution of bidding procedures letter to potential buyers
 - Assistance with drafting of management presentations
- Management of the bidding process
 - Evaluation of potential 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)

Series 79

- Receipt of non-binding IOIs from potential buyers and organization and communication of material to the seller
- Assistance with determination of successful bids and assistance with communicating regret or invitations to move forward with potential buyers
- Attendance at and monitoring of management presentations, data room sessions and site visits
- Response to potential buyers' requests for additional information
- Assistance with preparation of final round procedures, including deadline for final offers and guidance on issues to be addressed in letters of intent
- Finalization and distribution of final round procedure letter to potential buyers
- Receipt, analysis and presentation of final round bids to the seller
- General understanding of Hart-Scott-Rodino Antitrust Improvements Act of 1976
- Execution of the transaction
 - Assistance with selection of buyers with whom to negotiate definitive agreements
 - Assistance in communicating with the seller's legal counsel and accountants the material financial terms of the transaction as agreed to by seller and buyer
 - Assistance with the preparation of a fairness opinion, if warranted or requested

3.2 Mergers and Acquisitions: Buy-side Transactions

Knowledge of:

- Analysis before the bid
 - Determination or assessment of the strategy, resources, financial capacity of the buyer
 - Evaluation of rationale for the acquisition and value of the buyer's business
 - Identification of potential corporate, structural or legal impediments to the transaction (e.g., control share acquisition statutes, shareholder rights plans, staggered boards)
 - Coordination with the 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)
 - Review of the confidential offering memorandum and confidentiality agreement provided by the seller
 - Analysis of the target's financial results, future prospects, market position, industry dynamics, potential strategic value to the buyer and potential synergies with the buyer
 - Production of preliminary stand-alone and pro forma valuations of the target through comparable company analysis, precedent transaction analysis, discounted cash flow (DCF) analysis, leveraged buyout (LBO) analysis and other relevant analyses
 - Assistance with evaluation of credit implications of the potential transaction
 - Assessment of the capabilities of other buyers and communication with the buyer regarding recent developments among other buyers and competitors
 - Evaluation of potential market reaction announcements concerning a merger/acquisition
- Bidding process
 - Assistance with development, finalization and review of preliminary bids
 - Assistance with process of contacting the seller and/or acting as a liaison with its advisors
 - Assistance with arrangement of financing alternatives from various institutions, as necessary
- Execution of the deal
 - Assistance in preparing follow-up due diligence requests and communication with the target
 - Review of final bid with the buyer
 - Assistance with preparation of a fairness opinion, if warranted or requested
 - Assistance in communicating with the buyer's legal counsel and accountants material financial terms of the transaction as agreed to by the seller and buyer

3.3: Fairness Opinions (Applicable for Both Buy-side and Sell-side Transactions)

Series 79

Knowledge of:

- Assistance with the determination of whether a fairness opinion is necessary
- Preparation of the financial analysis for the fairness opinion
- Presentation of the analysis to the firm's internal approval committees, the client, and the client's board of directors or special committee of the board
 - Assistance with preparation of fairness opinion meeting
 - Understanding of internal procedures for disclosing conflicts
- Assistance with drafting the fairness opinion letter
- Assistance with the preparation of proxy statement/prospectus disclosure regarding any fairness opinion that has been issued

FINRA Rule

5150 – Fairness Opinions

3.4 Signing to Closing (Applicable for Both Buy-side and Sell-side Transactions)

Knowledge of:

- Proxy statement/prospectus disclosure regarding the transaction
- Assistance with determination and monitoring of closing conditions
- Assistance with development of external communications materials (e.g., press releases, investor presentations)

3.5 Tender Offer Regulations

Knowledge of:

- Tender offer regulations, including requirements relating to communications, timing, filing, disclosure and equal treatment of shareholders

SEC Rules and Regulations

Securities Exchange Act of 1934

13e-3 – Going Private Transactions by Certain Issuers or Their Affiliates

13e-4 – Tender Offers by Issuers

14d-1 – Scope of and Definitions Applicable to Regulations 14D and 14E

14d-9 – Recommendation or Solicitation by the Subject Company and Others

14d-10 – Equal Treatment of Security Holders

14e-1 – Unlawful Tender Offer Practices

14e-2 – Position of Subject Company with Respect to a Tender Offer

14e-3 – Transactions in Securities on the Basis of Material, Nonpublic Information in the Context of Tender Offers

14e-4 – Prohibited Transactions in Connection with Partial Tender Offers

14e-5 – Prohibiting Purchases Outside of a Tender Offer

Schedule TO – Tender Offer Statement Under Section 14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

Series 79

3.6 Financial Restructuring and Bankruptcy

Knowledge of:

- 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)
- Fundamental terms of loan documents
 - Credit agreements and indentures (*e.g.*, repayment, prepayment, events of default, negative covenants)
 - 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)
 - Consequences of refinancing early
- Fundamental terms of bankruptcy (*e.g.*, plan of reorganization (Bankruptcy Code Chapter 11), debtor in possession financing (DIP), liquidation (Bankruptcy Code Chapter 7), M&As (Bankruptcy Code Section 363), creditor committees, debtor in possession, company's board of directors/management, and trustee)

SEC Rules and Regulations

Securities Act of 1933

Form S-4 – Registration Statement – Used in Connection with Business Combinations and Exchange Offers

145 – Reclassification of Securities, Mergers, Consolidations, and Acquisitions of Assets

165 – Offers Made in Connection with a Business Combination Transaction

425 – Filing of Certain Prospectuses and Communications Under Rule 135 in Connection with Business Combination Transactions

Securities Exchange Act of 1934

Regulation 14A – Solicitation of Proxies

Schedule 14A – Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

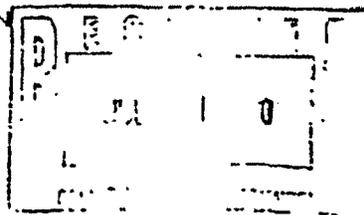
14a-101 – Information Required in Proxy Statement

Item 14 of Schedule 14A – Mergers, Consolidations, Acquisitions and Similar Matters

Regulation M-A – Mergers and Acquisitions



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. ^{Alden}Adkins:

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.

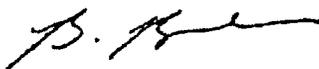
Alden S. Adkins

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