

INFORMATIONAL

**Series 55
Examination**

Deadline Extended
For Series 55 Equity
Trader Examination To
October 1, 2000

SUGGESTED ROUTING

The Suggested Routing function is meant to aid the reader of this document. Each NASD member firm should consider the appropriate distribution in the context of its own organizational structure.

- Executive Representatives
- Legal & Compliance
- Registration
- Senior Management
- Trading & Market Making
- Training

KEY TOPICS

- Series 55 Examination,
Equity Trader

Executive Summary

The requirement for Nasdaq® and/or over-the-counter equity traders to pass the Series 55 examination by May 1, 2000, has been extended to October 1, 2000.

Questions/Further Information

Questions regarding this *Notice* may be directed to Carole Hartzog, Assistant Director, Member Regulation, Testing and Continuing Education, NASD Regulation, Inc. (NASD RegulationSM), at (301) 590-6696; or Eric Moss, Assistant General Counsel, Office of General Counsel, NASD Regulation, at (202) 728-8982.

Background

On January 2, 1998, the Securities and Exchange Commission (SEC) approved amendments to the National Association of Securities Dealers, Inc. (NASD[®]) rules, creating Rule 1032(f). This rule requires the qualification and registration of representatives who engage in proprietary trading or the execution of transactions on an agency basis in equities, preferred or convertible debt securities effected otherwise than on a securities exchange, or who directly supervise such activities. In order to register as a Limited Representative—Equity Trader, representatives must be registered as General Securities Representatives (Series 7) or as Limited Representatives—Corporate Securities (Series 62), and must pass the Series 55 examination. Rule 1032(f) contains an exemption for representatives whose principal trading activities involve executing orders on behalf of affiliated investment companies registered with the SEC under the Investment Company Act of 1940.

Rule 1032(f) affords an extended qualification period to persons who were performing any of the activities that require registration as a Limited Representative—Equity Trader (outlined above) on or prior to May 1, 1998, and who filed an application to take the Series 55 examination by August 31, 1998. This grace period was scheduled to end on May 1, 2000.

Extension Granted

On April 27, 2000, Rule 1032(f) was amended to extend the two-year grace period to October 1, 2000.¹ Representatives will not be permitted to function as equity traders after October 1, 2000 unless they receive passing scores on the Series 55 examination.

Candidates who were granted the two-year grace period and have not yet taken the Series 55 examination will have until October 1, 2000 to pass this examination. Candidates who received the grace period but have failed the Series 55 examination must request on Web CRDSM to retake the examination in order to obtain the October 1, 2000 extension.

All candidates who do not qualify for the two-year grace period must pass the Series 55 examination before functioning in a capacity that would require registration, and the normal waiting periods between failed attempts will apply to them. If a firm determines that a candidate with an open Series 55 enrollment does not function as a Nasdaq and/or over-the-counter equity trader as described in NASD Rule 1032(f), the firm must withdraw this examination request on Web CRD by entering a partial Form U-5.

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Endnote

¹On April 27, 2000, NASD Regulation filed a proposed rule change with the SEC, File No. SR-NASD-00-05, extending the two-year grace period to October 1, 2000. This proposed rule change was effective upon filing pursuant to Section 19(b)(3)(A)(i) of the

Securities Exchange Act of 1934, and paragraph (f)(1) of Rule 19b-4 thereunder, in that the proposed change is a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing NASD rule.

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