

SPECIAL NASD NOTICE TO MEMBERS 97-66

Industry/Regulatory Council On Continuing Education Publishes Firm Element Practices And Council Commentary

Suggested Routing

- ☒ Senior Management
- ☐ Advertising
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Executive Summary

On February 8, 1995, the Securities and Exchange Commission (SEC) approved Rule 1120 (formerly Schedule C, Part XII of the National Association of Securities Dealers, Inc., By-Laws) of the NASD® Membership and Registration Rules, which prescribes requirements for the Securities Industry Continuing Education Program (Program). The Program has two elements—a Regulatory Element and a Firm Element—and became effective July 1, 1995.

The Securities Industry/Regulatory Council on Continuing Education (Council) includes 13 members representing a cross-section of securities firms and six self-regulatory organizations (SROs).¹ Both the SEC and the North American Securities Administrators Association have appointed liaisons to the Council.

The Council facilitates industry/regulatory coordination of the administration and future development of the Program. Council duties include recommending and helping to develop specific content and questions for the Regulatory Element, and minimum core curricula for the Firm Element. The Council also periodically reports on the Program's progress, and issues guidelines to help broker/dealers comply with the requirements of the Firm Element (see *Notice to Members 96-69*, October 1996).

The Council has now published *Firm Element Practices and Council Commentary (Firm Element Practices)*, which contains the needs analyses and Firm Element training plans of eight broker/dealers. *Firm Element Practices* illustrates approaches to Firm Element compliance from three general securities firms, one investment banking firm, two insurance-affiliated broker/dealers, and two independent contractor broker/dealers, all ranging in size from small to large. In accompanying commentary on each firm's plan, the Council dis-

cusses what it considers the plan's strong and weak aspects.

The NASD joins the Council in recommending that every firm review *Firm Element Practices* for useful ideas and approaches to the continuing education requirements. Both the NASD and the Council caution, however, that the training plans contained in *Firm Element Practices* do not constitute a "safe harbor" of any kind. Specifically, every firm has unique needs and characteristics that should be identified and addressed in the firm's own Firm Element training plan. It is the unique features of each firm's needs analysis and training plan that SRO examiners focus on during the examination process.

The NASD encourages member firms to complete the Reader Survey included in *Firm Element Practices* so the Council can ensure that future editions of *Firm Element Practices* will address member firm needs.

Copies of *Firm Element Practices* are available for \$10 from NASD MediaSource, at (301) 590-6142. The document will also be available on the NASD RegulationSM Web Site, www.nasdr.com, on November 1, 1997.

Questions about this *Notice* may be directed to the following NASD Regulation staff: John Linnehan, Director, Continuing Education, at (301) 208-2932 or Daniel M. Sibears, Vice President, Member Regulation, at (202) 728-6911 for compliance or examination inquiries.

Endnotes

¹ The American Stock Exchange, Inc., the Chicago Board Options Exchange, Inc., the Municipal Securities Rulemaking Board, the National Association of Securities Dealers, Inc., the New York Stock Exchange, Inc., and the Philadelphia Stock Exchange, Inc.

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