

NASD Notice to Members 98-35

SEC Approves Changes To Continuing Education Rules

Suggested Routing

- ☒ Senior Management
- ☐ Advertising
- ☒ Continuing Education
- ☐ Corporate Finance
- ☐ Executive Representatives
- ☐ Government Securities
- ☐ Institutional
- ☐ Insurance
- ☐ Internal Audit
- ☒ Legal & Compliance
- ☐ Municipal
- ☐ Mutual Fund
- ☐ Operations
- ☐ Options
- ☐ Registered Representatives
- ☒ Registration
- ☐ Research
- ☐ Syndicate
- ☐ Systems
- ☐ Trading
- ☒ Training
- ☐ Variable Contracts

Executive Summary

On March 3, 1998, the Securities and Exchange Commission (SEC) approved changes to the Continuing Education rules of the National Association of Securities Dealers, Inc. (NASD[®]) and other self-regulatory organizations (SROs) (see SEC Release No. 34-39712; File No. SR-NASD-98-03; and 63 FR 11939, March 11, 1998). The approved rule change as it appears in the *Federal Register* is attached to this *Notice*. The changes will be effective July 1, 1998, resulting in the following:

- Development of a new Regulatory Element computer-based training module related to the specific needs of registered principals. The new training scenarios will be made more realistic through the use of audio and video techniques.
- Registered persons will no longer graduate from the program after their 10th anniversaries in the business. Registered persons will be required to participate in the appropriate Regulatory Element on the second anniversary of their initial securities registration and every three years thereafter throughout their careers.
- There will be a one-time grandfather provision from the Regulatory Element for those persons registered for 10 years or more in their respective registration as of July 1, 1998.
- Member firms are required to specifically focus on supervisory needs in conducting their annual analysis of training needs, and if it is determined that there is a specific need for supervisory training for registered principals, it must be addressed in the Firm Element training plan.

Questions regarding these changes may be directed to John Linnehan, Director, Continuing Education, NASD Regulation, Inc., at (301) 208-2932 or Daniel M. Sibears, Vice President, Member Regulation, NASD RegulationSM, at (202) 728-6911.

© 1998, National Association of Securities Dealers, Inc. (NASD). All rights reserved.