

March 26, 2001

Ms. Katherine A. England
Assistant Director
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-1001

**Re: SR-NASD-2001-23: Revisions to Series 24 and 62 Examination Programs;
Immediate Effectiveness Requested**

Dear Ms. England:

Pursuant to Rule 19b-4, enclosed please find the above-numbered rule filing. Also enclosed is a 3-1/2" disk containing the rule filing in Microsoft Word 7.0 to facilitate production of the Federal Register release.

If you have any questions, please feel free to contact Eric Moss, Office of General Counsel, NASD Regulation, Inc., at (202) 728-8982; e-mail Eric.Moss@nasd.com. The fax number of the Office of General Counsel is (202) 728-8264.

Very truly yours,

Patrice M. Gliniecki
Vice President and
Deputy General Counsel

Enclosures

File No. SR-NASD-2001-23
Consists of 12 Pages

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

Form 19b-4

Proposed Rule Change

by

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), the National Association of Securities Dealers, Inc. (“NASD” or “Association”), through its wholly owned subsidiary, NASD Regulation, Inc. (“NASD Regulation”), is filing with the Securities and Exchange Commission (“SEC” or “Commission”) proposed revisions to the study outline and examination specifications for the General Securities Principal (Series 24) and the Corporate Securities Limited Representative (Series 62) qualification examinations to reflect changes to the rules, regulations, and practices covered by these examinations. The question banks for the Series 24 and 62 examinations have been modified to reflect these revisions, and are available for Commission review. NASD Regulation is not proposing any textual changes to the By-Laws, Schedules to the By-Laws, or Rules of NASD Regulation or the National Association of Securities Dealers, Inc. (“NASD” or “Association”).¹

A description of the Series 24 and 62 examinations is included in the attached revised study outlines. Confidential information on the examinations is included in the revised examination specifications, which have been omitted from this filing and are being submitted under separate cover to the Secretary of the SEC pursuant to Rule 24b-2 under the Act.

¹ On October 8, 1999, NASD Regulation filed SR-NASD-99-55 with the Commission, proposing revisions to the Series 24 and 62 examination programs. In support of SR-NASD-99-55, NASD Regulation submitted proposed examination questions. The Commission staff voiced concern that certain questions were ambiguous. NASD Regulation has endeavored to modify these questions. When an item could not be resolved through modification, the item was removed from the examination. NASD Regulation has withdrawn SR-NASD-99-55 from consideration, and is filing SR-NASD-2001-23 in its place. Based upon instruction from the Commission staff, NASD Regulation is submitting SR-NASD-2001-23 for immediate effectiveness, and is not attaching the examination bank for Commission review. See Letter to Alden S. Adkins, Senior Vice President & General Counsel, NASD Regulation, Inc., from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed revisions to the Series 24 and 62 examination programs were developed by an industry committee and the staff of NASD Regulation's Qualification Department. The proposed rule change was approved by the Board of Directors of NASD Regulation at its meeting on January 24, 2001, which authorized the filing of the proposed rule change with the SEC. Counsel for The Nasdaq Stock Market, Inc. and NASD Dispute Resolution, Inc. have been provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by the NASD to its Subsidiaries ("Delegation Plan"). The NASD Board of Governors had an opportunity to review the proposed rule change at its meeting on January 25, 2001. No other action by NASD Regulation is necessary for the filing of the proposed rule change. Section 1 of Article IV of the NASD Regulation By-Laws and Section II.A.1. of the Delegation Plan permit the Board of Directors of NASD Regulation to adopt amendments to NASD Rules without recourse to the membership for approval.

The proposed rule change is effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f) thereunder. The implementation (or operative) date of the proposed rule change will be July 2, 2001. NASD Regulation will announce the implementation (or operative) date of the revised Series 24 and 62 examination programs in a Notice to Members to be published no later than 60 days following the date of filing of this proposed rule change.

(b) Questions regarding this submission may be directed to Eric Moss, Assistant General Counsel, NASD Regulation, Office of General Counsel, at (202) 728-8982.

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

(a) Purpose

Pursuant to Section 15A(g)(3) of the Act, which requires the NASD to prescribe standards of training, experience, and competence for persons associated with NASD members, the NASD has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with NASD members have attained specified levels of competence and knowledge. NASD Regulation 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 Series 24 General Securities Principal examination is an NASD examination that qualifies individuals to manage or supervise the member's investment banking or securities business for corporate securities, direct participation programs, and investment company products/variable contracts. The Series 62 Corporate Securities Limited Representative examination is an NASD examination that qualifies an individual as a representative for the sale of corporate stocks, corporate bonds, rights, warrants, real estate investment trusts, collateralized mortgage obligations, and securities of closed-end companies registered pursuant to the Investment Company Act of 1940. These exams test candidates' knowledge of securities industry rules and regulations pertinent to the respective products listed above.

The staff of the Qualifications Department of NASD Regulation, in conjunction with an industry committee, recently undertook a review of the General Securities Principal and Corporate Securities

Limited Representative examination programs. As a result of this review, NASD Regulation is proposing revisions to the examination specifications, study outlines, and question banks for the Series 24 and Series 62 examination programs to reflect changes to the rules and regulations covered by the examinations, including Commission rules relating to Regulation M, the Investment Advisers Act of 1940, and Section 11A of the Act and the rules thereunder. The proposed revisions also reflect changes to NASD rules and regulations, as well as to MSRB Rules G-37 and G-38.

To adequately test the material covered in the revised programs, the number of questions on the Series 24 examination has increased from 125 to 150 questions, and the number of questions on the Series 62 examination has increased from 100 to 115 questions. The passing score for the examinations will continue to be 70%.

(b) Statutory Basis

NASD Regulation believes that the proposed revisions to the Series 24 and Series 62 examination programs are consistent with the provisions of Sections 15A(b)(6) and 15A(g)(3) of the Act, which authorize the NASD to prescribe standards of training, experience, and competence for persons associated with NASD members.

4. Self-Regulatory Organization's Statement on Burden on Competition

NASD Regulation 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, as amended.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not Applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(1) of Rule 19b-4 thereunder, 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. NASD Regulation proposes to implement the revised Series 24 and 62 examination programs on July 2, 2001.

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

Not applicable.

9. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.
2. Study Outline for the Revised Series 24 Examination.
3. Study Outline for the Revised Series 62 Examination.
4. Specifications for the Revised Series 24 Examination. The specifications for the Series 24 Examination are confidential and are omitted from this filing. The specifications for the Series 24 Examination have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.
5. Specifications for the Revised Series 62 Examination. The specifications for the Series 62 Examination are confidential and are omitted from this filing. The specifications for the

Series 62 Examination have been filed separately with the Commission pursuant to Rule 24b-2 under the Act.

Pursuant to the requirements of the Securities Exchange Act of 1934, NASD Regulation has duly caused this filing to be signed on its behalf by the undersigned thereto duly authorized.

NASD REGULATION, INC.

BY: _____
Patrice M. Gliniecki
Vice President and Deputy General Counsel

Date: March 26, 2001

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NASD-2001-23)

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASD Regulation, Inc. Relating to Revisions to the General Securities Principal (Series 24) and Corporate Securities Limited Representative (Series 62) Examination Programs

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 , the National Association of Securities Dealers, Inc. (“NASD”) through its wholly owned subsidiary, NASD Regulation, Inc. (“NASD Regulation”), 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 NASD Regulation.³ NASD Regulation 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 paragraph (f)(1) of Rule 19b-4 under the Act,⁴ which renders the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On October 8, 1999, NASD Regulation filed SR-NASD-99-55 with the Commission, proposing revisions to the Series 24 and 26 examination programs. In support of SR-NASD-99-55, NASD Regulation submitted proposed examination questions. The Commission staff voiced concern that certain questions were ambiguous. NASD Regulation has endeavored to modify these questions. When an item could not be resolved through modification, the item was removed from the examination. NASD Regulation has withdrawn SR-NASD-99-55 from consideration, and is filing SR-NASD-2001-23 in its place. Based upon instruction from the Commission staff, NASD Regulation is submitting SR-NASD-2001-23 for immediate effectiveness, and is not attaching the examination bank for Commission review. See Letter to Alden S. Adkins, Senior Vice President & General Counsel, NASD Regulation, Inc., from Belinda Blaine, Associate Director, Division of Market Regulation, SEC, dated July 24, 2000.

⁴ 17 CFR 240.19b-4(f)(1).

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

NASD Regulation is proposing revisions to the General Securities Principal (Series 24) and Corporate Securities Limited Representative (Series 62) examination programs.⁵ The proposed revisions consist of general revisions to update the examination programs to reflect changes in the rules, regulations, and practices covered by the examinations. The proposed revisions are reflected in the question bank for the Series 24 and 62 examination and are available for Commission review. The proposed revisions do not result in any textual changes to the By-Laws, Schedule of By-Laws, or Rules of NASD Regulation or the National Association of Securities Dealers, Inc. ("NASD").

II. SELF-REGULATORY ORGANIZATION'S STATEMENT OF THE PURPOSE OF, AND STATUTORY BASIS FOR, THE PROPOSED RULE CHANGE

In its filing with the Commission, NASD Regulation 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.

NASD Regulation has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of such statements.

⁵ The revised examination specifications are confidential and have been submitted under separate cover to the Commission pursuant to Rule 24b-2 under the Act.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

Pursuant to Section 15A(g)(3) of the Act, which requires the NASD to prescribe standards of training, experience, and competence for persons associated with NASD members, the NASD has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with NASD members have attained specified levels of competence and knowledge. NASD Regulation 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 Series 24 General Securities Principal examination is an NASD examination that qualifies individuals to manage or supervise the member's investment banking or securities business for corporate securities, direct participation programs, and investment company products/variable contracts. The Series 62 Corporate Securities Limited Representative examination is an NASD examination that qualifies an individual as a representative for the sale of corporate stocks, corporate bonds, rights, warrants, real estate investment trusts, collateralized mortgage obligations, and securities of closed-end companies registered pursuant to the Investment Company Act of 1940. These exams test candidates' knowledge of securities industry rules and regulations pertinent to the respective products listed above.

The staff of the Qualifications Department of NASD Regulation, in conjunction with an industry committee, recently undertook a review of the General Securities Principal and Corporate Securities Limited Representative examination programs. As a result of this review, NASD Regulation is

proposing revisions to the examination specifications, study outlines, and question banks for the Series 24 and Series 62 examination programs to reflect changes to the rules and regulations covered by the examinations, including Commission rules relating to Regulation M, the Investment Advisers Act of 1940, and Section 11A of the Act and the rules thereunder. The proposed revisions also reflect changes to NASD rules and regulations, as well as to MSRB Rules G-37 and G-38.

To adequately test the material covered in the revised programs, the number of questions on the Series 24 examination has increased from 125 to 150 questions, and the number of questions on the Series 62 examination has increased from 100 to 115 questions. The passing score for the examinations will continue to be 70%.

(2) Statutory Basis

NASD Regulation believes that the proposed revisions are consistent with the provisions of Sections 15A(b)(6) and 15A(g)(3) of the Act, which authorize the NASD to prescribe standards of training, experience, and competence for persons associated with NASD members.

(B) Self-Regulatory Organization's Statement on Burden on Competition

NASD Regulation 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, as amended.

(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 proposed rule is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(1) of Rule 19b-4 thereunder,⁶ in that the foregoing proposed rule change constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. NASD Regulation proposes to implement the revised Series 24 and 62 examination programs on July 2, 2001.

At any time within 60 days of this filing, the Commission may summarily abrogate this proposal 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.

IV. SOLICITATION OF COMMENTS

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. 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 inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and

⁶ 17 CFR 240.19b-4(f)(1).

copying at the principal office of the NASD. All submissions should refer to the file number in the caption above and should be submitted by [insert date 21 days from the date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30-3(a)(12).

Jonathan G. Katz
Secretary