

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2005 - 133

Amendment No.

Proposed Rule Change by National Association of Securities Dealers

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

Initial ☒ Amendment ☐ Withdrawal ☐

Section 19(b)(2) ☐ Section 19(b)(3)(A) ☒ Section 19(b)(3)(B) ☐

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☒ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period
for Commission Action ☐ Date Expires

Exhibit 2 Sent As Paper Document
☐

Exhibit 3 Sent As Paper Document
☐

Description

Provide a brief description of the proposed rule change (limit 250 characters).

Amendment to Section 4 fo Schedule A to NASD By-Laws to increase certain qualification examination fees

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 proposed rule change.

First Name Last Name
Title
E-mail
Telephone Fax

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.

Date By
(Name)

(Title)

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.

PATRICE GLINIECKI,

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

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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 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

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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

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Exhibit Sent As Paper Document

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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

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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

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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 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”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Section 4 of Schedule A to the NASD By-Laws (“Schedule A”) to increase examination fees that shall be assessed persons taking certain qualification examinations as of January 1, 2006.

Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

SCHEDULE A TO NASD BY-LAWS

* * * * *

Section 4—Fees

(a) and (b) No change

(c) The following fees shall be assessed to each individual who registers to take an examination as described below as of January 1, 200[5]6. These fees are in addition to the registration fee described in paragraph (b).

Series 4	Registered Options Principal	\$80
Series 6	Investment Company Products/ Variable Contracts Representative	[\$70] <u>\$75</u>
Series 7	General Securities Representative	[\$225] <u>\$250</u>
Series 9	General Securities Sales Supervisor - Options Module	\$60
Series 10	General Securities Sales Supervisor - General Module	[\$95] <u>\$100</u>

Series 11	Assistant Representative- Order Processing	\$60
Series 17	Limited Registered Representative	\$65
Series 22	Direct Participation Programs Representative	[\$70] <u>\$75</u>
Series 23	General Securities Principal Sales Supervisor Module	\$75
Series 24	General Securities Principal	[\$85] <u>\$95</u>
Series 26	Investment Company Products/ Variable Contracts Principal	\$75
Series 27	Financial and Operations Principal	[\$85] <u>\$95</u>
Series 28	Introducing Broker/Dealer Financial and Operations Principal	\$75
Series 37	Canada Module of S7 (Options Required)	\$150
Series 38	Canada Module of S7 (No Options Required)	\$150
Series 39	Direct Participation Programs Principal	\$75
Series 42	Registered Options Representative	\$60
Series 55	Limited Representative- Equity Trader	[\$80] <u>\$85</u>
Series 62	Corporate Securities Limited Representative	[\$70] <u>\$75</u>
Series 72	Government Securities Representative	[\$80] <u>\$85</u>
Series 82	Limited Representative – Private Securities Offering	\$75
Series 86	Research Analyst - Analysis	\$150
Series 87	Research Analyst - Regulatory	\$105

(1) through (3) No change

(d) through (h) No change

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Governors of NASD (“Board”) and authorized for filing with the SEC pursuant to a delegation of authority granted by the Board at its meeting on July 31, 2003 to, among others, the President of Regulatory Policy and Oversight to file, without further specific Board authorization, de minimis changes to all fees administered by NASD (“Delegation of Authority”). The staff will advise the Board of any action taken pursuant to the Delegation of Authority. Counsel for The Nasdaq Stock Market and NASD Dispute Resolution were provided an opportunity to consult with respect to the proposed rule change, pursuant to the Plan of Allocation and Delegation of Functions by NASD to its Subsidiaries. No other action by NASD is necessary for the filing of the proposed rule change. Section 1(a)(ii) of Article VII of the NASD By-Laws permits the Board to adopt amendments to NASD Rules without recourse to the membership for approval.

The proposed rule change is effective immediately upon filing. The revised examination fees set forth in this proposed rule change will be charged persons who register for one of the affected examinations beginning on January 1, 2006.

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

(a) Purpose

The purpose of this proposed rule change is to amend Schedule A to increase examination fees that shall be assessed persons taking certain qualification examinations as of January 1, 2006. Any person associated with a member firm who is engaged in the securities business of the firm must register with NASD. As part of the registration process, securities professionals must pass a qualification examination to demonstrate competence in each area in which they intend to work.

Some of these examinations are sponsored (i.e., developed) by NASD, and others are sponsored by the New York Stock Exchange, Inc. ("NYSE"), the Municipal Securities Rulemaking Board ("MSRB"), or other self-regulatory organizations ("SROs").¹ NASD administers qualification examinations via computer through the PROCTOR[®] system² at test centers operated by vendors under contract with NASD. NASD charges an examination fee to candidates for NASD-sponsored examinations. For those examinations sponsored by an NASD client and administered/delivered by NASD,

¹ For example, NASD administers and delivers the Series 6, 24, and 27 examinations, which are sponsored by NASD. NASD also administers and delivers client examinations, such as the Series 7, which is sponsored by the NYSE, and the Series 10, which is sponsored jointly by several SROs (AMEX, CBOE, MSRB, NASD, NYSE, PCX, and PHLX).

² PROCTOR[®] is a technology system that supports computer-based testing and training.

NASD charges a delivery fee that comprises either a part or all of the examination fee for these examinations.³

Each year, NASD conducts a comprehensive review of the licensing examination fee structure, which includes an analysis of the costs of developing, administering, and delivering examinations. NASD's review in 2005 showed that certain operational costs are rising. In particular, these costs consist of (1) the cost of providing the extensive network of test delivery centers; and (2) technology costs required to maintain the current PROCTOR[®] system and to redesign the PROCTOR[®] system. The proposed rule change will increase examination fees for certain NASD-sponsored examinations. In addition, NASD has advised its client examination sponsors of the impact of the higher costs on delivery fees for client-sponsored examinations. Accordingly, NASD is proposing to amend Schedule A to reflect the following increases in examination fees (which includes NASD-sponsored and client-sponsored examinations, as well as joint SRO examinations):

Series 6	Investment Company Products/Variable Contracts Representative (NASD-sponsored)	From \$70 to \$75
Series 7	General Securities Representative (NYSE-sponsored)	From \$225 to \$250

³ For additional discussion of the examination and delivery fee structure, see Exchange Act Release No. 50575 (Oct. 20, 2004), 69 FR 62732 (Oct. 27, 2004) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Amendments to Section 4 of Schedule A to the NASD By-Laws (Fees for Qualification Examinations); SR-NASD-2004-145).

Series 10	General Securities Sales Supervisor – General Module (Sponsored jointly by AMEX, CBOE, NASD, NYSE, PCX, and PHLX)	From \$95 to \$100
Series 22	Direct Participation Programs Representative (NASD-sponsored)	From \$70 to \$75
Series 24	General Securities Principal (NASD-sponsored)	From \$85 to \$95
Series 27	Financial and Operations Principal (NASD-sponsored)	From \$85 to \$95
Series 55	Limited Representative-Equity Trader (NASD-sponsored)	From \$80 to \$85
Series 62	Corporate Securities Limited Representative (NASD-sponsored)	From \$70 to \$75
Series 72	Government Securities Representative (NASD-sponsored)	From \$80 to \$85

As noted in Section 2 of this filing, the proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act and paragraph (f)(2) of Rule 19b-4 thereunder, in that the proposed rule change establishes or changes a due, fee or other charge imposed by NASD. The new fees will become effective for “120-day examination windows” opened in the Central Registration Depository (CRD[®]) on or after January 1, 2006.⁴ NASD will continue to conduct an annual review of its costs and adjust examination and delivery fees, if necessary, as of January 1 each year after making

the appropriate rule filings.

(b) Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act, which requires, among other things, that NASD rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the rule change is consistent with Section 15A(b)(5) of the Act in that the fee changes reflect NASD's increased costs in delivering the examinations and in maintaining and upgrading the examination delivery system.

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

NASD 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.

⁴ The published fee represents the fee that will be charged at the time the individual registers for the examination. The individual then has 120 days to take the examination.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act and paragraph (f)(2) of Rule 19b-4 thereunder, in that the proposed rule change establishes or changes a due, fee or other charge imposed by NASD. The new fees will become effective for “120-day examination windows” opened in CRD on or after January 1, 2006.

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

Not applicable.

9. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NASD-2005-133)
SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by National Association of Securities Dealers, Inc.
Relating to an Increase in Fees for Certain Qualification Examination fees

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 [leave space] , the National Association of Securities Dealers, Inc. (“NASD”) 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. NASD has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

NASD is proposing to amend Section 4 of Schedule A to the NASD By-Laws ("Schedule A") to increase examination fees that shall be assessed persons taking certain qualifications examinations as of January 1, 2006. Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

SCHEDULE A TO NASD BY-LAWS

* * * * *

Section 4—Fees

(a) and (b) No change

(c) The following fees shall be assessed to each individual who registers to take an examination as described below as of January 1, 200[5]6. These fees are in addition to the registration fee described in paragraph (b).

Series 4	Registered Options Principal	\$80
Series 6	Investment Company Products/ Variable Contracts Representative	[\$70] <u>\$75</u>
Series 7	General Securities Representative	[\$225] <u>\$250</u>
Series 9	General Securities Sales Supervisor - Options Module	\$60
Series 10	General Securities Sales Supervisor - General Module	[\$95] <u>\$100</u>
Series 11	Assistant Representative- Order Processing	\$60

Series 17	Limited Registered Representative	\$65
Series 22	Direct Participation Programs Representative	[\$70] <u>\$75</u>
Series 23	General Securities Principal Sales Supervisor Module	\$75
Series 24	General Securities Principal	[\$85] <u>\$95</u>
Series 26	Investment Company Products/ Variable Contracts Principal	\$75
Series 27	Financial and Operations Principal	[\$85] <u>\$95</u>
Series 28	Introducing Broker/Dealer Financial and Operations Principal	\$75
Series 37	Canada Module of S7 (Options Required)	\$150
Series 38	Canada Module of S7 (No Options Required)	\$150
Series 39	Direct Participation Programs Principal	\$75
Series 42	Registered Options Representative	\$60
Series 55	Limited Representative- Equity Trader	[\$80] <u>\$85</u>
Series 62	Corporate Securities Limited Representative	[\$70] <u>\$75</u>
Series 72	Government Securities Representative	[\$80] <u>\$85</u>
Series 82	Limited Representative – Private Securities Offering	\$75
Series 86	Research Analyst - Analysis	\$150
Series 87	Research Analyst - Regulatory	\$105

(1) through (3) No change

(d) through (h) No change

* * * * *

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 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 has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this proposed rule change is to amend Schedule A to increase examination fees that shall be assessed persons taking certain qualification examinations as of January 1, 2006. Any person associated with a member firm who is engaged in the securities business of the firm must register with NASD. As part of the registration process, securities professionals must pass a qualification examination to demonstrate competence in each area in which they intend to work.

Some of these examinations are sponsored (i.e., developed) by NASD, and others are sponsored by the New York Stock Exchange, Inc. ("NYSE"), the Municipal Securities Rulemaking Board ("MSRB"), or other self-regulatory organizations

(“SROs”).⁵ NASD administers qualification examinations via computer through the PROCTOR[®] system⁶ at test centers operated by vendors under contract with NASD. NASD charges an examination fee to candidates for NASD-sponsored examinations. For those examinations sponsored by an NASD client and administered/delivered by NASD, NASD charges a delivery fee that comprises either a part or all of the examination fee for these examinations.⁷

Each year, NASD conducts a comprehensive review of the licensing examination fee structure, which includes an analysis of the costs of developing, administering, and delivering examinations. NASD’s review in 2005 showed that certain operational costs are rising. In particular, these costs consist of (1) the cost of providing the extensive network of test delivery centers; and (2) technology costs required to maintain the current PROCTOR[®] system and to redesign the PROCTOR[®] system. The proposed rule change will increase examination fees for certain NASD-sponsored examinations. In addition, NASD has advised its client examination sponsors of the impact of the higher costs on

⁵ For example, NASD administers and delivers the Series 6, 24, and 27 examinations, which are sponsored by NASD. NASD also administers and delivers client examinations, such as the Series 7, which is sponsored by the NYSE, and the Series 10, which is sponsored jointly by several SROs (AMEX, CBOE, MSRB, NASD, NYSE, PCX, and PHLX).

⁶ PROCTOR[®] is a technology system that supports computer-based testing and training.

⁷ For additional discussion of the examination and delivery fee structure, see Exchange Act Release No. 50575 (Oct. 20, 2004), 69 FR 62732 (Oct. 27, 2004) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Amendments to Section 4 of Schedule A to the NASD By-Laws (Fees for Qualification Examinations); SR-NASD-2004-145).

delivery fees for client-sponsored examinations. Accordingly, NASD is proposing to amend Schedule A to reflect the following increases in examination fees (which includes NASD-sponsored and client-sponsored examinations, as well as joint SRO examinations):

Series 6	Investment Company Products/Variable Contracts Representative (NASD-sponsored)	From \$70 to \$75
Series 7	General Securities Representative (NYSE-sponsored)	From \$225 to \$250
Series 10	General Securities Sales Supervisor – General Module (Sponsored jointly by AMEX, CBOE, NASD, NYSE, PCX, and PHLX)	From \$95 to \$100
Series 22	Direct Participation Programs Representative (NASD-sponsored)	From \$70 to \$75
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Series 55	Limited Representative- Equity Trader (NASD-sponsored)	From \$80 to \$85
Series 62	Corporate Securities Limited Representative (NASD-sponsored)	From \$70 to \$75

Series 72	Government Securities Representative (NASD-sponsored)	From \$80 to \$85
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The proposed rule change is effective upon filing pursuant to Section 19(b)(3) of the Act and paragraph (f)(2) of Rule 19b-4 thereunder, in that the proposed rule change establishes or changes a due, fee or other charge imposed by NASD. The new fees will be become effective for “120-day examination windows” opened in the Central Registration Depository (CRD[®]) on or after January 1, 2006.⁸ NASD will continue to conduct an annual review of its costs and adjust examination and delivery fees, if necessary, as of January 1 each year after making the appropriate rule filings.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act, which requires, among other things, that NASD rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the rule change is consistent with Section 15A(b)(5) of the Act in that the fee changes reflect NASD’s increased costs in delivering the examinations and in maintaining and upgrading the examination delivery system.

⁸ The published fee represents the fee that will be charged at the time the individual registers for the examination. The individual then has 120 days to take the examination.

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

NASD 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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(2) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

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-NASD-2005- 133 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 100 F Street, NE, Room 9303, Washington, DC 20549-2001.

All submissions should refer to File Number SR-NASD-2005-133. 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 Web site (<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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of NASD.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to the

File Number SR-NASD-2005-133 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁹

Secretary

⁹ 17 CFR 200.30-3(a)(12).