

OMB APPROVAL

OMB Number: 3235-0045
Expires: June 30, 2010
Estimated average burden
hours per response.....38

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

File No. SR - 2009 - 006

Amendment No.

Proposed Rule Change by Financial Industry Regulatory Authority
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

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

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

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).

Proposed Rule Change Relating to a New Limited Representative Registration Category for Investment Banking Professionals

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 officer.

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information

Add

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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

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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 Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

Add

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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 Sent As Paper Document

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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

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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”),¹ Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a National Association of Securities Dealers, Inc. or (“NASD”)) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to establish NASD Rule 1032(i), a new limited representative registration category for investment banking professionals. The proposed rule change also sets forth the registration requirements for principals who supervise investment banking activities and clarifies the registration requirements for principals who supervise private securities offering activities.

The text of the proposed rule change is attached as Exhibit 5 to this rule filing.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

At its meeting on February 7, 2008, the FINRA Board of Governors authorized the filing of the rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA will announce the implementation date of the proposed rule change in a Regulatory Notice. The implementation date will be 90 days after the effectiveness of a future proposed rule change to establish the corresponding qualification examination.

¹ 15 U.S.C. 78s(b)(1).

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

(a) Purpose

Background

Section 15A(g)(3) of the Act² requires FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge.

NASD Rule 1031 requires that each person associated with a member who functions as a representative must be registered in a category appropriate to the function that person performs. The rule defines a “representative” as, among others, a person associated with a member who is “engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities or who [is] engaged in the training of persons associated with a member for any of these functions.” Pursuant to NASD Rule 1032, a person who functions as a registered representative must pass the General Securities Representative (Series 7) examination or certain equivalent examinations, unless such person’s activities are so limited as to qualify him or her for a limited representative category for which a more dedicated examination is prescribed.

² 15 U.S.C. 78o-3(g)(3).

The proposed rule change would create a new limited representative category—Limited Representative-Investment Banking—for persons whose activities are limited to investment banking, including those who work on the equity and debt capital markets and syndicate desks. More specifically, the proposed registration category would encompass those associated persons whose activities primarily involve: (1) advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities and managing the allocation and stabilization activities of such offerings, or (2) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion. The proposed registration category would not cover individuals whose investment banking work is limited to public (municipal) finance offerings or direct participation program offerings as defined in NASD Rule 1022(e)(2). The proposed registration category further would not cover individuals whose investment banking work is limited to effecting private securities offerings as defined in NASD Rule 1032(h)(1)(A).

FINRA is in the process of developing an accompanying qualification examination that will provide a more targeted assessment of the job functions performed by the individuals that would fall within the proposed registration category.³ The exam

³ The examination itself, including the content outline and test specifications, and fees associated with it will be the subject of separate proposed rule changes after Commission approval of this proposed rule change to establish the new registration category.

would be taken in lieu of the Series 7 exam (or equivalent exams) by the individuals who perform solely those job functions. Any person whose activities go beyond those proposed for the Limited Representative-Investment Banking registration category would be required to separately qualify and register in the appropriate category or categories of registration attendant to such activities.

Those who already hold the Series 7 registration, as well as those who have passed the United Kingdom (Series 17) or Canada (Series 37/38) Modules of the Series 7 examination or hold a Limited Representative-Corporate Securities (Series 62) registration, would be “grandfathered” and not required to take the new qualification exam. Such individuals would be provided a period of six months during which they may “opt in” to the Limited Representative-Investment Banking registration, provided that at the time the proposed rule change is implemented, such individuals are engaged in investment banking activities covered by the proposed rule change.⁴ Those individuals who choose to opt in would still retain their Series 7 registered representative registration in addition to the investment banking registration. After the six-month opt in period, any individual holding a Series 7 registration that wishes to engage in the specified investment banking activities would be required to pass the Limited Representative-Investment Banking exam.

To ease the transition and to allow firms time to create qualification examination preparation programs, FINRA would permit new Limited Representative-Investment

⁴ No associated persons of a member will be eligible for the opt in unless the member’s current Form BD indicates that the member engages in investment banking activities.

Banking candidates who are in the process of qualifying in the new registration category when the rule becomes effective to take either the Series 7 or Limited Representative-Investment Banking exam. This accommodation would remain in effect for six months after the implementation date of the proposed rule change.

FINRA understands that some member firms have created training programs in which certain new employees are exposed to the firm's various business lines by rotating among departments, including investment banking, where the employee's activities might fall within the proposed definition of a Limited Representative-Investment Banking. Depending on the activities performed by the employee during the training program, the firm may or may not require the employee to pass the Series 7 examination and become a registered representative. In recognition of such training programs, the proposed rule change would not require an employee placed in such programs to register as a Limited Representative-Investment Banking for a period of up to six months from the time the employee first engages in activities that otherwise would trigger registration as a Limited Representative-Investment Banking. This exception would be available for up to two years after the employee commences the training program. Firms that wish to avail themselves of this exception would be required to maintain documents evidencing the details of the training program and identifying the program participants who engage in activities that otherwise would require registration as a Limited Representative-Investment Banking and the date on which such participants commenced such activities.

Individuals who wish to act as a general principal for activities set forth in the proposed rule change would be required to obtain the proposed Limited Representative-Investment Banking registration—either by opting in or passing the exam—and also pass

the General Securities Principal exam. Such individuals would be limited to acting as a general principal for the investment banking activities covered by the proposed rule change. Individuals who wish to function in the capacity of general principal for broader securities-related activities would be required to take another appropriate qualification examination, such as the Series 7 or Series 62, in addition to the General Securities Principal exam. Those individuals currently functioning as a general principal supervising investment banking activities as described in the proposed rule change would be granted the same six-month grace period during which they could opt in to the Limited Representative-Investment Banking registration.

FINRA believes the creation of a proposed Limited Representative-Investment Banking registration and accompanying exam would provide for a more targeted assessment of the competency of investment banking personnel to perform their unique job functions and, as a result, translate into better quality service for investors. FINRA further believes that the proposed requirement for principals who supervise investment banking activities to register and qualify as a Limited Representative-Investment Banking will enhance investor protection and member compliance with applicable FINRA rules and the federal securities laws. Finally, FINRA believes that the proposed rule change would enable members to allocate their training resources more efficiently.

As noted in Item 2 of this filing, the implementation date will be 90 days after the effectiveness of a future proposed rule change to establish the corresponding qualification examination.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6),⁵ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and Section 15A(g)(3) of the Act,⁶ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members.

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

FINRA 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.

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

FINRA does not consent at this time to an extension of the time period for Commission action specified in Section 19(b)(2) of the Act.⁷

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

Not applicable.

⁵ 15 U.S.C. 78o-3(b)(6).

⁶ 15 U.S.C. 78o-3(g)(3).

⁷ 15 U.S.C. 78s(b)(2).

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 5. Text of the proposed rule change marked to show additions to and deletions from current rule language.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-FINRA-2009-006)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of Proposed Rule Change Relating to a New Limited Representative Registration Category for Investment Banking Professionals

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 , Financial Industry Regulatory Authority, Inc. (“FINRA”) (f/k/a 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 and II below, which Items have been prepared by FINRA. 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

FINRA is proposing to establish NASD Rule 1032(i), a new limited representative registration category for investment banking professionals. The proposed rule change also sets forth the registration requirements for principals who supervise investment banking activities and clarifies the registration requirements for principals who supervise private securities offering activities.

The text of the proposed rule change is available on FINRA’s Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

In its filing with the Commission, FINRA 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. FINRA 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

Background

Section 15A(g)(3) of the Act³ requires FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members. In accordance with that provision, FINRA has developed examinations, and administers examinations developed by other self-regulatory organizations, that are designed to establish that persons associated with FINRA members have attained specified levels of competence and knowledge.

NASD Rule 1031 requires that each person associated with a member who functions as a representative must be registered in a category appropriate to the function that person performs. The rule defines a "representative" as, among others, a person associated with a member who is "engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities or who [is] engaged in the training of persons associated with a

³ 15 U.S.C. 78o-3(g)(3).

member for any of these functions.” Pursuant to NASD Rule 1032, a person who functions as a registered representative must pass the General Securities Representative (Series 7) examination or certain equivalent examinations, unless such person’s activities are so limited as to qualify him or her for a limited representative category for which a more dedicated examination is prescribed.

The proposed rule change would create a new limited representative category—Limited Representative-Investment Banking—for persons whose activities are limited to investment banking, including those who work on the equity and debt capital markets and syndicate desks. More specifically, the proposed registration category would encompass those associated persons whose activities primarily involve: (1) advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities and managing the allocation and stabilization activities of such offerings, or (2) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion. The proposed registration category would not cover individuals whose investment banking work is limited to public (municipal) finance offerings or direct participation program offerings as defined in NASD Rule 1022(e)(2). The proposed registration category further would not cover individuals whose investment banking work is limited to effecting private securities offerings as defined in NASD Rule 1032(h)(1)(A).

FINRA is in the process of developing an accompanying qualification examination that will provide a more targeted assessment of the job functions performed by the individuals that would fall within the proposed registration category.⁴ The exam would be taken in lieu of the Series 7 exam (or equivalent exams) by the individuals who perform solely those job functions. Any person whose activities go beyond those proposed for the Limited Representative-Investment Banking registration category would be required to separately qualify and register in the appropriate category or categories of registration attendant to such activities.

Those who already hold the Series 7 registration, as well as those who have passed the United Kingdom (Series 17) or Canada (Series 37/38) Modules of the Series 7 examination or hold a Limited Representative-Corporate Securities (Series 62) registration, would be “grandfathered” and not required to take the new qualification exam. Such individuals would be provided a period of six months during which they may “opt in” to the Limited Representative-Investment Banking registration, provided that at the time the proposed rule change is implemented, such individuals are engaged in investment banking activities covered by the proposed rule change.⁵ Those individuals who choose to opt in would still retain their Series 7 registered representative registration in addition to the investment banking registration. After the six-month opt in period, any individual holding a Series 7 registration that wishes to engage in the specified

⁴ The examination itself, including the content outline and test specifications, and fees associated with it will be the subject of separate proposed rule changes after Commission approval of this proposed rule change to establish the new registration category.

⁵ No associated persons of a member will be eligible for the opt in unless the member’s current Form BD indicates that the member engages in investment banking activities.

investment banking activities would be required to pass the Limited Representative-Investment Banking exam.

To ease the transition and to allow firms time to create qualification examination preparation programs, FINRA would permit new Limited Representative-Investment Banking candidates who are in the process of qualifying in the new registration category when the rule becomes effective to take either the Series 7 or Limited Representative-Investment Banking exam. This accommodation would remain in effect for six months after the implementation date of the proposed rule change.

FINRA understands that some member firms have created training programs in which certain new employees are exposed to the firm's various business lines by rotating among departments, including investment banking, where the employee's activities might fall within the proposed definition of a Limited Representative-Investment Banking. Depending on the activities performed by the employee during the training program, the firm may or may not require the employee to pass the Series 7 examination and become a registered representative. In recognition of such training programs, the proposed rule change would not require an employee placed in such programs to register as a Limited Representative-Investment Banking for a period of up to six months from the time the employee first engages in activities that otherwise would trigger registration as a Limited Representative-Investment Banking. This exception would be available for up to two years after the employee commences the training program. Firms that wish to avail themselves of this exception would be required to maintain documents evidencing the details of the training program and identifying the program participants who engage in

activities that otherwise would require registration as a Limited Representative-Investment Banking and the date on which such participants commenced such activities.

Individuals who wish to act as a general principal for activities set forth in the proposed rule change would be required to obtain the proposed Limited Representative-Investment Banking registration—either by opting in or passing the exam—and also pass the General Securities Principal exam. Such individuals would be limited to acting as a general principal for the investment banking activities covered by the proposed rule change. Individuals who wish to function in the capacity of general principal for broader securities-related activities would be required to take another appropriate qualification examination, such as the Series 7 or Series 62, in addition to the General Securities Principal exam. Those individuals currently functioning as a general principal supervising investment banking activities as described in the proposed rule change would be granted the same six-month grace period during which they could opt in to the Limited Representative-Investment Banking registration.

FINRA believes the creation of a proposed Limited Representative-Investment Banking registration and accompanying exam would provide for a more targeted assessment of the competency of investment banking personnel to perform their unique job functions and, as a result, translate into better quality service for investors. FINRA further believes that the proposed requirement for principals who supervise investment banking activities to register and qualify as a Limited Representative-Investment Banking will enhance investor protection and member compliance with applicable FINRA rules and the federal securities laws. Finally, FINRA believes that the proposed rule change would enable members to allocate their training resources more efficiently.

The implementation date will be 90 days after the effectiveness of a future proposed rule change to establish the corresponding qualification examination.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6),⁶ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and Section 15A(g)(3) of the Act,⁷ which authorizes FINRA to prescribe standards of training, experience, and competence for persons associated with FINRA members.

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

FINRA 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.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

⁶ 15 U.S.C. 78o-3(b)(6).

⁷ 15 U.S.C. 78o-3(g)(3).

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-FINRA-2009-006 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2009-006. 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, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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 File Number SR-FINRA-2009-006 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

1022. Categories of Principal Registration

(a) General Securities Principal

(1) Each person associated with a member who is included within the definition of principal in Rule 1021, and each person designated as a Chief Compliance Officer on Schedule A of Form BD, shall be required to register with the Association as a General Securities Principal and shall pass an appropriate Qualification Examination before such registration may become effective unless such person's activities are so limited as to qualify such person for one or more of the limited categories of principal registration specified hereafter. A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Principal, and if qualified, may become so registered.

(A) Subject to paragraphs (a)(1)(B), (a)(2) and (a)(5), [E]each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become registered, pursuant to the Rule 1030 Series, either as a General Securities Representative or [as] a Limited Representative-Corporate Securities.

(B) A person seeking to register and qualify as a General Securities Principal who will have supervisory responsibility over investment banking activities described in NASD Rule 1032(i)(1) must,

prior to or concurrent with such registration, become registered as a Limited Representative–Investment Banking.

(C) A person who has been designated as a Chief Compliance Officer on Schedule A of Form BD for at least two years immediately prior to January 1, 2002, and who has not been subject within the last ten years to any statutory disqualification as defined in Section 3(a)(39) of the Act; a suspension; or the imposition of a fine of \$5,000 or more for violation of any provision of any securities law or regulation, or any agreement with or rule or standard of conduct of any securities governmental agency, securities self-regulatory organization, or as imposed by any such regulatory or self-regulatory organization in connection with a disciplinary proceeding shall be required to register as a General Securities Principal, but shall be exempt from the requirement to pass the appropriate Qualification Examination. If such person has acted as a Chief Compliance Officer for a member whose business is limited to the solicitation, purchase and/or sale of “government securities,” as that term is defined in Section 3(a)(42)(A) of the Act, or the activities described in Rule 1022(d)(1)(A) or Rule 1022(e)(2), he or she shall be exempt from the requirement to pass the appropriate Qualification Examination only if he or she registers as a Government Securities Principal, or a Limited Principal pursuant to Rules 1022(d) or Rule 1022(e), as the case may be, and restricts his or her activities as required by such registration category. A Chief Compliance Officer who is subject

to the Qualification Examination requirement shall be allowed a period of 90 calendar days following January 1, 2002, within which to pass the appropriate Qualification Examination for Principals.

(2) through (5) No change.

(b) through (h) No change.

* * * * *

1032. Categories of Representative Registration

(a) through (h) No change.

(i) Limited Representative-Investment Banking

(1) Each person associated with a member who is included within the definition of a representative as defined in NASD Rule 1031 shall be required to register with FINRA as a Limited Representative-Investment Banker and pass a qualification examination as specified by the Board of Governors if such person's activities involve:

(A) advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities and managing the allocation and stabilization activities of such offerings, or

(B) advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including but not limited to rendering a fairness, solvency or similar opinion.

(2) Notwithstanding the foregoing, an associated person shall not be required to register as a Limited Representative-Investment Banking if such person's activities described in paragraph (i)(1) are limited to:

(A) advising on or facilitating the placement of direct participation program securities as defined in NASD Rule 1022(e)(2);

(B) effecting private securities offerings as defined in paragraph (h)(1)(A); or

(C) retail or institutional sales and trading activities.

(3) An associated person who participates in a new employee training program conducted by a member shall not be required to register as a Limited Representative-Investment Banking for a period of up to six months from the time the associated person first engages within the program in activities described in paragraphs (i)(1)(A) or (B), but in no event more than two years after commencing participation in the training program. This exception is conditioned upon the member maintaining records that:

(A) evidence the existence and details of the training program, including but not limited to its scope, length, eligible participants and administrator; and

(B) identify those participants whose activities otherwise would require registration as a Limited Representative-Investment Banking and the date on which each participant commenced such activities.

(4) Any person qualified solely as a Limited Representative-Investment Banking shall not be qualified to function in any area not described in paragraph (i)(1) hereof, unless such person is separately qualified and registered in the appropriate category or categories of registration.

(5) Any person who was registered with FINRA as a Limited Representative-Corporate Securities or General Securities Representative (including persons who passed the UK (Series 17) or Canada (Series 37/38) Modules of the Series 7) prior to [effective date of the proposed rule change], shall be qualified to be registered as a Limited Representative-Investment Banking without first passing the qualification examination set forth in paragraph (i)(1), provided that such person requests registration as a Limited Representative-Investment Banking within the time period prescribed by FINRA.

* * * * *