

## **I. Self-regulatory Organization Statement of the Terms of Substance of the Proposed Rule Change**

The NASD is proposing amendments to the examination specifications and study outline for the General Securities Sales Supervisor ("Series 8") qualification examination, an industry wide qualification examination for securities sales supervisors. The amendments revise materials pertaining to recently enacted federal and SRO rules and regulations, new products and changes in industry practices. The number of questions per examination and the examination time are unaffected by the amendments.

The above amendments do not result in any textual changes to the NASD By-Laws, Schedules to the By-Laws, Rules, practices or procedures.

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

In its filing with the Commission, the 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 III below. The 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**

The Series 8 examination is generally required under rules of the self-regulatory organizations ("SROs") for persons who are engaged in the supervision of general securities branch offices (*i.e.*, branch office managers) and of general securities registered representatives. The Series 8 examination tests a candidate's knowledge of securities industry rules and regulations and certain statutory provisions applicable to general securities sales supervision. The Series 8 Content Outline details the subject coverage and question allocation of the examination. The Examination Specifications detail the areas covered by the examination and break down the number of examination questions pulled from each area.

The NASD periodically reviews the content of the qualification examinations it administers to determine whether amendments are necessary or appropriate in view of

changes pertaining to the subject matter covered by the examinations. Revision of the Series 8 Examination, Examination Specifications, and Content Outline was recently undertaken by an industry committee composed of representatives from SROs (the New York Stock Exchange, the American Stock Exchange, the Chicago Board Options Exchange, the Municipal Securities Rulemaking Board, the National Association of Securities Dealers and the Philadelphia Stock Exchange) and representatives from broker-dealers, including branch office managers, compliance personnel and corporate executives, to update the examination in view of changes in relevant laws, rules and regulations, the development of new products, and to reflect various changes in industry practices. The committee reviewed the examination specifications, content areas and item bank and developed some new questions in new areas.

The revised examination continues to cover the areas of knowledge required to supervise sales activities in securities, however, the focus of the content of the examination has been shifted to concentrate more closely on supervisory duties. Accordingly, certain questions have been deleted from the examination which deal with routine calculations and basic product knowledge and questions on new federal and SRO rules and regulations have been incorporated into the exam, as well as questions on new products, supervision and changes in industry practices. The revised Examination Specifications and Content Outline reflect the revised content of the examination. The examination will remain a six-hour, two-part, 200 question examination.

The Commission recently approved two parallel filings of the New York Stock Exchange, Inc. ("NYSE") and one filing of the Philadelphia Stock Exchange, Inc. ("Phlx").<sup>2</sup> No comments were received on either the NYSE and Phlx proposals. The Commission anticipates that the other appropriate SRO participants also will file the revised Specifications and Content Outline for approval by the Commission. The NASD, NYSE and

other SROs may use the revised Examination, Specifications and Content Outline after the Commission has approved the proposed rule changes of the other appropriate SRO participants.

The NASD believes that the proposed rule change is consistent with the provisions of Section 15A(g)(3) of the Act in that the proposed changes to the examination are to ensure persons seeking registration in the securities industry have attained the requisite levels of knowledge and competence.

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

The 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. 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, NW., Washington, DC 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 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 February 8, 1995.

## **IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change**

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the NASD and, in particular, with the requirements of

<sup>2</sup> See Securities Exchange Act Release No. 34967 (Nov. 10, 1994), 59 FR 59803 (Nov. 18, 1994) (File Nos. SR-NYSE-94-23 (revised Content Outline for Series 8 Examination), SR-NYSE-94-24 (exam specifications for Series 8 Examination)); and Release No. 35020 (November 29, 1994), 59 FR 62769 (Dec. 6, 1994) (File No. SR-Phlx-94-51 (exam specifications for Series 8 Examination and corresponding Content Outline)). Both the NYSE and Phlx approval orders are contingent upon the filing of the revised Examination Specifications and Content Outline by other appropriate SROs, and approval of those filings by the Commission.