

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52915; File No. SR-NYSE-2005-85)

December 7, 2005

Self-Regulatory Organizations; New York Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Study Outline and Selection Specifications for the Limited Principal – General Securities Sales Supervisor (Series 9/10) Examination Program

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 November 30, 2005, the New York Stock Exchange, Inc. (“NYSE” or “Exchange”) 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 the Exchange. The Exchange 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 of the self-regulatory organization pursuant to Section 19(b)(3)(A)(i) of the Act³ and Rule 19b-4(f)(1) thereunder,⁴ which renders the proposal effective upon filing with 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

The Exchange is filing with the Commission revisions to the study outline and selection

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

specifications for the Limited Principal – General Securities Sales Supervisor (Series 9/10) examination program. The proposed revisions update the material to reflect changes to the laws, rules, and regulations covered by the examination, as well as modify the content of the examination program to track more closely the functional workflow of a Series 9/10 Limited Principal.

The revised study outline is available on the Exchange’s Web site (<http://www.nyse.com>), at the NYSE, and at the Commission. However, the Exchange has omitted the Series 9/10 selection specifications from this filing and has submitted the specifications under separate cover to the Commission with a request for confidential treatment pursuant to Rule 24b-2⁵ under the Act. The Exchange will announce the proposed rule change and the implementation date to its members and member organizations in an Information Memo to be published no later than 30 days after SEC Notice of this filing.

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

⁵ 17 CFR 240.24b-2.

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

1. Purpose

Pursuant to Section 6(c)(3)(B)⁶ of the Act, which requires the Exchange to prescribe standards of training, experience, and competence for persons associated with Exchange members and member organizations, the Exchange has developed examinations, and administers examinations developed by other self-regulatory organizations (“SROs”), that are designed to establish that persons associated with Exchange members and member organizations have attained specified levels of competence and knowledge. The Exchange 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.

NYSE Rule 345 (“Employees-Registration, Approval, Records”) requires member firms to register with the NYSE any individuals who regularly perform duties customarily performed by a direct supervisor of a registered representative. Under NYSE Rule 342 (“Offices-Approval, Supervision, and Control”) member firms are required to supervise themselves. Specifically, NYSE Rule 342.13 requires individuals who supervise general trading activities to have a creditable three-year record as a registered representative or equivalent experience and to pass the General Securities Sales Supervisor Qualification Examination (Series 9/10) or another

⁶ 15 U.S.C. 78f(c)(3)(B).

examination acceptable to the Exchange that demonstrates competency relevant to assigned responsibilities.⁷

The Series 9/10 examination, an industry-wide examination, qualifies an individual to function as a General Securities Sales Supervisor. It tests a candidate's knowledge of securities industry rules and regulations and certain statutory provisions pertinent to the supervision of sales activities. The Series 9/10 examination is primarily geared towards individuals who will act as the Branch Managers/Sales Supervisor of the firm's branch office locations. The Branch Manager is generally responsible for reviewing the activities of registered persons at the branch location and is also responsible for the review and approval of customer accounts that are opened through a registered representative at a branch.

The Series 9/10 examination program is shared by NYSE and the following SROs: the American Stock Exchange LLC, the Chicago Board Options Exchange, Inc., the Municipal Securities Rule Making Board ("MSRB"), the National Association of Securities Dealers, Inc. ("NASD"), the Pacific Exchange, Inc., and the Philadelphia Stock Exchange, Inc. NYSE understands that the other SROs also will file with the Commission similar revisions to the Series 9/10 examination program.

A committee of industry representatives, together with the staff of NYSE and the other SROs, recently undertook a periodic review of the Series 9/10 examination program. As a result of this review, NYSE is proposing to update the content of the examination to cover Regulation

⁷ NYSE Rule 342.13 provides that the General Securities Principal Examination (Series 24), if taken and passed after July 1, 2001, is an acceptable alternative for persons whose duties do not include the supervision of options or municipal securities sales activity. The examination requirement may be waived at the discretion of the Exchange.

S-P,⁸ MSRB Rules G-37/G-38, SRO research analyst and anti-money laundering rules, municipal fund securities (e.g., 529 college savings plans), and exchange traded funds. The study outline also reflects the new SEC short sale rule requirements. In addition, as part of an ongoing effort to align the examination more closely to the supervisory duties of a Series 9/10 Limited Principal, NYSE is proposing to modify the content of the examination to track the functional workflow of a Series 9/10 Limited Principal. Also, NYSE is proposing to include questions related to the rules of the options exchanges and the MSRB and parallel NYSE and NASD rules in the same section of the exam.

As a result of the revisions, the main section headings and the number of questions on each section of the Series 9/10 study outline were modified as follows: Section 1 – Hiring, Qualifications, and Continuing Education, 9 questions; Section 2 – Supervision of Accounts and Sales Activities, 94 questions; Section 3 – Conduct of Associated Persons, 14 questions; Section 4 – Record keeping Requirements, 8 questions; Section 5 – Municipal Securities Regulation, 20 questions; Section 6 – Options Regulation, 55 questions. Sections 1 through 5 constitute the Series 10 portion of the examination. Section 6 constitutes the Series 9 portion of the examination. Series 10 covers general securities and municipal securities and Series 9 covers options. The revised examination continues to cover the areas of knowledge required for the supervision of sales activities.

NYSE is proposing similar changes to the corresponding sections of the Series 9/10 selection specifications and question bank. The number of questions on the Series 9/10 examination will remain at 200 and candidates will have four hours to complete the Series 10

⁸ 17 CFR. 248.1-18; 17 CFR.249.30; and 17 CFR.248, Appendix A.

portion and one and half hour to complete the Series 9 portion. Also, each candidate must correctly answer 70 percent of the questions on each series, 9 and 10, to receive a passing grade.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(c)(3)(B)⁹ of the Act, in that it provides for the prescription by NYSE of standards of training, experience, and competence for persons associated with NYSE members and member organizations.

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

NYSE 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

Comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i)¹⁰ of the Act and Rule 19b-4(f)(1) thereunder,¹¹ 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 of the self-regulatory organization. The Exchange will announce the implementation date to its members and member organizations in an Information Memo to be published no later than 30 days after SEC Notice of this filing.

⁹ 15 U.S.C. 78f(c)(3)(B).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(i).

¹¹ 17 CFR 240.19b-4(f)(1).

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-NYSE-2005-85 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSE-2005-85. 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. Copies of such filing also will be available for inspection and copying at the principal office of the NYSE. 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-NYSE-2005-85 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.¹²

Jonathan G. Katz
Secretary

¹² 17 CFR 200.30-3(a)(12).