

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52547; File No. SR-NASD-2005-110)

September 30, 2005

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to the Series 6 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 September 13, 2005, 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 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

NASD is filing revisions to the study outline and selection specifications for the Limited Representative – Investment Company and Variable Contracts Products (Series 6) examination

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).

program.⁵ 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 6 limited representative. NASD is not proposing any textual changes to the By-Laws, Schedules to the By-Laws, or Rules of NASD.

The revised study outline is available on NASD's Web site (<http://www.nasd.com>), at NASD, and at the Commission.⁶ However, NASD has omitted the Series 6 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-2 under the Act.⁷

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.

⁵ NASD also is proposing corresponding revisions to the Series 6 question bank, but based upon instruction from the Commission staff, NASD is submitting SR-NASD-2005-110 for immediate effectiveness pursuant to Section 19(b)(3)(A)(i) of the Act and Rule 19b-4(f)(1) thereunder, and is not filing the question bank for Commission review. See letter to Alden S. Adkins, Senior Vice President and General Counsel, NASD Regulation, from Belinda Blaine, Associate Director, Division of Market Regulation ("Division"), Commission, dated July 24, 2000. The question bank is available for Commission review.

⁶ Telephone conversation between Mia Zur, Attorney, Jan Woo, Attorney, Division, Commission, and Afshin Atabaki, Counsel, NASD, dated September 23, 2005.

⁷ 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 15A(g)(3) of the Act,⁸ which requires NASD to prescribe standards of training, experience, and competence for persons associated with NASD members, 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 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 6 examination qualifies persons seeking registration with NASD as investment company and variable contracts products limited representatives. NASD Rule 1032(b)⁹ states that registered representatives in this limited category are permitted solely to engage in transactions involving redeemable securities of companies registered under the Investment Company Act of 1940 (“Investment Company Act”), securities of closed-end companies registered under the Investment Company Act during the period of original distribution only, and variable contracts and insurance premium funding programs and other contracts issued by an insurance company except contracts that are exempt securities pursuant to Section 3(a)(8) of the Securities Act of 1933.¹⁰

⁸ 15 U.S.C. 78o-3(g)(3).

⁹ Telephone conversation between Katherine England, Assistant Director, Mia Zur, Attorney, Jan Woo, Attorney, Division, Commission, and Afshin Atabaki, Counsel, NASD, dated September 23, 2005.

¹⁰ 15 U.S.C. 77c(a)(8).

A committee of industry representatives, together with NASD staff, recently undertook a review of the Series 6 examination program. As a result of this review, NASD is proposing to update the study outline to cover Regulation S-P,¹¹ anti-money laundering rules, municipal fund securities (e.g., 529 college savings plans), Regulation D,¹² and exchange-traded funds. In addition, as part of an ongoing effort to align the examination more closely to the functions of a Series 6 limited representative, NASD is proposing to modify the content of the study outline to track the functional workflow of a Series 6 representative. NASD also is proposing to increase the number of sections covered by the Series 6 outline from four to six. Finally, NASD is proposing to modify the section headings and the number of questions on each section of the outline as follows: Section 1, Securities Markets, Investment Securities, and Economic Factors, 8 questions; Section 2, Securities and Tax Regulations, 23 questions; Section 3, Marketing, Prospecting, and Sales Presentations, 18 questions; Section 4, Evaluation of Customers, 13 questions; Section 5, Product Information: Investment Company Securities and Variable Contracts, 26 questions; and Section 6, Opening and Servicing Customer Accounts, 12 questions.

NASD is proposing these changes to the entire content of the Series 6 examination, including the selection specifications and question bank. The number of questions on the Series 6 examination will remain at 100, and candidates will continue to have 2 hours and 15 minutes to complete the exam. Also, each question will continue to count one point, and each candidate must correctly answer 70 percent of the questions to receive a passing grade.

¹¹ 17 CFR 248.1-18; 17 CFR 248.30; and 17 CFR 248, Appendix A.

¹² 17 CFR 230.501-230.508.

2. Statutory Basis

NASD believes that the proposed revisions to the Series 6 examination program are consistent with the provisions of Sections 15A(b)(6)¹³ and 15A(g)(3) of the Act,¹⁴ which authorize 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 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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A)(i) of the Act¹⁵ and Rule 19b-4(f)(1) thereunder,¹⁶ 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. NASD proposes to implement the revised Series 6 examination program no later than November 30, 2005. NASD will announce the implementation date in a Notice to Members to be published no later than 60 days after Notice of this filing.

¹³ 15 U.S.C. 78q-3(b)(6).

¹⁴ 15 U.S.C. 78q-3(g)(3).

¹⁵ 15 U.S.C. 78s(b)(3)(A)(i).

¹⁶ 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-NASD-2005-110 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-NASD-2005-110. 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 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 File Number SR-NASD-2005-110 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.¹⁷

Jonathan G. Katz
Secretary

¹⁷ 17 CFR 200.30-3(a)(12).