

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-52917; File No. SR-Amex-2005-121)

December 7, 2005

Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Revisions to the Series 9/10 Examination Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 21, 2005, the American Stock Exchange LLC (“Amex” 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 Amex. On November 23, 2005, Amex filed Amendment No. 1 to the proposed rule change. Amex 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 Act<sup>3</sup> and Rule 19b-4(f)(1) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>4</sup> 17 CFR 240.19b-4(f)(1).

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

Amex is filing revisions to the study outline and selection specifications for the Limited Principal – General Securities Sale Supervisor (Series 9/10) examination program (“Series 9/10 Examination”). The proposed revisions update the material to reflect changes to the laws, rules, and regulations covered by the Series 9/10 Examination, as well as modify the content of the Series 9/10 Examination to track more closely the functional workflow of a Series 9/10 limited principal.

The revised study outline is available on Amex’s Web site (<http://www.amex.com>), at Amex, and at the Commission. However, Amex has omitted the Series 9/10 Examination 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.<sup>5</sup>

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

In its filing with the Commission, Amex 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. Amex has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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<sup>5</sup> 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

Amex Rule 341 prohibits members from permitting a direct supervisor of a Registered Representative<sup>6</sup> to perform his duties in such capacity until the direct supervisor is registered with, qualified by and approved by the Exchange. Pursuant to Commentary .06 to Amex Rule 320, a Registered Representative supervisor’s responsibilities include approving new accounts and reviewing correspondence of Registered Representatives, transactions and customer accounts. The only examination that qualifies a Registered Representative supervisor is the Series 9/10 Examination. The Series 9/10 Examination 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 shared by Amex and the following SROs: the National Association of Securities Dealers, Inc. (“NASD”), the Chicago Board Options Exchange, Inc., the New York Stock Exchange, Inc. (“NYSE”), the Municipal Securities Rule Making Board (“MSRB”), the Pacific Exchange, Inc., and the Philadelphia Stock Exchange, Inc.

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

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<sup>6</sup> A “Registered Representative” engages in the solicitation of orders for the purchase or sale of securities or other similar instruments for the account of customers; or in the solicitation of subscriptions to investment advisory or to investment management services furnished on a fee basis. The term Registered Representative does not apply to individuals who are engaged solely in the solicitation or handling of business in, or the sale of, commodity contracts or who are engaged solely as securities traders or securities arbitrageurs. See Amex Definition 8.

Regulation S-P,<sup>7</sup> 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. Amex is further proposing revisions to the Series 9/10 Examination study outline to reflect the SEC short sale requirements. In addition, as part of an ongoing effort to align the Series 9/10 Examination more closely to the supervisory duties of a Series 9/10 limited principal, Amex is proposing to modify the content of the Series 9/10 Examination to track the functional workflow of a Series 9/10 limited principal. Also, Amex is proposing to include questions related to parallel rules of NASD, the options exchanges, the MSRB, and the NYSE in the same section of the exam.

As a result of the revisions, Amex is proposing to modify the main section headings and the number of questions on each section of the Series 9/10 Examination study outline 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 – Recordkeeping 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 Series 9/10 Examination. Section 6 constitutes the Series 9 portion of the Series 9/10 Examination. Series 10 covers general securities and municipal securities, and Series 9 covers options. The revised Series 9/10 Examination continues to cover the areas of knowledge required for the supervision of sales activities.

Amex is proposing these changes to the entire content of the Series 9/10 Examination,

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<sup>7</sup> 17 CFR 248.1-18; 17 CFR 248.30; and 17 CFR 248, Appendix A.

including the selection specifications and question bank. The number of questions on the Series 9/10 Examination will remain at 200, and candidates will continue to have four hours to complete the Series 10 portion and one and one-half hours to complete the Series 9 portion. Also, each question will continue to count one point, and each candidate must correctly answer 70 percent of the questions on each series, 9 and 10, to receive a passing grade.

As noted below, NASD has filed with the Commission a similar proposed rule change reflecting the revisions to the Series 9/10 Examination<sup>8</sup> and Amex understands that the other SROs also will file similar proposed rule changes.

## 2. Statutory Basis

Amex believes that the proposed rule change is consistent with Section 6 of the Act<sup>9</sup> in general and furthers the objectives of Section 6(c)(3)<sup>10</sup> which authorizes Amex to prescribe standards of training, experience and competence for persons associated with Amex members.

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

The proposed rule change, as amended, does not impose 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

No written comments were solicited or received with respect to the proposed rule change.

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<sup>8</sup> See Securities Exchange Act Release No. 52548 (September 30, 2005), 70 FR 59111 (October 11, 2005) (SR-NASD-2005-111).

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(c)(3).

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

The proposed rule change, as amended, has become effective pursuant to Section 19(b)(3)(A)(i) of the Act<sup>11</sup> and Rule 19b-4(f)(1) thereunder,<sup>12</sup> 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 Amex. While the Series 9/10 Examination is co-owned by certain SROs, NASD administers the Series 9/10 Examination. Amex will announce the implementation date in a Notice to Members to be published no later than 60 days after SEC Notice of this filing.

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.<sup>13</sup>

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>12</sup> 17 CFR 240.19b-4(f)(1).

<sup>13</sup> The effective date of the original proposed rule is November 21, 2005. The effective date of Amendment No. 1 is November 23, 2005. For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on November 23, 2005, the date on which Amex submitted Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

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](mailto:rule-comments@sec.gov). Please include File Number SR-Amex-2005-121 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-Amex-2005-121. 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 Amex. 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-Amex-2005-121 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.<sup>14</sup>

Jonathan G. Katz  
Secretary

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<sup>14</sup> 17 CFR 200.30-3(a)(12).