

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-52981; File No. SR-NASD-2005-133)

December 19, 2005

Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to an Increase in Fees for Certain Qualification Examinations

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 15, 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 one establishing or changing a due, fee, or other charge under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) 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 the Substance of the Proposed Rule Change

NASD is proposing to amend Section 4 of Schedule A to the NASD By-Laws (“Schedule A”) to increase examination fees that shall be assessed persons taking certain qualifications examinations as of January 1, 2006. Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in [brackets].

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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B. SCHEDULE A TO NASD BY-LAWS

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C. Section 4—Fees

(a) and (b) No change

(c) The following fees shall be assessed to each individual who registers to take an examination as described below as of January 1, 200[5]6. These fees are in addition to the registration fee described in paragraph (b).

Series 4	Registered Options Principal	\$80
Series 6	Investment Company Products/ Variable Contracts Representative	[\$70] <u>\$75</u>
Series 7	General Securities Representative	[\$225] <u>\$250</u>
Series 9	General Securities Sales Supervisor – Options Module	\$60
Series 10	General Securities Sales Supervisor – General Module	[\$95] <u>\$100</u>
Series 11	Assistant Representative – Order Processing	\$60
Series 17	Limited Registered Representative	\$65
Series 22	Direct Participation Programs Representative	[\$70] <u>\$75</u>
Series 23	General Securities Principal Sales Supervisor Module	\$75

Series 24	General Securities Principal	[\$85] <u>\$95</u>
Series 26	Investment Company Products/ Variable Contracts Principal	\$75
Series 27	Financial and Operations Principal	[\$85] <u>\$95</u>
Series 28	Introducing Broker/Dealer Financial and Operations Principal	\$75
Series 37	Canada Module of S7 (Options Required)	\$150
Series 38	Canada Module of S7 (No Options Required)	\$150
Series 39	Direct Participation Programs Principal	\$75
Series 42	Registered Options Representative	\$60
Series 55	Limited Representative – Equity Trader	[\$80] <u>\$85</u>
Series 62	Corporate Securities Limited Representative	[\$70] <u>\$75</u>
Series 72	Government Securities Representative	[\$80] <u>\$85</u>
Series 82	Limited Representative – Private Securities Offering	\$75
Series 86	Research Analyst – Analysis	\$150
Series 87	Research Analyst – Regulatory	\$105

(1) through (3) No change

(d) through (h) No change

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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.

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

1. Purpose

This proposed rule change amends Schedule A to increase examination fees that shall be assessed persons taking certain qualification examinations as of January 1, 2006. Any person associated with a member firm who is engaged in the securities business of the firm must register with the NASD. As part of the registration process, securities professionals must pass a qualification examination to demonstrate competence in each area in which they intend to work.

Some of these examinations are sponsored (i.e., developed) by NASD, and others are sponsored by the New York Stock Exchange, Inc. ("NYSE"), the Municipal Securities

Rulemaking Board (“MSRB”), or other self-regulatory organizations (“SROs”).⁵ NASD administers qualification examinations via computer through the PROCTOR[®] system⁶ at test centers operated by vendors under contract with NASD. NASD charges an examination fee to candidates for NASD-sponsored examinations. For those examinations sponsored by a NASD client and administered/delivered by NASD, NASD charges a delivery fee that comprises either a part or all of the examination fee for these examinations.⁷

Each year, NASD conducts a comprehensive review of the licensing examination fee structure, which includes an analysis of the costs of developing, administering, and delivering examinations. NASD’s review in 2005 showed that certain operational costs are rising. In particular, these costs consist of (1) the cost of providing the extensive network of test delivery centers; and (2) technology costs required to maintain the current PROCTOR[®] system and to redesign the PROCTOR[®] system. The proposed rule change will increase examination fees for certain NASD-sponsored examinations. In addition, NASD has advised its client examination sponsors of the impact of the higher costs on delivery fees for client-sponsored examinations. Accordingly, NASD is proposing to amend Schedule A to reflect the following increases in examination fees (which includes NASD-sponsored and client-sponsored examinations, as well

⁵ For example, NASD administers and delivers the Series 6, 24, and 27 examinations, which are sponsored by NASD. NASD also administers and delivers client examinations, such as the Series 7, which is sponsored by the NYSE, and the Series 10, which is sponsored jointly by several SROs (the American Stock Exchange LLC (“Amex”), the Chicago Board Options Exchange, Inc. (“CBOE”), MSRB, NASD, NYSE, the Pacific Exchange, Inc. (“PCX”), and the Philadelphia Stock Exchange, Inc. (“Phlx”).

⁶ PROCTOR[®] is a technology system that supports computer-based testing and training.

⁷ For additional discussion of the examination and delivery fee structure, see Securities Exchange Act Release No. 50575 (October 20, 2004), 69 FR 62732 (October 27, 2004) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment

as joint SRO examinations):

Series 6	Investment Company Products/Variable Contracts Representative (NASD-sponsored)	From \$70 to \$75
Series 7	General Securities Representative (NYSE-sponsored)	From \$225 to \$250
Series 10	General Securities Sales Supervisor – General Module (Sponsored jointly by AMEX, CBOE, NASD, NYSE, PCX, and PHLX)	From \$95 to \$100
Series 22	Direct Participation Programs Representative (NASD-sponsored)	From \$70 to \$75
Series 24	General Securities Principal (NASD-sponsored)	From \$85 to \$95
Series 27	Financial and Operations Principal (NASD-sponsored)	From \$85 to \$95
Series 55	Limited Representative – Equity Trader (NASD-sponsored)	From \$80 to \$85
Series 62	Corporate Securities Limited Representative (NASD-sponsored)	From \$70 to \$75
Series 72	Government Securities Representative (NASD-sponsored)	From \$80 to \$85

No. 1 Thereto Relating to Amendments to Section 4 of Schedule A to the NASD By-Laws (Fees for Qualification Examinations)) (SR-NASD-2004-145).

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act⁸ and paragraph (f)(2) of Rule 19b-4 thereunder⁹, in that the proposed rule change establishes or changes a due, fee, or other charge imposed by NASD. The new fees will be become effective for “120-day examination windows” opened in the Central Registration Depository (CRD[®]) on or after January 1, 2006.¹⁰ NASD will continue to conduct an annual review of its costs and adjust examination and delivery fees, if necessary, as of January 1 each year after making the appropriate rule filings.

2. Statutory Basis

NASD believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹¹ which requires, among other things, that NASD rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that NASD operates or controls. NASD believes that the rule change is consistent with Section 15A(b)(5) of the Act in that the fee changes reflect NASD’s increased costs in delivering the examinations and in maintaining and upgrading the examination delivery system.¹²

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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ The published fee represents the fee that will be charged at the time the individual registers for the examination. The individual then has 120 days to take the examination.

¹¹ 15 U.S.C. 78o-3(b)(5).

¹² Id.

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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by NASD, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(2) thereunder.¹⁴ 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-2005-133 on the subject line.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

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-2005-133. 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-2005-133 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.¹⁵

Jonathan G. Katz
Secretary

¹⁵ 17 CFR 200.30-3(a)(12).