

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55670; File No. SR-NYSE-2007-41)

April 25, 2007

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate the Securities Manager Examination (“Series 12”)

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 April 19, 2007, the New York Stock Exchange LLC (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially 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 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 from interested persons.

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

The Exchange is filing this proposal to eliminate the Securities Manager qualification examination (“Series 12”).

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

---

<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).

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.

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

1. Purpose

The purpose of this filing is to rescind the Series 12 examination. The Series 12 is owned and maintained by the NYSE and administered through the National Association of Securities Dealers, Inc.

Background

NYSE Rule 342 (“Offices - Approval, Supervision and Control”) requires that member organizations be appropriately supervised. NYSE Rule 342.13 prescribes specific qualification standards for supervisors.<sup>5</sup> It requires that a Branch Office Manager (“BOM”) pass the General Securities Sales Supervisor examination (“Series 9/10”) or another examination acceptable to the Exchange. The Exchange currently accepts two alternatives to the Series 9/10 examination: the

---

<sup>5</sup> See also NYSE Rule 345 (“Employees - Registration, Approval, Records”), which requires supervisors of registered representatives to be registered. In addition, NYSE Rule 345.15 requires candidates for registration to meet training requirements and pass a qualification examination.

Series 12 examination and the General Securities Principal (“Series 24”) examination.<sup>6</sup>

Since the Series 12 examination qualifies a candidate as a Securities Manager, it has generally been utilized by individuals employed by a broker/dealer whose business is limited solely to equity and non-municipal fixed income securities.

#### Proposed Amendment

The Exchange is seeking to rescind the Series 12 examination<sup>7</sup> primarily because its content is now covered by the Series 10 examination, which is the general securities portion of the Series 9/10 examination. The Series 12 consists of 100 multiple-choice questions covering the following four general areas of knowledge, which are also addressed in the Series 10: Sales Supervision; Account Supervision; Compliance, Recordkeeping and Financial Responsibility; and Regulations Affecting the Operation of Securities Markets. The primary difference between the Series 12 and the Series 10 is that the Series 12 does not cover municipal securities. Thus, candidates seeking a BOM and/or Securities Manager designation may qualify via the Series 10 examination (or the Series 24 examination) in lieu of the Series 12.

---

<sup>6</sup> The Series 24 examination is only recognized by the Exchange if taken and passed on or after July 2, 2001. Further, unlike the Series 9/10 examination, which qualifies a person to supervise options and municipal business as well as equities business, the Series 24 examination only qualifies a person to supervise equities business. A BOM may qualify to supervise options and municipal securities business by passing the Registered Options Principal examination (“Series 4”) and the Municipal Securities Principal examination (“Series 53”), respectively. See also NYSE Information Memo 02-51 (November 12, 2002).

<sup>7</sup> When originally introduced in 1964, the Series 12 was the standard BOM examination. The BOM examination was administered in this form until April 1984 when it was changed to the General Securities Sales Supervisor examination (“Series 8”), which was created from the Series 12, Series 24, Series 4 and Series 53 examinations. The two-part Series 8 examination later split into the Series 9/10 with the Web CRD conversion in August 1999. See also NYSE Information Memo 81-57 (December 1, 1981), which announced the approval of the Series 8 examination.

Further, few candidates take the Series 12, and the number of candidates taking the exam annually has declined steadily over the past several years. For example, in 2000, 70 candidates took the Series 12. By 2003, only 20 candidates took the Series 12, and only 15 candidates took the exam in 2006. Maintenance of an examination program is a labor-intensive process because an exam must be reviewed and updated regardless of the number of candidates taking the exam. Rescission of the Series 12 will enable the Exchange to better allocate its resources to updating and administering the Series 10 examination.

In order to notify candidates who are currently registering or preparing for the Series 12 examination, the Exchange published an Information Memo announcing the Exchange's intention to file this proposed rescission with the Commission.<sup>8</sup> In brief, it informed candidates who requested to take the Series 12 prior to April 23, 2007 that they will be registered to do so.<sup>9</sup> If, however, a candidate requests registration for the Series 12 on or after that date, the candidate will automatically be registered to take the Series 10 examination.

## 2. Statutory Basis

The Exchange believes that the proposed rescission is consistent with the requirements of Section 6(c)(3)(B)<sup>10</sup> of the Act. The Exchange believes, pursuant to that section, it has a responsibility to prescribe standards of training, experience, and competence for persons associated with Exchange member organizations. The Exchange notes that proposed rescission

---

<sup>8</sup> See NYSE Information Memo 07-32 (April 11, 2007).

<sup>9</sup> Individuals wishing to take the Series 12 examination were instructed to make the appropriate request through the Central Registration Depository on or before Friday, April 20, 2007. Individuals who made an appropriate request by April 20, 2007 have 120 days to take the Series 12 examination. NYSE will also continue to grant Securities Manager qualification to individuals who have passed the Series 24 on or after July 2, 2001, except for those individuals who supervise options or municipal securities sales activity. See NYSE Information Memo 02-51 (November 12, 2002).

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

of the Series 12 will not result in any diminution of Exchange competency standards because the content of the Series 12 is covered by the Series 10 examination, and the Exchange prospectively will require all candidates who would have otherwise taken the Series 12 to take the Series 10.

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

The Exchange does not believe that the proposed rule change will 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A)(i)<sup>11</sup> of the Act and paragraph (f)(1) of Rule 19b-4 thereunder,<sup>12</sup> in that it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the Exchange. At any time within 60 days of the filing of such 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:

---

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

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

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-NYSE-2007-41 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2007-41. 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-2007-41 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>13</sup>

Florence E. Harmon  
Deputy Secretary

---

<sup>13</sup> 17 CFR 200.30-3(a)(12).