

Information Memo

New York Stock Exchange, Inc.
20 Broad Street
New York, NY 10005

Member Firm Regulation



Number 02-51
November 12, 2002

ATTENTION: COMPLIANCE, LEGAL, AND REGISTRATION DEPARTMENTS
TO: ALL MEMBERS AND MEMBER ORGANIZATIONS
SUBJECT: RECOGNITION OF SERIES 24 EXAMINATION

The Securities and Exchange Commission has approved¹ amendments to NYSE Rule 342 (“Offices – Approval, Supervision and Control”) that recognize the NASD’s General Securities Principal Examination (“Series 24 Examination”) as an acceptable qualification alternative to the General Securities Sales Supervisor Qualification Examination (“Series 9/10 Examination”) for supervisory persons whose duties do not include the supervision of options or municipal securities sales activity. The amendments, which became effective upon SEC approval (October 9, 2002), are part of an ongoing NYSE initiative to eliminate, when possible, duplicative examination qualification requirements. As of July 2, 2001, NASD has enhanced the Series 24 Examination by including test questions sufficient to provide appropriate coverage of NYSE rules.

Background and Detail

Rule 342 prescribes the Exchange’s general supervisory requirements for members and member organizations. Among these requirements are qualification standards for personnel delegated supervisory responsibility. Rule 342.13 (“Acceptability of Supervisors”) requires that a person delegated sales supervisor responsibilities “have a creditable record as a registered representative or equivalent experience” and, absent a waiver, pass a qualifying examination (currently known as the General Securities Sales Supervisor Qualification Examination or Series 9/10). Historical equivalent “branch office manager” examinations (e.g., the Series 8 Examination) continue to be acceptable in this regard.

The amendments to Rule 342.13 (see Exhibit A) specify that passing the Series 24 Examination after July 1, 2001 will be recognized as an alternative to the Series 9/10 Examination for persons whose duties do not include the supervision of options or municipal securities sales activity.

Supervision of Options or Municipal Securities

A person with a Series 24 registration who is delegated responsibility to supervise options sales activity could qualify to do so by passing the Options Principal Examination (“Series 4 Examination”) or, alternately, the Series 9 Examination (the options component of the Series

¹ Release No. 34-46631; File No. SR-NYSE 2002-24.

9/10). If delegated responsibilities include supervision of municipal securities sales activity, a person could qualify by passing the Municipal Securities Principal Examination (“Series 53 Examination”) or the Series 10 Examination (which addresses municipal securities). The Exchange is currently working with NASD to develop a comprehensive examination that would include options and municipal security materials and incorporate elements of both the Series 24 and the Series 9/10 Examinations. This comprehensive examination would qualify persons as an NYSE Securities Sales Supervisor and an NASD Securities Principal.

Additional Amendments to Rule 342.13

The amendments to Rule 342.13 also:

- Codify the Interpretation requirement that supervisor candidates have a creditable “three year” record as a registered representative or equivalent experience.
- Eliminate the reference to the “Allied Member Examination.” This examination is no longer given to Allied Member candidates since qualification examination requirements are now determined according to the functions and responsibilities of the prospective Allied Member.
- Replace the dated reference to the “Branch Office Manager Examination” with the current “General Securities Sales Supervisor Qualification Examination (Series 9/10).”

Questions related to this Memo may be directed to Stephen Kasprzak at (212) 656-5226.

Salvatore Pallante
Executive Vice President

Attachments