

**MEMO# 6649**

February 10, 1995

## **SEC ADOPTS RULE AMENDMENTS REQUIRING CONTINUING EDUCATION**

1See Memorandum to Bank Broker/Dealer Advisory Committee No. 26-94, Broker/Dealer Advisory Committee No. 23-94, Direct Marketing Committee No. 33-94, Human Resources and Training Working Group No. 12-94, Marketing Policy Committee No. 49-94, Members - One Per Complex No. 89-94, Operations Committee No. 32-94, Sales Force Marketing Committee No. 46-94, SEC Rules Committee No. 124-94, Shareholder Communications Committee No. 31-94, State Liaison Committee No. 65-94, Transfer Agent Advisory Committee No. 45-94, Unit Investment Trust Committee No. 77-94, dated November 22, 1994. February 10, 1995 TO: BANK BROKER/DEALER ADVISORY COMMITTEE No. 5-95 BROKER/DEALER ADVISORY COMMITTEE No. 4-95 DIRECT MARKETING COMMITTEE No. 7-95 HUMAN RESOURCES AND TRAINING WORKING GROUP No. 3-95 MARKETING POLICY COMMITTEE No. 10-95 MEMBERS - ONE PER COMPLEX No. 18-95 OPERATIONS COMMITTEE No. 7-95 SALES FORCE MARKETING COMMITTEE No. 7-95 SEC RULES COMMITTEE No. 20-95 SHAREHOLDER COMMUNICATIONS COMMITTEE No. 7-95 STATE LIAISON COMMITTEE No. 8-95 TRANSFER AGENT ADVISORY COMMITTEE No. 12-95 UNIT INVESTMENT TRUST COMMITTEE No. 16-95 RE: SEC ADOPTS RULE AMENDMENTS REQUIRING CONTINUING EDUCATION

The Securities and Exchange Commission ("SEC") has adopted a proposal by the National Association of Securities Dealers, Inc. ("NASD") and other self-regulatory organizations that will require their members to participate in a continuing education program. As proposed and adopted, the rule amendments will require NASD registrants, among others, to participate in one or both parts of the two-part continuing education program, 1 as applicable. The continuing education program consists of two components: a "Regulatory Element" and a "Firm Element." The Regulatory Element requires NASD registrants to complete a computer-based training session at a PROCTOR center. The training session must be completed within 120 days of the second, fifth, and tenth anniversaries of each registrant's original date of registration. The only persons exempt from the requirement are those who have been registered for more than ten years without having been the subject of a serious disciplinary action. The Regulatory Element of the program will become effective on July 1, 1995. The Firm Element applies to all NASD registrants who have contact with customers (regardless of how long they have been registered) and their immediate supervisors. Under the Firm Element, the NASD-member firm must conduct an annual analysis of the training needs of these "covered" persons; develop a written training plan; deliver the training described in the plan; and document the nature and delivery of the training. The Firm Element will become effective in two phases: the training needs analysis and training plan must be completed by July 1, 1995, and the delivery of the training described in the plan must be begun by January 1, 1996. A copy of the SEC Adopting

Release, which describes the program in more detail, is attached. The Institute is planning several new programs to assist members in complying with the new requirements. We will apprise you of the details of these programs in the near future. Stephanie Brown Director, Marketing and Training Attachment

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