

MEMO# 6404

November 22, 1994

STATUS OF PROPOSED CONTINUING EDUCATION PROGRAM

November 22, 1994 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 RE: STATUS OF PROPOSED CONTINUING
EDUCATION PROGRAM

_____ The NASD
and the other members of the Securities Industry/Regulatory Council on Continuing Education ("the Council") are in the process of planning the implementation of the NASD's proposal to require its members to participate in a Securities Industry Continuing Education Program. As we previously informed you (see Memorandum dated August 17, 1994), this proposal would require most NASD registrants, including registered representatives, principals, and others, to participate in one or both parts of a two-part continuing education program. The purpose of this memorandum is to update you on plans for the implementation of the proposal, which is likely to be approved by the SEC in January. As mentioned above, the proposal is comprised of two components: a Regulatory Element (which would require certain registered persons to complete computer-based training sessions at various intervals after their dates of registration) and a Firm Element (which would require NASD-member firms to provide "covered" persons with training appropriate to their functions and the company's line of business). The computer-based training session required by the Regulatory Element is expected to consist of seven modules: Suitability; Communications With the Public; New and Secondary Issues; Business Conduct; Handling Customer Accounts; Registration and Reporting Issues; and Customer Account Trading and Settlement Practices. The Council plans to release more detailed information on these modules this winter. The computer-based training sessions will be conducted in the NASD's PROCTOR centers, which will be expanded to accommodate the increased usage. The fee for each 3 to 3 1/2 hour training session is expected to be \$75 per trainee. The Firm Element of the proposal would require individual firms to annually assess their training needs and use the information generated by the assessment to develop a written training plan for their NASD-registered personnel who are subject to this element. The firms would then be required to conduct the training activities described in the training plan and to document the delivery of those activities. Attached is a draft of the "Guidelines for Firm Element Training" developed by the Council to implement this element of the proposal. Please provide me with any comments you have on these proposed Guidelines no later than

December 14, 1994. We will keep you informed of further developments. Stephanie Brown
Director of Marketing and Training Attachment

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