

a specified level of the Chartered Financial Analysts Examination prescribed by the Exchange and pass only that portion of the Exchange Supervisory Analyst[s] Examination (*Series 16*) dealing with Exchange rules on research standards and related matters.

[In addition, if not a member, allied member or registered representative, the candidate is subject to Exchange investigation of character and conduct and should submit personal information on Form U-4 for this purpose.]

The Exchange publishes a Study Outline for the *Securities Analyst Examination and the Supervisory Analyst[s] Examination (Series 16)*. [Examinations are requested and given under the procedures described in Para. of 2345.15 for registered representative examinations.]

Continuing Education for Registered Persons

Rule 345A. (a) Regulatory Element—No change.

(b) Firm Element.

(1) Persons Subject to the Firm Element—The requirements of section (b) of this Rule shall apply to any registered person who has direct contact with customers in the conduct of the member's or member organization's securities sales, trading or investment banking activities, and to the immediate supervisors of such persons, *and to registered persons who function as supervisory analysts, and securities analysts as defined in Rule 344* (collectively, "covered registered persons").

(2) Standards—No Change.

(3) Participation in the Firm Element—No Change.

(4) Specific Training Requirements—The Exchange may require a member or member organization, either individually or as part of a larger group, to provide specific training to its covered registered persons in such areas the Exchange deems appropriate. Such a requirement may stipulate the class of covered registered persons for which it is applicable, the time period in which the requirement must be satisfied and, where appropriate, the actual training content.

.10 For purposes of this Rule, the term "registered person" means any member, allied member, registered representative, or other person registered or required to be registered under Exchange rules, but does not include any such person whose activities are limited solely to the transaction of business on the Floor with members or registered broker-dealers. *For purposes of the Regulatory*

Element required under Rule 345A(a), the term does not include persons registered as securities analysts, or supervisory analysts pursuant to Rule 344.

.20-.40 No Change.

.50 Pursuant to Rule 345A(b)(1), all persons registered as securities analysts and supervisory analysts pursuant to Rule 344 must participate in a Firm Element Continuing Education program that includes training in applicable rules and regulations, ethics, and professional responsibility.

Interpretation

Rule 472 Communications With the Public

(k)(1) *Disclosure Required in Research Reports and Public Appearances.*

.01 *Public Appearances—Print Media.*

When an associated person recommends securities in a print or broadcast media interview, newspaper article or other type of public medium all of the disclosures required under Rule 472(k)(1) are required to be provided to the media outlet for inclusion in the published interview, article, broadcast, or other medium.

Whenever an associated person recommends securities in a print media interview, newspaper article prepared under his or her name, or broadcast, the associated person, before the opening of business on the next business day, must prepare a record of such interview, article or broadcast. Such record must include, at minimum, the name of the analyst(s), the name of the publication, the date of the interview, article, or broadcast the name of the interviewer (if applicable), the name(s) of the securities recommended and the specific disclosures provided to the print or broadcast media source and/or interviewer. Such record must be made regardless of whether the media outlet published or broadcast the required disclosures. The associated person's member or member organization must retain the record of such interview, article, or broadcast and the disclosures made in accordance with Rules 17a- and 17a-4 of the Securities Exchange Act of 1934. The record retained must be readily available to the Exchange, upon request.

B. NASD's Proposed Rule Text

1050. Registration of Research Analysts

All persons associated with a member who are to function as research analysts as that term is defined in Rule 2711 shall be registered with NASD. Before their registrations can become effective,

they shall pass a Qualification Examination for Research Analysts as specified by the Board of Governors. For purposes of this Rule 1050, "research analyst" shall mean an associated person who is directly responsible for the preparation of research reports.

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1120. Continuing Education Requirements

This Rule prescribes requirements regarding the continuing education of certain registered persons subsequent to their initial qualification and registration with the Association. The requirements shall consist of a Regulatory Element and a Firm Element as set forth below.

(a) Regulatory Element

(1) through (4) No change.

(5) Definition of Registered Person.

For purposes of this Rule, the term "registered person" means any person registered with [the Association] NASD as a representative, principal, [or] assistant representative *or research analyst pursuant to Rule 1020, 1030, 1040, 1050 and 1110 Series.*

(6) No change.

(b) Firm Element

(1) Persons Subject to the Firm Element.

The requirements of this subparagraph shall apply to any person registered with the member who has direct contact with customers in the conduct of the member's securities sales, trading and investment banking activities, and to the immediate supervisors of such persons, *and to any person registered as a research analyst pursuant to Rule 1050* (collectively, "covered registered persons"). "Customer" shall mean any natural person and any organization, other than another broker or dealer, executing securities transactions with or through or receiving investment banking services from a member.

(2) Standards for the Firm Element.

(A) No change.

(B) Minimum Standards for Training Programs—Programs used to implement a member's training plan must be appropriate for the business of the member and, at a minimum must cover the following matters concerning securities products, services, and strategies offered by the member:

(i) General investment features and associated risk factors;

(ii) Suitability and sales practice considerations; [and]

(iii) Applicable regulatory requirements[.]; and