

continue to perform those functions for his member corporation which he was performing on June 1, 1970.

A "securities lending representative" is defined as any person who has discretion to commit a member or member organization with which he is associated, as an employee or otherwise, to any contract or agreement (written or oral) involving securities lending or borrowing activities with any other person.

A "securities trader" is defined as any person engaged in the purchase or sale of securities or other similar instruments for the account of a member or member organization with which he is associated, as an employee or otherwise, and who does not transact any business with the public.

.02 How to Register Employees or Obtain Approval of Officers.—To register an employee or obtain the approval of an officer, the employer must *electronically file an application on the Uniform Application for Securities Industry Registration or Transfer ("Form U-4") and any amendment thereto with NASD's Central Registration Depository*. [submit the appropriate application form to the Membership Services Division, Attention Registered Personnel Section. The application includes an agreement, described in Commentary .08 below, which the prospective registered employee or officer must sign.]

If the employer is a member of the New York Stock Exchange, Inc., and application for the registration of an employee or the approval of an officer is made to that exchange, the American Stock Exchange LLC [, Inc.] application [form] should be submitted concurrently with the submission of an application to the New York Stock Exchange, Inc. and prompt notice should be furnished to the Exchange [Membership Services Division] of any action taken by the New York Stock Exchange, Inc. with respect to such application.

.03 through .08—No change.

.09 Termination of Employment.—Members and member organizations must immediately inform the [Membership Services Division of the] Exchange of any termination of employment of a *member*, registered employee or an officer, together with the reasons therefor. Such information is to be submitted on Form U-5 *within ten days of the date of termination*.

.10 *Rescinded* [Additional Information.—The following material may be obtained from the Registered Section, Membership Services Division of the Exchange:

(1) Application forms.

(2) Study Guide for Registered Representative Examination.

(3) Study Guide for Branch Office Manager Examination.

(4) Notice of Termination of Employment of Registered Employee—Form U-5].

.11 Filing With *Designee* [Agent].—Any filing or submission required under this rule which is made with a properly authorized *designee* [agent] acting on behalf of the Exchange shall for purposes of this Rule be deemed to be a filing with the Exchange.

Rule 359. Application and Termination Forms (Forms U-4 and U-5)

(a) *An individual who (i) seeks to become a regular, options principal, or associate member, (ii) seeks to become a limited trading permit holder, (iii) seeks to own a regular, options principal, associate membership or limited trading permit, or (iv) is or should be an approved person or allied member shall electronically file a Uniform Application for Securities Industry Registration or Transfer (Form U-4) and any amendments thereto with Central Registration Depository. A member or member organization that terminates a regular member, options principal member, associate member, allied member, limited trading permit holder or approved person shall electronically file within 10 days of such termination a Uniform Termination Notice for Securities Industry Registration (Form U-5) with the Central Registration Depository. A member or member organization shall electronically file with the Central Registration Depository any amendments to Form U-5 within 10 days of the discovery of the information requiring the amendment.*

(b) *Transition to Web CRD—Regular members, options principal members, and limited trading permit holders must electronically file a Form U-4 with NASD's Central Registration Depository system on or before such time as may be specified by the Exchange.*

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

In its filing with the Commission, the Amex included statements concerning the purpose of, and the 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 Amex 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

Amex Rule 340 currently requires Amex members and member organizations to submit Forms U-4 and U-5 for their employees with access to the trading floor (e.g., members and clerks). The Exchange also has long required persons who seek to become members or to own a membership to submit Form U-4 in connection with their membership applications. These forms currently are submitted to the Exchange's Membership Services Division as paper documents.

The Exchange now is proposing to require all its members, member organizations and seat owners to use NASD's Web CRD as the mechanism for submitting required Forms U-4 and U-5 filings to the Exchange. As a result of this change, all persons that currently would submit paper Forms U-4s and U-5s to the Exchange would be required to submit these forms electronically through Web CRD. The CRD is a Web-based system that provides broker-dealers and their associated persons with "one-stop filing" with the SEC, NASD, and other self-regulatory organizations and regulators. The CRD is operated by NASD and is used by participating regulators in connection with registering and licensing broker-dealers and their associated persons.

The Exchange anticipates that, during the period between September 3 and September 19, 2003, Amex members and member organizations will submit an updated Form U-4 to Web CRD for all individuals who work on the trading floor who have not previously submitted a Form U-4 to Web CRD.⁴ The proposed rule change also would require individuals who (i) seek to become a regular, options principal, or associate member, (ii) seek to become a limited trading permit holder, (iii) seek to own a regular, options principal, associate membership or limited trading permit, or (iv) are or should be an approved person or allied member, to electronically file a Form U-4 with Web CRD. The Exchange believes that automating the review of registration applications and termination notices by transitioning all Forms U-4 and U-5

⁴ A number of individuals that work on the trading floor already have submitted Form U-4 to Web CRD if they work for dual Amex/NASD member firms and their job responsibilities require registration with NASD.