



Regulatory Circular RG05-118

To: Members and Member Organizations

From: Division of Regulatory Services

Date: November 23, 2005

Subject: Revisions to the Series 4 – Registered Options Principal
and Series 9/10 – General Securities Sales Supervisor
Qualification Examinations

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KEY POINTS

- Changes to the Series 4 and Series 9/10 qualification examination programs will become effective on November 30, 2005.
- Questions concerning the Series 4 or Series 9/10 qualification examinations may be directed to James Adams at (312) 786-7718 or Lawrence Bresnahan at (312) 786-7713 in the Exchange's Department of Member Firm Regulation.

Background and Discussion

The Series 4, and 9/10 examination programs were recently reviewed by the CBOE, other self regulatory organizations ("SROs") and committees of industry representatives. As a result of these reviews and as discussed in greater detail below, the examination programs generally have been revised to reflect changes in relevant laws, rules and regulations covered by the examinations, and to reflect more accurately the duties and responsibilities of the individuals who are taking these examinations. The Series 4 and 9/10 examinations also have been modified to reflect the Securities and Exchange Commission (SEC) short sale requirements.

Series 4

The Series 4 examination, an industry-wide examination, qualifies an individual to function as a Registered Options Principal, but only for purposes of supervising a firm's options activities. The Series 4 examination tests a candidate's general knowledge of options trading, the industry rules applicable to trading of option contracts, and the rules of registered clearing agencies for options. The Series 4 examination covers, among

other things, equity options, foreign currency options, index options and options on government securities.

The Series 4 study outline has been revised to reflect changes to the laws, rules and regulations covered by the examination. The study outline has further been revised to reflect the SEC short sale requirements, and to align the examination more closely to the supervisory duties of a Series 4 individual.

The number of questions on the Series 4 examination remains at 125, and candidates continue to have three hours to complete the exam. Also, each question continues to count one point, and each candidate must correctly answer 70 percent of the questions to receive a passing grade.

The Series 4 examination program is shared by the following SROs: the American Stock Exchange LLC (AMEX), the Chicago Board Options Exchange, Incorporated (CBOE), the NASD, the New York Stock Exchange, Inc. (NYSE), the Pacific Exchange, Inc. (PCX), and the Philadelphia Stock Exchange, Inc. (PHLX). The revised Series 4 examination program reflects revisions made by all the SROs that share the examination. Moreover, the revised Series 4 examination program supersedes all prior revisions to the examination.

Series 9/10

The Series 9/10 examination tests a candidate's knowledge of securities industry rules and regulations and certain statutory provisions pertinent to the supervision of sales activities.

The Series 9/10 study outline has been revised to cover Regulation S-P, Municipal Securities Rule Making Board (MSRB) Rules G-37 and G-38, SRO research analyst and anti-money laundering rules, municipal fund securities (*e.g.*, 529 college savings plans), and exchange traded funds. Further the outline has been revised to reflect the SEC short sale requirements, and to align the examination more closely to the supervisory duties of a Series 9/10 individual.

The number of questions on the Series 9/10 examination remains at 200, and candidates continue to have four hours to complete the Series 10 portion (145 questions) and one and one-half hours to complete the Series 9 portion (options – 55 questions). Also, each question continues to count one point, and each candidate must correctly answer 70 percent of the questions on each series, 9 and 10, to receive a passing grade. The Series 9/10 examination program is shared by the following SROs: the AMEX, CBOE, MSRB, NYSE, NASD, PCX and PHLX. The revised Series 9/10 examination program reflects revisions made by all the SROs that share the examination.

The qualification examination changes will be implemented on November 30, 2005 and the revised examination study outlines are available for download via the Regulation

page on the NYSE website at www.nyseregulation.com or the NASD qualifications web page at www.nasd.com.