

# ALERT - FINRA Announces the Effective Date of the Qualification Rules for Investment Banking Professionals

**August 12, 2009**

As previously discussed in our May 29 ALERT, FINRA has adopted a new category for investment banking professionals – Limited Representative-Investment Banking. Effective Monday, Nov. 2, 2009, Financial Industry Regulatory Authority (FINRA) Rule 1032(i) requires individuals engaging in investment banking and principals supervising such activities to pass the new Series 79 Qualification Exam. Investment bankers currently holding the Series 7 registration may opt in to the new Investment Banking Representative registration without passing the Series 79 Exam during a six-month transition period. Individuals opting in will retain both the Series 7 registration and the Investment Banking Representative registration. New Investment Banking Representative candidates may either pass the Series 79 Exam or pass the Series 7 Exam and opt in during the transition period. The transition period ends Monday, May 3, 2010 after which investment bankers must pass the Series 79 Exam to register as an Investment Banking Representative.

FINRA Rule 1032(i) creates a limited license category applicable only to professionals engaging in investment banking activities. Investment banking activities include: advising on or facilitating debt or equity securities offerings through a private placement or public offering, and advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combinations, including rendering fairness, solvency and similar opinions.

## **Exam content**

The qualification exam will consist of 175 multiple-choice questions and candidates must complete the exam in one continuous five-hour session. The exam will cover four functions required of an investment banker:

- Collection, Analysis and Evaluation of Data
- Underwriting/New Financing Transactions, Types of Offerings and Registration of Securities
- Mergers and Acquisitions, Tender Offers and Financial Restructuring Transactions
- General Securities Industry Regulations

## **Practice Areas**

Financial Markets  
Complex Financial Services  
Litigation and Dispute Resolution  
Corporate Finance and Securities  
Mergers and Acquisitions  
Regulatory and Enforcement Counseling

## **Industries**

Financial Markets

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A content outline of the topics covered in the Investment Banking Representative Qualification Examination is available here. The qualification exam is closed book and the test administrator will provide scratch paper, an exhibits book and a basic electronic calculator for use during the exam.

### **Registration**

A Uniform Application for Securities Industry Registration or Transfer Form (Form U4) must be submitted to FINRA via Web Central Registration Depository (CRD) to request the Series 79 Examination or to register as an Investment Banking Representative. Individuals currently holding a Series 7 registration may opt in during the transition period by submitting an amended Form U4 requesting Limited Representative-Investment Banking registration. New candidates who pass the Series 7 Exam during the transition period must submit a Form U4 requesting Series 7 registration and then submit an amended Form U4 requesting Limited Representative-Investment Banking registration.

### **Electronic Filing**

New FINRA Rule 1010 permits a firm to file an amended Form U4 without obtaining a manual signature if the firm uses reasonable efforts to provide the registered person with a copy of the amended disclosure information and obtain the person's written acknowledgement that the information has been received and reviewed prior to filing. A firm must be provided a signed Form U4 before submitting an initial Form U4 via Web CRD.

### **Supervising Principals**

Also effective November 2, FINRA Rule 1022(a)(1)(B) requires a principal supervising investment banking activities to become registered as a Limited Representative-Investment Banking. Principals holding their Series 7 registration may opt in to the Investment Banking Representative registration during the six-month transition period. After the transition period, principals will need to pass the Series 79 Exam in order to supervise investment banking activities.

If you have any questions regarding FINRA's new qualification rules for investment banking professionals, please contact your Briggs and Morgan attorney.

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