**THOMPSON
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March 2009

**INVESTMENT MANAGEMENT
UPDATE****FINRA Announces New Limited Representative – Investment Banking
Registration Category**

On February 27, 2009, the Financial Industry Regulatory Authority (FINRA) filed a proposed rule change with the Securities and Exchange Commission (SEC) to create a new category under NASD Rule 1032 for representatives of member firms whose activities are limited to investment banking. The new category will ultimately enable professionals whose work is limited to certain investment banking activities to register as limited representatives by passing a more focused and relevant investment banking examination, rather than the more comprehensive Series 7 exam.

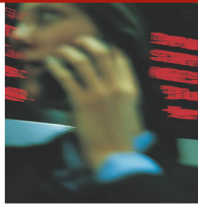
LIMITED REPRESENTATIVE – INVESTMENT BANKING

NASD Rule 1031 requires that each person who functions as a representative of a member firm must be registered in a category appropriate to the function they perform. The rule defines the term “representative” to mean a person associated with a member firm who is “engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities or [related training].” NASD Rule 1032 requires that a person who functions as a registered representative pass the General Securities Representative (Series 7) examination or certain equivalent examinations.¹ However, if the representative’s activities are sufficiently limited in scope such that the person qualifies to register for a certain “limited representative” category, then they may be able to satisfy the examination criteria by passing a more focused test.

FINRA’s proposed Rule 1032(i) would establish a new limited representative category for persons whose activities are limited to investment banking, including those who work on the equity and debt markets and syndicate desks.² Thus, the proposed registration category will cover those associated persons whose activities primarily involve:

- Advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including, but not limited to, origination, underwriting, marketing, structuring, syndication and pricing of such securities and managing the allocation and stabilization activities of such offerings; or
- Advising on or facilitating mergers and acquisitions, tender offers, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combination transactions, including, but not limited to, rendering a fairness, solvency or similar opinion.

Persons whose investment banking work is limited to public (municipal) finance offerings would not be covered by the new category. Additionally, persons whose investment banking work is limited to direct participation program offerings or private securities offerings also would not be covered.



EXAMINATION REQUIREMENTS

Representatives qualifying for the new Limited Representative – Investment Banking category will be required to take a new qualification examination in lieu of the Series 7 exam.³ However, any person whose activities extend beyond those proposed for the Limited Representative – Investment Banking registration category will be required to separately qualify and register in the category or categories covering those additional activities.

Certain persons would be grandfathered and not required to take the new qualification exam, including representatives:

- Who hold a Series 7 registration;
- Who have passed a comparable United Kingdom (Series 17) or Canadian (Series 37/38) Module of the Series 7 exam; or
- Who hold a Limited Representative – Corporate Securities (Series 62) registration.

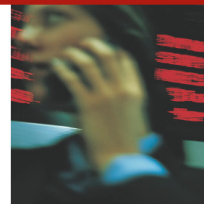
If these representatives are engaged in investment banking activities when proposed Rule 1032(i) is implemented, they will have six months to opt in to the new Limited Representative – Investment Banking registration while still retaining their Series 7 status. After the initial six-month period, any individual holding a Series 7 registration who wishes to engage in investment banking activities will be required to pass the Limited Representative – Investment Banking exam.

GENERAL PRINCIPALS

An individual who wishes to act as a general principal for investment banking activities will be required to obtain the proposed Limited Representative – Investment Banking registration—either by opting in or passing the exam—and must also pass the General Securities Principal exam. Such individuals will be limited to acting as a general principal for the investment banking activities covered by the proposed rule change. Individuals who wish to function in the capacity of general principal for broader securities-related activities will be required to take another appropriate qualification examination, such as the Series 7 or Series 62, in addition to the General Securities Principal exam. Those individuals currently functioning as general principals supervising investment banking activities as described in the proposed rule change will be granted the same six-month grace period during which they may opt in to the Limited Representative – Investment Banking registration.

TRANSITION PERIOD

For six months after the rule's implementation, persons in the process of qualifying for the new registration category when the rule becomes effective will have the option of taking either the Series 7 exam or the new exam. The proposed rule also provides a two-year exemption for employees in firm training programs where their activities may fall within the proposed definition of a Limited Representative – Investment Banking.



FOR MORE INFORMATION

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¹ The Series 7 exam is a comprehensive exam that covers the “solicitation, purchase, and/or sale of all securities products, including corporate securities, municipal securities, municipal fund securities, options, direct participation programs, investment company products, and variable contracts.”

² This category will be in addition to the existing limited representative categories for investment company and variable contracts products, direct participation programs, options and security futures, corporate securities, equity trading, government securities and private securities offerings.

³ FINRA is in the process of developing an accompanying qualification examination that will more closely reflect the job functions of investment banking than the broader Series 7 exam. The exam’s content will be the subject of a later proposed rule if proposed Rule 1032(i) is approved.