

PUBLICATION

SEC Approves FINRA's Limited Investment Banking Registration Category

May 14, 2009

On April 13, 2009, the Securities & Exchange Commission approved the Financial Industry Regulatory Authority's (FINRA) proposal to adopt Rule 1032(i), which provides for a limited registration category for investment banking professionals and sets forth the registration requirements for individuals who oversee investment banking activities.

Due to the creation of this limited representative category, investment banking professionals will no longer be required to take the General Representative (Series 7) examination. Instead, investment banking professionals will have an examination tailored for associated persons whose activities are limited to investment banking, which includes persons whose activities primarily involve: (1) 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 (2) 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 opinions. This limited registration category will not cover individuals whose investment banking work is limited to public (municipal) finance offerings or direct participation program offerings as defined in National Association Of Securities Dealers (NASD) Rule 1022(e)(2). Furthermore, this limited registration category will not cover individuals whose investment banking work is limited to effecting private securities offerings as defined in the NASD Rule 1032(h)(1)(A). However, individuals who already hold a Series 7 registration would be "grandfathered" and not be required to take the new exam.