

# Industry Call on Exam Restructuring

## FINRA

Securities Industry Essentials Exam, Exam Restructuring and Registration  
Rule Consolidation  
September 18, 2018



## Mark the Date – October 1, 2018

- **SEC approved SR-FINRA-2017-007.**
  - Consolidates FINRA registration rules
  - Restructures the rep-level qualification exams
  - Introduces the Securities Industry Essentials Exam
- **FINRA Regulatory Notice 17-30 announced the rule changes.**
- **FINRA will implement the new rules and make available the Essentials Exam on October 1, 2018.**

# Revised Rep-level Exam Structure



# SIE – Answers to ‘Essential’ Questions

- How many questions? **75**
- How long do I have? **105 minutes**
- How long is it good for? **4 years**
- Can I take it even if I do not work for a firm? **Yes**
- How much will the SIE cost? **\$60**
- What is the passing score? **70**

# SIE – ‘Essential’ Facts

- **Content areas covered:**
  - **Knowledge of capital markets**
  - **Understanding products and their risks**
  - **Understanding trading, customer accounts and prohibited activities**
  - **Overview of the regulatory framework**

## Top-offs – ‘Essential’ Facts

Exam	Test Length	Fee
Series 6	50	\$40
Series 7	125	\$245
Series 22	50	\$40
Series 57	50	\$60
Series 79	75	\$245
Series 82	50	\$40
Series 86	100	\$185
Series 87	50	\$130
Series 99	50	\$40

## Other Features of the Restructuring

- **On October 1, 2018, FINRA will no longer offer the following exams:**
  - Series 11
  - Series 17/37/38
  - Series 42
  - Series 62
  - Series 72
- **Persons holding registrations associated with these exams will be able to continue to hold them until they leave the industry for more than 2 years.**

## Effect on Current Registrants

- **Most current registrants will be considered to have passed the Essentials Exam, and it will be valid for 4 years upon leaving the industry. CRD will reflect this.**
- **Registrants who return between 2 and 4 years later will not need to take the Essentials Exam, only the top-off exam for the registration position.**
- **Registrants who return more than 4 years later will need to take both the Essentials and the top-off exam.**



## Preparing for October 1

- **Individuals who apply for registration on or before September 30 will take their exam under the current program, even if their exam appointment date is on or after October 1.**
- **Individuals who apply for registration on or after October 1 will take the SIE and the revised qualification exam (*i.e.*, SIE + Series 7).**
- **Individuals who take and fail an exam in September will take, as their next attempt, the SIE and the revised qualification exam on or after October 1.**

# Essentials Exam Enrollment for Individuals

- **Will access enrollment system from [finra.org](http://finra.org)**
- **Will need to create an account to enroll and pay**
- **Will access direct link to Prometric appointment scheduling**
- **Will receive score report at test center**
- **Can also view result in enrollment system**
- **Can pay for exam with credit card or by redeeming voucher**

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# Securities Industry Essentials Exam **Mockup**

**Available Beginning October 1, 2018**

The Securities Industry Essentials (SIE or Essentials) Exam, available beginning October 1, 2018, is a new FINRA exam for prospective securities industry professionals. This introductory-level exam assesses a candidate's knowledge of basic securities industry information including concepts fundamental to working in the industry, such as types of products and their risks; the structure of the securities industry markets, regulatory agencies and their functions; and prohibited practices.



## Key Features of the Essentials Exam

[^ Back to top](#)

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[ENROLL FOR SIE](#)

### INFORMATION FOR...

- [Exam Candidates Requiring Special Accommodations](#)
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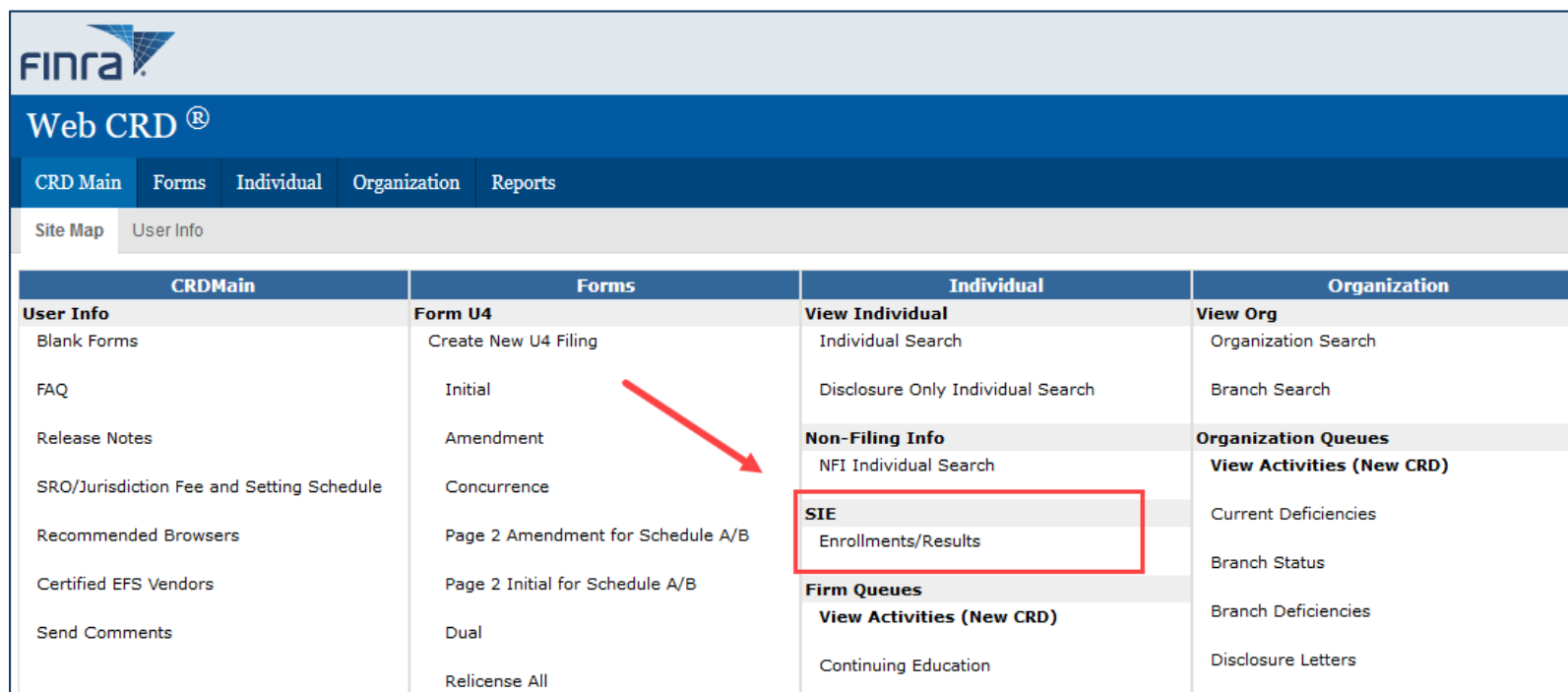
[Registered Representatives Brochure \(PDF 203 KB\)](#)

# Essentials Exam Enrollment Options for Firms

- **Through CRD, there will be two options for a firm to request an enrollment for the Essentials Exam:**
  - **Form U4:** request a rep-level registration (e.g., GS request opens SIE and S7 exam enrollments)
  - **Non-Form U4:** enrollment system
    - **Group** – upload a list of candidates
    - **Purchase vouchers** – used by candidates to enroll for the SIE

# Non-U4 SIE Enrollment

- Web CRD will include an option for firms to enroll non-registered individuals for the SIE, and pay the exam fees from the firm's Flex-Funding Account.



FINRA			
Web CRD®			
CRD Main	Forms	Individual	Organization
Site Map   User Info			
CRDMain	Forms	Individual	Organization
<b>User Info</b>	<b>Form U4</b>	<b>View Individual</b>	<b>View Org</b>
Blank Forms	Create New U4 Filing	Individual Search	Organization Search
FAQ	Initial	Disclosure Only Individual Search	Branch Search
Release Notes	Amendment	<b>Non-Filing Info</b>	<b>Organization Queues</b>
SRO/Jurisdiction Fee and Setting Schedule	Concurrence	NFI Individual Search	<b>View Activities (New CRD)</b>
Recommended Browsers	Page 2 Amendment for Schedule A/B	<b>SIE</b>	Current Deficiencies
Certified EFS Vendors	Page 2 Initial for Schedule A/B	Enrollments/Results	Branch Status
Send Comments	Dual	<b>Firm Queues</b>	Branch Deficiencies
	Relicense All	<b>View Activities (New CRD)</b>	Disclosure Letters
		Continuing Education	

# Non-U4 SIE Enrollment (cont.)

**FINRA** Individuals Vouchers CARNEY & COMPANY John Smith ?

### Enroll Individuals for SIE

**Upload List** This feature allows firms to enroll multiple individuals quickly and easily. Simply fill out and upload the template. For additional information, please [review the FAQs](#).

**Manually Add** This feature allows firms to enroll an individual or multiple individuals by entering the required information. For additional information, please [review the FAQs](#).

### Individuals Enrolled for SIE

Download Clear Filters

ID	First Name	Last Name	Email	Group Name	Billing Code	Window End Date	Status	Exam Date
You currently have 0 enrollments.								

Note: The manually add feature to request a single enrollment will be available after the October 1<sup>st</sup> launch.


# Non-U4 SIE Enrollment (cont)

- Firms can use the downloadable templates to create the CSV file and then select for upload.

The screenshot displays the FINRA Individuals Vouchers interface. At the top, the FINRA logo is on the left, and the user's name 'CARNEY & COMPANY John Smith' is on the right. The main navigation bar includes 'Individuals' and 'Vouchers'. Below the navigation, the 'Upload List' section is visible. A red box highlights the 'Download Template: Excel | CSV' button, with a red arrow pointing to it from the right. Below this, a text block explains the feature: 'This feature allows firms to enroll multiple individuals quickly and easily. Simply fill out and upload the template. For additional information, please review the FAQs.' A 'Group Name' input field is present. Below it, another red box highlights the 'Select File' button and the file upload input field, with a red arrow pointing to it from the right. To the right of the file input are 'Upload' and 'Back to Dashboard' buttons.

# Non-U4 SIE Enrollment (cont.)

- **SIE enrollments uploaded and paid for by the firm will be added to the Individuals Enrolled for SIE list.**
  - Once an individual sits for the exam, the same list will be updated with the exam result and score (if applicable).

Individuals Vouchers ? ⚙️

### Enroll Individuals for SIE

Upload List

This feature allows firms to enroll multiple individuals quickly and easily. Simply fill out and upload the template. For additional information, please review the FAQs.

Manually Add

This feature allows firms to enroll an individual or multiple individuals by entering the required information. For additional information, please review the FAQs.

### Individuals Enrolled for SIE

Download Clear Filters

ID	First Name	Last Name	Email	Group Name	Billing Co...	Window End D...	Status	Exam Date
T0013902	John	Doe	email1@finra.org	08/13/2018	123	12/11/2018	Pending	
T0013901	Jane	Doe	email2@finra.org	08/13/2018	123	12/11/2018	Pending	



# Non-U4 SIE Enrollment - Vouchers

- Firms will also have the option to purchase SIE vouchers (up to 100 at a time) to provide to individuals who can enroll themselves for the SIE.

**FINRA** Individuals **Vouchers** CARNEY & COMPANY John Smith ? ⚙️

### Purchase Vouchers

This feature allows firms to purchase vouchers for the SIE. For additional information, please review the FAQs.

Exam	Price	Quantity	Billing Code	Group Name
Securities Industry Essentials (SIE) Exam	\$60/Exam	20		

**# of Enrollments:** 20  
**Cost:** \$60  
**Total:** \$1,200

By clicking "Complete Purchase," you acknowledge that the FIRM CARNEY & COMPANY Flex-Funding Account will be charged.

**Complete Purchase** **Cancel**

# Non-U4 SIE Enrollment (cont.)

- After vouchers are purchased, firms can download a spreadsheet to obtain the list of voucher codes and track their redemption.

The screenshot displays the FINRA Vouchers interface. At the top, there is a navigation bar with the FINRA logo, tabs for 'Individuals' and 'Vouchers', and user information for 'CARNEY & COMPANY John Smith'. Below the navigation bar, the 'Purchase Vouchers' section is active, with a sub-section titled 'Purchase Vouchers' containing a description: 'This feature allows firms to purchase vouchers for the SIE. For additional information, please review the FAQs'. The main content area is divided into three sections: 'Available Vouchers', 'Expired and Redeemed Vouchers', and 'Expired and Redeemed Vouchers'. The 'Available Vouchers' section contains a table with the following data:

Exam Name	Group Name	Billing Code	Expiration Date	Remaining	
Securities Industry Essentials (SIE) Exam	firmCCVoucher		2019-02-08	2 of 2	<a href="#">Download</a>

Below the table, there is a summary row: '1 Voucher Group(s)'. The 'Expired and Redeemed Vouchers' section shows '0 Voucher Group(s)'. A red arrow points to the 'Download' button in the table, which is highlighted with a red box.

## Non-U4 SIE Enrollment (cont.)

### ■ Non-U4 SIE Enrollment Reminders

- Enrolling an individual for the SIE outside of Form U4 does not by itself create a CRD number for them. A CRD number will be assigned when a filing is made for the individual in CRD.
- Non-U4 SIE exam results can be seen in the “SIE Enrollment/Results” link, and can also be viewed via the existing Pre-Registration Search feature. However, they will not immediately be part of the individual’s CRD record.
- When an SIE-only individual becomes registered, their SIE “Pass” result will then be posted to their CRD record.

## Viewing SIE Results

- **Firms that pay the Essentials Exam fee will be able to view the individual's result.**
- **If an individual pays the Essentials Exam fee, the firm will ONLY be able to view the result when:**
  - Conducting a pre-registration search or
  - Filing a Form U4 requesting a registration.

# Pre-Registration Search

- The existing Pre-Registration Search will be enhanced to display individuals that have passed the SIE outside of Form U4.

**CRD Individual Search**

Simple Search | **Advanced Search** | Pre-Registration Search

**Pre-Registration Search**

Pre-Registration Search:  By checking this box, I acknowledge that I am considering this person for registration or association with my firm. I further acknowledge that I have obtained and will keep on file this person's consent to review the information about him/her that is available through CRD for those purposes.

**Search by CRD Number**

CRD Number:

**Search by Social Security Number**

SSN (xxx-xx-xxxx):

[Search by Name](#)

Name:

Please provide the following information (required for Pre-registration search). Leave the Verify SSN field blank and select the check box below if the individual does not have a SSN:

This Individual does not have a SSN.

Verify SSN (xxx-xx-xxxx):

Verify Month/Day of Birth (MM/DD):

WARNING: Conducting a Pre-registration search without the written Web CRD (FINRA Entitlement Program Agreement and Terms of Use)

**Composite Information**

Individual Name: REDACTED, COMPANY NAME

---

Social Security Number: xxx-xx-xxxx [View SSN](#)

Date of Birth: 01/01/9999

Residential Address: 1234 OBFUSCATED LANE  
2ND ADDRESS LINE  
FRANKLIN, TN USA

**Exam Information**

**Exam History**

Exam	Exam Status	Status Date	Exam Date	Grade	Score	Window Begin Date	Window End Date	Exam Validity
SIE	Official Result	08/08/2018	08/08/2018	Passed		04/10/2018	08/07/2018	Valid until 08/08/2022

# Change in CRD Display of Exam Results

- **Starting on October 1, 2018, CRD will show the following:**
  - For passing test results – will indicate that the individual passed the exam
  - For failing test results – will indicate that the individual failed the exam and will display the test score.
  - Once an individual passes the exam, the failing results will no longer be displayed. Only the passing result will be displayed.

## Change in CRD Display of Exam Results (cont.)

- **Why is this change being made?**
  - CRD maintains registration information.
  - FINRA qualification exams determine whether a person has demonstrated minimum proficiency to act in a registered capacity.
  - Exam score is not intended to predict how well a person will perform in a position (*i.e.*, a person who scores 90 will not necessarily perform better than a person with a score of 75).
  - Test scores will not be stored in CRD.

# Revised Test Center Exam Results Report – Pass



Financial Industry Regulatory Authority  
Securities Industry Essentials (SIE) Exam

## CANDIDATE INFORMATION

<b>Name:</b>	John Doe	<b>ID:</b>	285750
<b>Test Center:</b>	2618 AL HUNTSVILLE	<b>Date:</b>	07/31/2018

## TEST RESULT

**Result:** Pass





# CRD Exam Views

## ■ Exam Results

- Scores will no longer be posted to CRD for Pass results.
- Exam History and Reports will display non-passing exam results (Fail, No Show, etc.) and scores only until an exam result of Pass is received. After that, all prior non-passing results for that exam will disappear from CRD.

## ■ Exam Validity

- Exam History will have a new field that indicates if a passed/waived exam is still valid for registration purposes, including a future expiration date (if applicable).

## ■ SIE Credit

- SIE exam credit will be automatically granted to individuals registered within the last 4 years, and displayed in Exam History.

(See sample screenshots on the following slide...)

# Exam History

## ■ Exam History Samples

### #1 – Currently registered individual

Exam History									
Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Begin Date	Window End Date	Exam Validity
SIE	992727444	Credit	10/01/2018						Valid
S6	23625055	Official Result	02/13/2012	02/10/2012	Passed		01/24/2012	05/23/2012	Valid
S63	23625056	Official Result	02/22/2012	02/21/2012	Passed		01/24/2012	05/23/2012	Valid

### #2 – Not currently registered, but exams still valid

Exam History									
Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Begin Date	Window End Date	Exam Validity
SIE	993125699	Credit	08/18//2016						Valid until 08/18/2020
S7	23594790	Official Result	04/03/2000	03/31/2000	Passed		03/30/2000	07/28/2000	Valid until 08/18/2018
S63	23594788	Official Result	04/07/2000	04/05/2000	Passed		02/08/2000	06/07/2000	Valid until 08/18/2018

### #3 – Out of the industry

Exam History									
Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Begin Date	Window End Date	Exam Validity
S7	24794014	Official Result	04/17/2003	04/15/2003	Passed		04/10/2003	08/08/2003	Expired
S63	24794013	Official Result	04/21/2003	04/18/2003	Passed		02/28/2003	06/28/2003	Expired

# FINRA Registration Rule Consolidation



# Consolidated Registration Rules

- **Consolidates NASD and incorporated NYSE registration rules into FINRA registration rules (FINRA Rule 1200 Series)**
- **Requires firms to designate a Principal Financial Officer and a Principal Operations Officer (can be same person at non-clearing firms)**

# Chief Compliance Officer

- **Chief Compliance Officers (CCOs) will have a FINRA Compliance Officer registration requirement - CR (Series 14 exam)**
- **Persons with a General Securities Representative and General Securities Principal (S7 GS and S24 GP) registration can register as a Compliance Officer without taking the Series 14 exam**
- **On October 1 FINRA will automatically grant CR registration to persons with a GS/GP who is listed as the CCO on Schedule A of Form BD**

## New Principal Positions

- **Investment Banking Principal (BP) – S79 + S24**
- **Private Securities Offering Principal (PO) – S82 + S24**
- **General Securities Principal (GP) will be limited to S7 + S24**
- **On October 1 FINRA will automatically grant the BP to persons holding the IB (S79) and GP registrations.**
- **On October 1 FINRA will automatically grant the PO to persons holding the PR (S82) and GP registrations.**

# New Principal Positions (cont.)

- Sample screenshot of individual automatically granted the BP, and GP automatically terminated:

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	<a href="#">BP</a>	10/01/2018	10/01/2018	APPROVED	10/01/2018
FINRA	<a href="#">GP</a>	04/01/2011	10/01/2018	ADMTERM	07/14/2011
FINRA	<a href="#">IB</a>	04/01/2011	06/21/2011	APPROVED	06/21/2011
CT	<a href="#">AG</a>	04/01/2011	07/08/2011	APPROVED	07/08/2011

Form Filing History				
Individual CRD#: <a href="#">XXXXXXXXXX</a>		Individual Name: <a href="#">XXXXXXXXXX, MICHAEL J</a>		
Records per Page: <input type="text" value="25"/> Total Records: 16				
ID	Date	Type	Submitted by	User ID
49539784	10/01/2018	U5 ADMIN		2018 Registration Consolidation
49533389	10/01/2018	U4 ADMIN		2018 Registration Consolidation



# Permissive Registration

- **Allows permissive registration of persons engaged in a bona fide business purpose of a member (i.e., an associated person)**
- **Expands current NASD rule allowing for permissive registration of persons performing certain limited functions (e.g., legal, compliance, internal audit)**
- **Such persons will be subject to a level of supervision commensurate with their status**

# Financial Services Affiliate Waiver Program (FSAWP)

- **FSAWP will allow an individual working for a financial services affiliate of a member to receive a waiver of a qualification exam requirement upon returning to the member for up to seven years, provided the firm and the individual satisfy certain criteria**

# Overview of FSAWP Process

- Firm files Form U5 for individual and emails FINRA requesting FSA eligibility (must meet 10/5/1 rule)
- FSAWP eligibility request email must include email address for individual
- FINRA notifies individual via email his/her FSA eligibility and individual's responsibilities to maintain eligibility, including CE requirement
- FINRA notifies individual via email of each upcoming CE requirement with a link to enrollment page
- Recommended that individual establish a FinPro acct

## Overview of FSAWP Process (cont)

- **When individual returns, firm files Form U4 and an FSAWP exam waiver request**
- **FINRA processes waiver request within 30 days**
- **Individual who has successfully maintained eligibility is granted an unconditional exam waiver**

# Resources

- **SR-FINRA-2017-007**
- **Regulatory Notices 17-30 and 18-27**
- **Essentials webpage:**  
[finra.org/industry/essentials-exam](http://finra.org/industry/essentials-exam)
- **Exam Restructuring webpage:**  
[finra.org/industry/exam-restructuring](http://finra.org/industry/exam-restructuring)



# Questions

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