



June 22, 2021

Ms. Jennifer Piorko Mitchell  
Office of the Corporate Secretary  
FINRA  
1735 K Street NW  
Washington, DC 20006-1506

Re: Regulatory Notice 21-17

Dear Ms. Mitchell,

Thank for the opportunity to comment on Regulatory Notice 21-17, Supporting Diversity & Inclusion in the Broker-Dealer Industry.

The National Association of Insurance and Financial Advisors (NAIFA) is the preeminent membership association for the multigenerational community of financial professionals in the United States. NAIFA has 53 state and territorial chapters and 35 large metropolitan local chapters. Our members in every congressional district advocate on behalf of producers and consumers at the state, interstate, and federal levels. NAIFA strongly supports FINRA's efforts to increase diversity, equality and inclusion in our industry and applauds the open dialogue offered here.

NAIFA's commitment to this issue is resolute. NAIFA's Diversity, Equity & Inclusion Council's (DEI) mission is to be the industry expert on diversity, equity and inclusion by having a diverse membership that serves the population by promoting an environment of multiculturalism, equity and inclusion and provides the tools and resources to work with various people groups. Our council seeks to accomplish its purpose and mission via an advisory group of volunteers who provide guidance, advice, and support to diversity initiatives that will in turn create the cultural shifts as outlined in NAIFA's 2025 Strategic Plan.

NAIFA also recognizes that this is not an issue that any single organization can solve alone, and that true change comes from our cooperation together as an industry. Below are the key areas where we believe FINRA can examine its policies and consider adjustments to promote more diversity equity and inclusion.

### **Licensing Exam Availability**

We applaud FINRA's efforts in creating the SEI testing structure, where at least some licensing exam requirements can be met without sponsorship. However, this expansion does not address some of the core barriers of entry into the industry. The "top off" exams still require employer sponsorships, and this means that hiring comes with the added factor of unknown success. Only firms with more robust resources may be in the position to hire candidates without the necessary licenses. This added obstacle likely results in less diverse hiring, especially within organizations lacking diversity themselves. Expanded offerings of FINRA exams without sponsorship requirements has far reaching potential benefits for firms and candidates alike. But, expanding



access to FINRA exams should reach further. NAIFA also encourages FINRA to explore additional solutions, including offering licensing exams in multiple languages, lower exam costs, and the expansion of virtual testing options. Each of these have the potential to expand accessibility to under-represented candidates.

### **U5 Time Restrictions**

The current time limitation for licenses to remain under the U5 filing is 2 years. Given the subject matter difficulty of the exams and current limited availability, this short amount of time is problematic. There are many reasons that a registered person might wish to retain their exams/license for longer than 2 years, including working mothers who wish to take time off to care for children. A longer period, such as 5 years, would more easily allow mothers to return to workforce as their children reach school age.

### **Public Disclosures & Background Reporting**

NAIFA recognizes the high degree of integrity required to be a registered person and to serve clients in a fiduciary manner. Given the realities of systemic biases within our society NAIFA recommends that FINRA take an updated look at background requirements, and in particular, a reconsideration of its guidelines on non-violent drug related offenses in addition to non-fiduciary/fraud related financial disclosures. Similar recommendations are currently being considered at state insurance departments and at the NAIC.

### **Marketing and Communication Material Compliance**

When speaking with NAIFA members who are themselves part of an underrepresented group and/or primarily serve underrepresented communities, one of their largest frustrations is the lack of diverse marketing material. This is a particularly acute problem for those whose client base are not primarily English speakers. Expanded compliance guidelines should not only allow for registered persons to market and communicate in the language their clients are most comfortable in, but also to protect their ability to do so. This would allow for current and future registered persons to reach more diverse customers, and in turn attract a more diverse workforce to serve them.

We look forward to continuing this important dialogue with FINRA as we collectively work towards enacting policies that foster a more diverse, equitable and inclusive financial services industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Boyle".

Diane Boyle  
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A handwritten signature in black ink, appearing to read "Maeghan Gale".

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