

Firm Calls on Exam Restructuring

FINRA

Securities Industry Essentials Exam and Exam Restructuring

August 15, 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.**

Rep-level Qualification Exam Restructuring

- Respond to industry and regulatory changes
- Reduce the redundancy of content across exams
- Streamline the exam process
- Minimize impact and change to the registration rules
- Ensure registered representatives have a solid breadth of understanding of the industry



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 (filing pending and SEC approval)**

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

- **Series 6 – 50 questions**
- **Series 7 – 125 questions**
- **Series 22 – 50 questions**
- **Series 52 – 75 questions**
- **Series 57 – 50 questions**
- **Series 79 – 75 questions**
- **Series 82 – 50 questions**
- **Series 86/87 – 100/50 questions**
- **Series 99 – 50 questions**

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**
- **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**

Home » For Industry Professionals » Registration and Qualification » Qualification Exams

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

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[ENROLL FOR SIE](#)

INFORMATION FOR...

- [Exam Candidates Requiring Special Accommodations](#)
- [Candidates with Limited English Proficiency \(LEP\)](#)
- [Candidates Seeking Waivers](#)

RELATED LINKS

[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.

The screenshot shows the FINRA Web CRD interface. The top navigation bar includes 'CRD Main', 'Forms', 'Individual', 'Organization', and 'Reports'. Below this is a 'User Info' section. The main content area is divided into four columns: CRDMain, Forms, Individual, and Organization. A red arrow points from the 'Forms' column to the 'SIE Enrollments/Results' link in the 'Individual' column.

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

Non-U4 SIE Enrollment (cont.)

- Firms will be able to upload a CSV file to enroll and pay for specific individuals to take the SIE (up to 100 at a time).

The screenshot displays the FINRA Vouchers interface. At the top, there is a navigation bar with the FINRA logo, 'Individuals', and 'Vouchers' tabs. The 'Vouchers' tab is active, and a red arrow points to it. Below the navigation bar, the page title is 'Enroll Individuals for SIE'. There are two main options: 'Upload List' and 'Manually Add'. The 'Upload List' option is highlighted with a red box. Below these options, there is a section titled 'Individuals Enrolled for SIE' which includes a table with columns for ID, First Name, Last Name, Email, Group Name, Billing Code, Window End Date, Status, and Exam Date. The table is currently empty, and a message at the bottom states 'You currently have 0 enrollments.'

Note: The Manually Add feature to purchase single enrollments for individuals one at a time may be available in the future, however will not likely be included on October 1, 2018.


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 Vouchers interface. At the top, there is a navigation bar with the FINRA logo, the 'Individuals' tab, and the 'Vouchers' tab. On the right side of the navigation bar, it shows 'CARNEY & COMPANY John Smith' along with a help icon and a settings icon. Below the navigation bar, the main content area is titled 'Upload List'. A red arrow points to a button labeled 'Download Template: Excel | CSV'. Below this, a paragraph of text reads: '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.' Underneath the text is a 'Group Name' input field. A second red arrow points to a 'Select File' input field, which is highlighted with a red box. To the right of the 'Select File' field are two buttons: 'Upload' and 'Back to Dashboard'.

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). The vouchers can then be provided to individuals for them to 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 | | |

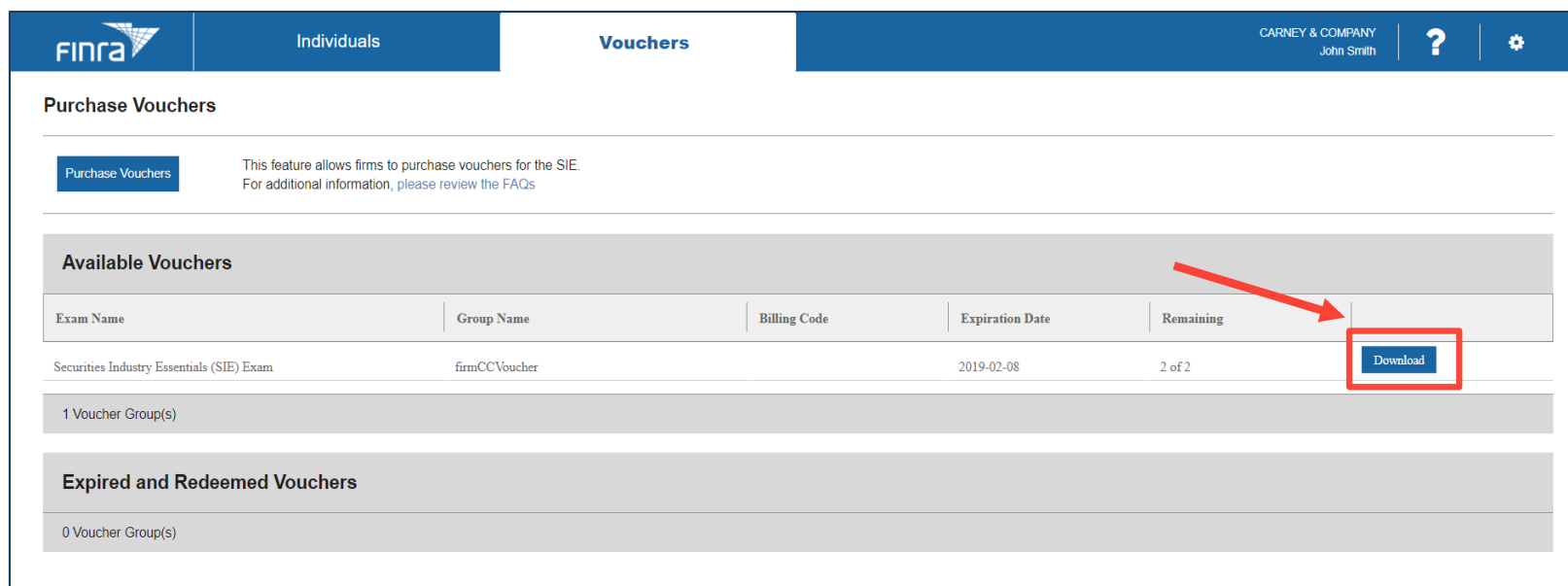
of Enrollments: 20
Cost: \$60
Total: \$1,200

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 '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 titled 'Available Vouchers' and 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 | Download |

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 also 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 preregistration 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:

Social Security Number: [View SSN](#)

Date of Birth:

Residential Address:

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.

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 |

Resources

- **SR-FINRA-2017-007**
- **Regulatory Notice 17-30**
- **Essentials webpage:**
finra.org/industry/essentials-exam
- **Exam Restructuring webpage:**
finra.org/industry/exam-restructuring



Questions

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