



July 29, 2015

Marcia E. Asquith  
Office of the Corporate Secretary  
Financial Industry Regulatory Authority  
1735 K Street, N.W.  
Washington, DC 20006-1506

Re: Regulatory Notice 15-20: FINRA Requests Comment on a Proposal to Restructure the Representative-Level Qualification Examination Program

Dear Ms. Asquith,

The Association of Registration Management, Inc. ("ARM") appreciates the invitation to comment on the proposal by the Financial Industry Regulatory Authority ("FINRA") to restructure the current representative-level qualification examination program and introduce a general knowledge examination, referred to as the Securities Industry Essentials Examination ("SIE").

ARM is an organization that exists for the primary purpose of representing the financial services industry on issues that concern the registration and licensing functions. The organization, which started in 1975, has now provided that representation for 40 years. ARM appreciates the opportunity to submit this letter and present feedback collected from the financial securities industry on this topic and the related process.

Along with our member firms, ARM has reviewed both the FINRA proposal and the comment letter provided by our colleagues in the Securities Industry and Financial Markets Association ("SIFMA"). ARM supports both the FINRA

proposal and the comments in the SIFMA letter. The FINRA proposal restructures the examination program with the type of efficiency that our member firms have long requested. However, ARM requests additional information on certain registration matters related to this proposal.

The SIE proposal will eliminate some of the duplication that exists amongst many of the current examinations. This increased efficiency will result in savings of time and cost for our member firms. ARM requests that FINRA provide more information about the process to apply for the SIE. We understand that the exam will be made available for individuals who are not associated with member firms, including those who are seeking employment in the securities industry. ARM is interested to learn more about the application process for these individuals. It is unclear if these applicants will be required to complete form filings similar to the Form U4 and/or disclose the type of information that requested by that application. If such a form exists, ARM also requests information on how the accuracy and completeness of the requested form information will be validated by FINRA, as these individuals may not be associated by member firms. Considering the current efforts that our member firms have made to comply with the validation requirements of FINRA Rule 3110(e), we place the utmost importance on the content of any application completed by a potential associated person of a member firm, the reliability of the information disclosed, and the availability of that information for review on CRD. ARM is willing to collect and coordinate feedback from our member firms about possible application and review processes related to this new examination, and we look forward to discussing this topic in more detail with FINRA.

ARM also asks for more information on SIE scheduling. The FINRA proposal indicates that the SIE and a specialized examination can be scheduled for the same day. However, as SIFMA has highlighted, it is unclear if a failure of the SIE would prevent the individual from sitting for the specialized examination. ARM requests information of FINRA policies related to SIE and specialized examination scheduling, fees, and other operational issues.

Regarding the content of the SIE, ARM agrees with SIFMA's suggestion that some of the SEC and FINRA rules and regulations proposed for inclusion may be too complicated for the examination's intention, including SEC Rule 15c3-1 regarding net capital, SEC Regulation NMS regarding national market structure rules, and FINRA Rule 2360 regarding options, among others. The complexity of these rules and their specific focus suggest that their inclusion would be more appropriate for specialized examinations than for an examination of general securities industry knowledge. ARM and our member firms would like the opportunity to provide more feedback on specialized

examination content, and we second SIFMA's encouragement of FINRA to solicit industry comments.

ARM appreciates the FINRA proposal of a four-year period for the SIE to remain valid. However, considering how the examination is being partially targeted towards individuals interested in securities industry employment, ARM requests that FINRA consider extending this period to six years. Many academically successful college students participate in internship, part-time, and holiday/summer programs with our member firms, and ARM views the SIE as a future factor or possible pre-requisite for candidates interested in such programs. As many of these same successful applicants may also move on to graduate and masters programs, ARM is concerned that many top-level candidates will be deterred from taking the SIE until the later years of their undergraduate studies in fear of the examination expiring while they attend these higher-level academic programs.

For other specialized examinations, we echo SIFMA's call to extend the validation window for five years. Our member firms are finding more and more examples of individuals who remain active in the financial service industry but move to roles and/or firms where the individual's securities registrations do not apply, because of the nature of the position, the firm business, or their geographic location. If these individuals move to such firms or positions for periods of more than two years after being previously registered, ARM member firms are asked to submit waiver requests on the individual's behalf in an attempt to demonstrate how their background and experience should qualify them for a particular registration. ARM believes that this change will result in significant time and cost savings for both the member firms preparing these waiver requests and the FINRA staff required to review them.

ARM understands FINRA's intentions for retiring certain examinations, such as the UK and Canadian Securities Representative exams. However, our member firms are concerned that this change will fail to recognize the qualifications, experience, and knowledge that many of our personnel gain through registered roles in those countries. While ARM supports any plans that will increase the efficiency and simplify the complexity of registration qualifications, we look for additional efforts to recognize this experience of our previously foreign-based associated persons. For this reason, ARM would like to once again raise a request for guidelines for our member firms who wish to submit waiver and/or re-instatement requests to FINRA. The publication of basic guidelines would assist our member firms in defining the general circumstances under which waiver requests should be considered for our associated persons, and would allow the Compliance and Registration

departments of our firms to better manage the expectations of those associated persons. ARM believes that the release of basic high-level waiver requirements would result in time, energy, and cost savings for both FINRA and member firm personnel.

ARM agrees with SIFMA's encouragement of FINRA to review and amend the principal-level examination program. ARM's request for a five-year validation period and waiver requirements should be extended to the principal examinations as well. We look forward to future opportunities to discuss the principal-level examinations with FINRA in more detail.

Finally, ARM would like to reiterate our comments from previous letters on implementation plans. While ARM and our member firms appreciate FINRA's efforts to review and update numerous registration and examination issues, many of these changes are occurring within a close time frame. For example, our member firms have recently made efforts to comply with the validation requirements of FINRA Rule 3110(e), and are currently preparing for new methods of continuing education delivery, and new proposals such as the Series 57 for Securities Traders and the recent Algorithmic Trading proposal. We look forward to discussing implementation and timelines with FINRA in an effort to properly prepare for and comply with these new registration requirements and changes.

ARM commends FINRA for this continued review of their examination program. We look forward to learning more about the plans for the SIE, the specialized examinations, and the changes to the principal-level examination program.

Thank you for your time and consideration. Please contact me if you wish to discuss the matter in more detail, if you have any questions, or if I can assist with this issue any further.

Sincerely,

Michele Van Tassel  
President, Association of Registration Management  
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