



November 5, 2018

Submitted electronically

Jennifer Piorko Mitchell
Vice President and Deputy Corporate Secretary
Office of Corporate Secretary
FINRA
1735 K Street NW
Washington, DC 20006-1506

Re: Regulatory Notice 18-26 – Continuing Education Program

Dear Ms. Mitchell:

Fidelity Investments (“Fidelity”)¹ appreciates the opportunity to comment on the Financial Industry Regulatory Authority’s (“FINRA’s”) Regulatory Notice 18-26 (the “Notice”), which requests comment on proposed enhancements to FINRA’s Continuing Education Program (“CE”) under consideration by the Securities Industry/Regulatory Council on Continuing Education (“CE Council”).² Fidelity generally agrees with many of the views expressed by the Securities Industry and Financial Markets Association (“SIFMA”) in its comment letter on the Notice (“SIFMA Letter”). We submit this letter to supplement SIFMA’s comment letter with our own views on certain specific positions.

A. Executive Summary

We applaud FINRA and the CE Council for undertaking a review of CE including publishing the Notice soliciting comment on potential enhancements. Fidelity offers a unique perspective given our diverse business model and multiple member broker-dealers. Our comments include the following points:

- Fidelity supports having a shorter annual Regulatory Element CE requirement that is more timely, relevant and easier to deliver and track. We support moving to a shorter training session that is administered annually. We support having more relevant and targeted content given more frequent timing and new technology. We

¹Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and many other financial products and services. Fidelity submits this letter on behalf of our broker-dealers and FINRA members Fidelity Brokerage Services LLC, Fidelity Distributors Corporation, Fidelity Investments Institutional Services Company, Inc., and National Financial Services LLC.

² See [Regulatory Notice 18-26](http://www.finra.org/sites/default/files/Regulatory-Notice-18-26.pdf), Continuing Education Program (September 6, 2018) available at <http://www.finra.org/sites/default/files/Regulatory-Notice-18-26.pdf>

support having improved delivery, tracking and reporting through technology enhancements to the Financial Professional Gateway.

- Fidelity supports proposed enhancements to Firm Element CE including eliminating redundancies and creating a centralized content catalog but we believe Firm Element CE should remain flexible and not overly prescriptive. We strongly support eliminating redundancy with other training required under securities regulations. In this regard, we also strongly support allowing “reciprocity” or credit for training required to maintain professional credentials in the securities industry. We also support developing a centralized Firm Element content catalog with optional, but not mandatory, use of the content but we do not support requirements for a minimum number of required hours of Firm Element training.
- Fidelity strongly supports allowing individuals to maintain their qualifications by completing CE after termination of their registrations. We believe that allowing individuals to maintain registration qualifications through completion of CE can promote career diversity and vitality. We also believe these enhancements should replace the Financial Services Affiliate Waiver Program (“FSA Waiver Program”). We do not support having an experience requirement or expiration of eligibility. We believe individuals associated with a firm but whose registrations have been terminated should be able to maintain qualifications through CE.

B. Fidelity supports a shorter annual Regulatory Element CE requirement that is more timely, relevant and easier to deliver and track

1. We support moving to a shorter training session that is administered annually

Fidelity supports the transition of the Regulatory Element CE program to a more focused and shorter learning requirement that is taken each year rather than two years after the registration anniversary and every three years thereafter. We appreciate that the current cycle is due in part to prior testing center capacity challenges but recognize that these are no longer present since transitioning to online delivery in 2016. We agree that a simplified annual cycle will afford more regularity, allowing for simplified individual and firm planning and tracking. We also believe that training sessions occurring on a more frequent cadence will contribute to improved relevance of the content for the program.

We believe that more frequent delivery of Regulatory Element training should result in more timely training on “hot topics” since new rules and regulatory focus areas can change significantly over the current three year cycle.

2. We support having more targeted content given new technology

We understand that legacy technology constraints may have limited the training module options available to select from based on job functions resulting in individuals in different roles

completing identical content, and/or individuals receiving some content that may not have been directly relevant to their role.

We support FINRA's proposal to create more targeted learning units based on significant rule changes or regulatory issues facing the industry and requiring individuals to complete only the portions of the Regulatory Element that are pertinent to the registrations they hold.

3. We support having improved delivery, tracking and reporting through technology enhancements to the Financial Professional Gateway

We support FINRA's development of technology that assists with more frequent and relevant training as well as improved access to data and reporting of Regulatory Element participation by both firms and individuals. Specifically, we support developing enhancements to the Financial Professional Gateway for direct delivery of CE as well as for improved administration such as having system generated emails delivered directly to individuals regarding CE windows, forthcoming deadlines and completion information.

C. Fidelity supports proposed enhancements to Firm Element CE including eliminating redundancies and creating a centralized content catalog but we believe Firm Element CE should remain flexible and not overly prescriptive

1. We strongly support eliminating redundancy with other training required under securities regulations

We appreciate that the CE Council is seeking feedback on Firm Element redundancy with other industry training including training required under FINRA's own rules such as the Annual Compliance Meeting (ACM)³ and Anti-Money Laundering (AML)⁴ training.

We agree that there currently may be redundancy and firms may already consider ACM training and AML training to be part of Firm Element CE. We understand that other firms administer these requirements separately but may adjust Firm Element content in view of other trainings, or may include duplicative topics across separate trainings. We request that FINRA remove any ambiguity on expectations and expressly allow firms to count required ACM and AML training towards satisfying Firm Element CE requirements.

2. We strongly support allowing "reciprocity" or credit for training required to maintain professional credentials in the securities industry

We appreciate that the CE Council is considering opportunities for "reciprocity" with other securities credential programs. We strongly support allowing firms the option of applying credit for training required under credential programs to Firm Element CE because in many cases

³ Annual Compliance Meeting training is required under FINRA [Rule 3110\(a\)\(7\)](#).

⁴ Anti-Money Laundering training is required under [FINRA Rule 3310\(e\)](#).

it is duplicative and of commensurate quality to Firm Element CE. We therefore believe training for professional credentials should be an optional component of Firm Element CE that firms may apply in their discretion depending on the credential, quality of training, firm business model and administration required to track training completion. We would also be in favor of the CE Council considering opportunities for automated integration of training completion records to a central FINRA system for major industry credential programs.

3. We support developing a centralized Firm Element content catalog with optional, but not mandatory, use of the content; we do not support having a minimum number of required hours of Firm Element training

We currently reference CE Council resources including Firm Element Advisory materials to inform our needs analysis and would generally support the proposal to develop a central Firm Element catalog that would include content created by FINRA or by third-party providers that would be approved by FINRA. This would provide a high level of confidence that the materials are compliant and a high level of convenience for access and delivery.

We believe a central catalog would be an appropriate option for learners who are not currently associated with a broker-dealer and for some firms that may not have staff dedicated to the development of internal training. However, since vendor-based training necessarily cannot be tailored to a particular business model we believe that firms should continue to have the option of developing training that is tailored to the needs of their associates and business model. While Fidelity may leverage a central content catalog as part of our training needs analysis, usage of the central catalog content for part or all of our Firm Element CE should not be made mandatory.

Moreover, the Firm Element CE requirement is relatively unstructured and this flexibility has allowed for customized, high-impact Firm Element training. We have been able to effectively vary content and the method of delivery for training based on the demographic profiles of our learner audiences within each of our broker-dealers. For example, we have made considerable effort to create high impact interactive scenario-based training for our associates that reflects actual experiences and multiple topics. We believe this type of training is effective in conveying the intended knowledge and is more consumable to the learner when compared to traditional academic-style reading and testing. This approach also weighs against a prescriptive requirement for a minimum number of required hours of training to satisfy Firm Element.

Consequently, while we support the proposed changes to Firm Element CE we believe existing flexibility should be preserved with respect to covered content, method of delivery and timing. We do not believe requirements should be so prescriptive that they would adversely impact the effectiveness of well-functioning programs like ours, or those employed by other firms.

D. Fidelity strongly supports allowing individuals to maintain their qualifications by completing CE after termination of their registrations

1. We believe that allowing individuals to maintain registration qualifications through completion of CE will promote career diversity and vitality and these enhancements should replace the FSA Waiver Program

Fidelity is highly committed to promoting career mobility and vitality in our workforce. We also are supportive of employees who may need to leave their jobs for extended periods for various life events including health issues, raising children, caring for parents or grandparents, or pursuing other life endeavors such as study or giving back to their communities.

FINRA's longstanding limitation of having a two year expiration of registration qualifications following termination has unnecessarily interfered with career mobility, work-life balance and better inclusion in the workplace. The FSA Waiver Program was a step in the right direction in allowing for reregistration after termination without retesting when working for a financial services affiliate. However, we believe that this relief is too narrow and has limited practical impact. Therefore, we greatly appreciate and strongly support FINRA's proposal to more broadly allow individuals to maintain their registration qualifications after termination by completing CE, rather than being subject to grace period expiration after two years.

Moreover, individuals who maintain securities registration qualifications through FINRA's CE and return to the securities industry will be well qualified to serve customers due to completion of ongoing training and will also become subject to a firm's system of supervision.

2. We do not support having an experience requirement or expiration of eligibility

The CE Council indicates there would likely be limits on eligibility to maintain registration qualifications through CE that are similar to those for the current FSA Waiver Program including the experience formula of having been registered for five of the previous ten years, including the entirety of the most recent one year prior to termination. The CE Council also suggests it would have a maximum program duration or eligibility expiration of seven years that is currently present under the FSA Waiver Program.

We previously indicated in comments to FINRA's Registration Rule Restructure proposal that certain eligibility requirements for the FSA Waiver Program were needlessly strict, complicated and arbitrary.⁵ The experience or "seasoning" requirement in particular would have an unintended negative impact on younger adults who enter the industry for a period and gain experience but who want to leave to start a family or study full-time. We therefore request that the CE Council not carry forward the FSA Waiver Program experience and duration period requirements to the CE program.

⁵ See page 4 of the [Fidelity Comment Letter](#) to SR-FINRA-2017-007, May 1, 2017.

3. We believe individuals associated with a firm but whose registrations have been terminated should be able to maintain qualifications through CE

The Notice indicates that the proposal to maintain registrations through completion of CE would apply to individuals “no longer associated with a firm” or “after leaving the industry.”⁶ The CE Council asks commenters whether the CE program should allow previously registered individuals to maintain their qualification status while associated with a firm but working in a capacity that does not require registration. The CE Council also asks how this would interact with the expanded opportunity for an associated person to hold a permissive registration.

We believe individuals associated with a firm but who are no longer registered should also be able to maintain their qualifications through completion of CE in addition to those who are outside of the industry and no longer associated with a firm. FINRA does not provide any reason for not permitting this. We note that a contrary result also would not allow meaningful interaction between this CE proposal and FINRA’s expanded availability of permissive registration under the Registration Rule Restructure that went into effect on October 1, 2018.

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Fidelity appreciates the opportunity to provide feedback to FINRA and the CE Council on the Regulatory Notice. We would be pleased to provide any further information and respond to any questions that you may have.

Sincerely,



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Chief Compliance Officer
Fidelity Brokerage Services LLC



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Jason Linde
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⁶ See page 7 of the Notice under the Program Considerations section.