



November 5, 2018

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

Re: Response to Regulatory Notice 18-26 – Continuing Education Program

Dear Ms. Mitchell:

WebCE is an education services provider specializing in the financial services industry. We have spent a significant amount of time discussing Regulatory Notice 18-26 internally and with our securities continuing education clients; the results of those conversations are outlined in this response to FINRA's and the CE Council's Request for Comment.

Regulatory Element

1. In order to increase the timeliness of Regulatory Element content, the CE council is considering recommending moving to an annual requirement. Although the transition would reduce the amount of content included in a session to approximately one-third of the current program, the increased frequency could result in increased effort required to monitor participation. What are the potential impacts of this transition to firms?

RESPONSE: We believe an annual requirement is burdensome to the registered representatives and would recommend that the Council consider a biannual requirement. We do not believe that decreasing the amount of content by one-third improves the program. Based on client input and published disciplinary actions, the amount of content should support the required training and the focus of regulatory element should remain on rules and regulations.

2. The CE Council has discussed with FINRA possible enhancements to the CRD system and the Financial Professional Gateway. Would enhanced reporting and automated notification functions help mitigate the additional efforts required to monitor participation of an annual Regulatory Element requirement? What other system enhancements would firms find helpful?

RESPONSE: Any assistance in easing the monitoring of the Regulatory Element program would be beneficial. We recommend that the individual Registered Representatives receive the *daily* CRD reminders for their Regulatory Element CE window periods and that supervisory individuals receive only weekly or monthly CRD (Reg CE Window) reminders.



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3. The CE Council is considering narrowing the focus of the Regulatory Element to rule changes and significant regulatory issues. Does this seem like an appropriate focus? Are there other topics that should be included within the Regulatory Element?

RESPONSE: We would *not* recommend narrowing the focus from the current standards. Duplicity and redundancies within Firm Element should not be seen as a concern as recurring information reinforces important training.

4. The CE Council is considering adoption of a modular structure in place of the current Regulatory programs. Does this seem like a good way to increase the relevance of the Regulatory Element content? Are there concerns with determining relevance of topics based on registrations held, keeping in mind this will have a de minimis effect on the time required to complete the annual course?

RESPONSE: This is logical if there are *required* modules that cover relevant rules and regulations and *elective* modules the registered representative can select to address their specific business and registration needs.

5. The CE Council is exploring the possibility of publishing the Regulatory Element topics for the coming year in advance of introducing such topics. If this information were available, would firms factor it into their Firm Element training plans? How much detail would be necessary for it to be useful? How early would the CE Council need to publish the information to allow for timely alignment with Firm Element planning activities?

RESPONSE: Yes, if firms are aware of certain topics that will be presented through the Regulatory Element program, that information will likely be factored into their annual training plans. The amount of detail provided should be similar to the information provided in the annual Exam Priorities Letter published by FINRA in January of each calendar year. The information would need to be provided annually, either at the end of the current calendar year or early (before January 15) in the current training year. This would allow firms that launch their continuing education programs early in the year time to adequately prepare their training plan.

Firm Element

6. Is the current Firm Element Advisory (FEA) useful? Do firms reference the FEA when planning their training programs? Which aspects of the FEA are most helpful? Are there other resources the CE Council should provide to help firms meet their Firm Element requirements?



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RESPONSE: As an education vendor we find the FEA very useful and we recommend its use through our client communications such as monthly email updates and newsletters. The general format of the FEA is very helpful in that it provides supporting resources and an indication of whether the information is new, existing, or has been updated.

7. How much Firm Element training does the typical covered person receive? Are electronic and in person courses the standard format for delivering Firm Element training? Do most courses include an assessment component? What other learning activities do firms commonly use to meet Firm Element requirements?

RESPONSE: It is our experience as an education vendor that small to medium size firms complete three to five 30-minute courses, an annual compliance meeting, an annual compliance questionnaire and completes their Regulatory Element as required. Electronic/online course delivery is the preferred format as it provides convenience to the covered persons to complete their continuing education training and ease of tracking and reporting for supervisory and compliance personnel. WebCE Courses, as well as FINRA courses, include a short assessment at the end of each course; however, there are firms that prefer an attestation of completion to an assessment and we can easily accommodate that request.

8. Is Firm Element generally limited to covered persons? Do firms typically offer similar amounts of training to registered persons who are not covered persons? Do firms offer similar training opportunities to unregistered persons? Should the Firm Element requirement apply to all registered persons? What types of training do covered persons undertake that should be included as Firm Element training?

RESPONSE: In our experience as an education vendor we have learned that many firms require training for all of their employees, the training; however, varies depending on the role within the firm. It is common for non-registered employees to have fewer training requirements than registered employees. We believe that all broker-dealer employees should be required to complete annual training to ensure they understand the rules and regulations that govern their role within the firm.

9. How could the CE Council communicate reasonable expectations for amounts of Firm Element without introducing an onerous process? Are there other ways to ensure firms provide adequate training to securities professionals?

RESPONSE: Firms currently have access to the firm element advisory (FEA), the annual exam priorities letter, and most recently the annual report on exam findings (authored by FINRA). It would be helpful if there were more communication surrounding the availability of these resources.



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It may streamline broker-dealer compliance with continuing education training if there were specific requirements such as annual AML training, ethics, supervision (where appropriate) and other training relevant to the individual's role within the firm. However, it is important to maintain a balance across firm size, structure, and business model and there may not be a "one size fits all" solution.

10. Aside from Firm Element, what are the most significant regulatory training courses used by firms? Do firms include these other requirements as part of their Firm Element training programs?

RESPONSE: As an education vendor, we find our clients rely on the requirements of FINRA including the regulatory element and firm element continuing education requirements. Many firms balance their training requirements between items covered in their firm element program and their annual compliance meeting. It is common for small to medium size firms to host in-person annual compliance meetings rather than an online version while the opposite is true for larger broker-dealer firms. It is our experience that broker-dealers include specific topics annually such as AML, ethics, communication, and supervision. Additionally, we have noticed in the past several years that hot topics within the industry are commonly included in firm element training programs. Examples of current hot topics include cryptocurrency/digital asset activity and working with vulnerable adults.

11. Do most firms maintain training programs to ensure associated persons meet the requirements of non-regulatory credentialing programs? Which credentialing programs have the most significant impact on firm training programs? Do firms include these training requirements within their Firm Element training plans? Are there credentialing programs with which the CE Council should consider establishing formal reciprocity agreements?

RESPONSE: As a provider of continuing education to multiple financial services professionals (insurance, tax and accounting, financial planner, and securities to name a few) we find that small to medium size broker-dealer firms appreciate the availability of continuing education for other professional licenses; however, it is considered a nice to have feature and not a requirement. The firms, as a general rule, do not track the credentialing programs on behalf of their registered representatives unless those individuals are advertising or otherwise holding themselves out to hold specific licenses and designation certifications.

12. How often do firms use content from third-party training providers to meet their Firm Element requirements? Would a centralized content catalog with offerings from multiple providers be beneficial for the industry?



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RESPONSE: As a continuing education provider, we find the use of third-party vendors to be most common; although we are aware of firms that complete their training in-house.

The idea of a centralized catalog may sound appealing on its surface; however, this type of offering puts many providers, particularly those who are not approved as FINRA resellers, those who operate at a regional level, and those who offer classroom training, at a competitive disadvantage.

This type of offering reduces the opportunity for vendors to provide information regarding the accuracy of their content (including frequency of the content updates, delivery platforms, reporting functionality, and other services (such as continuing education to support affiliated licenses like insurance, CPA, and other designations) available to assist the broker-dealer with their annual continuing education programs.

As a provider of continuing education services to the financial services industry as a whole, and not specific to securities, we would *not* be in favor of a centralized catalog.

A centralized catalog experience may also create tracking and reporting concerns for broker-dealer firms.

Maintaining Qualification Status Post Termination

13. Should the CE Council pursue a recommendation to allow previously registered individuals to maintain their qualification status while away from the industry? Does a CE program seem like an appropriate way to accomplish this?

RESPONSE: We believe, similar to other financial services professions, that an individual should be able to maintain their qualification status while away from the industry. A continuing education program that incorporates the regulatory element (either as it is currently scheduled or as proposed within Regulatory Notice 18-26) and firm element training, provided there are standards adopted regarding a minimum amount of training and required topics.

14. If the CE Council recommended introducing a CE program that allowed individuals to maintain their qualification status while outside the industry, how much CE would be sufficient?

RESPONSE: We believe that introducing a CE program to maintain a qualification while outside the industry must incorporate the requirements of permissive registration, regulatory element, and a CE program sufficient to cover rules, regulations, and key topics in the industry. While this may involve more CE than a standard regulatory element/firm element combination, while away from the industry the individual would not likely be completing things like questionnaires, annual



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compliance meetings, industry conferences, webinars and other educational offerings that may be required by a broker-dealer firm outside of firm element training.

15. If the CE Council recommended introducing such a program, should it impose an experience requirement for individuals to be eligible? If the CE Council recommended establishing a minimum duration of prior registration, what would be a reasonable requirement?

RESPONSE: We believe that imposing an experience requirement complicates things. If the individual is motivated enough to keep their registration active, it should be allowed. Requirements to keep the registration active could follow the lead of other financial industry licensing entities where a continuing education (CE) program with minimum requirements plus an elective element allowing individuals to select information best suited to their registration and business model would be appropriate.

16. Should there be a limit to how long a previously registered individual could maintain their qualification status via the CE program under consideration? If so, what duration is appropriate?

RESPONSE: If you were to impose a limit to how long an individual can maintain a qualification if they are not working in the industry or in a role within the industry that does not require a registration, we would recommend a five year maximum. It would be a challenge for any individual to remain current on rules, regulations, and other changes within the industry through a continuing education component for a period of time longer than five years.

17. Should the program allow previously registered individuals to maintain their qualification status while associated with a firm but working in a capacity that does not require registration? How would this interact with the expanded opportunity for an associated person to hold a permissive registration?

RESPONSE: We believe that an individual should be allowed to maintain their qualification status under the same requirements outlined in our previous responses.

18. How important is maintaining the two-year termination rule if individuals are able to maintain qualification status while away from the industry? Is the opportunity for individuals to complete lapsed CE when re-registering within two years of termination a sufficient replacement for the two-year termination rule?

RESPONSE: If a continuing education requirement is put in place that incorporates the regulatory element and continuing education components, the two-year termination rule would no longer be necessary and should be retired or revised.



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General Questions

19. In developing a specific recommendation to change the industry CE requirements, what are the most important issues for the CE Council to consider?

RESPONSE: The combination of recommended changes needs to be reviewed as a whole to ensure that a new requirement is not contradictory to existing requirements and to ensure that the new rules compliment other programs such as the SIE. As always, it is in the best interest of the investors and the general public that registered representatives are held to a standard that includes maintaining an appropriate level of knowledge of industry rules and regulations.

20. Are there alternative approaches, other than the ideas discussed here, that the CE Council should consider? What are the relative benefits and costs of any alternative approach?

RESPONSE: CE Council and FINRA should consider reciprocity with other financial license maintenance and continuing education programs where appropriate. This will assist the registered representatives in selecting training courses that are appropriate to multiple licenses and assist in keeping the cost of continuing education programs reasonable.

Respectfully Submitted,

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