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

RE: FINRA Regulatory Notice 18-26 Continuing Education Program

Dear Ms. Mitchell:

The Security Traders Association of New York, Inc. (“STANY”)¹ respectfully submits these comments in response to enhancements under consideration by the Securities Industry Regulatory Council on Continuing Education (“CE Council”) to the Securities Industry Regulatory Council on Continuing Education Program (“CE Program”).

STANY appreciates the value of reviewing and refining regulatory requirements as markets and technology evolve and supports the CE Council’s efforts to modernize the CE Program. The effort by the CE Council to enhance the ability of financial service professionals to keep abreast of current regulatory initiatives and relevant topics in order to maintain exacting standards of professionalism in the industry, is commendable. As is the CE Council’s efforts to meet the needs of the industry in efficient and cost ways.

As an industry association representing securities professionals, STANY appreciates the effort that registered persons undergo to obtain and maintain industry licenses. We acknowledge the importance of qualified individuals to the professionalism and integrity of the industry. As such, STANY fully supports vigorous licensing and continuing education requirements for financial services professionals. However, we agree with the CE Council that changes in technology, as well as advances in learning and education, warrant a review of the current requirements and support changes that reduce confusion, redundancy and costs association with continuing education. Many of the recent changes to the CE Program have

¹ STANY is the voice of the trader in the New York metropolitan area and represents approximately 500 individuals who are engaged in the trading of securities. STANY is committed to be a leading advocate of policies and programs that foster investor trust, professional ethics and marketplace integrity and that support education of market participants, capital formation and marketplace innovation. As an industry organization of individuals employed in the securities markets, STANY does not represent a single business or business model, but rather provides a forum for trading professionals representing institutions, hedge funds, broker-dealers, ATSS, and trading centers to share their unique perspectives on issues facing the securities markets.

been positive, but we agree that there is more room for improvement and are pleased to see the CE Council offer suggestions and seek industry participation aimed at making the CE Program even better.

Regulatory Element

Narrowing the Focus of Testing and Adopting a Modular Structure

STANY agrees that it is important that the information communicated to registered persons through the Regulatory Element be relevant to the positions in which they are employed and supports the CE Council's efforts to restructure the Regulatory Element to create targeted learning units. Narrowing the focus of the Regulatory Element to rule changes and significant regulatory issues and adopting a modular structure to replace the current Regulatory programs both seem to be appropriate ways to enhance relevancy.

Annual Requirements

STANY believes that most firms make earnest efforts to provide their employees with requisite information about relevant regulatory changes to enable them to do their jobs in compliance with the latest securities regulations. Nevertheless, we can appreciate the suggestion of the CE Council that annual Regulatory Requirement obligations may ensure that rule changes and regulatory issues deemed most important by FINRA are communicated in a timely fashion. However, the CE Council has suggested that annual CE obligations may increase relative costs associated with compliance on the part of firms, particularly those costs associated with monitoring and verifying participation of associated persons. While STANY is not able to opine on the potential added burden occasioned by an annual Regulatory Requirement, if the frequency of the Regulatory Element were increased, we would hope that the CE Council does all it can to minimize the added compliance efforts which may be most difficult for smaller firms. Direct email notifications to registered persons is one step which may reduce challenges of monitoring regulatory compliance, but will not completely eliminate the added burden on back office and compliance staff. Enhancements to the CRD system will likely also be required.

Coordination of the Regulatory and Firm Elements

Publishing the Regulatory Element topics for the coming year in advance would be helpful to firms when planning their Firm Element portion of required CE. It should help to reduce redundancies identified by the CE Council.

Firm Element

Other Training and Credentialing Programs

The CE Council notes that in addition to in-house programs and outsourced classes, registered individuals in the industry often attend conferences as part of training and development encouraged and supported by their firms. From experience, STANY is aware that many unaffiliated professionals, both those licenses remain valid during the current two-year window and those whose licenses have lapsed, also attend industry conferences hosted by brokerage firms, law firms and associations such as Sifma, STA, STANY and other STA affiliates across the United States, NOIP and the Industry Options Council among others. Unlike in other licensed industries and the securities industry in Canada, this training has not been certified for CE credit. Within the legal profession, current practitioners, as well as licensed attorneys not actively practicing law, participate in the same continuing legal education provided by many low cost and free sources including conferences whose topics have been pre-approved for CE credit. Members of the bar, whether they are actively practicing law or not, are required to complete a certain number of hours in a two-year period (with recently admitted members obligated to complete additional hours) proof of which consists of a certificate of participation issued by the conference or lecture provider. A similar practice is followed by the Canadian security regulators to great effect.

We would suggest that when considering credits for the Firm Element, the CE Council consider a mechanism whereby industry conferences can present their agendas to the CE Content Committee for

certification in whole or in part for CE credit. With publication of Regulatory Element Topics and with information provided through the Firm Element Advisory, industry groups could tailor their offerings to meet specific educational needs of the professionals who already attend their conferences. Given that the CE Council is considering opportunities for reciprocity with other credential programs, some of whom rely on conferences and sources outside the firm, we respectfully suggest that industry conferences including those mentioned above, likewise, be considered. Including approved conferences, or sessions of those conferences as eligible Firm Element education, could relieve a portion of the burden on smaller firms, and more importantly, be used as Firm Element equivalent training by those seeking to maintain qualification post termination. Similar to the proposed centralized content catalog with courses offered by third-party vendors, industry conferences should be encouraged as a way to complete all or part of the Firm Element requirement.

Maintaining Qualification Status Post Termination

STANY enthusiastically supports the CE Council's efforts to address the challenges that professionals face when attempting to re-enter the industry after an absence. Professions that rely on their practitioners to remain current on developing regulations and changing practices such as law, accounting and medicine all have ways in which those who step away from their profession can retain their licenses. We see no reason why securities professionals should not be afforded the same ability to retain their hard-earned credentials through continuing education.

Unlike other licensed professions, reentry hurdles are onerous and have caused many otherwise qualified securities professionals to seek work outside the industry. Requalification by examination or waiver of the exam has been a significant burden to individuals seeking to reenter the industry and on the firms seeking to hire them. The current two-year limitation on registration has had an outsized impact on women who have taken time away from work for parental reasons. The ability to maintain registration while on extended maternity leave will assist the industry in creating and maintaining a more diverse workforce.

Besides facing the burden of re-licensing, individuals who take a break from the securities industry are often uninformed on current practices because they are limited in their ability to take continuing education during their absence. This is also unique to our industry. Moreover, those who attend industry conferences to remain current on regulatory changes and industry practices, have no way to show prospective employers of their efforts to keep abreast of trends, nor do they receive any credit for their efforts. To assist talented professionals who have been downsized or otherwise taken a break from their industry careers, STANY permits unaffiliated persons to remain members of the association and encourages them to participate in industry related conferences and events. Many capable professionals would choose to remain in the industry and contribute their talents if given the chance. We are encouraged that the CE Council is seeking to make it easier for them to do so.

Previously registered persons, as well as registered persons unaffiliated with a firm, should be able to retain their licenses and not have to requalify by examination or obtain a waiver upon returning to the industry if they complete annual Regulatory Element education, as well as continuing education equivalent to the Firm Element as determined by the CE Council during their absence from the industry. As mentioned in the proposal, these individuals will still be required to satisfy other eligibility requirements for association with a firm for reentry.

We suggest that there are many ways in which these professionals should be able to obtain the equivalent of Firm Element training. We do not believe that tracking or monitoring unaffiliated person should present a significant issue for FINRA. The legal profession, mentioned by the CE Council as a model for its proposed program, uses certifications issued by those hosting educational sessions that qualify for CE. Similar certificates can be obtained in the securities industry and electronically sent to CRD with the

burden to do so on the representative seeking to maintain his or her qualifications.

STANY supports a program whereby previously registered individuals are permitted to maintain their qualification status while associated with a firm but working in a capacity that does not require registration. Likewise, currently, people that move to a buy side firm or an industry vendor lose their licenses since those firms are not regulated by FINRA. Those individuals, many of whom participate in the industry and have similar duties to those they performed at regulated firms, should be able to undertake CE activities to maintain their licenses. This would ease the burden on securities professionals moving between these types of firms, while also improving the overall level of qualifications in the industry. Previously registered individuals working either at FINRA registered firms but in a capacity that no longer requires registration or in the industry at firms that are not regulated by FINRA, should be permitted to complete the same CE as registered persons. If a modular approach to CE is implemented, these individuals should be permitted to take those modules consistent with either their prior registration or the most general module available.

Eligibility Requirements and Program Duration

STANY does not believe that it is necessary or appropriate to place the same constraints on eligibility to maintain qualification status as the Financial Services Affiliate Waiver Program. Requiring registration for five years within the previous ten-year period would severely limit the application of the proposed program for post termination qualification. We do not advocate for any specific limit. Provided the CE required during absence from the industry is robust, we believe it is appropriate to leave it to employers to hire those whom they feel are suited to the position based on experience and continuing education. It would then be the responsibility of the firm to provide training to ensure that the registered individual has the knowledge and skills to perform his or her job successfully and in compliance with all securities regulations.

STANY appreciates the consideration of its comments and would be happy to discuss them with FINRA. Please feel free to contact the undersigned with any questions.

Respectfully submitted,

Kimberly Unger
CEO & Executive Director