Topics of Discussion

- Recent RAD System Enhancements
- 2016 RAD Program Roadmap
- E-Bill (FINRA Financial Gateway)
- User Testing & Training
- BrokerCheck Update
- Public Records Review Update
- Funding Portals
- Questions
Recent RAD System Enhancements
Individual Forms

Extensive behind-the-scenes work was done to modernize the CRD® individual form filing code base. Changes affected:

- U4
- U5
- NRF
- Individual U6

As a result of the technical upgrades, users saw several look-and-feel upgrades while completing these filings online.
Individual Forms (cont.)

- Web CRD® no longer converts text entered on individual forms to all capital letters. The system will preserve the case as entered by the user.
  - REMINDER: Firms should pay careful attention to case entry as data will display in BrokerCheck® as entered on Form U4 and U5 filings.

Previous version:

```
Yes ☐ No
If ‘Yes’, please enter details below.

CURRENT FORCED UPPER CASE DATA ENTRY.
```

Current version:

```
Yes ☐ No
If ‘Yes’, please enter details below.

New mixed case data entry.
```
Individual Forms (cont.)

- The Filing History page under View Individual was enhanced to show the ID of the user who submitted the filing.
  - Note: Firms will only see the ID of users from their own organization.

<table>
<thead>
<tr>
<th>ID</th>
<th>Date</th>
<th>Source</th>
<th>Submitted by</th>
<th>User ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>41505837</td>
<td>07/29/2015</td>
<td>U6 CRD Individual</td>
<td>New York</td>
<td>xxxxxxxx</td>
</tr>
<tr>
<td>41505835</td>
<td>07/29/2015</td>
<td>U4 Amendment</td>
<td>SECOND FIRM</td>
<td>FIRMUSER200</td>
</tr>
<tr>
<td>41505833</td>
<td>07/29/2015</td>
<td>U4 Relicense CRD</td>
<td>SECOND FIRM</td>
<td>FIRMUSER100</td>
</tr>
<tr>
<td>41505834</td>
<td>07/29/2015</td>
<td>U5 Full</td>
<td>FIRST FIRM</td>
<td>xxxxxxxx</td>
</tr>
<tr>
<td>41505833</td>
<td>07/29/2015</td>
<td>U4 Initial</td>
<td>FIRST FIRM</td>
<td>xxxxxxxx</td>
</tr>
</tbody>
</table>

Pagination was also added for individuals with a large history.
## Web EFT

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U4/U5 DRPs</td>
<td>Firms are now able to include new and amended DRP details in U4 and U5 uploads. DRPs submitted will be processed similar to other U4/U5 filing information.</td>
</tr>
<tr>
<td>Reports</td>
<td>Corresponding changes to the Individual Information Report (IIR) and other posting reports.</td>
</tr>
</tbody>
</table>
Reports Sensitive Data Notice

- A “Sensitive Data Notice” now displays upon a user’s first visit to the View Reports page in each new browser session.

```
Sensitive Data Notice

Any report requested through the Central Registration Depository (CRD®) may contain personal confidential information (PCI) or other confidential or sensitive data, the use or disclosure of which may violate state or federal data privacy, consumer protection, or other laws. FINRA does not represent, warrant or guarantee the accuracy or completeness of this information or its fitness for any purpose for which you intend to use it. FINRA represents that this report may contain PCI or other non-public information, depending upon your jurisdiction, and FINRA expressly disclaims any responsibility for ensuring that this report meets your agency or organization's legal obligations with respect to sharing the information in the report for any reason. Your use of this report is your acknowledgement that FINRA is providing this report at your request, conditioned upon your understanding and agreement that FINRA has no responsibility for ensuring that any use of the report or the information contained therein by you, your agents, employer or employees, complies with applicable law. Further, your use of this report for any reason is your express acknowledgement and agreement to (1) accept sole responsibility for compliance with all applicable laws in the use of this report/information by you, your agents, employer or employees and (2) release FINRA and its officers, board and employees jointly and severally from all liability, including but not limited to, any and all actions, causes of actions, claims or demands arising from or related to use or disclosure of this report/information by you, your agents, employer and employees, including the violation of any state or federal data privacy, consumer protection, or other laws.

Continue  Cancel
```

FINRA
## Personal Information Completeness Checks

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
</table>
| Form U4 & DRPs | Completeness checks will now display when the following data is entered in Section 13 Other Business of Form U4 or the Docket/Case# fields in Bankruptcy and Judgment/Lien Disclosure Reporting Pages (DRP):  
  • Any number in Social Security Number (SSN) format (xxx-xx-xxxx)  
  • A full or partial entry of the individual’s SSN (any format as provided by the individual)  
  (Note: For DRPs, the above completeness checks will only apply when the sensitive information checkbox is **not** selected.) |
Investment Adviser Public Disclosure (IAPD) Redesign

The SEC’s IAPD site was redesigned and includes the following:

- Content is displayed in a new, user-friendly format
- The site is mobile-compatible and 508 Compliant
- Users are able to initiate a new search from any page
Arbitration Award Online (AAO) Redesign

FINRA’s Arbitration Awards Online site was enhanced to be more user-friendly.

To assist with research efforts, the FINRA Arbitration Awards Online database is enhanced to provide a "related documents" hyperlink that is included with the search results for all documents that contain the same case number.
## Regulatory Changes

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Education</td>
<td>Registered representatives are now able to complete the regulatory element through a new web-based delivery method. All CE sessions (S101,S106,S201,S901) are now available online.</td>
</tr>
<tr>
<td></td>
<td>Effective January 4, a self-selection module (personalization) was introduced for the S101. In Module D, participants can select a category that is most relevant to their job function, allowing them to receive content focused on their specific responsibilities.</td>
</tr>
<tr>
<td></td>
<td>See the related notices for more information: <a href="http://www.finra.org/industry/notices/15-28">http://www.finra.org/industry/notices/15-28</a> <a href="http://www.finra.org/industry/information-notice-110415">http://www.finra.org/industry/information-notice-110415</a></td>
</tr>
</tbody>
</table>
# Regulatory Changes (cont.)

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration &amp; Continuing Education</td>
<td>The Equity Trader (ET) and Proprietary Trader (PT) registration categories were retired and are no longer available to select on U4 and U5 filings. The associated qualification examinations (Series 55 and Series 56) were also retired. The retired categories have been replaced by the new Securities Trader (TD) category that requires the new Series 57 examination. Additionally, the S501 Continuing Education (CE) session has been retired. Representatives previously required to take the S501 will take the S101 instead.</td>
</tr>
<tr>
<td>See the related Regulatory Notice for more information: <a href="http://www.finra.org/industry/notices/15-45">http://www.finra.org/industry/notices/15-45</a></td>
<td></td>
</tr>
<tr>
<td>Impacted Area</td>
<td>Description of Change</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Registration</td>
<td>After January 4, 2016, any individual who supervises Securities Traders (TD) must maintain a Securities Trader Principal (TP) registration with FINRA. This includes associated persons who are registered as General Securities Principals and supervise individuals who were previously known as Equity Traders (ET). Firms are required to file amended Forms U4 in the CRD system no later than July 2, 2016 (180 calendar days after January 4), to request the Securities Trader Principal (TP) registration category for all applicable individuals.</td>
</tr>
<tr>
<td>See the related Regulatory Notice for more information: <a href="http://www.finra.org/industry/notices/15-45">http://www.finra.org/industry/notices/15-45</a></td>
<td></td>
</tr>
</tbody>
</table>
2016 RAD Program Roadmap
2016 RAD Program Roadmap

**Q1 2016**
- **Web CRD, IARD, and PFRD Release 2016.01 (January 30, 2016)**
  - Remove ability to request LEP for Continuing Education
  - Minor bug fixes
- **IAPD Release 2016.01 (January 30, 2016)**
  - SEC requested usability enhancements
  - IAPD mobile-compatibility
- **FPRD Release 2016.01 (January 29, 2016)**
  - Funding Portal Reporting Depository goes live

**Q2 2016**
- **Web CRD, IARD, and PFRD Release 2016.04 (April 16, 2016)**
  - SEC-mandated updates to Form PF
  - Minor bug fixes
- **BrokerCheck and IAPD Release 2016.06 (June 2016)**
  - BrokerCheck usability enhancements (TBD)
- **Web CRD, IARD, and PFRD Release 2016.06 (June 2016)**
  - Retire CRD/IARD Flex-Funding pages
  - Minor bug fixes

**Q3 2016**
- **Web CRD, IARD, and PFRD Release (TBD)**
  - State and industry enhancements
  - Minor bug fixes
- **BrokerCheck and IAPD Release (TBD)**
  - BrokerCheck usability enhancements (TBD)
- **Ongoing CRD Technical Design Analysis**

**Q4 2016**
- **Web CRD, IARD, and PFRD Release (TBD)**
  - State and industry enhancements
  - Minor bug fixes
- **BrokerCheck and IAPD Release (TBD)**
  - BrokerCheck usability enhancements (TBD)
- **Ongoing CRD Technical Design Analysis**

**Technology Initiatives**
- Ongoing CRD Technical Design Analysis
- Registration programs
- Public Disclosure programs
- Technology Initiatives
<table>
<thead>
<tr>
<th>SRO</th>
<th>Description of Activity</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIAX</td>
<td>Retired the ME and FI positions on Forms U4/U5</td>
<td>February 8, 2016</td>
</tr>
<tr>
<td>MIAX</td>
<td>Changed long name to Miami International Securities Exchange, LLC</td>
<td>February 8, 2016</td>
</tr>
<tr>
<td>ISE Mercury, LLC</td>
<td>New SRO was on-boarded to CRD and is now live</td>
<td>February 16, 2016</td>
</tr>
<tr>
<td>Investors’ Exchange LLC (IEX)</td>
<td>New SRO being on-boarded to CRD (* Pending SEC approval)</td>
<td>2nd Quarter 2016</td>
</tr>
</tbody>
</table>
## SRO/Jurisdiction Updates (cont.)

<table>
<thead>
<tr>
<th>SRO</th>
<th>Description of Activity</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYSE</td>
<td>Retire the TA position on Forms U4/U5, and add a new FL position and Series 19 exam (paper only).</td>
<td>April 16, 2016 (Release 2016.04)</td>
</tr>
<tr>
<td>NYSE-MKT</td>
<td>Retire the TA position on Forms U4/U5, and add a new FL position and Series 19 exam (paper only).</td>
<td>April 16, 2016 (Release 2016.04)</td>
</tr>
<tr>
<td>NYSE-MKT</td>
<td>Retire the OT position on Forms U4/U5.</td>
<td>April 16, 2016 (Release 2016.04)</td>
</tr>
<tr>
<td>NYSE-ARCA</td>
<td>Retire the OT position on Forms U4/U5.</td>
<td>April 16, 2016 (Release 2016.04)</td>
</tr>
</tbody>
</table>
### SRO/Jurisdiction Updates (cont.)

<table>
<thead>
<tr>
<th>SRO</th>
<th>Description of Activity</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guam</td>
<td>New Jurisdiction in CRD/IARD (*Pending SEC Form BD approval)</td>
<td>3rd Quarter 2016</td>
</tr>
<tr>
<td>MIAX Equities</td>
<td>New SRO being on-boarded to CRD (*Pending SEC Form 1 approval)</td>
<td>3rd Quarter 2016</td>
</tr>
</tbody>
</table>
### Scheduled System Changes

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form PF (Effective April 16, 2016)</td>
<td>Significant changes to Section 3 Liquidity Funds, including: \n  - Removing previous Questions 56 &amp; 57 \n  - Renumbering existing Questions 58-64 to become Questions 56-62 \n  - Adding new Questions 63 &amp; 64 \n  Also adding an optional checkbox in Section 1b to allow filers to designate funds that are filed with CFTC. \n  Other miscellaneous changes to allowed values and validations across the form.</td>
</tr>
</tbody>
</table>
## NASAA Proposed Future Enhancements

<table>
<thead>
<tr>
<th>Impacted Area</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fingerprints</td>
<td>For Initial, Amendment, and Dual U4 filings, the system will hold the jurisdiction AG requests deficient for fingerprints until a Clear FBI result is posted to CRD.</td>
</tr>
<tr>
<td>(Effective TBD)</td>
<td>If the fingerprint disposition status is RAPP, the individual’s AG registrations will be set to Pending and sent to the state’s Manual Approval queue for review.</td>
</tr>
</tbody>
</table>
E-Bill (FINRA Financial Gateway) 2016 Enhancements
Current Features

- Users are able to deposit funds into their Flex-Funding Accounts via ACH transfer.

![Table Image]

<table>
<thead>
<tr>
<th>Open Invoices / Accounts</th>
<th>Transaction Activity</th>
<th>Invoice History</th>
<th>Alerts</th>
<th>Settings</th>
<th>User Guide</th>
<th>FAQ</th>
<th>Help</th>
</tr>
</thead>
</table>

**FINRA Flex-Funding Account**

When funding the FINRA Flex-Funding Account through E-Bill, the only valid payment option is ACH. Credit Card payments are not accepted.

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance</th>
<th>As Of</th>
<th>Payment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINRA Flex-Funding Account (CRDRG)</td>
<td>-435,505.99</td>
<td>6/26/2014 3:17:24 PM</td>
<td>1,613.19</td>
</tr>
</tbody>
</table>

**Open Invoices**

If there is a discrepancy between the Total Amount Due on your Invoice Balance Due in E-Bill, please contact FINRA Call Center at (301) 590-6500

<table>
<thead>
<tr>
<th>Invoice Type</th>
<th>Cust. ID</th>
<th>Invoice</th>
<th>Details</th>
<th>Invoice Date</th>
<th>Due Date</th>
<th>Invoice Amount</th>
<th>Invoice Balance</th>
<th>Payment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRACE 1899</td>
<td>TRC0198382</td>
<td>06/06/2014</td>
<td>07/06/2014</td>
<td>$140.98</td>
<td>$140.98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MREGN 2739</td>
<td>MRG0064826</td>
<td>06/03/2014</td>
<td>06/03/2014</td>
<td>$172.00</td>
<td>$172.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRACE 1899</td>
<td>TRC0197022</td>
<td>05/22/2014</td>
<td>05/22/2014</td>
<td>$2,813.74</td>
<td>$2,813.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MREGN 2739</td>
<td>MRG0064636</td>
<td>05/01/2014</td>
<td>05/01/2014</td>
<td>$211,674.09</td>
<td>$211,674.09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRACE 1899</td>
<td>TRC0196319</td>
<td>03/18/2014</td>
<td>04/17/2014</td>
<td>$3,225.60</td>
<td>$3,225.60</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Current Features (cont.)

- Invoices can be paid by transferring funds from the firm’s Flex-Funding Account.

<table>
<thead>
<tr>
<th>Invoice Type</th>
<th>Invoice</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MREGN</td>
<td>MRG0064926</td>
<td>$1,700.00</td>
</tr>
</tbody>
</table>

**Payment Information**
You are about to submit online payment for the following

**Payment Type**
When funding FINRA Accounts through E-Bill, the only valid payment option is ACH or reallocation from FINRA Flex-Funding Account. Credit Card payments are not accepted.

- ☐ New Credit/Debit Card
- ☐ New Bank Account
- ☐ Previously Used Card Or Bank Account
- ☑ Transfer funds from FINRA Flex-Funding Account

All transfer requests submitted before 11 p.m. ET are processed via an overnight processing cycle. Requests submitted Monday through Thursday will be processed each night. Requests submitted Friday through Sunday will be processed Sunday night. Requests submitted on a FINRA holiday will be included on the next available overnight cycle.

All Web-CRD/ARD fees incurred will be collected prior to any transfer, with transfers only being completed if sufficient funds are still available.
Current Features (cont.)

- Renewal Statements can also be paid through E-Bill.
  - Payment can be made by ACH transfer, or by reallocating funds from the Flex-Funding account.

### FINRA Renewal Account

<table>
<thead>
<tr>
<th>Type</th>
<th>Generation Date</th>
<th>Due Date</th>
<th>Total Charges</th>
<th>Amount Due</th>
<th>Payment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary</td>
<td>11/11/2013</td>
<td>12/13/2013</td>
<td>$100,000.00</td>
<td>$57,000.00</td>
<td>57000.00</td>
</tr>
</tbody>
</table>

### Open Invoices

- If there is a discrepancy between the Total Amount Due on your Invoice Balance Due in E-Bill, please contact FINRA Accounts Receivable on (240) 386-5909

<table>
<thead>
<tr>
<th>Invoice Type</th>
<th>Cust. ID</th>
<th>Invoice</th>
<th>Details</th>
<th>Invoice Date</th>
<th>Due Date</th>
<th>Invoice Amount</th>
<th>Invoice Balance</th>
<th>Payment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTRCS 0000</td>
<td>MTX184021</td>
<td>11/08/2013</td>
<td>11/22/2013</td>
<td>$750.00</td>
<td>$750.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Firms with a sufficient Flex-Funding Account balance can use E-Bill to transfer funds to the Flex-Funding Account of an affiliate.

<table>
<thead>
<tr>
<th>Open Invoices / Accounts</th>
<th>Transaction Activity</th>
<th>Invoice History</th>
<th>Alerts</th>
<th>Settings</th>
<th>User Guide</th>
<th>FAQ</th>
<th>Help</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINRA Flex-Funding Account</td>
<td>Transaction Activity</td>
<td>Invoice History</td>
<td>Alerts</td>
<td>Settings</td>
<td>User Guide</td>
<td>FAQ</td>
<td>Help</td>
</tr>
<tr>
<td>When funding the FINRA Flex-Funding Account through E-Bill, the only valid payment option is ACH. Credit Card payments are not accepted.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td>Balance</td>
<td>As Of</td>
<td>Payment Amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINRA Flex-Funding Account (CRDRG)</td>
<td>-$233.48</td>
<td>5/8/2015 12:05:59 AM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Current Features (cont.)

- Firms with a sufficient Flex-Funding Account balance are able to request a refund through E-Bill.

![Image of FINRA Flex-Funding Account]

- FINRA Flex-Funding Account
  - When funding the FINRA Flex-Funding Account through E-Bill, the only valid payment option is ACH. Credit Card payments are not accepted.
  - Account: FINRA Flex-Funding Account (CRDRG)
  - Balance: -$233.48
  - As Of: 5/8/2015 12:05:59 AM
  - Payment Amount: Sufficient

[Request Affiliated Firm Transfer]
[Request Refund]
Current Features (cont.)

- The firm’s Super Account Administrator (SAA) is able to control which users at the firm are able to reallocate funds from the Flex-Funding Account.
Current Features (cont.)

- Optional Alert settings allow users to subscribe to alerts based on the firm’s Flex-Funding Account balance.

<table>
<thead>
<tr>
<th>Enable</th>
<th>Alert Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Account sufficient balance is below $</td>
</tr>
<tr>
<td></td>
<td>Account sufficient balance is above $</td>
</tr>
</tbody>
</table>

Alert Settings for FINRA Flex-Funding Account (CRDRG)

Alerts will be sent to John.Doe@Firm.com
May 2016 Enhancements

- Overall navigation within the site will be simplified.
- The Sufficient/Deficient signs will be flipped.
  - Currently the firm's sufficient balance is displayed as a negative number, and deficient balance as a positive number. Going forward, the signs will flip, and the sufficient account balance will be displayed as a positive number.
  - E-Bill application and the Firm Gateway accounting portlet will reflect the sign change.
  - CRD Accounting page will continue displaying the signs as they currently are, until the application is retired.
- A new Home Page design will provide a snapshot of Flex-Funding and Renewal accounts, as well as invoices.
May 2016 Enhancements (cont.)

- New Home Page:

![Image of FINRA Gateway interface with details on Flex-Funding Account, Renewals Account, and Open Invoices]
May 2016 Enhancements (cont.)

- Flex-Funding and Renewal Accounts will include expanded financial information:
  - All processed transactions within FINRA
  - Pending/intra-day account activity from CRD and E-bill
  - Latest projected balance

- Users can select pre-set intervals or a custom date range that spans over 30 days.

- Flex Funding and Renewal Account details can be exported in a CSV file.

- New Flex-Funding Account alert: “Funds are withdrawn for non-CRD related activity.”
May 2016 Enhancements (cont.)

- **Flex-Funding Account Details:**

![Flex-Funding Account Details](image-url)

- **Beginning Balance:** $23,000.00
- **Deposits:** $40,000.00
- **FEES:** -$6,000.00
- **Withdrawals:** -$7,000.00
- **Ending Balance:** $50,000.00

Projected Balance: $43,000.00
May 2016 Enhancements (cont.)

- **Beginning May 14th**, CRD/IARD/FPRD Flex-Funding pages will include a link offering to take the user to the enhanced E-Bill.
  - CRD/IARD/FPRD Flex-Funding pages will continue to be available for a limited time.

- **In June 2016**, the CRD/IARD/FPRD Flex-Funding pages will be fully retired and all users will be linked to E-Bill to view accounting data going forward.
  - Users with current CRD/IARD/FPRD Accounting entitlement will automatically receive entitlement to view Accounting information in E-Bill.

- CRD email notifications related to accounting will also be retired in lieu of enhanced E-Bill email subscriptions.

- CRD/IARD reports related to accounting will remain available indefinitely.
Later in 2016

- Enhancements to Renewal Account, Invoices and associated alerts to accommodate 2017 Renewal Program.
- Automatic Payments: adding the ability to automatically fund accounts or pay invoices.
User Testing & Training
User Testing

What is user testing?
- Current users volunteer to test new and changed system features before they are implemented
- Participants are required to already have production access to the system they would like to test

Why participate?
- Gain a better understanding of what is changing in an upcoming release
- Have an opportunity to provide your feedback

If you are interested, send your name and Firm CRD number to:

<table>
<thead>
<tr>
<th>System</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web CRD &amp; IARD</td>
<td><a href="mailto:RAD.UserTesting@finra.org">RAD.UserTesting@finra.org</a></td>
</tr>
<tr>
<td>Web EFT</td>
<td><a href="mailto:WebEFT.Support@finra.org">WebEFT.Support@finra.org</a></td>
</tr>
<tr>
<td>PFRD</td>
<td><a href="mailto:PFRDSupport@finra.org">PFRDSupport@finra.org</a></td>
</tr>
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Foundations of Web CRD/IARD Training

■ Foundations of Web CRD/IARD is a training session designed for broker-dealer firms or joint broker-dealer/investment adviser firms offering two days of comprehensive, practical, hands-on training modules.

■ It is beneficial to those who are new to registration and licensing, new to Web CRD/IARD, or those who want to receive a refresher training and registration filing tips.

■ For more information, please see the following:
  - Session Information: https://www.finra.org/industry/crdFOUNDATIONS-WEB-CRD-IARD-TRAINING-SESSIONS
  - Schedule and Registration: https://www.finra.org/industry/crdFOUNDATIONS-WEB-CRD-IARD-SESSIONS-AND-REGISTRATION
Recent BrokerCheck Improvements

As part of FINRA’s ongoing effort to make BrokerCheck information more visible to the public and easier for investors to access, the application is being continuously enhanced with look and feel changes and other usability features.

Check out your broker with BrokerCheck

FINRA oversees the people and firms that sell stocks, bonds, mutual funds and other securities. Simply type in your current or prospective broker’s name to see employment history, certifications, and licenses—as well as regulatory actions, violations or complaints you might want to know about. You also can get information about your broker’s firm. There’s no reason not to check.

BrokerCheck can tell you...
BrokerCheck Enhancements – March 2015

- Incorporated new FINRA.org look-and-feel into BrokerCheck.
- Updated the BrokerCheck homepage to clearly explain the information users can and cannot find via the site.
- BrokerCheck is now mobile compatible.

BrokerCheck can tell you...

...if a broker or brokerage firm is registered.

- Individuals and firms can be registered as brokers or investment advisers—or both. Individuals with these designations have particular knowledge and take on legal responsibilities. Individuals and firms must be registered with FINRA (for brokers), the SEC (for certain investment advisers), and in those states where required by law.

BrokerCheck cannot tell you...

...what has been disclosed to regulators.

- From the time they register—and throughout their careers in the securities industry—individuals and firms must inform FINRA if certain events occur. These events include regulatory actions, criminal convictions, and for brokers, customer complaints.

...FINRA’s opinion of a broker or brokerage firm.

- No opinions, no recommendations, just facts. FINRA can’t tell you if someone is a “good” broker—but BrokerCheck gives you information about that person’s experience, credentials, and history so you can make an informed decision.

...how well your money will be managed.

- FINRA can’t guarantee that a broker or firm will perform well for you. Do your homework and make sure you’re actively involved with managing your money.

...info that’s older or from other financial industries.

- Some information is removed after a certain time period, such as bankruptcies over 10 years old. It’s also possible that a broker has worked in other parts of the financial services industry (for example, insurance or banking). BrokerCheck may not have information about those industries.
BrokerCheck Enhancements – March 2015 (cont.)

- **Search Results**
  - Other/Alternate Names are now visible
  - Enhanced to clearly show whether or not the individual is licensed as well as the type of license he holds (*i.e.*, a broker or investment adviser)
BrokerCheck Enhancements – June 2015

- When there is only one broker search result, the user is taken directly to the broker’s summary page.
- Updated employment information to display multiple current employments sorted in descending order (most recent appears first).
- Disclosure events were highlighted to display more clearly.
BrokerCheck Enhancements – June 2015 (cont.)

- Firm Online Summary
  - A link to IAPD displays for joint BD/IA firms
  - Firm contact information was organized in an easy-to-read table format
Direct Owners and Executive Officers will display on the Firm Online Summary
Alert: Displays a visible banner for individuals who have been permanently barred from the securities industry.

FINRA has permanently barred this individual from acting as a broker or otherwise associating with firms that sell securities to the public.
Alert: A broker comment is appended to a former broker’s record
What’s New in BrokerCheck

Access the latest information relating to BrokerCheck
http://www.finra.org/investors/brokercheck-whats-new
BrokerCheck Enhancements – December 2015

- The previous 15-day waiting period to view new Form U5 disclosure was reduced to 3 business days.
  - Benefit: This change allows investors to more quickly access disclosure information reported on Form U5 while at the same time still providing brokers the opportunity to comment on the reported event. Refer to Regulatory Notice 15–49.
BrokerCheck – FINRA Rule 2210

Hyperlinks to BrokerCheck

Regulatory Notice 15-50
SEC Approves Rule Requiring Members’ Websites to Include a Readily Apparent Reference and Hyperlink to BrokerCheck
Effective Date: June 6, 2016

Executive Summary
The SEC approved amendments to FINRA Rule 2210 (Communications with the Public) to require each of a member firm’s websites to include a readily apparent reference and hyperlink to BrokerCheck on (1) the initial Web page that the firm intends to be viewed by retail investors, and (2) any other Web page that includes a professional profile of one or more registered persons who conduct business with retail investors. The rule amendments become effective December 2015.

Questions regarding this Notice should be directed to:
- Joseph Savage, Vice President, Regulatory Policy
- Richard E. Pullano, Vice President and Chief Compliance Officer
- Jeanette Wingler, Assistant General Counsel

View Full Notice (PDF 73.55 KB)

BrokerCheck
SEC Approves Rule Requiring Members’ Websites to Include a Readily Apparent Reference and Hyperlink to BrokerCheck
Effective Date: June 6, 2016
BrokerCheck – Scope of FINRA Rule 2210

BrokerCheck continues to be important to protect investors; therefore, FINRA has amended Rule 2210 to require that:

- Each of a member firm’s websites must include a readily apparent reference and hyperlink to BrokerCheck on the initial Web page and any other Web page that includes a professional profile of registered persons who conduct business with retail investors.
  - Firms may elect to satisfy the requirements of the rule by using a “deep-link” to the firm or associated person’s individual BrokerCheck pages.
  - The rule amendments become effective June 6, 2016.

What does FINRA mean by readily apparent?

- Firms should adopt the perspective of a reasonable retail investor when making the determination. Some factors to consider include:
  - Placement of the reference and hyperlink,
  - Font size and font color
Compliance with Rule 2210

FINRA has created a Web page ([http://www.finra.org/industry/rule-2210-brokercheck](http://www.finra.org/industry/rule-2210-brokercheck)) to help members comply with the BrokerCheck Link requirements in Rule 2210, which includes:

- Instructions for linking to BrokerCheck
- Tools for creating direct links to a firm or registered person’s BrokerCheck page (deep link)
- Tools for creating a custom widget
- Raw Files Download – full color, black and white, transparent background

Using the BrokerCheck Widget on Your Website

A firm may choose to use a BrokerCheck widget to satisfy the rule’s requirements.

The BrokerCheck widget includes a search box that resides on the firm’s website and allows customers to enter and select an individual’s name, view a summary of that individual’s profile and opt to receive the individual’s detailed profile.

Firms can customize the tool so users search only employees at the firm and its affiliates.

The widget reduces the need for users to travel to the BrokerCheck website, helps limit confusion between registered representatives with similar names at other firms, and minimizes the risk of selecting a representative at a different firm.

Get the Source Code
Public Records Review Update
Public Records Cross-Check Validation Update

- RAD conducted public records searches on all active RRs – approximately 630,000 RRs – to identify unreported financial events (e.g., bankruptcies, judgments and liens).

- RAD also conducted criminal public records searches for all active RRs who had not been fingerprinted in the last five years to identify unreported criminal events.

- By May 2015, RAD had contacted firms regarding financial matters that may require reporting. By October 2015, RAD had contacted firms regarding criminal matters that may require reporting.
RAD has completed the review of public records for both unreported financial and criminal matters and has reached out to all impacted member firms for disclosure. As a result, RAD is in the data-collection mode. Firms are submitting either Form U4 amendments to report the event or providing written explanation and/or documentation why the RR believes it is not reportable.

Going forward, RAD will continue to conduct periodic reviews of public records to ascertain the accuracy and completeness of the information available to investors, regulators and firms.
Public Records Validation Requirement

On July 1, 2015, FINRA Rule 3110(e) went into effect. The rule requires firms to:

- Ascertain by investigation the good character, business reputation, qualifications and experience of an applicant
- Review a copy of the applicant's most recent Form U5 (or NFA Termination Notice Form 8-T, if applicable) within 60 days
- Establish and implement Written Supervisory Procedures (WSPs) reasonably designed to verify the accuracy and completeness of the information contained in an applicant's initial or transfer Form U4 within 30 days
  - WSPs must, at a minimum, provide for a search of reasonably available public records to be conducted by the member (or a third-party) to verify the accuracy and completeness of the information on the U4
Temporary relief of the assessment of late filing fees was established in Rule 3110.15 for unsatisfied judgments or liens that met one of the following conditions:

- (1) the judgment or lien had been satisfied, and at the time it was unsatisfied, it was under $5,000 and the date the judgment or lien was filed with a court was on or before August 13, 2012; or
- (2) the unsatisfied judgment or lien was satisfied within 30 days after the individual learned of the judgment or lien.

This temporary relief expired December 1, 2015, pursuant to the sunset provision in the rule.

RAD continues to provide relief in situations where the reporting obligation resided with a previous firm (i.e., the RR had an unreported lien that was satisfied before he/she joined their current firm).

When a late fee is assessed, RAD will calculate the fee based on the schedule in effect at the time the event was reportable. For example, if an RR reports an outstanding judgment or lien satisfied prior to January 2, 2013 (the date the new late fees went into effect), the maximum late disclosure fee will be $300.
Proactive Refunds to Expire April 1, 2016

- To alleviate some of the administrative burden placed on firms during this data validation initiative, RAD proactively identified filings that met any of the conditions warranting a full or partial refund of any late disclosure fees and adjusted those fees accordingly.

- Now that this initial public records validation initiative is largely completed, RAD will discontinue that practice effective April 1, 2016.

- Firms will still be eligible to seek a refund, but they must proactively request it. The conditions eligible for late fee adjustments include:
  - Instances where the reporting obligation resided with a previous firm (full refund of late disclosure fees assessed) and
  - “Clean-up” events that were no longer reportable after January 2, 2013, whereby the maximum $300 late disclosure fee will be applied.
  - Again, firms must make these requests, as RAD will no longer be crediting these refunds automatically, beginning April 1st.
RR Ability to Validate His/her Own CRD Record

- September 2014 – FINRA launched the RR Snapshot feature. RRs can now obtain their own snapshot reports directly. The link is on the FINRA website: www.finra.org/snapshot.

- Firms should communicate the existence of this feature to their RRs and ask their RRs to periodically validate the information in their CRD records.

- Note: This functionality is intended for RRs and use by persons other than the RR is prohibited under the terms and conditions of use. Firms should not utilize this RR Snapshot feature; instead, firms should:
  - For current employees, use the Web CRD system;
  - For prospective employees, utilize the pre-registration feature through which the firm acknowledges that it has permission from the prospective RR to view his/her CRD record.
Registered Representative Snapshot Feature

Individual Snapshot Report

Individuals who are or have been registered as a broker or investment adviser representative can now access their registration and licensing information by requesting an individual Snapshot Report (Snapshot). A Snapshot contains information that has been reported about an individual, including qualifications, employment history and disclosure events. While much of the information provided in a Snapshot also is available through FINRA BrokerCheck® or the SEC’s Investment Adviser Public Disclosure database, a Snapshot contains some additional information such as examination scores, continuing education data and the reason for termination from employment. Learn more about the individual Snapshot Report.

Request your Snapshot Report from Web CRD/IARD.

Last Updated: 10/20/2014
Registered Representative Snapshot Feature (cont.)

Individual Snapshot Report Request Form

Individuals who are or have been registered as a broker or investment adviser representative may access their registration and licensing information by using this form to request a Snapshot Report (Snapshot). A Snapshot contains information that has been reported about an individual, including qualifications, employment history and disclosure events.

If you are unable to locate your record, do not have a Social Security Number (SSN), or are an entity seeking an individual’s Snapshot, please contact the FINRA Gateway Call Center at (301) 590-6500.

SSN (xxxx-xx-xxxx): 

Date of Birth (mm/dd/yyyy): 

Last Name: 

6EWA

Continue

By selecting this box, I affirm that the information that I have entered above is my personal information and is accurate. I understand that I may be subject to administrative or civil penalties if I provide false or misleading information.
Resources

- Individual Snapshot Reports Now Available Online – Information Notice (September 25, 2014)
  http://www.finra.org/industry/information-notice-092514

- FINRA Rule Regarding Background Checks (Regulatory Notice 15-05)
  http://www.finra.org/industry/notices/15-05

- CRD Public Records Validation Initiative

- Late Disclosure Fee
  http://www.finra.org/industry/faq-late-disclosure-fee-frequently-asked-questions

  - Form U4 and U5 Interpretive Questions and Answers (Disclosure)
  - Disclosure Inquiry Letter Tracking Frequently Asked Questions (FAQ)
Funding Portals
Funding Portals - Background

- Title III of the Jumpstart Our Business Startups (JOBS) Act, enacted in 2012, contains key provisions relating to securities offered or sold through crowdfunding.
- October 31, 2015 – SEC approved Crowdfunding rules, including Form FP
- January 22, 2016 – SEC approved FINRA Crowdfunding rules
- January 29, 2016 – effective date for Funding Portal registration rules
- May 16, 2016 – effective date for Funding Portal activities
How to Apply as a New Funding Portal

1. Reserve Your Firm’s Name
2. File Form FP with the SEC through EDGAR
3. Complete and submit the FINRA Entitlement Form
4. Pay Your Application Fees ($2,700)
5. Submit Fingerprints (Funding Portals are subject to SEA Rule 17f-2)
6. Complete Funding Portal New Member Application through Firm Gateway
Funding Portals - Resources

- **Regulatory Notice 16-06** - SEC Approval of FINRA Funding Portal Rules and Related Forms
- **Regulatory Notice 16-07** - SEC Approval of FINRA Rule 4518 (Notification to FINRA in Connection with the JOBS Act)
- For additional information see: [http://www.finra.org/industry/funding-portals](http://www.finra.org/industry/funding-portals)
Questions

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2016 ARM Educational Conference

FINRA
Testing & Continuing Education Updates
March 8, 2016 • Amelia Island, FL
Continuing Education Updates

- Launch of CE Online Program
- Future Directions for CE Online
- Overview of Personalized Programs
- Discussions about Standard Programs
Launch of CE Online Program

- **CE Online Features**
  - No travel to test centers
  - Elimination of the 3.5 hour session time limit
  - Session can be taken anytime/anywhere
  - Bookmarking provided to resume where participant left off
  - Must be completed within 120-day window
  - Fee of $55 per completed session is charged to firm CRD account

- **October 1, 2015**
  - CE Online delivery available for the S106, S201 and S901 Programs
  - January 4, 2016
  - CE Online delivery expanded to include the S101 Program
    - S501 for Prop Traders retired/subsumed into S101/Trading
CE Online - Status and Trends

**Status – as of the middle of February 2016**
- 33,256 sessions completed using CE Online
  - 22,196 completed S106/S201/S901 sessions since 10/1/15
  - 11,060 completed S101 sessions since 1/4/16
- Adoption rate of CE Online is 63%

**Trends**
- Participants taking longer to complete cases
  - Reading rollovers/resources and feedback
- High completion rates for survey at end of session
  - Overall positive comments about ability to start/bookmark/resume
  - Providing suggestions/asking questions about content
  - Making suggestions for future expansion of personalization
- Special accommodation requests have been reduced by 92.8% for S106/S201/S901 and 100% for S101
Future Directions for CE Online

■ Evaluate changes in learning landscape
  • Analyze how learners consume training
    – Design for generational differences/expectations of learners
    – Variety of devices

■ Investigate support for different types of content
  • Pushed content related to rule changes/information
  • Support for tablets/changes to media treatments
  • Currently no support for tablets or iPads
    – Incorporate responsive design to resize for various devices
  • Future of media treatments

■ Special accommodations
  • Ability to support resizing/screen reading software
  • Approach for online CE
Personalized Regulatory Element Programs

- **Personalized content model**
  - Three modules cover topics all registered persons need to know
  - Fourth personalized module covers content based on registrations

- **S101 for general securities reps and all others**
  - Encompasses 22 various registrations and a variety of job functions
    - Personalized module offers choices in these categories:
      - Retail Sales
      - Institutional Sales
      - Trading
      - Operations
      - Investment Banking/Research

- **Evaluating need for adding more personalized functions**
  - Exam restructure top off exams
Personalized Regulatory Element Programs

- **S901 program for operations professionals launched in 2013**
  - Delivered only to registrants who took S99

- **Personalized module offers choices in these categories based on 16 separate job functions**
  - New Accounts
  - Trading and Settlement
  - Operations Generalist
  - Treasury, Custody and Control

- **Conducting industry focus groups**
  - Evaluate retaining as a separate program or subsuming into S101/Operations
    - Most S901 participants select Operations Generalist in 4th Module
    - 30% of Ops staff have a Series 7 and take S101/Ops
Standard Regulatory Element Programs

- **S106 program for limited investment company reps**
  - Launched in 2002
  - Developed for limited reps with Series 6
    - Focused only on those who sell mutual funds and variable annuities
      - Already a personalized program

- **Conducting industry focus groups**
  - Retain as a separate program or incorporate into S101?
    - Cover topics all registered persons need to know
    - Personalized category for investment company sales
      - Focused on mutual funds and variable annuities
Standard Regulatory Element Programs

- **S201 program for supervisory/principals**
  - Launched in 1998
  - Developed to address all supervisory categories
  - Monitoring developments in Exam Restructure Project for the Supervisory/Principal registrations

- **Conducting industry focus groups**
  - Retain as a “one–size-fits-all” program or personalize?
    - Cover topics all registered persons need to know
    - Personalized category by function
Qualification Exam Restructuring Update
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 reps have a solid breadth of understanding of the industry
Revised Exam Structure

Essentials Exam

- Series 6
- Series 7
- Series 99
- Series 22
- Series 86/87
- Series 82
- Series 57
- Series 79
Securities Industry Essentials Exam Content

- Securities Industry Essentials Exam (SIE) content will include knowledge all securities industry registrants should understand, including but not limited to:
  - Structure and functioning of the securities industry
  - Regulatory agencies and their functions
  - Basic economics
  - Product knowledge (e.g., stocks, bonds, mutual funds)
  - Regulated and prohibited practices
  - Professional conduct

- Content will be largely stable and subject to little change over time (i.e., the characteristics of products are constant)
Essentials Exam Eligibility

- **FINRA will introduce two new features for the Essentials Exam:**
  - A person will not need to be associated with a member firm to take the Essentials Exam
  - A passing score on the Essentials Exam will be valid for four years from the date the person passes the exam

- **Passing the Essentials Exam alone will not qualify a person to hold a registered position**
Example: Current vs. Future (Conceptual Illustration)

Path to Registered Representative Registration

Current:
- Series 7 Exam
  - 250 Questions

Future/Proposed:
- Essentials Exam
  - 100 Questions
- Revised Series 7
  - 125 Questions
- General Securities Representative
Other Features of the Proposal

- Series 17/37/38 Exams – FINRA will retire these exams and use the UK and Canadian certifications to exempt certificate holders from the Essentials Exam

- FINRA will retire the Series 11 (Order Processing Assistant), Series 42 (Options Representative), Series 62 (Corporate Securities Representative), and Series 72 (Government Securities Representative) exams

- Persons holding registrations that are being retired will be able to continue to hold them until they leave the industry for two or more years
Effect on Current Registrants

- Current registrants will maintain registration(s) without the need for additional testing

- Most current registrants will be considered to have passed the Essentials Exam and that “passing” status will be valid for four years upon leaving the industry
  - If the registrant returns within two years, she will regain a registration she held without the need to take the Essentials or top-off exam
  - If the registrant returns between two and four years later, she will not need to take the Essentials Exam, only the top-off exam for the registration position she is seeking
  - If the registrant returns more than four years later, she will need to take both the Essentials and the top-off exam for any registration position sought
Exam Restructure in 2015

  - Nearly 20 commenters gave near universal support to the proposal
- Creation of a working Essentials Exam content outline and exam questions
- Significant progress made in converting qualification exams into top off exams
- FINRA Board authorized staff to file rule changes with the SEC
Next Steps in 2016-17

- Complete creation of Essentials and top off exams
- Prepare Web CRD and other FINRA systems for new exam structure
- Create a system for persons not associated with a member to enroll and pay for the Essentials exam
- Make registration rule, fee and qualification exam filings with the SEC in 2016
- Begin communication outreach to the industry, educational institutions, training companies, and general public
- Implement Essentials and top off exams in 2017
Industry Opportunities

- New exam structure will give firms an opportunity to employ new business models for onboarding staff
- Allows firms to better gauge industry knowledge of interns and other potential employees
- Allows non-registered staff (e.g., administrative) to take Essentials Exam
- New exam structure will create a larger pool of potential new registered persons
Impact on Firms

- **Firms will have choices of how to onboard new reps:**
  - Request applicants to take and pass SIE prior to making job application
  - Have new hires take SIE-only initially, and then take top off qualification exam
  - Have new hires take both SIE and top off exam together

- **Through CRD, firms will be able to confirm whether and when an individual passed the SIE**
Impact on Firms (cont.)

- Top off exams will retain traditional names (*i.e.*, Series 7 exam will remain the Series 7 exam)
- Position designations in CRD will remain the same (*i.e.*, GS will remain GS [Series 7])
- Firms will be able to schedule the Essentials Exam for support personnel through CRD
- Current registrants will not need to take the Essentials Exam to maintain current registrations
- Principal exams and registrations are not directly affected
Principal Level Exam Restructure

Under the new representative-level program structure, several principal exams cover subject matter already covered on the SIE and the top off exams.

Example – Series 24 Exam major topic areas include:

- Sales practice (Series 7)
- Investment banking (Series 79)
- Trading (Series 57)
- Research (Series 86/87)
Principal Exam Restructure

- Goal: Develop a principal exam structure that builds on the new rep level exam structure to reduce redundancy in content and better focus on testing knowledge of and ability to apply supervisory level rules and concepts.
Series 57 – Securities Trader and Algo Trading
Series 57 Exam and Securities Trader Summary

- Implemented on January 4, 2016 (RN 15-45)
- Combined Series 55 and Series 56 exams into new Series 57 exam
- Series 57 exam is 125 questions with no Series 7 or 62 prerequisite
- ET and PT registrants became TD (Securities Trader) registrants
- Persons supervising traders must maintain a Securities Trader Principal (TP) registration (S57 + S24)
- Current GPs who supervise trading have 180 days to request TP (Securities Trader Principal) in CRD (no systemic conversion)
- S501 Regulatory Element became part of the S101 Regulatory Element
Registration of Algorithm Designers and Developers

- FINRA has filed with the SEC FINRA-2016-007, which would require registration as Securities Traders for associated persons:
  - Primarily responsible for the design, development or significant modification of algorithmic trading strategies, or
  - Who are responsible for the day-to-day supervision or direction of such activities
Supervision of Algorithm Designers and Developers

- Each Securities Trader would need to be designated to an appropriately registered supervisor
- Firms would be afforded a degree of flexibility in arranging for appropriate supervision
- Examples:
  - A Securities Trader Principal in the member’s trading business line
  - A Securities Trader in the member’s trading business line
  - More than one registered person, provided the supervisor responsible for supervising activities by the registrant requiring Securities Trader registration is registered as a Securities Trader Principal or Securities Trader
Registration Rule Filing Update
Regulatory Notices 09-70 and 15-20

- FINRA plans on combining the registration rule changes proposed in Regulatory Notice 09-70 with the representative level exam restructure changes proposed in Regulatory Notice 15-20.
- RN 09-70 consists of three parts: consolidated registration rules, permissive registration of all associated persons (aka “bench strength”) and retained associate registration.
RN 09-70 Summary: Registration Rules

- Consolidates NASD and incorporated NYSE registration rules into FINRA registration rules
- Clarifies registration rule language and removes outdated material (e.g., Japanese Module of Series 7 Exam)
- Requires firms to designate a Principal Financial Officer and a Principal Operations Officer (can be same person at non-clearing firms)
- Establishes new qualification and registration requirement for CCOs (Series 14, Compliance Officer examination)
RN 09-70 Summary: Permissive Registration of APs

- Allows permissive registration of all associated persons
- Expands current NASD rule allowing for permissive registration of associated persons performing limited functions (e.g., legal, compliance, internal audit)
- Requires members to have adequate supervision to ensure that such individuals do not act outside the scope of their assigned functions
FSA proposal would replace the retained associate concept originally announced in Regulatory Notice 09-70.

This proposal is currently being drafted and is not finalized. The final proposal may differ from what is presented here.

FSA proposal would allow an individual working for a financial services affiliate of a member to receive a waiver of a qualification exam requirement upon returning to the member for up to seven years, provided the firm and the individual satisfy specified criteria.
FSA Waiver Eligibility

- Person must have been registered for a specified number of years prior to initial FSA designation
- Most recent year of registration must be with the member requesting initial FSA designation
FSA Designation

- Firm would notify FINRA of the FSA designation at time person moves to a financial services affiliate
- Firm would concurrently file a full Form U5 terminating individual’s registration with the firm, other SROs and state registrations
- Individual would be eligible for a waiver for up to seven years from the date of initial designation
- Individual would be subject to the Regulatory Element while working for the financial services affiliate based on same cycle as when registered
- Failure to complete CE results in loss of FSA eligibility
FSA Waiver Request

- Upon return of individual to firm, firm would file Form U4 and request appropriate registrations and then submit exam waiver request.

- FINRA would summarily grant the request provided the following conditions are met:
  - Waiver request is made within seven years of initial FSA designation
  - Individual continuously worked for a financial services affiliate of a member since last Form U5
  - Individual complied with CE Regulatory Element requirement
  - Individual does not have any pending or final adverse regulatory matters or events that would qualify as a reportable termination for cause, and is not subject to a statutory disqualification.
FSA Waiver Example 1

- Firm A designates an individual as FSA-eligible and files a Form U5 (Rep held the GS registration)

- Individual moves to Firm A’s FSA

- Individual remains at affiliate for four years, completes Regulatory Element on schedule

- Individual returns to Firm A, Firm A files Form U4 and submits waiver of the examination requirement for the GS (and affirms that all conditions were met)

- FINRA grants the waiver
FSA Waiver Example 2

- Firm A designates an individual as FSA-eligible and files a Form U5 (Rep held the GS registration)

- Individual moves to Firm A’s FSA for three years

- Individual returns to Firm A, Firm A files Form U4 and waiver request (and affirms that all conditions were met)

- FINRA grants Series 7 waiver

- One year later, individual moves back to Firm A’s FSA for 2.5 years

- Individual returns to Firm A, Firm A files Form U4 and waiver request (and affirms that all conditions were met)

- FINRA grants Series 7 waiver again
FSA Waiver Example 3

- Firm A designates an individual as FSA-eligible and files a Form U5 (Rep held the GS registration)
- Individual moves to Firm A’s FSA for three years
- Individual then moves directly to Firm B’s FSA for two years
- Individual joins Firm B, Firm B files Form U4 and waiver request (and affirms that all conditions were met)
- FINRA grants waiver of the S7
Questions

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