CAMBRIDGE

VIA ELECTRONIC MAIL: pubcom@finra.org

June 30, 2020

Ms. Jennifer Piorko Mitchell
Office of the Corporate Secretary
The Financial Industry Regulatory Authority, Inc.
1735 K Street, NW
Washington, DC 20006-1506

Re: Regulatory Notice 20-05: Request for Comment on a Proposal to Implement the Recommendations of the CE Council Regarding Enhancements to the Continuing Education Program for Securities Industry Professionals

Dear Ms. Mitchell,

Please accept this letter by Cambridge Investment Research, Inc. ("Cambridge") in response to the proposals contained in Regulatory Notice 20-05 noted above (the "Request").

FINRA recently proposed changes to the Registration and Qualification Rule series, particularly Rules 1210 and 1240 pertaining to Registration Requirements and Continuing Education. With these proposed rule changes, FINRA seeks to ensure that registered persons receive relevant and sufficient Regulatory Element training on an annual basis. The proposed rule changes align with FINRA's ongoing mission of protecting investors and fostering stability in the industry. Cambridge has always supported these goals and welcomes the opportunity to provide its view on FINRA's proposed changes to the Regulatory Element Program and Firm Element requirements. Cambridge supports FINRA's goal to deliver relevant content to registered persons in a timely fashion and by means reflective of advances in technology and learning theory. Further, Cambridge strongly supports the proposed new rule 1240(c) which will provide a path for previously registered persons to maintain their qualification through fulfillment of post termination continuing education requirements.

Cambridge believes certain amendments to the proposed rule changes would help streamline the requirements placed on member firms and associated persons, and requests FINRA further amend the proposed rule in consideration of the following points:

- Cambridge recommends FINRA include ethics and professional responsibility requirements in the proposed annual Regulatory Element modules administered by

FINRA and remove this requirement from the Firm Element content to ensure consistency and quality training across the industry.

- Cambridge recommends FINRA further amend, as outlined below, proposed Rule 1240(b)(2)(A), regarding the Standards for the Firm Element, and remove the requirement that member firms cover "regulatory developments" and "the performance of registered persons in the Regulatory Element" to relieve firms of administrative and operational burdens. This can more effectively be accomplished through the proposed annual Regulatory Element modules administered by FINRA.

- Cambridge recommends FINRA apply Firm Element credit to the additional hours required by those who must complete greater than one Regulatory Element module.

- Cambridge recommends FINRA maintain consistency in terms of content, subject matter and volume of training requirements placed on persons maintaining their qualification following the termination of a registration category with those placed on registered persons.

Cambridge believes the objectives of the proposed rule changes would be better met if FINRA incorporated ethics and professional responsibility trainings into the proposed annual Regulatory Element component delivered by FINRA. This would foster consistency of training in ethics and professional responsibility, and ensure that the appropriate content is uniformly delivered to all registered persons as well as those persons participating in the continued qualification program.

FINRA states that a member firm's annual implementation plan must take into consideration "regulatory developments and the performance of registered persons in the Regulatory Element" as well as topics relevant to the member firm's size, organizational structure, and business activities. By moving from a 3-year Regulatory Element cycle to an annual cycle, Cambridge believes FINRA will have essentially closed the gap for which this provision in the current rule is relevant. Within the proposed annual structure, FINRA will be better situated to address regulatory developments in a more timely fashion and can address such issues well within the Regulatory Element framework. Thus, Cambridge recommends FINRA further amend Rule 1240(b)(2)(A), regarding the Standards for the Firm Element, by eliminating the requirements that Firm Element programs incorporate training on regulatory developments and tracking Regulatory Element performance. This change would alleviate the anticipated administrative and operational burdens member firms and registered persons will likely experience as a result of the proposed changes and will allow Firm Element training to be more narrowly focused on those topics relevant to the member firm and the member firm's business.

FINRA states that individuals who currently hold multiple registrations (for example, a Series 7 license and a Series 24 license) and who today complete one module only, will likely be required to complete two or more modules to meet their Regulatory Element requirement. Cambridge requests FINRA consider the impact of this additional module requirement and allow for completion of those additional modules of Regulatory Element to offset Firm Element requirements. By allowing those additional modules to count against the Firm Element requirement, FINRA would alleviate the negative impact of the cumulative burden this proposed rule change would place on those registered persons who hold multiple qualifications.

Lastly, Cambridge strongly supports adoption of proposed Rule 1240(c) in so far as it reflects an effort to accommodate those who, for a variety of reasons, may need to step away from the industry for a time. Cambridge believes this flexibility benefits member firms, the industry, and the investing public by potentially allowing for the retention of established professionals and supports implementation of the proposed program. However, Cambridge hopes implementation of this potentially beneficial rule change will not result in a lesser requirement for those unregistered persons participating in the program versus those registered persons affiliated with a member firm. Cambridge recommends FINRA consider the content, subject matter, and volume of training which it will require from those in the program and not subject those registered persons who remain with member firms to a higher or more rigorous standard. Further, Cambridge asks that FINRA provide guidance to member firms regarding those topics FINRA will prescribe within the program in the following year and allow member firms to elect to participate in the same content for their registered persons.

Cambridge recognizes the beneficial effect of FINRA continuing education and that completion of the Regulatory Element requirement annually could ensure those subject to these proposed rule changes are well informed of regulatory changes, industry updates, and other matters FINRA considers important. The increased frequency with which this important information is provided to these persons may reduce knowledge gaps, increase awareness of new products and the risks attendant to such, and increase uniformity of training. While these considerations are all beneficial, Cambridge believes that simply increasing the frequency of the Regulatory Element requirement without the changes recommended herein would result in more onerous burdens on member firms and registered persons resulting in additional administrative and operational burdens. Cambridge hopes FINRA will consider the points made in this response and amend these rule change proposals accordingly.

Cambridge would be happy to further discuss any of the comments or recommendations in this letter with FINRA.

Respectfully submitted,

// Seth A. Miller

Seth A. Miller
General Counsel
Senior Vice President, Chief Risk Officer