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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2021 - * 034

Amendment No. (req. for Amendments *)

Filing by Financial Industry Regulatory Authority

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>

Exhibit 3 Sent As Paper Document <input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Amend Section 4 of Schedule A to the FINRA By-Laws Relating to the Continuing Education Fees

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Afshin Last Name * Atabaki

Title * Special Advisor and Associate General Counsel

E-mail * afshin.atabaki@finra.org

Telephone * (202) 728-8902 Fax (202) 728-8264

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Financial Industry Regulatory Authority has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 12/30/2021

(Title *)

By Patrice Gliniecki
(Name *)

Senior Vice President & Deputy General Couns

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Patrice Gliniecki
Digitally signed by Patrice Gliniecki
Date: 2021.12.30 15:07:57 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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FINRA-2021-034 19b-4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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FINRA-2021-034 Exhibit 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ the Financial Industry Regulatory Authority, Inc. (“FINRA”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend Section 4 of Schedule A to the FINRA By-Laws to: (1) revise the fee for the Regulatory Element of continuing education (“CE”); (2) establish the fee for individuals who elect to maintain their qualification following the termination of a registration category through the Maintaining Qualifications Program (“MQP”); and (3) make a technical change to clarify that the fee for failing to timely appear for a scheduled qualification examination appointment and for cancelling or rescheduling a qualification examination close to the scheduled appointment date equally applies to online administrations of qualification examinations.

Below is the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

By-Laws of the Corporation

* * * * *

Schedule A to the By-Laws of the Corporation

* * * * *

Section 4 — Fees

(a) through (b) No Change.

¹ 15 U.S.C. 78s(b)(1).

(c) The following fees shall be assessed to each individual who takes an examination as described below. These fees are in addition to the registration fee described in paragraph (b) and any other fees that the owner of an examination that FINRA administers may assess.

* * * * *

(1) through (2) No Change.

(3) There shall be a service charge equal to the examination or Regulatory Element session fee assessed to each individual who, having made an appointment for [a specific time and place for] an [test center-based] administration of an examination listed above or a test center-based Regulatory Element session, fails to timely appear for such appointment or cancels or reschedules such appointment within two business days prior to the [test center] appointment date.

(4) There shall be a service charge equal to one-half of the examination or Regulatory Element session fee assessed to each individual who, having made an appointment for [a specific time and place for] an [test center-based] administration of an examination listed above or a test center-based Regulatory Element session, cancels or reschedules such appointment three to 10 business days prior to the [test center] appointment date.

(d) through (e) No Change.

(f)(1) There shall be a session fee of \$18 [\$55] assessed to each individual who completes the Regulatory Element of the Continuing Education requirements pursuant to FINRA rules.

(2) There shall be assessed to each individual electing to participate in the continuing education program under Rule 1240(c) a fee of \$100 for each year that such individual is participating in the program. Individuals who elect to participate in the program within two years from the termination of a registration would also be assessed any accrued annual fee.

(g) through (i) No Change.

* * * * *

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The FINRA Board of Governors authorized the filing of the proposed rule change with the SEC. No other action by FINRA is necessary for the filing of the proposed rule change.

FINRA has filed the proposed rule change for immediate effectiveness. However, the proposed annual MQP fee will be implemented on January 31, 2022 to coincide with the date that eligible individuals can begin making their election to participate in the MQP.² In addition, the proposed revised fee for the Regulatory Element will be

² The annual MQP fee is set forth in proposed Section 4(f)(2) of Schedule A to the FINRA By-Laws. See also FINRA Rule 1240(c) (Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category).

implemented on January 1, 2023 to coincide with the effective date of the transition to an annual Regulatory Element requirement.³

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

On September 21, 2021, the SEC approved amendments to FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements) to, among other things, require registered persons to complete the Regulatory Element of CE annually by December 31 of each year, rather than every three years, and to complete Regulatory Element content for each representative or principal registration category that they hold.⁴ In addition, the amendments provide eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the MQP.⁵ The annual Regulatory Element requirement will become

³ The annual Regulatory Element fee is set forth in proposed Section 4(f)(1) of Schedule A to the FINRA By-Laws. See also FINRA Rule 1240(a) (Regulatory Element).

⁴ See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015). The Regulatory Element is administered by FINRA and focuses on regulatory requirements and industry standards. The proposed rule change also included amendments to the Firm Element training, which is provided by each firm annually to its registered persons and focuses on securities products, services and strategies the firm offers, firm policies and industry trends.

⁵ See supra note 4. Currently, individuals must requalify by examination if they have not reregistered within two years after their registrations have been terminated (“the two-year qualification period”). Individuals may also seek to obtain a waiver of the applicable qualification examination(s). MQP participants will have a maximum of five years following the termination of a representative or principal registration category to reregister with FINRA without having to

effective on January 1, 2023; eligible individuals can make their election to participate in the MQP beginning on January 31, 2022.⁶

FINRA currently charges a fee of \$55 to each individual who completes the Regulatory Element. In conjunction with the amendments to transition to an annual Regulatory Element requirement, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to revise the fee for the Regulatory Element from \$55 to \$18. The proposed \$18 annual fee is comparable to the current \$55 fee over a three-year period. Moreover, the proposed fee for the annual Regulatory Element would be the same for all registered persons, regardless of the amount of annual content that they would be required to complete (that is, an individual who holds multiple registrations would be subject to the same proposed \$18 annual fee as an individual who holds a single registration).

Further, in conjunction with the amendments to adopt the MQP, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to charge an annual fee of \$100 to each MQP participant. The proposed annual fee would be a flat fee, regardless of the number of registrations for which an individual elects to remain qualified under the MQP (that is, an individual who elects to remain qualified for multiple registrations under the MQP would be subject to the same proposed \$100 annual

requalify by examination or having to obtain an examination waiver, subject to satisfying the conditions of the MQP. Among other conditions, MQP participants will be required to complete annual MQP content consisting of a combination of Regulatory Element content and Practical Element content developed by FINRA and the Securities Industry/Regulatory Council on Continuing Education.

⁶ See Regulatory Notice 21-41 (November 17, 2021) announcing the SEC approval and effective dates of the amendments.

fee as an individual who elects to remain qualified for a single registration under the MQP). The proposed annual fee would be assessed at the time an eligible individual elects to participate in the MQP and thereafter annually each year that the individual continues in the MQP. Eligible individuals who elect to participate in the MQP within two years from the termination of a registration category would be assessed any accrued annual fee.⁷

Finally, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to make a technical change to clarify that the administrative fee for failing to timely appear for a scheduled appointment and for cancelling or rescheduling a qualification examination close to the scheduled appointment date equally applies to online administrations of qualification examinations. FINRA qualification examinations are currently administered in test centers as well as online. Similar to test-center administrations of qualification examinations, candidates must schedule an appointment and satisfy other requirements to take a qualification examination online.⁸ Likewise, there is an administrative fee for failing to timely appear for a scheduled online

⁷ Eligible individuals must make their election to participate in the MQP at the time of their Form U5 (Uniform Termination Notice for Securities Industry Registration) submission or within two years from the termination of a registration category. Individuals who elect to participate in the MQP at the later date will be required to complete, within two years from the termination of the registration category, any CE that becomes due under the MQP between the time of their Form U5 submission and the date that they commence their participation in the MQP.

⁸ Additional information regarding the online appointment process is available at <https://www.finra.org/registration-exams-ce/qualification-exams/testonline>.

appointment and for cancelling or rescheduling a qualification examination close to the scheduled online appointment date.⁹

As noted in Item 2 of this filing, FINRA has filed the proposed rule change for immediate effectiveness. However, the proposed annual MQP fee will be implemented on January 31, 2022 to coincide with the date that eligible individuals can begin making their election to participate in the MQP. In addition, the proposed revised fee for the Regulatory Element will be implemented on January 1, 2023 to coincide with the effective date of the transition to an annual Regulatory Element requirement.

(b) Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹⁰ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.

Proposed Fees

As described above, FINRA is proposing to charge an annual fee of \$18 for completing the Regulatory Element requirement and an annual fee of \$100 to each MQP participant.¹¹ The proposed fees are based on the use of a particular service by registered

⁹ Further information regarding the rescheduling and cancellation policy is available at <https://www.finra.org/registration-exams-ce/qualification-exams/cancellation-policy>.

¹⁰ 15 U.S.C. 78o-3(b)(5).

¹¹ The \$100 fee would provide each MQP participant with all the content required of that participant, including the Regulatory Element content.

persons and are therefore use-based fees as that term was used in FINRA's 2020 comprehensive fee filing.¹² FINRA employs use-based fees for some of the specific services and data it provides to members and the public in support of its regulatory mission.¹³

With respect to the Regulatory Element, in 2019, FINRA delivered approximately 202,600 Regulatory Element sessions and charged a fee of \$55 per session.¹⁴ These sessions produced approximately \$11.1 million in (gross) revenue. In 2023, when the annual Regulatory Element requirement is in effect, FINRA anticipates delivering approximately 626,000 annual sessions. Assuming the proposed \$18 fee is in effect, the annual Regulatory Element requirement would produce approximately \$11.3 million in revenue. Revenue is nearly the same in 2019 as is anticipated for 2023 since the reduction in the session fee and the increase in the number of sessions are expected to balance each other.

¹² See Securities Exchange Act Release No. 90176 (October 14, 2020), 85 FR 66592, 66594 (October 20, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2020-032).

¹³ See 85 FR at 66594 n.14.

¹⁴ The analysis uses data from 2019 and expected for 2023. The year 2019 was indicative of historical program performance. The year 2019 also pre-dates a change from FINRA's proprietary delivery platform to a vendor-supplied learning management system and one-time costs associated with changes to the format, content and frequency of the Regulatory Element. The year 2023 is the first year that the annual Regulatory Element requirement will be in effect.

With respect to the MQP, in 2023, when the MQP has been in effect for an entire year,¹⁵ FINRA expects that approximately 38,000 individuals would be enrolled in the MQP.¹⁶ Assuming the proposed \$100 fee is in effect, the MQP would produce approximately \$3.8 million in revenue. Changes in the assumptions, for example concerning the projected number of program participants, may have a significant impact on the projected aggregate revenue over time.

Reasonableness of the Proposed Fees

FINRA believes that the proposed fees are reasonable. With respect to the Regulatory Element, as discussed above, revenue is nearly the same in 2019 as is anticipated for 2023 since the reduction in the session fee and the increase in the number of sessions are expected to balance each other. Further, FINRA's annual costs for developing, maintaining and delivering the Regulatory Element are also expected to remain fairly constant over this period. Thus, the proposed annual fee of \$18 will

¹⁵ Given that eligible individuals can begin making their election to participate in the MQP on January 31, 2022, 2023 will be the first fiscal year that the proposed annual MQP fee would be in effect for the entire year.

¹⁶ FINRA estimates that approximately 90,000 individuals end their registration with all firms with which they are registered in a typical year. Among them, FINRA estimates that approximately 40,500 individuals (or 45%) do not reregister within two years of terminating their registrations and would therefore need to participate in the MQP to be able to reregister with FINRA without having to requalify by examination or having to obtain an examination waiver. FINRA expects that out of these individuals, approximately 8,100 individuals (or 20%) would likely choose to participate in the MQP to maintain their qualification. After adding approximately 15,000 individuals who may terminate their permissive registrations in 2023 and instead elect to participate in the program, as well as approximately 14,850 individuals who may have terminated their registrations between 2020 to 2022 and who elect to join the program, FINRA estimates that the total number of individuals who would participate in the program in 2023 to be approximately 38,000 individuals.

produce similar annual revenues and provide a similar annual contribution to FINRA's overall regulatory operations as the current Regulatory Element program for which member firms pay \$55 every three years on behalf of their registered persons. The annual Regulatory Element will serve the same function as the current Regulatory Element program, and the amount of content completed in a three-year, annual cycle, is expected to be comparable to what most registered persons are currently completing every three years.

With respect to the MQP, the proposed fee is designed to recover the systems and operational costs of establishing the annual MQP, and the annual costs for developing, maintaining and delivering the annual MQP content, which, as noted earlier, will include a combination of Regulatory Element content and Practical Element content.¹⁷ The proposed fee is also expected to provide a contribution to FINRA's overall regulatory operations as with the Regulatory Element fee. As explained in FINRA's 2020 comprehensive fee filing, it is not feasible to associate a direct affiliated revenue stream for each of FINRA's programs, and thus numerous operations and services must be funded by other revenue sources, which include both general regulatory assessments and use-based fees.¹⁸ The contribution from the proposed MQP fee in each year is anticipated

¹⁷ See supra note 5. FINRA expects that the number of individuals who will participate in the MQP each year (approximately 38,000 individuals in 2023) will be significantly smaller than the population of registered persons, which, as noted below, is currently approximately 620,000 individuals.

¹⁸ See 85 FR at 66599-66600 (including the discussion of the role of oversight, transparency and rebates in providing cost discipline). A portion of the proposed annual fee for the MQP will replace the contribution to FINRA's overall regulatory operations from qualification examinations that will no longer be taken.

to be similar to or less than that of the current (and proposed) Regulatory Element program as a share of revenue raised. For comparison purposes, FINRA reviewed state-level information on the annual cost of continuing education for other financial service providers and found that the proposed annual fee of \$100 is generally lower.

The Proposed Fees are Equitable and Not Unfairly Discriminatory

FINRA believes that the proposed fees are equitable and not unfairly discriminatory. With respect to the Regulatory Element, the requirement to complete Regulatory Element content on an annual basis will be applicable to every registered person based on the same terms and they will pay the same proposed fee. With respect to the MQP, all eligible individuals who elect to participate in the MQP to maintain their qualification for a terminated registration category will be subject to the same terms and will pay the same proposed fee. In addition, FINRA believes that the proposed fee for the MQP is low enough that individuals who expect to obtain meaningful benefits from the MQP will not be discouraged from participating due to the fee.

Further, as explained above, the proposed fees are use-based fees. The SEC has stated its belief that a “use-based approach is consistent with equitable distribution of fees” and approved use-based fees when reasonably related to costs.¹⁹ As discussed above, the proposed use-based fees are reasonably related to costs. The proposed fees will cover the cost of developing, maintaining and delivering the annual Regulatory Element content and the annual MQP content and the systems and operational costs of

¹⁹ See Securities Exchange Act Release No. 72280 (May 29, 2014), 79 FR 32351, 32353 (June 4, 2014) (Order Approving File No. SR-FINRA-2014-018) (approving fees for ATS data that varied according to use and discussing the SEC’s prior approval of similar use-based TRACE fees).

establishing and managing the annual Regulatory Element and the annual MQP. The proposed fees in each year are anticipated to provide a contribution to FINRA's overall regulatory operations as a share of revenue raised that is similar to or less than that of the current Regulatory Element program.

4. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how best to meet FINRA's regulatory objectives.

Regulatory Need

FINRA previously established the regulatory need for the annual Regulatory Element and the annual MQP.²⁰ This filing addresses the fees for those programs.

Regulatory Element

Economic Baseline

All FINRA registered persons must take the Regulatory Element two years after they initially became registered and then every three years ongoing. In 2015, FINRA

²⁰ See Securities Exchange Act Release No. 92183 (June 15, 2021), 86 FR 33427, 33432-33436 (June 24, 2021) (Notice of File No. SR-FINRA-2021-015).

transitioned the delivery of the Regulatory Element to an online platform (CE Online), which allows individuals to complete the content online at a location of their choosing, including their private residence.²¹ The transition in 2015 to CE Online reduced the associated Regulatory Element fee from \$100 to \$55 per individual, which is the current fee.

The population of FINRA registered persons is approximately 620,000 individuals.²² FINRA delivered approximately 202,600 Regulatory Element sessions in 2019. FINRA expects to deliver approximately 204,000 Regulatory Element sessions in 2021.

Economic Impacts

FINRA previously considered the economic impacts of the Regulatory Element program.²³ The proposed fee is slightly less than one-third of the \$55 fee that is currently paid every three years for the Regulatory Element. Thus, the proposed rule change impacts the timing of payments but leaves the total collected over three years essentially unchanged. In addition, instead of taking the Regulatory Element two years after first becoming registered, individuals would be required to complete the Regulatory Element one year after first becoming registered. This would result in an extra one-time fee.

The change in timing may necessitate some small adjustments among certain firms and individuals. For example, small firms with a stable number of registered

²¹ See Regulatory Notice 15-28 (August 2015).

²² See 2020 FINRA Industry Snapshot, available at <https://www.finra.org/sites/default/files/2020-07/2020-industry-snapshot.pdf>.

²³ See supra note 20.

persons for which previously no registered persons took the Regulatory Element in some years will see a shift from a varying annual expense to a flat annual expense. Large firms are less likely to see this effect, since they are more likely to have registered persons taking the Regulatory Element every year under the current program. If firms pay the Regulatory Element fee and do not reduce compensation or other benefits, there would be no financial impact on individuals from these changes. If individuals pay the Regulatory Element fee, then they will see a shift from a varying annual expense to a flat annual expense.

Alternatives Considered

In establishing the proposed fee, FINRA sought to minimize changes in the fees paid over three years by firms and individuals while covering program costs and maintaining the contribution of the Regulatory Element to FINRA's overall regulatory operations. FINRA considered a range of possible fees and found that the proposed fee and annual revenue come within narrow ranges of meeting these goals.

MQP

Economic Baseline

The economic baseline for the proposed fee is the existing requalification requirements and the fees and costs to individuals and their potential employers relating to those requirements.²⁴ As stated earlier, under the current regime, individuals generally have a two-year window from the termination of their registration(s) to reregister without having to requalify by examination or having to obtain an examination waiver.

Requalification imposes costs in the form of time spent preparing for and taking the

²⁴ See FINRA Rule 1210.08 (Lapse of Registration and Expiration of SIE).

applicable examinations, potential limitations to the activities permitted to be conducted until the requalification is completed, opportunity costs for the individual and the potential employers in terms of lost business, and the direct registration costs.²⁵ Member firms may also experience material costs when they are not able to retain qualified experienced persons because of professional and personal events that require such individuals to take an extended leave of absence from the industry.

As noted above, the population of FINRA-registered persons is approximately 620,000 individuals.²⁶ In recent years, out of the approximately 620,000 individuals, approximately 90,000 individuals end their registration with all firms with which they are registered at some point during the year. Out of these, approximately half do not reregister and are considered to have left the securities industry.

Economic Impacts

FINRA previously considered the economic impacts of the MQP.²⁷ As discussed above, the proposed fee of \$100 will permit recovery of the costs for the development,

²⁵ The current fees for FINRA qualification examinations are available at <https://www.finra.org/registration-exams-ce/qualification-exams>. In order to requalify for a registration, an individual may need to repeat the Securities Industry Essentials (SIE) examination as well as a representative- or principal-level qualification examination. Thus, the direct cost of requalifying for a single registration, such as the General Securities Representative registration, could range from \$300 to \$380 (for both the SIE and Series 7); requalifying for two registrations, such as the General Securities Representative and Investment Banking Representative registrations, could range from \$600 to \$680 (for the SIE, Series 7 and Series 79). The qualification examination fees used in the examples above are based on the revised fees that will go into effect on January 1, 2022. See supra note 12.

²⁶ See 2020 FINRA Industry Snapshot, available at <https://www.finra.org/sites/default/files/2020-07/2020-industry-snapshot.pdf>.

²⁷ See supra note 20.

maintenance and delivery of the MQP content and the systems and operational costs of establishing and managing the MQP. The proposed fee will also provide for a contribution to FINRA's overall regulatory operations.

The proposed \$100 annual fee is imposed on individuals following the termination of a registration category.²⁸ As such, FINRA anticipates that the proposed fee will not impose costs on member firms.

Participating in the MQP is voluntary, so individuals will pay the fee when the anticipated benefits outweigh the costs. Potential beneficiaries are not limited to individuals who under the current baseline requalify and reregister between two and five years after their registrations are terminated. Some individuals who currently do not terminate their registrations, and others who terminate their registrations and never reregister, may also benefit from the option provided by the MQP and paying the proposed \$100 fee.

Alternatives Considered

In establishing the proposed fee, FINRA sought to minimize the burden to individuals who would elect to participate in the MQP while covering program costs and maintaining the contribution of the testing and CE programs to FINRA's overall regulatory operations. FINRA considered a range of possible fees and found that the proposed fee and annual revenue come within narrow ranges of meeting these goals.

²⁸ In the event of a partial termination, some firms may determine to reimburse individuals who elect to remain qualified for a terminated registration through the MQP.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act²⁹ and paragraph (f)(2) of Rule 19b-4 thereunder,³⁰ in that the proposed rule change is establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1. Completed notice of proposed rule change for publication in the Federal Register.

²⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

³⁰ 17 CFR 240.19b-4(f)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-FINRA-2021-034)

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Section 4 of Schedule A to the FINRA By-Laws Relating to the Continuing Education Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on , the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposal effective upon receipt of this filing by the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend Section 4 of Schedule A to the FINRA By-Laws to: (1) revise the fee for the Regulatory Element of continuing education (“CE”); (2)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

establish the fee for individuals who elect to maintain their qualification following the termination of a registration category through the Maintaining Qualifications Program (“MQP”); and (3) make a technical change to clarify that the fee for failing to timely appear for a scheduled qualification examination appointment and for cancelling or rescheduling a qualification examination close to the scheduled appointment date equally applies to online administrations of qualification examinations.

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

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By-Laws of the Corporation

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Schedule A to the By-Laws of the Corporation

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Section 4 — Fees

(a) through (b) No Change.

(c) The following fees shall be assessed to each individual who takes an examination as described below. These fees are in addition to the registration fee described in paragraph (b) and any other fees that the owner of an examination that FINRA administers may assess.

* * * * *

(1) through (2) No Change.

(3) There shall be a service charge equal to the examination or Regulatory Element session fee assessed to each individual who, having made an

appointment for [a specific time and place for] an [test center-based] administration of an examination listed above or a test center-based Regulatory Element session, fails to timely appear for such appointment or cancels or reschedules such appointment within two business days prior to the [test center] appointment date.

(4) There shall be a service charge equal to one-half of the examination or Regulatory Element session fee assessed to each individual who, having made an appointment for [a specific time and place for] an [test center-based] administration of an examination listed above or a test center-based Regulatory Element session, cancels or reschedules such appointment three to 10 business days prior to the [test center] appointment date.

(d) through (e) No Change.

(f)(1) There shall be a session fee of \$18 [\$55] assessed to each individual who completes the Regulatory Element of the Continuing Education requirements pursuant to FINRA rules.

(2) There shall be assessed to each individual electing to participate in the continuing education program under Rule 1240(c) a fee of \$100 for each year that such individual is participating in the program. Individuals who elect to participate in the program within two years from the termination of a registration would also be assessed any accrued annual fee.

(g) through (i) No Change.

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II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On September 21, 2021, the SEC approved amendments to FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements) to, among other things, require registered persons to complete the Regulatory Element of CE annually by December 31 of each year, rather than every three years, and to complete Regulatory Element content for each representative or principal registration category that they hold.⁵ In addition, the amendments provide eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the MQP.⁶ The annual Regulatory Element requirement will become

⁵ See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015). The Regulatory Element is administered by FINRA and focuses on regulatory requirements and industry standards. The proposed rule change also included amendments to the Firm Element training, which is provided by each firm annually to its registered persons and focuses on securities products, services and strategies the firm offers, firm policies and industry trends.

⁶ See supra note 5. Currently, individuals must requalify by examination if they have not reregistered within two years after their registrations have been

effective on January 1, 2023; eligible individuals can make their election to participate in the MQP beginning on January 31, 2022.⁷

FINRA currently charges a fee of \$55 to each individual who completes the Regulatory Element. In conjunction with the amendments to transition to an annual Regulatory Element requirement, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to revise the fee for the Regulatory Element from \$55 to \$18.⁸ The proposed \$18 annual fee is comparable to the current \$55 fee over a three-year period. Moreover, the proposed fee for the annual Regulatory Element would be the same for all registered persons, regardless of the amount of annual content that they would be required to complete (that is, an individual who holds multiple registrations would be subject to the same proposed \$18 annual fee as an individual who holds a single registration).

Further, in conjunction with the amendments to adopt the MQP, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to charge an

terminated (“the two-year qualification period”). Individuals may also seek to obtain a waiver of the applicable qualification examination(s). MQP participants will have a maximum of five years following the termination of a representative or principal registration category to reregister with FINRA without having to requalify by examination or having to obtain an examination waiver, subject to satisfying the conditions of the MQP. Among other conditions, MQP participants will be required to complete annual MQP content consisting of a combination of Regulatory Element content and Practical Element content developed by FINRA and the Securities Industry/Regulatory Council on Continuing Education.

⁷ See Regulatory Notice 21-41 (November 17, 2021) announcing the SEC approval and effective dates of the amendments.

⁸ The annual Regulatory Element fee is set forth in proposed Section 4(f)(1) of Schedule A to the FINRA By-Laws. See also FINRA Rule 1240(a) (Regulatory Element).

annual fee of \$100 to each MQP participant.⁹ The proposed annual fee would be a flat fee, regardless of the number of registrations for which an individual elects to remain qualified under the MQP (that is, an individual who elects to remain qualified for multiple registrations under the MQP would be subject to the same proposed \$100 annual fee as an individual who elects to remain qualified for a single registration under the MQP). The proposed annual fee would be assessed at the time an eligible individual elects to participate in the MQP and thereafter annually each year that the individual continues in the MQP. Eligible individuals who elect to participate in the MQP within two years from the termination of a registration category would be assessed any accrued annual fee.¹⁰

Finally, FINRA is proposing amendments to Section 4 of Schedule A to the FINRA By-Laws to make a technical change to clarify that the administrative fee for failing to timely appear for a scheduled appointment and for cancelling or rescheduling a qualification examination close to the scheduled appointment date equally applies to online administrations of qualification examinations. FINRA qualification examinations are currently administered in test centers as well as online. Similar to test-center

⁹ The annual MQP fee is set forth in proposed Section 4(f)(2) of Schedule A to the FINRA By-Laws. See also FINRA Rule 1240(c) (Continuing Education Program for Persons Maintaining Their Qualification Following the Termination of a Registration Category).

¹⁰ Eligible individuals must make their election to participate in the MQP at the time of their Form U5 (Uniform Termination Notice for Securities Industry Registration) submission or within two years from the termination of a registration category. Individuals who elect to participate in the MQP at the later date will be required to complete, within two years from the termination of the registration category, any CE that becomes due under the MQP between the time of their Form U5 submission and the date that they commence their participation in the MQP.

administrations of qualification examinations, candidates must schedule an appointment and satisfy other requirements to take a qualification examination online.¹¹ Likewise, there is an administrative fee for failing to timely appear for a scheduled online appointment and for cancelling or rescheduling a qualification examination close to the scheduled online appointment date.¹²

FINRA has filed the proposed rule change for immediate effectiveness. However, the proposed annual MQP fee will be implemented on January 31, 2022 to coincide with the date that eligible individuals can begin making their election to participate in the MQP. In addition, the proposed revised fee for the Regulatory Element will be implemented on January 1, 2023 to coincide with the effective date of the transition to an annual Regulatory Element requirement.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,¹³ which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls.

Proposed Fees

¹¹ Additional information regarding the online appointment process is available at <https://www.finra.org/registration-exams-ce/qualification-exams/testonline>.

¹² Further information regarding the rescheduling and cancellation policy is available at <https://www.finra.org/registration-exams-ce/qualification-exams/cancellation-policy>.

¹³ 15 U.S.C. 78o-3(b)(5).

As described above, FINRA is proposing to charge an annual fee of \$18 for completing the Regulatory Element requirement and an annual fee of \$100 to each MQP participant.¹⁴ The proposed fees are based on the use of a particular service by registered persons and are therefore use-based fees as that term was used in FINRA's 2020 comprehensive fee filing.¹⁵ FINRA employs use-based fees for some of the specific services and data it provides to members and the public in support of its regulatory mission.¹⁶

With respect to the Regulatory Element, in 2019, FINRA delivered approximately 202,600 Regulatory Element sessions and charged a fee of \$55 per session.¹⁷ These sessions produced approximately \$11.1 million in (gross) revenue. In 2023, when the annual Regulatory Element requirement is in effect, FINRA anticipates delivering approximately 626,000 annual sessions. Assuming the proposed \$18 fee is in effect, the annual Regulatory Element requirement would produce approximately \$11.3 million in revenue. Revenue is nearly the same in 2019 as is anticipated for 2023 since the

¹⁴ The \$100 fee would provide each MQP participant with all the content required of that participant, including the Regulatory Element content.

¹⁵ See Securities Exchange Act Release No. 90176 (October 14, 2020), 85 FR 66592, 66594 (October 20, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2020-032).

¹⁶ See 85 FR at 66594 n.14.

¹⁷ The analysis uses data from 2019 and expected for 2023. The year 2019 was indicative of historical program performance. The year 2019 also pre-dates a change from FINRA's proprietary delivery platform to a vendor-supplied learning management system and one-time costs associated with changes to the format, content and frequency of the Regulatory Element. The year 2023 is the first year that the annual Regulatory Element requirement will be in effect.

reduction in the session fee and the increase in the number of sessions are expected to balance each other.

With respect to the MQP, in 2023, when the MQP has been in effect for an entire year,¹⁸ FINRA expects that approximately 38,000 individuals would be enrolled in the MQP.¹⁹ Assuming the proposed \$100 fee is in effect, the MQP would produce approximately \$3.8 million in revenue. Changes in the assumptions, for example concerning the projected number of program participants, may have a significant impact on the projected aggregate revenue over time.

Reasonableness of the Proposed Fees

FINRA believes that the proposed fees are reasonable. With respect to the Regulatory Element, as discussed above, revenue is nearly the same in 2019 as is anticipated for 2023 since the reduction in the session fee and the increase in the number of sessions are expected to balance each other. Further, FINRA's annual costs for

¹⁸ Given that eligible individuals can begin making their election to participate in the MQP on January 31, 2022, 2023 will be the first fiscal year that the proposed annual MQP fee would be in effect for the entire year.

¹⁹ FINRA estimates that approximately 90,000 individuals end their registration with all firms with which they are registered in a typical year. Among them, FINRA estimates that approximately 40,500 individuals (or 45%) do not reregister within two years of terminating their registrations and would therefore need to participate in the MQP to be able to reregister with FINRA without having to requalify by examination or having to obtain an examination waiver. FINRA expects that out of these individuals, approximately 8,100 individuals (or 20%) would likely choose to participate in the MQP to maintain their qualification. After adding approximately 15,000 individuals who may terminate their permissive registrations in 2023 and instead elect to participate in the program, as well as approximately 14,850 individuals who may have terminated their registrations between 2020 to 2022 and who elect to join the program, FINRA estimates that the total number of individuals who would participate in the program in 2023 to be approximately 38,000 individuals.

developing, maintaining and delivering the Regulatory Element are also expected to remain fairly constant over this period. Thus, the proposed annual fee of \$18 will produce similar annual revenues and provide a similar annual contribution to FINRA's overall regulatory operations as the current Regulatory Element program for which member firms pay \$55 every three years on behalf of their registered persons. The annual Regulatory Element will serve the same function as the current Regulatory Element program, and the amount of content completed in a three-year, annual cycle, is expected to be comparable to what most registered persons are currently completing every three years.

With respect to the MQP, the proposed fee is designed to recover the systems and operational costs of establishing the annual MQP, and the annual costs for developing, maintaining and delivering the annual MQP content, which, as noted earlier, will include a combination of Regulatory Element content and Practical Element content.²⁰ The proposed fee is also expected to provide a contribution to FINRA's overall regulatory operations as with the Regulatory Element fee. As explained in FINRA's 2020 comprehensive fee filing, it is not feasible to associate a direct affiliated revenue stream for each of FINRA's programs, and thus numerous operations and services must be funded by other revenue sources, which include both general regulatory assessments and use-based fees.²¹ The contribution from the proposed MQP fee in each year is anticipated

²⁰ See supra note 6. FINRA expects that the number of individuals who will participate in the MQP each year (approximately 38,000 individuals in 2023) will be significantly smaller than the population of registered persons, which, as noted below, is currently approximately 620,000 individuals.

²¹ See 85 FR at 66599-66600 (including the discussion of the role of oversight, transparency and rebates in providing cost discipline). A portion of the proposed annual fee for the MQP will replace the contribution to FINRA's overall

to be similar to or less than that of the current (and proposed) Regulatory Element program as a share of revenue raised. For comparison purposes, FINRA reviewed state-level information on the annual cost of continuing education for other financial service providers and found that the proposed annual fee of \$100 is generally lower.

The Proposed Fees are Equitable and Not Unfairly Discriminatory

FINRA believes that the proposed fees are equitable and not unfairly discriminatory. With respect to the Regulatory Element, the requirement to complete Regulatory Element content on an annual basis will be applicable to every registered person based on the same terms and they will pay the same proposed fee. With respect to the MQP, all eligible individuals who elect to participate in the MQP to maintain their qualification for a terminated registration category will be subject to the same terms and will pay the same proposed fee. In addition, FINRA believes that the proposed fee for the MQP is low enough that individuals who expect to obtain meaningful benefits from the MQP will not be discouraged from participating due to the fee.

Further, as explained above, the proposed fees are use-based fees. The SEC has stated its belief that a “use-based approach is consistent with equitable distribution of fees” and approved use-based fees when reasonably related to costs.²² As discussed above, the proposed use-based fees are reasonably related to costs. The proposed fees will cover the cost of developing, maintaining and delivering the annual Regulatory

regulatory operations from qualification examinations that will no longer be taken.

²² See Securities Exchange Act Release No. 72280 (May 29, 2014), 79 FR 32351, 32353 (June 4, 2014) (Order Approving File No. SR-FINRA-2014-018) (approving fees for ATS data that varied according to use and discussing the SEC’s prior approval of similar use-based TRACE fees).

Element content and the annual MQP content and the systems and operational costs of establishing and managing the annual Regulatory Element and the annual MQP. The proposed fees in each year are anticipated to provide a contribution to FINRA's overall regulatory operations as a share of revenue raised that is similar to or less than that of the current Regulatory Element program.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Economic Impact Assessment

FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how best to meet FINRA's regulatory objectives.

Regulatory Need

FINRA previously established the regulatory need for the annual Regulatory Element and the annual MQP.²³ This filing addresses the fees for those programs.

Regulatory Element

Economic Baseline

²³ See Securities Exchange Act Release No. 92183 (June 15, 2021), 86 FR 33427, 33432-33436 (June 24, 2021) (Notice of File No. SR-FINRA-2021-015).

All FINRA registered persons must take the Regulatory Element two years after they initially became registered and then every three years ongoing. In 2015, FINRA transitioned the delivery of the Regulatory Element to an online platform (CE Online), which allows individuals to complete the content online at a location of their choosing, including their private residence.²⁴ The transition in 2015 to CE Online reduced the associated Regulatory Element fee from \$100 to \$55 per individual, which is the current fee.

The population of FINRA registered persons is approximately 620,000 individuals.²⁵ FINRA delivered approximately 202,600 Regulatory Element sessions in 2019. FINRA expects to deliver approximately 204,000 Regulatory Element sessions in 2021.

Economic Impacts

FINRA previously considered the economic impacts of the Regulatory Element program.²⁶ The proposed fee is slightly less than one-third of the \$55 fee that is currently paid every three years for the Regulatory Element. Thus, the proposed rule change impacts the timing of payments but leaves the total collected over three years essentially unchanged. In addition, instead of taking the Regulatory Element two years after first becoming registered, individuals would be required to complete the Regulatory Element one year after first becoming registered. This would result in an extra one-time fee.

²⁴ See Regulatory Notice 15-28 (August 2015).

²⁵ See 2020 FINRA Industry Snapshot, available at <https://www.finra.org/sites/default/files/2020-07/2020-industry-snapshot.pdf>.

²⁶ See supra note 23.

The change in timing may necessitate some small adjustments among certain firms and individuals. For example, small firms with a stable number of registered persons for which previously no registered persons took the Regulatory Element in some years will see a shift from a varying annual expense to a flat annual expense. Large firms are less likely to see this effect, since they are more likely to have registered persons taking the Regulatory Element every year under the current program. If firms pay the Regulatory Element fee and do not reduce compensation or other benefits, there would be no financial impact on individuals from these changes. If individuals pay the Regulatory Element fee, then they will see a shift from a varying annual expense to a flat annual expense.

Alternatives Considered

In establishing the proposed fee, FINRA sought to minimize changes in the fees paid over three years by firms and individuals while covering program costs and maintaining the contribution of the Regulatory Element to FINRA's overall regulatory operations. FINRA considered a range of possible fees and found that the proposed fee and annual revenue come within narrow ranges of meeting these goals.

MQP

Economic Baseline

The economic baseline for the proposed fee is the existing requalification requirements and the fees and costs to individuals and their potential employers relating to those requirements.²⁷ As stated earlier, under the current regime, individuals generally have a two-year window from the termination of their registration(s) to reregister without

²⁷ See FINRA Rule 1210.08 (Lapse of Registration and Expiration of SIE).

having to requalify by examination or having to obtain an examination waiver. Requalification imposes costs in the form of time spent preparing for and taking the applicable examinations, potential limitations to the activities permitted to be conducted until the requalification is completed, opportunity costs for the individual and the potential employers in terms of lost business, and the direct registration costs.²⁸ Member firms may also experience material costs when they are not able to retain qualified experienced persons because of professional and personal events that require such individuals to take an extended leave of absence from the industry.

As noted above, the population of FINRA-registered persons is approximately 620,000 individuals.²⁹ In recent years, out of the approximately 620,000 individuals, approximately 90,000 individuals end their registration with all firms with which they are registered at some point during the year. Out of these, approximately half do not reregister and are considered to have left the securities industry.

Economic Impacts

²⁸ The current fees for FINRA qualification examinations are available at <https://www.finra.org/registration-exams-ce/qualification-exams>. In order to requalify for a registration, an individual may need to repeat the Securities Industry Essentials (SIE) examination as well as a representative- or principal-level qualification examination. Thus, the direct cost of requalifying for a single registration, such as the General Securities Representative registration, could range from \$300 to \$380 (for both the SIE and Series 7); requalifying for two registrations, such as the General Securities Representative and Investment Banking Representative registrations, could range from \$600 to \$680 (for the SIE, Series 7 and Series 79). The qualification examination fees used in the examples above are based on the revised fees that will go into effect on January 1, 2022. See supra note 15.

²⁹ See 2020 FINRA Industry Snapshot, available at <https://www.finra.org/sites/default/files/2020-07/2020-industry-snapshot.pdf>.

FINRA previously considered the economic impacts of the MQP.³⁰ As discussed above, the proposed fee of \$100 will permit recovery of the costs for the development, maintenance and delivery of the MQP content and the systems and operational costs of establishing and managing the MQP. The proposed fee will also provide for a contribution to FINRA's overall regulatory operations.

The proposed \$100 annual fee is imposed on individuals following the termination of a registration category.³¹ As such, FINRA anticipates that the proposed fee will not impose costs on member firms.

Participating in the MQP is voluntary, so individuals will pay the fee when the anticipated benefits outweigh the costs. Potential beneficiaries are not limited to individuals who under the current baseline requalify and reregister between two and five years after their registrations are terminated. Some individuals who currently do not terminate their registrations, and others who terminate their registrations and never reregister, may also benefit from the option provided by the MQP and paying the proposed \$100 fee.

Alternatives Considered

In establishing the proposed fee, FINRA sought to minimize the burden to individuals who would elect to participate in the MQP while covering program costs and maintaining the contribution of the testing and CE programs to FINRA's overall

³⁰ See supra note 23.

³¹ In the event of a partial termination, some firms may determine to reimburse individuals who elect to remain qualified for a terminated registration through the MQP.

regulatory operations. FINRA considered a range of possible fees and found that the proposed fee and annual revenue come within narrow ranges of meeting these goals.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act³² and paragraph (f)(2) of Rule 19b-4 thereunder.³³ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

³² 15 U.S.C. 78s(b)(3)(A).

³³ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FINRA-2021-034 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2021-034. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2021-034 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Jill M. Peterson
Assistant Secretary

³⁴ 17 CFR 200.30-3(a)(12).