

**FINra**<sup>®</sup>

# **CE Transformation Webinar**

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September 29, 2022

- | **CE Transformation Overview**
- | **Regulatory Element Changes**
- | **Firm Element Changes**
- | **Resources**

# CE Transformation Background

In 2018, CE Council recommended to enhance the Securities Industry CE Program.

FINRA filed proposed rule changes that were approved by the SEC in September 2021.

FINRA published Regulatory Notice 21-41 announcing the effective dates and changes.

FINRA continues to work with CE Council and partners with SROs to implement the CE Transformation.

# CE Transformation Major Rule Changes

## Effective March 15, 2022

- **Maintaining Qualifications Program (MQP):** Eligible individuals have the option of maintaining their qualifications for terminated registrations by participating in this annual program.

\*For more info, visit [www.finra.org/MQP](http://www.finra.org/MQP)

## Effective January 1, 2023

- **Regulatory Element:** All registered persons will be required to complete annual training for each registration they hold.
- **Firm Element:** All registered persons will be required to participate.

# Overview of Regulatory Element Changes

## Rule 1240 (a)

- Effective January 1, 2023
- Annual requirement
- December 31 deadline
- Fee reduced from \$55 to \$18
- Registration-specific with a focus on rule changes & industry trends

## Learning Topics

- Published topics for each coming year in advance
  - For 2023, topics will be published by October 1, 2022

## FINRA System(s)

- Will be enhanced for firms and individuals to assist with compliance with the Regulatory Element requirements:
  - FinPro
  - FINRA Gateway

# Annual Regulatory Element Learning Plans



Individuals holding a single registration (not including state registrations) can generally expect to receive each year one-third of the content they receive in the current three-year cycle.



Individuals with multiple registrations may receive more courses than those with only one registration. They will not receive duplicative content.

# Regulatory Element Topic Publication Tool

The screenshot displays the FINRA website's navigation structure. At the top, a dark blue header contains the FINRA logo and a menu with links: ABOUT FINRA, CAREERS, BROKERCHECK, DATA, MEDIA CENTER, and CONTACT US. Below this, a secondary navigation bar lists: Rules & Guidance, Registration, Exams & CE, Events & Training, Filing & Reporting, Compliance Tools, and For Investors. A left-hand sidebar highlights the 'Registration, Exams & CE' section, with sub-links for Registration, Qualification Exams, Continuing Education (CE), and Registration Systems. The main content area shows a breadcrumb trail: > REGISTRATION, EXAMS AND CE > CONTINUING EDUCATION (CE). The primary heading is 'View a Regulatory Element Learning Plan'. The text below explains that the Regulatory Element provides training on significant rule changes and other regulatory developments relevant to each registration category. It notes that beginning Jan. 1, 2023, FINRA Rule 1240 requires registered persons to complete the Regulatory Element annually by Dec. 31 for each registration that they hold.

<https://www.finra.org/registration-exams-ce/continuing-education/regulatory-element-topics>

## Select Registration Categories

Select as many as apply.

### REPRESENTATIVES

Sales Representative

Municipal Securities Representative

Investment Banking Representative

Operations

Research Analyst

Securities Trader

### PRINCIPALS

Sales Principal

Sales Supervisor

Options Principal

Municipal Securities Principal

Investment Banking Principal

Financial Operations Principal (FinOp)

Research Principal

Securities Trader Principal

Compliance

- GS - General Securities Representative (*Series 7*)
- IR - Investment Company Products and Variable Contracts Representative (*Series 6*)
- DR - Direct Participation Programs Representative (*Series 22*)
- PR - Private Securities Offerings Representative (*Series 82*)
- AR - Order Processing Assistant Representative (*Series 11*)
- RG - Government Securities Representative (*Series 72*)
- CS - Corporate Securities Representative (*Series 62*)
- OR - Options Representative (*Series 42*)
- IE - United Kingdom Securities Representative (*Series 17*)
- CN - Canadian Securities Representative (*Series 37 and 38*)

[VIEW LEARNING PLAN >>](#)



# 2023 Learning Plan

The Regulatory Element provides training on significant rule changes and other regulatory developments. Courses focus on new and amended rules, industry trends and core knowledge areas relevant to each registration category.

The Regulatory Element Learning Plan below has been created based on the registration categories that were selected.

## SELECTED REGISTRATION CATEGORIES:

[Sales Representative](#) [X]

## TOPICS FOR SELECTED REGISTRATION CATEGORIES

**Amended Rules 1210 and 1240** Sales Representative, Municipal Securities Representative, Investment Banking Representative, Operations, Research Analyst, Securities Trader, Sales Principal, Sales Supervisor, Options Principal, Municipal Securities Principal, Investment Banking Principal, Financial Operations Principal (FinOp), Research Principal, Securities Trader Principal, Compliance

**Regulation BI** Sales Representative, Municipal Securities Representative, Sales Principal, Sales Supervisor, Options Principal, Municipal Securities Principal, Compliance

**Cybersecurity** Sales Representative, Municipal Securities Representative, Investment Banking Representative, Operations, Research Analyst, Securities Trader, Sales Principal, Sales Supervisor, Options Principal, Municipal Securities Principal, Investment Banking Principal, Financial Operations Principal (FinOp), Research Principal, Securities Trader Principal, Compliance

**New Rule 3241** Sales Representative, Sales Principal, Sales Supervisor, Options Principal

## TOPICS AND COURSE DESCRIPTIONS

### AMENDED RULES 1210 AND 1240

## Amended Rules 1210 and 1240: Continuing Education Transformation

This course provides an overview of the changes made to continuing education training, including the new Maintaining Qualifications Program (MQP).

### REGULATION BI

## Navigating Regulation BI

This overview of Regulation BI (Best Interest) focuses on issues relevant to registered representatives, including:

- applicability of the rule;
- what is considered a recommendation; and
- factors to be considered when making a recommendation.

The course also discusses the appropriate disclosure to provide customers and how to mitigate conflicts of interest.

### CYBERSECURITY

## Information Protection

This course discusses effective practices to protect electronic and physical data in the workplace and while working remotely.

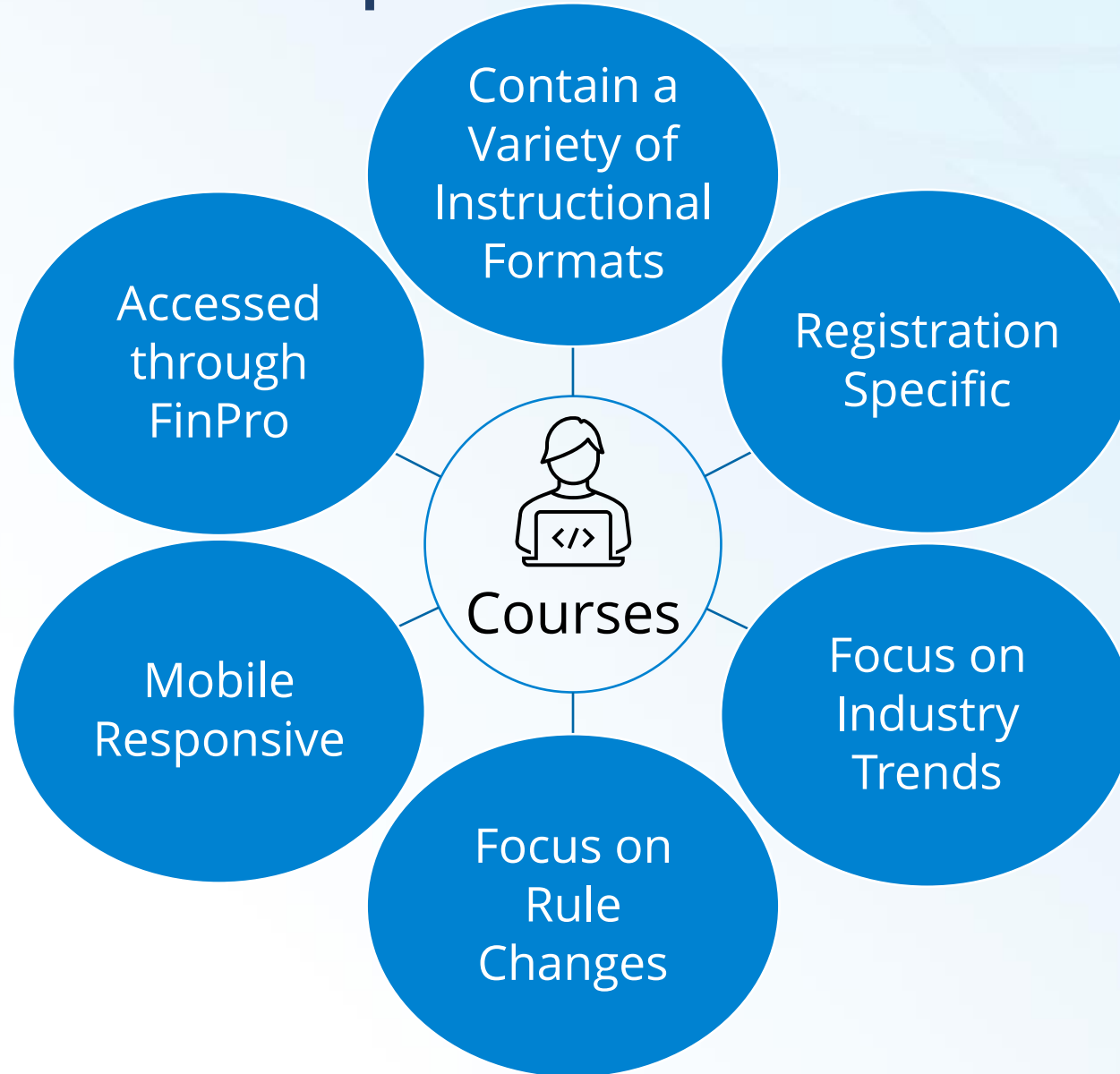
### NEW RULE 3241

## New Rule Overview: FINRA Rule 3241 (Registered Person Being Named a Customer's Beneficiary or Holding a Position of Trust for a Customer)

This course provides an overview of new FINRA Rule 3241 as well as resources to find answers to questions and learn more.

[FINRA Rule 3241](#)

# Regulatory Element Experience



# Annual Regulatory Element

## Questions and Scenarios



# Failure to Complete Annual Regulatory Element

What if a registered individual does not complete their 2023 Regulatory Element by the December 31, 2023, due date?

- The individual's registration status will go CE Inactive effective January 1, 2024, until the individual completes their 2023 Regulatory Element.
- The individual will have to complete their 2023 Regulatory Element before they can access their 2024 Regulatory Element.

# Terminating a Registration

What if an individual terminates one of their registrations mid-year?

- The individual's Regulatory Element will be updated to remove any pending courses that are unique to the terminated registration.
- **Example:** *An individual is GS- and GP-registered in 2023. On February 1, 2023, the individual's GP registration is terminated. The individual had not yet completed his Regulatory Element. The individual's Regulatory Element is updated to remove courses that are unique to the GP registration.*

# 2022 Regulatory Element Windows

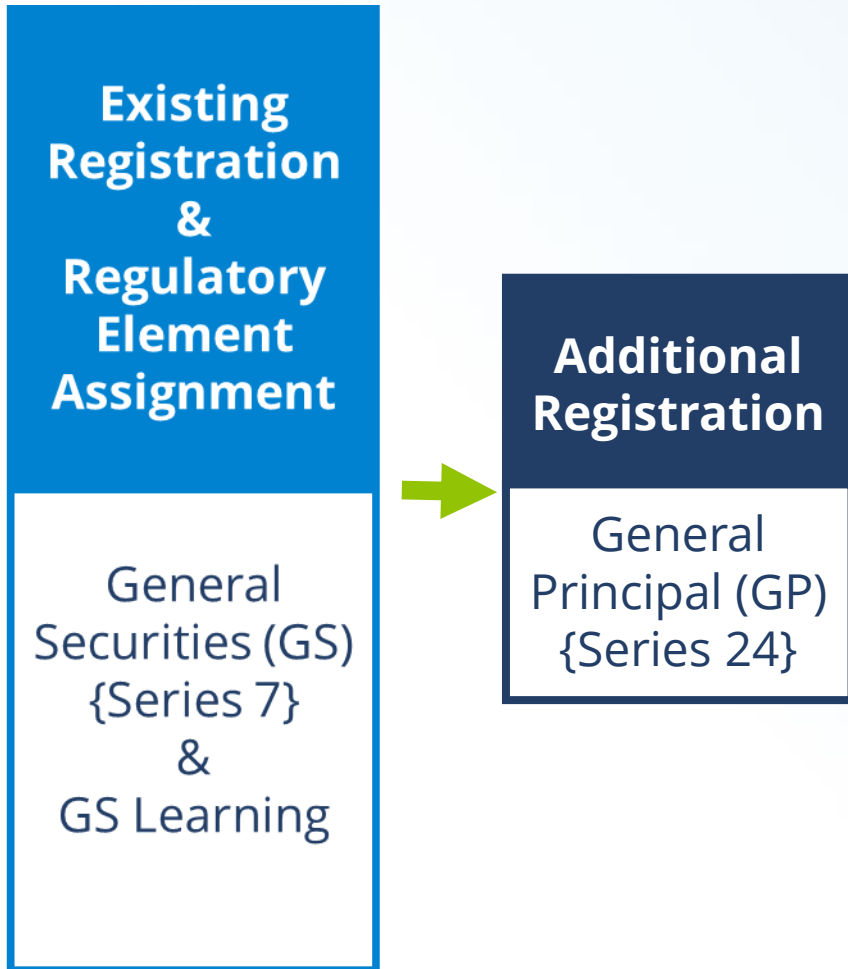
What if an individual has an S101 window that opens in 2022 and would close in 2023?

- If they do not complete their S101 Regulatory Element in 2022, the S101 will be removed and the individual will be assigned their 2023 Regulatory Element, which must be completed by December 31, 2023.
- If they do complete their S101 Regulatory Element in 2022, the individual will still be assigned their 2023 Regulatory Element in 2023.

# Additional Registration Impact on Regulatory Element

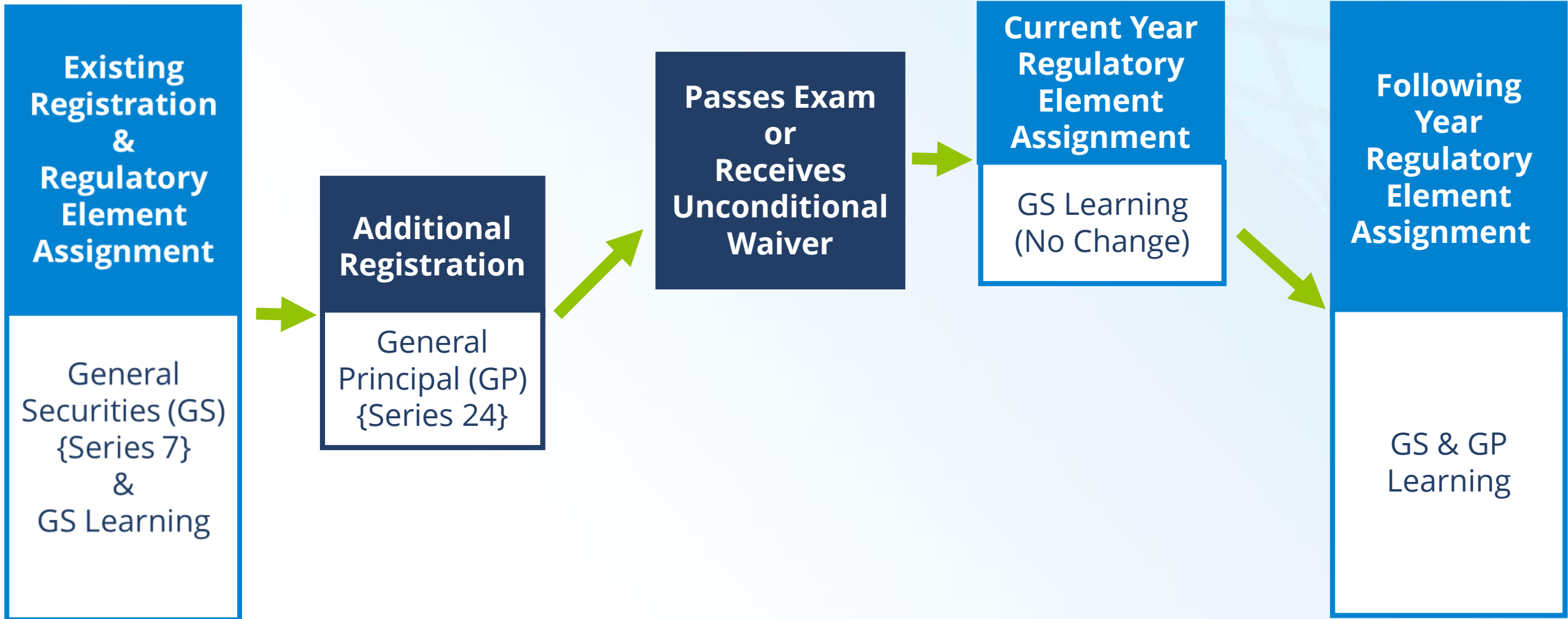
Type	Method of Gaining	Registration Specific Regulatory Element Assignment
New Registration	Passing an exam or receiving an unconditional waiver	Year following receipt of additional registration
Reregistration	Reregistering previously held registration within two years	Immediate

# Example

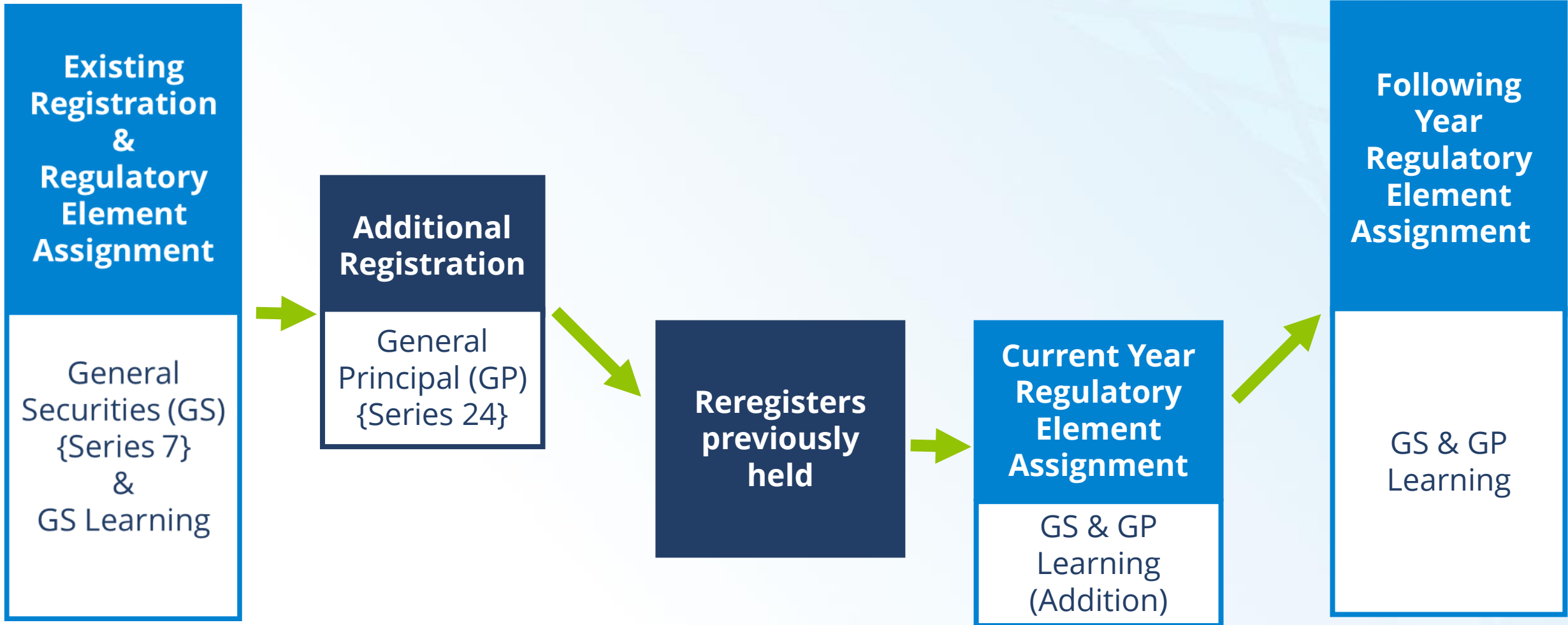




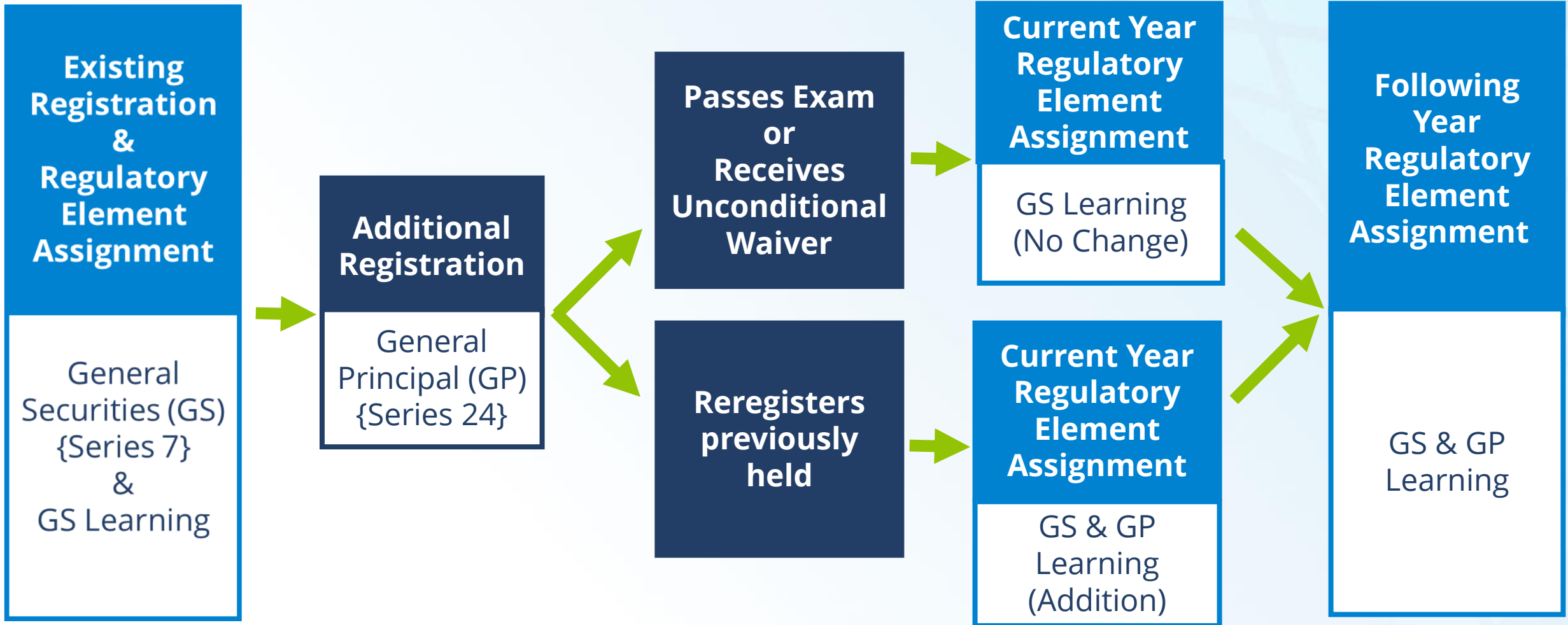
# Example – New Registration Path



# Example – Reregistration Path



# Example – Comparison of Paths



# CE Transformation – Firm Element

## Rule 1240(b)

- Effective January 1, 2023
- Firm Element extended to all registered persons
- Expressly recognizes other training such as ACM & AML

## Improved Guidance and Resources

- Assist firms with improved guidance & resources for the annual needs analysis

## Centralized Content Catalog

- Will include content created by SROs & training providers
- Firms may optionally leverage it for their Firm Element needs

# Permissively Registered

If an individual is permissively registered, will the individual be required to complete Firm Element training starting in 2023?

- Yes, beginning on January 1, 2023, the Firm Element requirement will extend to all registered persons, including individuals who maintain solely a permissive registration consistent with Rule 1210.02.

## Regulatory Notice 21-41

[www.finra.org/rules-guidance/notices/21-41](http://www.finra.org/rules-guidance/notices/21-41)

## CE Transformation Frequently Asked Questions

<https://www.finra.org/registration-exams-ce/continuing-education/ce-transformation-faq>

## CE Transformation Webpage

[www.finra.org/cet](http://www.finra.org/cet)

## CE Council Website

[www.cecouncil.org](http://www.cecouncil.org)

# Questions?

For questions or feedback regarding CE  
Transformation, please email:  
[finrace@finra.org](mailto:finrace@finra.org)