

Information Notice

FINRA Reminds Firms of Continuing Education Firm Element Rule Changes

Summary

This *Notice* reminds firms of the changes to FINRA's Continuing Education (CE) Firm Element requirement, specifically:

- ▶ extending the requirement to all registered persons;
- ▶ recognizing other required training toward satisfying an individual's annual Firm Element obligation; and
- ▶ revising the minimum Firm Element training criteria.

FINRA and the Securities Industry/Regulatory Council on Continuing Education (CE Council) are also working on ways to expand and improve the guidance and resources available to firms to develop effective Firm Element training programs. To that end, FINRA is developing a catalog of CE content that will serve as an optional resource for firms to select relevant Firm Element content and use in creating learning plans for their registered persons.

Questions concerning this *Notice* should be directed to:

- ▶ Patricia Monterosso, Senior Director, Testing and Continuing Education Department, at (212) 858-4086 or Patricia.Monterosso@finra.org; or
- ▶ Genay Glasgo, Director, Testing and Continuing Education Department, at (561) 443-7985 or Genay.Glasgo@finra.org.

Background

Working extensively with the CE Council, industry participants and other interested parties, including other self-regulatory organizations (SROs) and the North American Securities Administrators Association (NASAA), FINRA has adopted amendments to the CE rules to ensure that all registered persons receive timely and relevant training, which will in turn support compliance and investor protection.¹

November 2, 2023

Suggested Routing

- ▶ Registration and Continuing Education
- ▶ Senior Management
- ▶ Training

Key Topic(s)

- ▶ Annual Requirement
- ▶ Content Catalog
- ▶ Continuing Education
- ▶ Firm Element
- ▶ Registered Persons

Referenced Rules & Notices

- ▶ FINRA Rules 1210, 1240, 3110(a) (7), and 3310(e)
- ▶ Regulatory Notice 21-41

Changes to the Firm Element

Effective January 1, 2023, all registered persons, including individuals who solely maintain a permissive registration pursuant to Rule 1210.02, are required to complete the annual Firm Element.²

In conjunction with this change, FINRA has also amended the CE rules to expressly allow firms to consider training relating to the anti-money laundering (AML) compliance program under Rule 3310(e) and the annual compliance meeting under Rule 3110(a)(7) toward satisfying an individual's annual Firm Element requirement.³

In addition, FINRA has revised the current minimum Firm Element training criteria to require that the training cover topics related to professional responsibility and to the role, activities or responsibilities of the registered person.⁴

Firm Element Resources

FINRA and the CE Council have developed additional resources and guidance to support firms in designing their education and training programs. Some of those resources are highlighted below.

Annual Regulatory Element Learning Topics: By October of each year, the Regulatory Element learning topics for the coming year will be made available on FINRA.org.⁵ Firms can view a Regulatory Element learning plan assigned to a registration category or group of registration categories for a given calendar year by using the [learning topics](#) publication tool available on FINRA.org. This information is being provided in advance so that firms may consider it when preparing their Firm Element training plans.

CE Transformation Toolkit: FINRA has published a list of resources for firms and securities industry professionals relating to the transformation of the CE program, including a webinar on CE Transformation that discusses the changes to the Firm Element requirement.

CE Council Publications: The CE Council regularly publishes the following documents to assist firms in designing their Firm Element training plans:

- ▶ [Firm Element Needs Analysis Quarterly Highlights](#) (formerly the Firm Element Advisory) assists industry participants with identification of potential topics to include in Firm Element training plans. Topics are identified from a review of industry, regulatory and SRO announcements; publications of significant events; and the annual report from FINRA's Examination and Risk Monitoring Program.
- ▶ [CE Council Guide to Firm Element Continuing Education Programs](#) supports the development of a Firm Element program that addresses regulatory requirements and assists firms with the creation of their annual needs analysis and written training plan.
- ▶ [CE Council Firm Element FAQs](#) are provided as a helpful starting point to walk firms through planning, developing and implementing their Firm Element programs.

CE Content Catalog: FINRA is currently developing an online, centralized content catalog that firms may optionally leverage to administer education and training for their Firm Element programs. The vision for the catalog is to include courses developed by third-party training providers, FINRA and other SROs. Firms will have the option of using the content in the catalog for purposes of their Firm Element training, but they will not be obligated to select content from the catalog. The catalog will be launched in phases. FINRA will communicate updates as this new system and functionality becomes available.

Endnotes

1. See [Regulatory Notice 21-41](#) (November 17, 2021).
2. See Rule 1240(b)(1).
3. See Rule 1240(b)(2)(D). The recognition of other training requirements toward satisfying the Firm Element requirement will still require firms to conduct a needs analysis to determine the appropriateness of applying such other training toward the Firm Element. However, based on a needs analysis, a firm may determine that such other training requirements fully satisfy the Firm Element requirement. For example, with respect to permissively registered persons working in a clerical or administrative capacity for a firm, the firm may determine, based on a needs analysis, that such individuals have satisfied the annual Firm Element requirement by participating in the firm-wide annual compliance meeting.
4. See Rule 1240(b)(2)(B).
5. The [learning topics](#) for 2024 have been published.