

Examination Fees

Proposed Amendments to Qualification Examination Fees in Section 4(c) of Schedule A to the FINRA By-Laws

Proposed Implementation Date: January 2, 2009¹

Executive Summary

FINRA has filed with the SEC a rule change proposing to increase certain qualification examination fees to reflect the rising costs of developing, administering and delivering such examinations.² Pending SEC approval of the amendments to Section 4(c) of Schedule A to the FINRA By-Laws, the new fees will become effective on January 2, 2009. FINRA is issuing this *Notice* to alert member firms about this proposed fee change to assist in firms' budget planning processes. The text of Section 4(c) of Schedule A to the FINRA By-Laws,³ as amended, is set forth in Attachment A of this *Notice*.

Questions concerning this *Notice* should be directed to John C. Kalohn, Associate Vice President, Testing and Continuing Education Department, at (240) 386-5800.

October 2008

Notice Type

- Guidance

Suggested Routing

- Legal & Compliance
- Registration
- Senior Management

Key Topic(s)

- Qualification Examinations
- Qualification Examination Fees
- Registration

Referenced Rules & Notices

- Schedule A of FINRA By-Laws

Background & Discussion

Any person associated with a member firm who is engaged in the securities business of the firm must register with FINRA. As part of the registration process, securities professionals must pass a qualification examination to demonstrate competence in each area in which they intend to work. These mandatory qualification examinations cover a broad range of subjects on the markets, products, a person's responsibilities in a given position, securities industry rules and the regulatory structure. Some qualification examinations are sponsored (*i.e.*, developed) solely by FINRA while others are sponsored by the Municipal Securities Rulemaking Board (MSRB), the North American Securities Administrators Association (NASAA), the National Futures Association (NFA), the Federal Deposit Insurance Corporation (FDIC), other self-regulatory organizations (SROs) or jointly among these entities.⁴

FINRA administers qualification examinations via computer through the PROCTOR® system⁵ at test centers operated by vendors under contract with FINRA. FINRA charges an examination fee to candidates for FINRA-sponsored and co-sponsored examinations. For qualification examinations sponsored by a FINRA client and administered/delivered by FINRA, FINRA charges a delivery fee that represents either a portion of or the entire examination fee for a particular examination.⁶

Each year, FINRA conducts a comprehensive review of the examination fee structure, including an analysis of the costs of developing, administering and delivering qualification examinations. FINRA's 2008 review revealed that certain operational costs have increased and will continue to increase over the next few years. In particular, these costs consist of: (1) the cost of providing the extensive network of test delivery centers; and (2) technology costs required to maintain the PROCTOR® system. As a result of these rising costs, FINRA has proposed to increase certain qualification examination fees, effective January 2, 2009 (pending SEC approval), with no single examination increasing more than \$20.

Specifically, examination fees would be increased as follows:

Series	Examination Title	Current Fee	Proposed Fee
Series 4	Registered Options Principal (Sponsored jointly by NYSE Alternext, CBOE, FINRA, NYSE Arca and Phlx)	\$80	\$90
Series 6	Investment Company Products/Variable Contracts Representative	\$75	\$85
Series 7	General Securities Representative	\$250	\$265
Series 9	General Securities Sales Supervisor – Options Module (Sponsored jointly by NYSE Alternext, CBOE, FINRA, MSRB, NYSE Arca and Phlx)	\$60	\$70
Series 10	General Securities Sales Supervisor – General Module (Sponsored jointly by NYSE Alternext, CBOE, FINRA, MSRB, NYSE Arca and Phlx)	\$100	\$110
Series 11	Assistant Representative – Order Processing	\$60	\$70
Series 14	Compliance Official	\$300	\$320
Series 16	Supervisory Analyst	\$200	\$210
Series 17	Limited Registered Representative	\$65	\$70
Series 22	Direct Participation Programs Representative	\$75	\$85
Series 23	General Securities Principal Sales Supervisor Module	\$75	\$85
Series 24	General Securities Principal	\$95	\$105
Series 26	Investment Company Products/Variable Contracts Principal	\$75	\$85
Series 27	Financial and Operations Principal	\$95	\$105
Series 28	Introducing Broker-Dealer Financial and Operations Principal	\$75	\$85
Series 37	Canada Module of S7 (Options Required)	\$150	\$160

Series	Examination Title	Current Fee	Proposed Fee
Series 38	Canada Module of S7 (No Options Required)	\$150	\$160
Series 39	Direct Participation Programs Principal	\$75	\$80
Series 42	Registered Options Representative	\$60	\$65
Series 55	Limited Representative-Equity Trader	\$85	\$95
Series 62	Corporate Securities Limited Representative	\$75	\$80
Series 72	Government Securities Representative	\$85	\$95
Series 82	Limited Representative – Private Securities Offering	\$75	\$80
Series 86	Research Analyst - Analysis	\$150	\$160
Series 87	Research Analyst - Regulatory	\$105	\$115

The new fees would apply to persons who register for one of these examinations beginning on January 2, 2009. Specifically, the fees would apply for “120-day examination windows” opened in the CRD® on or after January 2, 2009.

Endnotes

- 1 Pending approval by the Securities and Exchange Commission (SEC).
- 2 See SR-FINRA-2008-053.
- 3 Schedule A sets forth examination fees for those examinations that are sponsored or co-sponsored by FINRA and/or that may be required by FINRA for its members.
- 4 For example, FINRA administers and delivers the Series 6, 24 and 27 examinations, which are sponsored by FINRA. FINRA also administers and delivers client-sponsored examinations, such as the Series 9 and 10, which are sponsored jointly by several SROs (NYSE Alternext US LLC (NYSE Alternext) (formerly American Stock Exchange), Chicago Board Options Exchange (CBOE), MSRB, FINRA, NYSE Arca, Inc. (NYSE Arca) (formerly Pacific Stock Exchange, Inc.) and NASDAQ OMX PHLX, Inc. (Phlx) (formerly Philadelphia Stock Exchange)).
- 5 PROCTOR® is a technology system that supports computer-based testing and training.
- 6 FINRA administers and delivers examinations sponsored by NASAA, MSRB, NYSE Alternext, NFA and NYSE Arca that, while not required by FINRA rules, are taken by persons associated with FINRA members to obtain certain licenses. Fees for the following examinations developed by these sponsors will also be adjusted effective January 2, 2009, as follows:
 - MSRB – Series 51 (Municipal Fund Securities Limited Principal), from \$75 to \$85; Series 52 (Municipal Securities Representative), from \$80 to \$95; Series 53 (Municipal Securities Principal), from \$80 to \$95.
 - NASAA – Series 63 (Uniform Securities Agent State Law Exam), from \$82 to \$96; Series 65 (Uniform Combined State Law Exam), from \$120 to \$135; Series 66 (Investment Advisors Law Exam), from \$113 to \$128.
 - NFA – Series 3 (National Commodities Futures), from \$95 to \$105; Series 30 (Branch Managers Examination – Futures), from \$60 to \$70; Series 31 (Futures Managed Funds Exam), from \$60 to \$70; Series 32 (Limited Futures Exam – Regulations), from \$60 to \$70.
 - NYSE Alternext – Series 5 (Interest Rate Options), from \$60 to \$65.
 - NYSE Arca – Series 44 (Market Maker Authorized Traders Examination), from \$88 to \$100; Series 45 (Pacific Exchange Floor Broker/Market Maker), from \$105 to \$115.

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Attachment A

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

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Schedule A to the By-Laws of the Corporation

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Section 4—Fees

(a) and (b) No change

(c) The following fees shall be assessed to each individual who registers to take an examination as described below. These fees are in addition to the registration fee described in paragraph (b).

Series 4	Registered Options Principal	[\$80] <u>\$90</u>
Series 6	Investment Company Products/Variable Contracts Representative	[\$75] <u>\$85</u>
Series 7	General Securities Representative	[\$250] <u>\$265</u>
Series 9	General Securities Sales Supervisor — Options Module	[\$60] <u>\$70</u>
Series 10	General Securities Sales Supervisor — General Module	[\$100] <u>\$110</u>
Series 11	Assistant Representative — Order Processing	[\$60] <u>\$70</u>
Series 14	Compliance Official	[\$300] <u>\$320</u>
Series 16	Supervisory Analyst	[\$200] <u>\$210</u>
Series 17	Limited Registered Representative	[\$65] <u>\$70</u>
Series 22	Direct Participation Programs Representative	[\$75] <u>\$85</u>
Series 23	General Securities Principal Sales Supervisor Module	[\$75] <u>\$85</u>
Series 24	General Securities Principal	[\$95] <u>\$105</u>
Series 26	Investment Company Products/Variable Contracts Principal	[\$75] <u>\$85</u>
Series 27	Financial and Operations Principal	[\$95] <u>\$105</u>

Series 28	Introducing Broker[/]-Dealer Financial and Operations Principal	[\$75] <u>\$85</u>
Series 37	Canada Module of S7 (Options Required)	[\$150] <u>\$160</u>
Series 38	Canada Module of S7 (No Options Required)	[\$150] <u>\$160</u>
Series 39	Direct Participation Programs Principal	[\$75] <u>\$80</u>
Series 42	Registered Options Representative	[\$60] <u>\$65</u>
Series 55	Limited Representative — Equity Trader	[\$85] <u>\$95</u>
Series 62	Corporate Securities Limited Representative	[\$75] <u>\$80</u>
Series 72	Government Securities Representative	[\$85] <u>\$95</u>
Series 82	Limited Representative — Private Securities Offering	[\$75] <u>\$80</u>
Series 86	Research Analyst — Analysis	[\$150] <u>\$160</u>
Series 87	Research Analyst — Regulatory	[\$105] <u>\$115</u>

(1) through (3) No change

(d) through (h) No change
