

Regulatory Notice

12-16

Qualification Examination and Continuing Education Fees

Changes to Qualification Examination Fees and New Service Charge for Regulatory Element Continuing Education Sessions Taken Outside the United States

Effective Date: April 2, 2012

Executive Summary

Effective April 2, 2012, FINRA is increasing qualification examination fees, and assessing a service charge for any Regulatory Element Continuing Education (Regulatory Element) session taken in a test center located outside the territorial limits of the United States.¹

The text of the amendments to Section 4(c) of Schedule A to the FINRA By-Laws is set forth in Attachment A.

Questions concerning this *Notice* should be directed to Joe McDonald, Senior Director, Testing and Continuing Education Department, at (240) 386-5065.

Background & Discussion

As described in further detail below, FINRA has filed for immediate effectiveness amendments to Section 4(c) of Schedule A to the FINRA By-Laws to (1) increase qualification examination fees, and (2) assess a service charge for any Regulatory Element session taken in a test center located outside the territorial limits of the United States.

March 2012

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Continuing Education
- ▶ Legal
- ▶ Registered Representatives
- ▶ Registration
- ▶ Senior Management

Key Topics

- ▶ Qualification Examination Fees
- ▶ Regulatory Element Fees

Referenced Rules & Notices

- ▶ FINRA Rule 1230
- ▶ NASD Rule 1021
- ▶ NASD Rule 1022
- ▶ NASD Rule 1031
- ▶ NASD Rule 1032
- ▶ NASD Rule 1041
- ▶ NASD Rule 1050
- ▶ Section 4 of Schedule A to the FINRA By-Laws



Financial Industry Regulatory Authority

Qualification Examination Fees

Under NASD Rules 1021(a) and 1031(a), persons engaged, or to be engaged, in the investment banking or securities business of a FINRA member firm and who are to function as principals or representatives are required to register with FINRA in each category of registration appropriate to their functions as specified in NASD Rules 1022 and 1032.² The individuals must pass an appropriate qualification examination before their registration can become effective. These mandatory qualification examinations cover a broad range of subjects regarding financial markets and products, individual responsibilities, securities industry rules and regulatory structure. FINRA develops, maintains and delivers all qualification examinations for individuals who are registered or seeking registration with FINRA. FINRA also administers and delivers examinations sponsored (*i.e.*, developed) by the Municipal Securities Rulemaking Board (MSRB), the North American Securities Administrators Association, the National Futures Association, the Federal Deposit Insurance Corporation and other self-regulatory organizations.

FINRA currently administers examinations via computer through the PROCTOR® system³ at testing centers operated by vendors under contract with FINRA. FINRA charges an examination fee to candidates for FINRA-sponsored and co-sponsored examinations to cover the development, maintenance and delivery of these examinations. For qualification examinations sponsored by a FINRA client and administered by FINRA, FINRA charges a delivery fee that represents either a portion of or the entire examination fee for the examination.⁴

FINRA regularly conducts a comprehensive review of the examination fee structure, including an analysis of the costs associated with developing, administering and delivering examinations. The most recent review revealed that certain operational costs have increased and, based on current information, will continue to increase over the next few years. In particular, these costs consist of (1) fees that vendors charge FINRA for delivering qualification examinations, and (2) PROCTOR maintenance and enhancement expenses. Therefore, FINRA is increasing certain qualification examination fees as follows:⁵

Series	Examination Title	Current Fee	New Fee
Series 4	Registered Options Principal	\$90	\$100
Series 6	Investment Company Products/Variable Contracts Representative	\$85	\$95
Series 7	General Securities Representative	\$265	\$290
Series 9	General Securities Sales Supervisor — Options Module	\$70	\$75
Series 10	General Securities Sales Supervisor — General Module	\$110	\$120
Series 11	Assistant Representative — Order Processing	\$70	\$75
Series 14	Compliance Official	\$320	\$335
Series 16	Supervisory Analyst	\$210	\$230
Series 17	Limited Registered Representative	\$70	\$75
Series 22	Direct Participation Programs Representative	\$85	\$95
Series 23	General Securities Principal Sales Supervisor Module	\$85	\$95
Series 24	General Securities Principal	\$105	\$115
Series 26	Investment Company Products/Variable Contracts Principal	\$85	\$95
Series 27	Financial and Operations Principal	\$105	\$115
Series 28	Introducing Broker-Dealer Financial and Operations Principal	\$85	\$95
Series 37	Canada Module of S7 (Options Required)	\$160	\$175
Series 38	Canada Module of S7 (No Options Required)	\$160	\$175
Series 39	Direct Participation Programs Principal	\$80	\$90
Series 42	Registered Options Representative	\$65	\$70
Series 51	Municipal Fund Securities Limited Principal	\$85	\$95
Series 52	Municipal Securities Representative	\$95	\$120
Series 53	Municipal Securities Principal	\$95	\$105
Series 55	Limited Representative — Equity Trader	\$95	\$105
Series 62	Corporate Securities Limited Representative	\$80	\$90
Series 72	Government Securities Representative	\$95	\$105
Series 79	Investment Banking Qualification Examination	\$265	\$290
Series 82	Limited Representative — Private Securities Offering	\$80	\$90
Series 86	Research Analyst — Analysis	\$160	\$175
Series 87	Research Analyst — Regulatory	\$115	\$125

The new qualification examination fees will apply for examination requests made in the CRD system on or after April 2, 2012.

Foreign Test Center Regulatory Element Session Service Charge

FINRA assesses a service charge of \$15 for any qualification examination that is taken in a foreign test center (*i.e.*, a test center located outside of the territorial limits of the United States) to help offset the higher fees that vendors charge FINRA for delivering qualification examinations in those locations. Vendors also charge FINRA higher fees for the delivery of Regulatory Element sessions in foreign test centers; however, all individuals are currently assessed the same amount for a Regulatory Element session regardless of where they take the session. Therefore, FINRA is assessing a \$15 service charge for any Regulatory Element session taken in a foreign test center to more closely align the fee with the cost of the sessions.

The foreign test center Regulatory Element session service charge will become effective for Regulatory Element sessions taken on or after April 2, 2012.

Endnotes

1. See Securities Exchange Act Release No. 66465 (February 24, 2012), 77 FR 12635 (March 1, 2012) (Notice of Filing and Immediate Effectiveness of SR-FINRA-2012-009).
2. See also NASD Rules 1041 and 1050 and FINRA Rule 1230(b)(6) regarding the qualification and registration requirements for Order Processing Assistant Representatives, Research Analysts and Operations Professionals, respectively.
3. PROCTOR is a computer system that is specifically designed for the administration and delivery of computer-based testing and training.
4. The delivery fee represents a portion of the entire examination fee when a FINRA client has established an additional fee for an examination that it sponsors. For example, the fee to take the Municipal Fund Securities Limited Principal qualification examination (Series 51) is currently \$145. Of this amount, \$85 is the FINRA administration and delivery fee, and \$60 is the development fee determined by the FINRA client, the MSRB. See MSRB Rule A-16.
5. FINRA is not increasing the fee for the Operations Professional qualification examination (Series 99) since it was implemented in late 2011. See Securities Exchange Act Release No. 64687 (June 16, 2011), 76 FR 36586 (June 22, 2011) (Order Approving Proposed Rule Change; File No. SR-FINRA-2011-013); Securities Exchange Act Release No. 65221 (August 30, 2011), 76 FR 55441 (September 7, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change; File No. SR-FINRA-2011-042).

Attachment A

Below is the text of the amendments. New language is underlined; deletions are in brackets.

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Schedule A to the By-Laws of the Corporation

* * * * *

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) and any other fees that the owner of an examination that FINRA administers may assess.

Series 4	Registered Options Principal	[\$90] <u>\$100</u>
Series 6	Investment Company Products/ Variable Contracts Representative	[\$85] <u>\$95</u>
Series 7	General Securities Representative	[\$265] <u>\$290</u>
Series 9	General Securities Sales Supervisor — Options Module	[\$70] <u>\$75</u>
Series 10	General Securities Sales Supervisor — General Module	[\$110] <u>\$120</u>
Series 11	Assistant Representative — Order Processing	[\$70] <u>\$75</u>
Series 14	Compliance Official	[\$320] <u>\$335</u>
Series 16	Supervisory Analyst	[\$210] <u>\$230</u>
Series 17	Limited Registered Representative	[\$70] <u>\$75</u>
Series 22	Direct Participation Programs Representative	[\$85] <u>\$95</u>
Series 23	General Securities Principal Sales Supervisor Module	[\$85] <u>\$95</u>
Series 24	General Securities Principal	[\$105] <u>\$115</u>
Series 26	Investment Company Products/Variable Contracts Principal	[\$85] <u>\$95</u>

Series 27	Financial and Operations Principal	[\$105] <u>\$115</u>
Series 28	Introducing Broker-Dealer Financial and Operations Principal	[\$85] <u>\$95</u>
Series 37	Canada Module of S7 (Options Required)	[\$160] <u>\$175</u>
Series 38	Canada Module of S7 (No Options Required)	[\$160] <u>\$175</u>
Series 39	Direct Participation Programs Principal	[\$80] <u>\$90</u>
Series 42	Registered Options Representative	[\$65] <u>\$70</u>
Series 51	Municipal Fund Securities Limited Principal	[\$85] <u>\$95</u>
Series 52	Municipal Securities Representative	[\$95] <u>\$120</u>
Series 53	Municipal Securities Principal	[\$95] <u>\$105</u>
Series 55	Limited Representative — Equity Trader	[\$95] <u>\$105</u>
Series 62	Corporate Securities Limited Representative	[\$80] <u>\$90</u>
Series 72	Government Securities Representative	[\$95] <u>\$105</u>
Series 79	Investment Banking Qualification Examination	[\$265] <u>\$290</u>
Series 82	Limited Representative — Private Securities Offering	[\$80] <u>\$90</u>
Series 86	Research Analyst — Analysis	[\$160] <u>\$175</u>
Series 87	Research Analyst — Regulatory	[\$115] <u>\$125</u>
Series 99	Operations Professional	\$125

(1) No Change.

(2) There shall be an additional service charge of \$15.00 [in addition to those fees specified above] for any examination or Regulatory Element session taken in a [foreign] test center located outside the territorial limits of the United States.

(d) through (h) No Change.

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