

## Qualification Examination Fees

### Changes to Qualification Examination Fees

Effective Date: April 1, 2015

#### Executive Summary

Effective April 1, 2015, FINRA is increasing qualification examination fees.<sup>1</sup> 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 John Kalohn, Vice President, Testing and Continuing Education Department, at (240) 386-5800.

#### Background and 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 increase qualification examination fees.

Persons engaged in the investment banking or securities business of a FINRA-regulated firm who function as principals or representatives are required to register with FINRA in each category of registration appropriate to their functions.<sup>2</sup> 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) and other self-regulatory organizations, the North American Securities Administrators Association, the National Futures Association and the Federal Deposit Insurance Corporation.

#### March 2015

##### Notice Type

- ▶ Rule Amendment

##### Suggested Routing

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

##### Key Topics

- ▶ Qualification Examination 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

FINRA currently administers examinations electronically through the PROCTOR® system<sup>3</sup> 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.<sup>4</sup>

FINRA regularly conducts a comprehensive review of the examination fee structure, including an analysis of the costs associated with developing, administering and delivering each examination, so that FINRA may better understand whether pricing changes are warranted and evaluate the financial condition of each qualification examination program. In this regard, 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 increased costs consist of: (1) fees that vendors charge FINRA for delivering qualification examinations through their networks of test delivery centers; (2) staff labor associated with the development and maintenance of the qualification examinations; and (3) PROCTOR system maintenance and enhancement expenses.<sup>5</sup> FINRA is increasing qualification examination fees to better align the fees with these increased costs.

FINRA is increasing qualification examination fees as follows:

Series	Examination Title	Current Fee	New Fee
<b>Series 4</b>	Registered Options Principal	\$100	\$105
<b>Series 6</b>	Investment Company Products/Variable Contracts Representative	\$95	\$100
<b>Series 7</b>	General Securities Representative	\$290	\$305
<b>Series 9</b>	General Securities Sales Supervisor – Options Module	\$75	\$80
<b>Series 10</b>	General Securities Sales Supervisor – General Module	\$120	\$125
<b>Series 11</b>	Assistant Representative – Order Processing	\$75	\$80
<b>Series 14</b>	Compliance Official	\$335	\$350
<b>Series 16</b>	Supervisory Analyst	\$230	\$240
<b>Series 17</b>	Limited Registered Representative	\$75	\$80
<b>Series 22</b>	Direct Participation Programs Representative	\$95	\$100
<b>Series 23</b>	General Securities Principal Sales Supervisor Module	\$95	\$100
<b>Series 24</b>	General Securities Principal	\$115	\$120

Series	Examination Title	Current Fee	New Fee
<b>Series 26</b>	Investment Company Products/Variable Contracts Principal	\$95	\$100
<b>Series 27</b>	Financial and Operations Principal	\$115	\$120
<b>Series 28</b>	Introducing Broker-Dealer Financial and Operations Principal	\$95	\$100
<b>Series 37</b>	Canada Module of S7 (Options Required)	\$175	\$185
<b>Series 38</b>	Canada Module of S7 (No Options Required)	\$175	\$185
<b>Series 39</b>	Direct Participation Programs Principal	\$90	\$95
<b>Series 42</b>	Registered Options Representative	\$70	\$75
<b>Series 51</b>	Municipal Fund Securities Limited Principal	\$95	\$105 <sup>6</sup>
<b>Series 52</b>	Municipal Securities Representative	\$120	\$130 <sup>6</sup>
<b>Series 53</b>	Municipal Securities Principal	\$105	\$115 <sup>6</sup>
<b>Series 55</b>	Limited Representative – Equity Trader	\$105	\$110
<b>Series 62</b>	Corporate Securities Limited Representative	\$90	\$95
<b>Series 72</b>	Government Securities Representative	\$105	\$110
<b>Series 79</b>	Investment Banking Qualification Examination	\$290	\$305
<b>Series 82</b>	Limited Representative – Private Securities Offering	\$90	\$95
<b>Series 86</b>	Research Analyst – Analysis	\$175	\$185
<b>Series 87</b>	Research Analyst – Regulatory	\$125	\$130
<b>Series 99</b>	Operations Professional	\$125	\$130

The new qualification examination fees will apply for examination requests made in the CRD® system on or after April 1, 2015.

## Endnotes

1. See Securities Exchange Act Release No. 74568 (March 24, 2015) (Notice of Filing and Immediate Effectiveness of SR-FINRA-2015-006).
2. See NASD Rules 1021(a) and 1031(a), and NASD Rules 1022 and 1032. 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 Series 51 (Municipal Fund Securities Limited Principal) examination will be \$255. Of this amount, \$105 is the FINRA administration and delivery fee, and \$150 is the development fee determined by the FINRA client, the MSRB. See MSRB Rule A-16.
5. While delivery costs for qualification examinations have increased over the last three years, delivery costs for examinations are scheduled to stabilize in 2015 and 2016 based on FINRA's recently negotiated agreements with vendors that deliver the qualification examinations through their networks of test delivery centers.
6. See note 4 *supra* regarding the fees charged for examinations sponsored by a FINRA client and administered and delivered by FINRA.

## Attachment A

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

\* \* \* \* \*

### 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 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	[\$100]	<u>\$105</u>
Series 6	Investment Company Products/Variable Contracts Representative	[\$95]	<u>\$100</u>
Series 7	General Securities Representative	[\$290]	<u>\$305</u>
Series 9	General Securities Sales Supervisor – Options Module	[\$75]	<u>\$80</u>
Series 10	General Securities Sales Supervisor – General Module	[\$120]	<u>\$125</u>
Series 11	Assistant Representative – Order Processing	[\$75]	<u>\$80</u>
Series 14	Compliance Official	[\$335]	<u>\$350</u>
Series 16	Supervisory Analyst	[\$230]	<u>\$240</u>
Series 17	Limited Registered Representative	[\$75]	<u>\$80</u>
Series 22	Direct Participation Programs Representative	[\$95]	<u>\$100</u>
Series 23	General Securities Principal Sales Supervisor Module	[\$95]	<u>\$100</u>
Series 24	General Securities Principal	[\$115]	<u>\$120</u>
Series 26	Investment Company Products/Variable Contracts Principal	[\$95]	<u>\$100</u>
Series 27	Financial and Operations Principal	[\$115]	<u>\$120</u>
Series 28	Introducing Broker-Dealer Financial and Operations Principal	[\$95]	<u>\$100</u>
Series 37	Canada Module of S7 (Options Required)	[\$175]	<u>\$185</u>
Series 38	Canada Module of S7 (No Options Required)	[\$175]	<u>\$185</u>

Series 39	Direct Participation Programs Principal	[\$90]	<u>\$95</u>
Series 42	Registered Options Representative	[\$70]	<u>\$75</u>
Series 51	Municipal Fund Securities Limited Principal	[\$95]	<u>\$105</u>
Series 52	Municipal Securities Representative	[\$120]	<u>\$130</u>
Series 53	Municipal Securities Principal	[\$105]	<u>\$115</u>
Series 55	Limited Representative – Equity Trader	[\$105]	<u>\$110</u>
Series 62	Corporate Securities Limited Representative	[\$90]	<u>\$95</u>
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Series 82	Limited Representative – Private Securities Offering	[\$90]	<u>\$95</u>
Series 86	Research Analyst – Analysis	[\$175]	<u>\$185</u>
Series 87	Research Analyst – Regulatory	[\$125]	<u>\$130</u>
Series 99	Operations Professional	[\$125]	<u>\$130</u>

(1) through (4) No Change.

(d) through (i) No Change.

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