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By Electronic Mail (pubcom@finra.org)

Marcia E. Asquith
Senior Vice President and Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: Regulatory Notice 15-20 Qualification Examinations Restructuring

Dear Ms. Asquith:

Lincoln Financial Distributors, Inc. (LFD) and Lincoln Financial Network (LFN)¹ are submitting this comment letter in response to FINRA Regulatory Notice 15-20, *Qualification Examinations Restructuring: FINRA Requests Comment on a Concept Proposal to Restructure the Representative-Level Qualification Examination Program* (Proposal). LFD is Lincoln's wholesale broker-dealer which sells Lincoln manufactured products, including annuities, individual and group life insurance, and retirement plans, to other financial institutions and broker-dealers. LFD has over 1,300 registered representatives, the majority of whom maintain a FINRA Series 6 (*Investment Company and Variable Contracts Products Representative*).

LFN is the retail wealth management arm of Lincoln Financial Group (Lincoln) and maintains an open-architecture affiliation with over 8,200 financial advisors, which include registered representatives, investment advisor representatives, insurance brokers and agents. LFN is the marketing name for Lincoln's two dually-registered broker-dealers/investment adviser entities. These broker-dealer entities do not have institutional divisions that provide investment banking, equity/fixed income trading, public finance or research. In total, LFN has more than 3,500 registered representatives, the majority of whom are independent contractors providing advice and comprehensive financial planning services to retail investors.

Regulatory Notice 15-20 proposes to restructure the current representative-level qualification examination program into a two-examination format: (1) a generalized Securities Industry Essentials Examination or "SIE" and (2) a specialized knowledge examination to reflect the registered individual's particular role. The Proposal would also eliminate certain registration categories and their required examinations (e.g., Series 11, Series 42 and Series 62). Finally, the Proposal would allow a member of the public (i.e., someone who is not an associated person of a member firm) to take the SIE examination.

LFD and LFN supports FINRA's goals of (1) making the examination program more efficient, (2) reducing redundancy of subject matter content across examinations, (3) simplifying the qualification

¹ Lincoln Financial Network (LFN) is the marketing name for Lincoln Financial Group's (Lincoln) two dually-registered broker-dealers/investment adviser entities: Lincoln Financial Advisors Corp. and Lincoln Financial Securities Corp. LFN is an affiliate of Lincoln Financial Group, the marketing name for Lincoln National Corporation (LNC), whose other affiliated companies act as issuers of insurance, annuities, retirement plans and individual account products and services, including but are not limited to, The Lincoln National Life Insurance Company ("LNL"); Lincoln Life and Annuity Company of New York ("LLANY") and Lincoln Financial Distributors, Inc. ("LFD").

examination requirements, (4) eliminating outdated registration and examination requirements and (5) increasing the pool of potential employee candidates. In the Proposal, FINRA asked member firms to answer a number of specific questions. Please consider the content below to be LFD's and LFN's responses to FINRA's questions.

1. Does moving to this type of structure make sense? Would it help member firms better manage and develop individuals?

It is unclear whether moving to this type of structure will truly achieve FINRA's goals of eliminating redundancy and increasing efficiency. The core FINRA licenses are the Series 6 (Investment Company and Variable Contracts Products Representative Qualification Examination) and Series 7 (General Securities Representative Qualification Examination). We believe FINRA should analyze how many registered representatives holding these core licenses also hold other specialized licenses. If the majority of registered representatives do not hold other specialized licenses (e.g., Investment Banking Representative Examination or Equity Trader Examination), we would encourage FINRA to evaluate whether there truly is redundancy in many of the examinations and whether a two-step examination process is the more efficient approach. Indeed, moving to a two-step examination process for registered representatives of limited-purpose broker-dealers (like wholesaling broker-dealers) or broker-dealers that specialize in selling investment company and variable insurance products would actually seem more complicated and inefficient.

While there may be downside to this structure, allowing members of the public to take a FINRA examination is progressive and may increase the pool of potential candidates for employment. This could be a positive result for the industry. However, we encourage FINRA to evaluate whether the investing public could be at risk if individuals who are not associated with member firms begin to hold themselves out as "qualified" to advise retail investors because they have passed the SIE examination. FINRA has worked diligently over the last decade to educate retail investors on investment scams and individuals who market themselves to the public with sham credentials and certifications. FINRA should evaluate what additional controls may be necessary to protect the investing public from individuals who might use a FINRA-endorsed examination qualification to improperly solicit potential retail investors.

2. Do you consider the content listed in the sample content outline to be common knowledge?

We agree with FINRA's assessment that securities industry has become increasingly complex and sophisticated over the past 30 years and that a broad knowledge of the fundamental concepts and rules of the securities industry are necessary for registered individuals. FINRA has suggested that the SIE should assess "basic product knowledge" and would cover a broad range of industry content. FINRA anticipates that the SIE would include between 75-100 questions.

The content outline attached to the Proposal is incredibly broad and complex. There are almost 200 bullet points and sub-bullet points of topics to be included in the SIE, yet the SIE examination itself is limited to between 75 and 100 questions. Indeed, the breadth of these topics is far greater than topics covered by the Series 6 or Series 99 examinations. We do not consider many of these topics "common knowledge" of non-selling registered representatives who have limited, operational or home-office roles or for individuals that do not work at a full-service broker-dealer with both private client group and capital markets divisions. For example, many of the employees and registered individuals within LFD simply know and understand the variable insurance space. They would have no reason to learn even basic information about securities borrowing/lending or federal margin requirements because they are associated persons of a limited purpose broker-dealer which does not maintain retail client accounts. As such, we would encourage FINRA to develop a SIE that focuses more on higher level topics common to all broker-dealers, not just full-service broker-dealers that maintain retail accounts.

Alternatively, FINRA should not require individuals to take the SIE who normally would take simpler “specialized” examinations like the 6 or 99. Requiring the more complicated, broader SIE Examination for individuals needing only the Series 6 or 99 would undoubtedly deter some individuals from entering the industry, a result that runs counter to FINRA’s goal of increasing the pool of potential employee candidates.

3. Are there any other potential economic impacts of the proposal that need to be identified?

FINRA appears to have identified the potential economic impacts to FINRA of developing and administering new examinations. However, it does not appear that FINRA has identified the costs and economic impacts to individuals or to member firms. A two-examination format will entail additional study materials and courses, which are not inexpensive. It will also require technological changes to administrative systems that are used to track the additional licensing requirements. While these costs are not quantifiable at this time, these costs should be part of FINRA’s cost-benefit analysis before the Proposal is finalized.

4. Are there more effective ways to achieve the proposal’s goal?

FINRA should consider whether modifying only the existing “specialized” examinations (e.g., Series 55 – Equity Trader Examination; Series 79 – Investment Banking Representative Examination; Series 86/87 – Research Analyst Examinations; and Series 99 – Operations Professional Examination) would be more efficient and cost-effective than modifying both the General Examinations (e.g., the Series 6 and Series 7) and the specialized examinations. Stated another way, FINRA may be able to eliminate the redundancy and increase efficiencies by simply modifying some of the current examinations, rather than adding an additional examination and modifying all current examinations.

We would encourage FINRA to consider these issues as it moves towards finalizing the Proposal. If you have any questions, please do not hesitate to contact me at 484.583.1413 or carrie.chelko@lfg.com.

Respectfully Submitted,



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