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By electronic mail to pubcom@finra.org

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

**Re: FINRA Regulatory Notice 21-17
Diversity and Inclusion**

July 1, 2021

Ladies and gentlemen:

Introduction

I am an advisor to the securities industry. I am lucky to have spent almost a quarter century advising FINRA members, and the securities industry more generally. In that connection I have assisted with the formation and registration of member firms, and with various aspects of the hiring process at member firms. I can attest to how important diversity and inclusion is to the industry, and I applaud FINRA's leadership in this area.

I am writing this note in my personal capacity, and not on behalf of any organization with which I work, to raise one issue that I have seen act as a barrier to diversity and inclusion in the industry: licensing examinations.

The issue: the regulatory structure of the licensing examination program creates barriers to entry and mobility for underrepresented people

As a general matter, my experience has been that the proliferation of licensing examinations in the industry has been a barrier to diversity and inclusion, especially in the hiring of firm personnel.

Among other things, the proliferation of licensing examinations ensures that only those who are already associated with member firms, or who have worked in the industry recently, are qualified (from a licensing perspective) for core industry positions. This has the effect of making it more difficult for younger people, and for people who are underrepresented in the industry, to get hired, especially at the outset of their careers. The proliferation of different, specialized examinations has also created barriers to entry (into new areas) and mobility within the industry.

Four ideas for improvement

I would therefore respectfully suggest that the following changes might be considered as a means to reduce barriers to entry into the industry, and barriers to hiring and mobility within the industry that have in my experience disproportionately impacted people underrepresented in the industry.

- First, and most important, the restriction on licensing examinations that only permits associated persons of member firms to sit for such examinations should be lifted. That a person can now take the Securities Industry Essentials (SIE) examination without association with a member firm is a good start, but the single greatest step that can be taken by FINRA to reduce barriers to entry for underrepresented groups is to allow anyone to sit for any examination without requiring association with a member firm (subject of course to completion of pre-requisite examinations).
- Second, the proliferation of examinations means that individuals who are qualified for one position may not be qualified for another position because of licensing requirements. Both when starting out in the industry, and when trying to move within the industry, people find that they need to take a new examination, or that they need to take multiple examinations. FINRA should consider creating a single examination that will allow people to serve in various different representative and/or principal capacities. For example, a single examination that would permit a person to act as a general securities representative, and as an investment banking representative, would reduce barriers to entry, particularly at smaller firms where people may play broader roles. Similarly, an examination that combined the general securities representative, principal trading, options, and futures licenses would also serve to reduce barriers to mobility within the industry.
- Third, FINRA should work with NASAA to create a waiver for the state level Series 63 examination, and/or to fold the series 63 examination into a General Securities Representative's (SIE or Series 7) examination. Again, the requirement to take a separate, state level examination, separate and apart from as many as three or even four other examinations (depending on the applicable role(s)), often serves as a barrier to entry into the industry, particularly for underrepresented groups. In this regard I have had the benefit of reading NASAA's comment letter regarding this Regulatory Notice 21-17, and NASAA appears eager to collaborate with FINRA on steps that will reduce barriers to industry representation of underrepresented groups. This is such a step.
- Fourth, fees for examinations should be eliminated, reduced, or deferred — my preferences in that order — for individuals who take licensing examinations without being associated with a member firm.

I have seen firsthand the industry's commitment to diversity and inclusion, and I hope and expect that the industry will be increasingly more diverse, and increasingly inclusive, in the future.

While other issues that have been raised by others are similarly important, I raise the single issue of examinations in the hope that we can take steps to expedite increased industry participation by younger people, and by traditionally underrepresented groups. I believe the ideas presented here are both relatively simple to implement and would quickly bear fruit.

Thank you for your consideration of these ideas. I am as always eager and happy to discuss at any time.

Thanks and regards,

Russell D. Sacks