

VIA ELECTRONIC MAIL

July 8, 2015

Elizabeth Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: FINRA's Proposed Rule Change to Provide Web-based Method for Completing
Regulatory Element of the Continuing Education Requirements

Dear Ms. Murphy,

On June 11th, the Financial Industry Regulatory Authority (FINRA) filed with the SEC its request for public comment on a proposed amendment to FINRA Rule 1250.¹ The proposal would amend FINRA Rule 1250 to allow for web-based delivery of registered representative continuing education (CE). FINRA's proposal would further reduce the fees for broker-dealers from \$100 to \$55 per CE session.²

The Financial Services Institute³ (FSI) appreciates the opportunity to comment on this important proposal. The proposal successfully updates FINRA's CE requirements while also removing unnecessary burdens previously created by requiring registered representatives to complete these exams in-person at a testing center. However, FSI would like to ensure that FSI firm members will continue to have access to CE test results through FINRA's Firm Gateway. These CE test results help FSI member firms inform their Firm Element training each year. FSI applauds FINRA for the significant improvement it proposes to its CE requirements.

Background on FSI Members

The independent financial services community has been an important and active part of the lives of American investors for more than 40 years. In the U.S., there are approximately 167,000 independent financial advisors, which account for approximately 64.5% percent of all producing registered representatives. These financial advisors are self-employed independent contractors, rather than employees of Independent Broker-Dealers (IBD).

¹ Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, available at, http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2015-015.pdf

² *Id.*

³ The Financial Services Institute (FSI) is an advocacy association comprised of members from the independent financial services industry, and is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has been working to create a healthier regulatory environment for these members so they can provide affordable, objective financial advice to hard-working Main Street Americans.

FSI member firms provide business support to financial advisors in addition to supervising their business practices and arranging for the execution and clearing of customer transactions. Independent financial advisors are small-business owners who typically have strong ties to their communities and know their clients personally. These financial advisors provide comprehensive and affordable financial services that help millions of individuals, families, small businesses, associations, organizations and retirement plans with financial education, planning, implementation, and investment monitoring. Due to their unique business model, FSI member firms and their affiliated financial advisors are especially well positioned to provide middle-class Americans with the financial advice, products, and services necessary to achieve their investment goals.

Discussion

FSI appreciates the opportunity to comment on this significant and necessary proposal. FSI commends FINRA for these proposed changes and strongly endorses the web-based delivery of CE courses on the internet and the reduction in fees. FSI suggests some additional considerations related to the proposal. Our comments and suggestions are discussed in greater detail below.

I. FSI Applauds FINRA's Proposal for Establishing Flexibility for Registered Persons

A. Introduction

FSI commends FINRA for responding to the needs and requests of its members to update its CE delivery system and provide flexibility to registered representatives. FSI also commends FINRA for the cost reduction measures contained in the proposal which lowers fees significantly from \$100 per session to \$55 per session. In addition to these improvements, FSI provides suggestions regarding the availability of CE information.

B. FINRA's Proposal Provides Immense Flexibility to Registered Persons, Benefitting their Business and Clients

FINRA's proposal would transition FINRA's CE programs to a fully web-based platform by January 4, 2016.⁴ The web-based system would allow registered representatives to complete their CE training at any time during a 120-day window.⁵ The online format also enables FINRA to update content on a nearly real-time basis. We note the proposal impacts only the delivery of the CE and does not impact that content of the material.

FINRA's proposal provides flexibility to registered individuals. FINRA acknowledged concerns from the industry about the travel and time registered representatives spent away from the office completing CE requirements at a testing center.⁶ By shifting to a web-based delivery system, FINRA has removed the need for registered representatives to spend considerable time outside of the office traveling to a testing center to complete their CE requirements. Allowing registered representatives to complete their continuing education requirements at a location of their choosing,

⁴ Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, available at, http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2015-015.pdf

⁵ *Id.*

⁶ *Id.*

including their office or home, enables them to spend more time at their offices servicing their clients.

Further, FINRA's proposal brings its CE system into the modern technological era. As registered persons and clients begin to migrate more of their lives online, FINRA's proposal would match the current demands found in all aspects of a registered representative's life. This online system also puts FINRA's CE requirements at the forefront of providing current and easily accessible information to its registered representatives. FINRA should be applauded for proposing this flexible and updated approach.

C. Access to Continuing Education Information.

In addition to a broker-dealer's internal training programs, FINRA's CE training program remains an important tool for providing ongoing training to registered representatives on emerging industry trends. As FINRA states in its proposal, its CE training is "designed to keep covered registered persons current regarding securities products, services and strategies offered by [their firm]."⁷ FINRA's CE requirement ensures registered representatives are consistently informed of products and services and are in the best position to service their clients' needs.

In addition to educating their registered representatives, FSI members often use CE testing information to help inform and guide their annual training programs. Specifically, FSI members use CE test results to identify areas where their registered representatives require additional training and education. FSI members then tailor their training and educational seminars at their annual compliance meeting around these identified areas. Therefore, FSI would request that CE training data and test results remain available to firms. FSI believes that furnishing this information to firms will enable them to provide continuing education to registered representatives in areas FINRA has already identified as essential and where additional training may be warranted.

Conclusion

FSI applauds FINRA on this proposal, which brings FINRA's CE system into the 21st century and provides a major benefit to all registered representatives. By enabling representatives to take their CE requirements online, FINRA is enabling registered representatives to spend more time focusing on their business and clients. Finally, FSI commends FINRA for listening and responding to the suggestions of their members. FSI is committed to constructive engagement in the regulatory process and welcomes the opportunity to work with FINRA on this and other important regulatory efforts

⁷ Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements, available at, http://www.finra.org/sites/default/files/rule_filing_file/SR-FINRA-2015-015.pdf

Thank you for considering FSI's comments. Should you have any questions, please contact me at (202) 803-6061.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" followed by "Bellaire".

David T. Bellaire, Esq.
Executive Vice President & General Counsel