



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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July 14, 2021

Submitted By SEC Webform (<https://www.sec.gov/cgi-bin/ruling-comments>)

J. Matthew DeLesDernier
Assistant Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Release No. 34-92183, File No. SR-FINRA-2021-015: Notice of Filing of a Proposed Rule Change to Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)

Dear Mr. DeLesDernier:

On behalf of the North American Securities Administrators Association, Inc. (“NASAA”),¹ I am writing in response to U.S. Securities and Exchange Commission Release No. 34-92183, File No. SR-FINRA-2021-015: *Notice of Filing of a Proposed Rule Change to Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)* (the “Proposal”).²

NASAA wrote in its comment letter in response to Financial Industry Regulatory Authority (“FINRA”) Regulatory Notice 20-05,³ that we generally supported FINRA’s proposed enhancements to the Regulatory and Firm Elements of its continuing education program, including the transition to an annual Regulatory Element requirement, the expansion of the Firm Element to including other training requirements,⁴ and the development of a catalog of continuing education content. NASAA supports those aspects of the Proposal as well.

¹ Organized in 1919, NASAA is the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico, Puerto Rico, and the U.S. Virgin Islands. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

² The Proposal is available at <https://www.sec.gov/rules/sro/finra/2021/34-92183.pdf>.

³ See Letter from Christopher Gerold, NASAA President, to Jennifer Piorko Mitchell, FINRA Office of the Corporate Secretary, *Re: Regulatory Notice 20-05, Continuing Education Program Transformation* (June 30, 2020) (“20-05 Comment Letter”), available at <https://www.nasaa.org/wp-content/uploads/2020/06/NASAA-Comment-Letter-re-Finra-Reg-Notice-20-05.pdf>.

⁴ Although we expressed reservations in our 20-05 Comment Letter about limiting the expansion of Firm Element training requirements to anti-money laundering (“AML”) compliance programs and annual compliance meetings (“ACM”), which is now proposed as Rule 1240(b)(2)(D), the proposed inclusion of the language “topics

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On the other hand, NASAA expressed reservations with FINRA's proposal to allow registered individuals to maintain their qualifications for up to seven years by remaining current on their continuing education requirements. While we wrote that "the desire to structure a CE program that can help accommodate life's changes is a laudable goal worthy of serious consideration," we noted that FINRA's divergence from the general requirement among states to allow qualifications to remain current for two years following termination could undermine efficiencies in qualification and registration that currently exist.⁵ We accordingly stated that FINRA should revise its proposal in a way that preserves the existing efficiency and coordination, and we committed to work with our members to determine whether a consensus existed or could be reached regarding an appropriate timeframe for requalification without examination for persons who meet continuing education requirements.⁶

Following discussions of the matter with FINRA staff and internally among our members, NASAA has determined that it can support the five-year maintenance period included in the Proposal. NASAA appreciates the time and consideration that FINRA devoted to understanding our views and working to reach a position of consensus. While NASAA will work with its members to facilitate changes to state licensing and registration procedures where needed, we caution that it will take time for state securities regulators to make changes to their regulations. Further, while we are optimistic that many states will revise existing regulations to align with FINRA's proposed expanded timeframe, this may not be the case for every state. Therefore, if the Proposal is adopted, we request that FINRA enhance the Central Registration Depository to allow states that have not revised existing regulations to efficiently handle registration applications of persons who maintain their qualifications beyond two years.⁷

Thank you for considering these views. Should you have questions, please contact either the undersigned or NASAA's General Counsel, Vince Martinez, at (202) 737-0900.

Sincerely,



Lisa Hopkins
NASAA President
General Counsel and Senior Deputy
Commissioner of Securities, West Virginia

related to the role, activities or responsibilities of the registered person" in Rule 1240(b)(2)(B), along with the requirement under Rule 1240(b)(2)(A) that members must develop written training plans that are evaluated annually, mitigates concerns that AML and ACM trainings will be substituted for tailored training requirements).

⁵ 20-05 Comment Letter at 3-4.

⁶ *Id.* at 4.

⁷ FINRA has stated that it will "work with NASAA and state regulators to provide for an appropriate process and system support to allow states to track and process registration requests for individuals operating under the two- or five-year examination provisions." Proposal at 40.