



## VIA ELECTRONIC MAIL

July 22, 2022

NASAA Corporate Office ([nasaacomment@nasaa.org](mailto:nasaacomment@nasaa.org))

### Re: Proposed NASAA Model Rules to Extend the Validity Periods of Certain Examinations

Dear CRD/IARD Steering Committee:

On June 22, 2022, the CRD/IARD Steering Committee (“Committee”) of the North American Securities Administrators Association (“NASAA”) released a Request for Public Comment Regarding Proposed NASAA Model Rules to Extend the Validity Periods of Certain Examinations.<sup>1</sup>

The proposed model rules would extend the validity periods of certain examinations to align with recent changes to the Financial Industry Regulatory Authority (“FINRA”) Rule 1240, relating to continuing education requirements implementing FINRA’s Maintaining Qualifications Program (“MQP”).

The Financial Services Institute (“FSI”) supports this important proposal and appreciates the opportunity to comment.

#### **Background on FSI Members**

FSI 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 successfully promoted a more responsible regulatory environment for over 80 independent financial services firm members and their 130,000+ affiliated financial advisors – which comprise approximately 45% of all producing financial advisors. We effect change through involvement in FINRA governance as well as constructive engagement in the regulatory and legislative processes, working to create a healthier regulatory environment for our members so they can provide affordable, objective advice to hard-working Main Street Americans.<sup>2</sup>

#### **Discussion**

In May of 2021, FSI commented<sup>3</sup> on FINRA’s Regulatory Notice 20-05 Continuing Education Program Transformation, generally supporting the proposal and the goals of the Proposed Rules and how they provided for the “additional benefits of being responsive to

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<sup>1</sup> Request for Public Comment Regarding Proposed NASAA Model Rules to Extend the Validity Periods of Certain Examinations <https://www.nasaa.org/wp-content/uploads/2022/06/2022-06-22-FINAL-Request-for-Public-Comment-Exam-Validity-Model-Rules.pdf>

<sup>2</sup> For more information, please visit [financialservices.org](https://www.financialservices.org)

<sup>3</sup> [https://www.finra.org/sites/default/files/2020-05/20-05\\_FSI\\_comment.pdf](https://www.finra.org/sites/default/files/2020-05/20-05_FSI_comment.pdf)

changing demographics and needs of those entering the industry as well as evolving investor demands and goals.”

Specifically, FSI supported FINRA’s proposal allowing previously registered individuals to maintain their qualification for their terminated registration categories by participating in an annual continuing education program. Further, we recognized the importance of FINRA coordinating with the states noting that “Without maintaining registration at the state-level, permitting a previously-registered representative or principal registration category to maintain their qualification for a terminated registration category may be ineffectual.”

FSI is pleased that the Committee is proposing model rules to extend the validity periods of broker-dealer agent examinations to align with FINRA Rule 1240 which implements FINRA’s MQP. Aligning state requirements with FINRA is a necessary step to truly effectuating the MQP and its goals.

Generally, a broker-dealer agent or investment adviser representative applicant must pass qualification examinations within two years of the date of application for registration. By allowing previously-registered broker-dealer agents an extended window of up to five years, subject to certain conditions, NASAA would be adapting its policies to reflect demographic trends and the growing desire and need for personal and professional flexibility.

Importantly, the proposal recognizes and adapts to current and future needs without compromising investor protection. To avail oneself of the five-year window, a broker-dealer agent would need to register under FINRA’s MQP and NASAA’s Exam Validity Extension Program (“EVEP”). Moreover, the applicant will have had to kept current with continuing education requirements throughout the period when they were not registered.

The proposal notes that NASAA’s EVEP would be created in conjunction with membership approval of the model rule for state adoption. In the absence of detail, FSI cannot comment on this aspect of the proposal. We would encourage NASAA to ensure that the EVEP is as administratively simple as possible, consistent with its purpose, and to the extent possible avoid unnecessary duplication of, or overlap with, FINRA’s MQP.

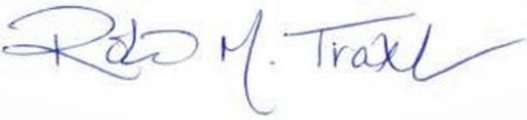
Lastly, the proposal notes that investment adviser representative exam validity extension “would need to be the subject of a separate model rule effort, which is currently under consideration.” FSI supports NASAA’s efforts to bring the investment adviser representative exam validity extension in line with the broker-dealer agent provisions and we encourage swift movement towards that goal.

### **Conclusion**

For the foregoing reasons, FSI supports Proposed NASAA Model Rules to Extend the Validity Periods of Certain Examinations.

We appreciate the opportunity to provide FSI’s perspective and thank you for considering our comments. Should you have any questions, please contact my colleague Dan Barry at (202) 517-6464, or [dan.barry@financialservices.org](mailto:dan.barry@financialservices.org).

Respectfully submitted,

A handwritten signature in blue ink that reads "Robin M. Traxler". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robin Traxler  
Senior Vice President, Policy & Deputy General Counsel

Cc: Andrew Hartnett  
CRD/IARD Steering Committee Chair  
([andrew.hartnett@iid.iowa.gov](mailto:andrew.hartnett@iid.iowa.gov))