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Executive Vice President
and Chief Legal Officer

July 22, 2022

VIA EMAIL to: (NASAAComments@nasaa.org)

Mr. Andrew Hartnett
CRD/IARD Steering Committee Chair
North American Securities Administrators Association, Inc.
750 First Street, NE, Suite 1140
Washington, DC 20002

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

Dear Mr. Hartnett:

The Financial Industry Regulatory Authority (“FINRA”) appreciates the opportunity to comment on the North American Securities Administrators Association, Inc.’s (“NASAA’s”) *Notice of Request for Public Comment regarding Proposed Model Rules to Extend the Validity Period of Certain Examinations* (“Proposed Model Rules”).¹ FINRA fully supports the Proposed Model Rules. FINRA believes that the Proposed Model Rules, including the proposed Exam Validity Extension Program (“EVEP”), will enhance the ability of individuals to maintain their qualifications and further align the requirements relating to examination validity. In addition, FINRA believes that the Proposed Model Rules, along with FINRA’s Maintaining Qualifications Program (“MQP”), will reduce unnecessary impediments to requalification and promote greater diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

As part of our mission to protect investors and ensure market integrity, FINRA administers the largest securities registration and examination program in the United States. FINRA recently adopted important changes to its registration and continuing education (“CE”) rules.² The changes include a new CE program, the MQP, which provides a path for previously registered

¹ FINRA oversees the broker-dealer industry – approximately 3,400 broker-dealers that conduct business with the investing public in the United States, and the approximately 617,000 registered individuals that they collectively employ. Overseen by the Securities and Exchange Commission, FINRA writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel, offers them education and training and informs the investing public.

² See *Regulatory Notice* 21-41 (November 17, 2021).

individuals to maintain their qualification through CE, accommodating registered persons, particularly women and underrepresented minorities, whose personal circumstances take them away from the industry for a time.

FINRA's MQP

FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements) currently provide eligible individuals who terminate a representative or principal registration category, including a permissive registration category under Rule 1210.02, the option of maintaining their qualification for the terminated registration category beyond the current two-year qualification period by completing annual CE through the MQP.³ Eligible individuals who elect not to participate in the MQP could continue to avail themselves of the two-year qualification period (*i.e.*, they could reregister within two years of terminating a registration category without having to requalify by examination or having to obtain an examination waiver). MQP participants will have a maximum of five years following the termination of a representative or principal registration category to reregister without having to requalify by examination or having to obtain an examination waiver, subject to satisfying the specified conditions of the MQP.

NASAA's EVEP

The Proposed Model Rules, among other things, provide exceptions to the two-year qualification period under state requirements for an individual who has not been registered as an agent in any state for a period of between two and five years, provided that the individual has complied with the requirements of the MQP and has opted into the proposed EVEP.

For example, under the Proposed Model Rules, an individual who holds a FINRA sales representative registration and a state agent registration and meets the eligibility and participation requirements for the MQP and EVEP, would be able to terminate their registrations, enroll in the MQP and EVEP, and maintain their Securities Industry Essentials (SIE), General Securities Representative (Series 7) and Uniform Securities Agent State Law (Series 63) qualifications for up to five years. Upon returning to the industry, the individual would be able to reregister for the sales representative and state agent registrations without having to requalify or obtain a waiver of the examinations.

FINRA's Support for the Proposed Model Rules

FINRA commends the NASAA CRD/IARD Steering Committee for their work on the Proposed Model Rules. FINRA believes the adoption of the model rules will help reduce confusion regarding registration requirements among industry participants and investors alike. As noted above, we believe that the Proposed Model Rules, along with FINRA's MQP, will enhance

³ These rule changes became effective on March 15, 2022. The two-year qualification period refers to the requirement that individuals requalify by examination if they have not reregistered within two years after their registrations have been terminated. This requirement was adopted prior to the creation of the CE program and was intended to ensure that individuals who reregister are relatively current on their regulatory and securities knowledge.

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diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals. Significantly, the Proposed Model Rules will be of particular value to women, who continue to be the primary caregivers for children and aging family members and, as a result, are likely to be absent from the industry for longer periods. In addition, the Proposed Model Rules will provide longer-term relief for women, individuals with low incomes and other populations, including older workers, who are at a higher risk of a job loss during certain economic downturns and who are likely to remain unemployed for longer periods.

FINRA appreciates the opportunity to share our support and comments with the NASAA CRD/IARD Steering Committee. We look forward to engaging with NASAA in these efforts to address the changes around exam validity across the financial services industry. We will also engage with NASAA to address any potential impacts to systems and processes resulting from the adoption of the model rules, including the EVEP. Should you have any questions or wish further to discuss FINRA's views, please contact Derek Linden, Executive Vice President for Credentialing, Registration, Education and Disclosure, FINRA at derek.linden@finra.org or 240-386-4744.

Very truly yours,



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