

MEMO# 29194

July 24, 2015

ICI Files Comment Letter with FINRA on Its Proposal to Restructure Its Qualification Examinations

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TO: BROKER/DEALER ADVISORY COMMITTEE No. 36-15
PRINCIPAL UNDERWRITERS WORKING GROUP RE: ICI FILES COMMENT LETTER WITH FINRA
ON ITS PROPOSAL TO RESTRUCTURE ITS QUALIFICATION EXAMINATIONS

As we previously informed you, in May, FINRA published a notice seeking comment on a concept proposal to eliminate its current examination format and replace it with a brand new format that would require a representative to pass at least two examinations prior to acting in the capacity of a registered representative. [*] These two examinations would consist of a Securities Industry Essentials (“SIE”) exam and a specialized knowledge examination that would consist of content specific to the registration category or job function to be held by the representative. Importantly, the SIE exam can be taken by any person without regard to association with a FINRA member. The specialized examinations can only be taken by persons associated with a FINRA member.

The Institute has filed the attached comment letter with FINRA supporting the proposal. According to the letter, the new format should result in a more efficient structure and obviate the need for representatives to repeatedly demonstrate their general securities knowledge each time they take a new examination. Our letter recommends that, as FINRA implements this new examination format, it consider two issues. First, we recommend that, to the extent practicable, the pricing for this new bi-furcated examination format not exceed the fees currently charged in connection with examinations. Second, the Institute recommends that FINRA take special precautions to ensure that persons who are not associated with a FINRA member who take the SIE exam do not hold themselves out to the public as having passed the examination. The Institute is concerned that, in the absence of such special precautions, persons who never become associated with a FINRA member (e.g., persons who sell insurance under state law but never associate with a FINRA member) might tout passage of FINRA’s general knowledge examination to customers and potential customers as evidencing their competency or business acumen. Currently there would appear to be nothing in FINRA’s Code of Conduct prohibiting such representations.

Tamara K. Salmon
Associate General Counsel

[Attachment](#)

endnotes

[*] See Institute Memorandum No. [29053](#) (June 4, 2015), which summarized FINRA Notice No. 15-20 (May 2105) and included a link to it.

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