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# FINRA Proposes Revamp of Securities Exam Regime

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## Unaffiliated Individuals Can Now Sit for Exams

The Financial Industry Regulatory Authority (the "FINRA") announced yesterday that it has filed a proposal with the Securities and Exchange Commission (the "SEC") to streamline competency exams and facilitate opportunities for professionals seeking to enter or re-enter the securities industry.

The proposal revises the current exam structure to eliminate duplicative testing and barriers to obtaining and maintaining qualifications. The proposal is designed to give individuals seeking to enter the securities industry the opportunity to demonstrate a fundamental knowledge of regulatory requirements prior to joining a firm, potentially providing firms a larger pool of qualified candidates, while maintaining important standards and investor protections.

FINRA currently requires individuals to be employed by a FINRA-regulated firm in order to sit for qualification exams.

Another feature of the proposal is to permit individuals who transfer to a financial services affiliate of a firm to reinstate their credentials should they return to the industry within a seven-year period and meet other requirements.

Specifically, the proposal requires that:

- Representative-level registrants will take the Securities Industry Essentials exam (the "SIE") and then choose tailored, specialized knowledge exams for their desired registered role. This will eliminate duplicative testing of general securities knowledge on exams.
- Contrary to current FINRA rules, individuals who do not work for a FINRA-regulated firm, including members of the general public, may take the SIE.
- Individuals in good standing who transfer to a financial services affiliate

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of a firm can return within seven years without re-taking their qualification exams, provided they complete securities industry continuing education and have no disclosable adverse events. Currently, an individual's registration would expire two years after transferring to such an affiliate, requiring the exam to be taken again to be reinstated.

- Any individual associated with a firm may obtain and maintain any qualification and registration permitted by the firm. This change will help firms better manage unanticipated needs for registered personnel by allowing them to maintain a roster of registered employees available to meet those needs.

The SEC will review the proposal for compliance with the requirements of the Securities Exchange Act of 1934. SEC staff may request changes or amendments to the proposal. The SEC then publishes the proposal for comment in the Federal Register. In general, the comment period is open for 21 days following publication.

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