

What you Need to Know about FINRA's CE Proposal

March 31, 2020



In February 2020 FINRA published Regulatory Notice 20-05 requesting comments to their proposal to enhance continuing education requirements for securities industry professionals. The proposal seeks to accomplish 3 primary matters:

1. Transition to an annual continuing education requirement
2. Provide firms flexibility and resources to supplement and enhance their training programs
3. Allow individuals to maintain registration beyond the current 2-year time frame.

While most representatives may not see an upside to moving to more a frequent training requirement, the proposal would align all training obligations and may eliminate some confusion for representatives that receive multiple notices regarding continuing education requirements. Additionally, it is anticipated that member firms will benefit from regulatory guidance and assistance the notice contemplates.

For most, the greatest consideration of the notice is FINRA's proposal to align existing license requirements with other industry license boards, such as insurance brokers, health care workers or lawyers that mandate educational requirements to ensure that licenses are current and do not lapse.

FINRA acknowledges that that there are many reasons that registered representatives terminate registration with a broker-dealer, including career change, life events or organizational restructuring. As such they are proposing to establish a continuing education program that

would permit representatives to maintain their qualifications for a period of longer than 2 years.

Key elements of this part of the proposal include the following:

1. Individuals would be required to have had the license for a minimum of 1 year prior to termination
2. Individuals must "opt-in" at the time of termination or anytime within the 2 year window after termination
3. Individuals that are statutory disqualified or have been terminated for more than two years are not eligible to participate
4. Enrollment in the program would extend the qualifications for a period of up to 7 years
5. Individuals that opt in would be required to complete a combination of an annual Regulatory Element aligned with their qualifications and an element that would be assigned by FINRA that would be consistent with existing Firm Element requirements.

While the proposal has not been finalized, we believe that the contemplated changes will be seen as a welcome shift for representatives and FINRA member firms by allowing an easier reentry into the industry and shortened time frames for qualified professionals to commence activities requiring FINRA qualifications.

In preparation for the anticipated changes, representatives that do not have an active FINRA Financial Professional Gateway a/k/a FinPro profile should create one. A FinPro profile will be an important initial step in for preparing for FINRA's current CE transformation proposal, which as discussed will among other matters enable previously registered individuals to maintain FINRA license qualifications through completion of a continuing education program.

FinPro is a secure system for all current and former FINRA licensed financial professionals that offers real-time, 24/7 access to representative's industry record. As of March 2020, roughly, 120,000 of the current 625,000 registered representatives and 18,000 former registered representatives have created user accounts.

FinPro users can:

1. Access and Review their registration information including
 - a. Current State Registrations
 - b. Employment History
 - c. Qualification Exams passed
 - d. Continuing Education Anniversary Date
2. Disclosures
3. Link to Continuing Education Training
4. Link to Prometric Testing website to schedule examinations for any

open test windows

5. Print a snapshot of registration information
6. Access historically termination filings, Form U5
7. Update and maintain personal profile, including personal email address and phone number

Previously registered individuals can view their registration history, update contact information as needed and access prior U5 filings.

**Securities professionals who do not possess a US SSN or have a CRD number are not currently able to create a FinPro account.*

FINRA anticipates adding additional functionality to introduce efficiencies and streamline communications to potentially include registered representative attestations, electronic signature capabilities, sole method for delivery Form U5 termination filings and other real time updates, including representative edits for address changes.

For more information or to create an account visit
<https://www.finra.org/registration-exams-ce/finpro>

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