



PFS Investments Inc.

1 Primerica Parkway
Duluth, Georgia 30099-0001
Member FINRA

Via Electronic Mail

July 27, 2015

Marcia E. Asquith
Office of the Corporate Secretary
FINRA
1735 K Street, NW
Washington, DC 20006-1506

RE: FINRA Regulatory Notice 15-20

Dear Ms. Asquith:

PFS Investments Inc. (PFSI) appreciates the opportunity to provide FINRA with input regarding Regulatory Notice 15-20. PFSI supports FINRA's efforts to modernize the examination program. We note, however, that the proposed restructuring marks a significant change from FINRA's current examination program. To ensure the transition occurs with minimal disruption, member firms must have sufficient time to plan for the new examinations. Below, PFSI has outlined a series of steps that could enhance the transition to the restructured examination program. It is our belief that these steps are in keeping with FINRA's mission and in the best interest of investors and member firms.

Overview

FINRA's examination program is the gateway through which individuals must pass to enter the industry. Accordingly, the purpose of the examination program is to ensure applicants are able to demonstrate competence and knowledge in the areas in which they desire to work. While ensuring the competence of applicants is critical, FINRA must guard against implementing the proposed changes in a manner that could result in negative unintended consequences. Specifically, if the transition is not managed well and certain issues involving cost and timing are not sufficiently resolved, it is possible the restructured examination program could create barriers to entry that are not relevant to the goal of assessing an applicant's competence. If this occurs, firms and applicants will be harmed and the investing public may suffer from reduced access to professional investment advice. To mitigate these concerns, PFSI urges FINRA to consider the following:

Firm Affiliation

PFSI strongly supports FINRA's decision to allow candidates who are not associated with a firm to take the Securities Industry Essentials examination.

Hold or Lower Examination Fees

Today candidates for Series 6 or Series 7 registration pay one fee. Under the proposal, candidates will take multiple exams and pay multiple fees. PFSI appreciates FINRA's commitment that fees will be "fair and reasonable". It is important that FINRA honor that commitment and resist the urge to turn examination fees into a profit center. Candidates should not have to pay more simply because the content has been split into separate exams.

Allow Same-Day Testing for SIE and Other Exams

Currently, a candidate can sit for two or more different exams on the same day, as long as separate appointments are scheduled. It is critical that candidates be allowed to continue this practice. For example, a candidate should be allowed to take the SIE and the Specialized Series 6 examination on the same day. The need to be able to sit for multiple exams on one day is a reflection of the interconnection between exam subjects and the way students prepare for the test. It is impossible to separate the subjects on the Series 6 exam from the subjects on the SIE and candidates should be able to test comprehensively on one day.

Reduce Waiting Periods

It is important that FINRA shorten the waiting periods between initial and subsequent attempts. If the tests are going to be broken down into shorter segments, the waiting periods should be shorter as well. Today a candidate must wait 30 days before retesting and six months after three failed attempts. These time periods make little sense given that the tests will now be more focused. PFSI recommends a seven-day waiting period and a three-month waiting period respectively.

Pass Rates

FINRA should use the restructuring of the examination program as an opportunity to begin providing access to basic pass rate information for each exam. Pass rate information should include the first time pass rate, overall pass rate and the success ratio for each examination. The information should be posted on the FINRA website and updated quarterly.

Reduce the Number of Test Questions

The current Series 6 examination, which includes many of the topics to be tested on the SIE, consists of 100 questions. Regulatory Notice 15-20 states that FINRA "anticipates the SIE would include between 75-100 questions." Creating an SIE exam that is as long as today's Series 6 exam represents a major expansion in the number of test questions dedicated to basic product knowledge and raises the question, why? It is important that the number of questions be driven by psychometric concerns and not merely a desire to have an exam that appears to be of sufficient length.

Delay Implementation Until 2017

The Regulatory Notice states that FINRA is considering introducing the new examinations as soon as the fourth quarter of 2016. PFSI urges FINRA to implement the new examinations no sooner than the third

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quarter of 2017 so that member firms and educational service providers have adequate time to prepare and adjust their training and onboarding practices.

Conclusion

PFSI supports FINRA's efforts to ensure that the examination program remains consistent with FINRA's mission and relevant to the industry. Nonetheless, PFSI urges FINRA to implement the restructured program in a manner that will avoid negative unintended consequences.

Again, PFSI appreciates the opportunity to comment on the proposal and welcomes the opportunity to engage in a continued dialogue with FINRA.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Michael Lesutis".

Michael Lesutis

Assistant General Counsel / Associate Vice President
PFS Investments Inc. | 1 Primerica Parkway | Duluth GA 30099-0001
T: 470.564.7920 | F: 470.564.7063