

Restructured Qualification Examinations and Related Examination Fees

Effective Date: October 1, 2018

Summary

Effective October 1, 2018, FINRA is restructuring its representative-level qualification examination program.¹ As part of this restructuring, FINRA has developed the Securities Industry Essentials™ (SIE™) examination and revised several of its representative-level qualification examinations. In addition, FINRA has (1) set the fee for the SIE examination; (2) revised the fees for the representative-level examinations that FINRA is retaining; and (3) revised the administration and delivery fee for the Municipal Securities Representative (Series 52) examination.²

The text of the amendments to Section 4(c) of Schedule A to the FINRA By-Laws relating to examination fees is set forth in Attachment A. The new and revised qualification examination fees will apply for examination requests made on or after October 1, 2018.

Questions regarding this *Notice* should be directed to:

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Background & Discussion

SIE Examination and FINRA Representative-Level Examinations

Effective October 1, 2018, FINRA is restructuring its representative-level qualification examination program. As part of the restructuring, FINRA has developed the SIE examination and revised nine of its existing representative-level examinations.³ The SIE examination will test knowledge regarding fundamental securities-related topics, including knowledge of basic products, the structure and function of the securities industry, the regulatory agencies and their functions and regulated and prohibited practices, whereas the revised representative-level qualification examinations will test knowledge relevant to broader day-to-day activities, responsibilities and job functions of representatives. FINRA has also eliminated seven representative-level examinations that have become outdated or have limited utility.⁴

September 6, 2018

Notice Type

- ▶ Rule Amendment

Suggested Routing

- ▶ Compliance
- ▶ Finance
- ▶ Operations
- ▶ Registered Representatives
- ▶ Registration
- ▶ Senior Management
- ▶ Training

Key Topics

- ▶ Qualification Examination Fees
- ▶ Representative-Level Examinations
- ▶ Securities Industry Essentials™ Examination

Referenced Rules and Notices

- ▶ Regulatory Notice 17-30
- ▶ Section 4(c) of Schedule A to the FINRA By-Laws

A previously unregistered individual who is applying for registration as a representative, for the first time on or after October 1, 2018, will be required to pass both the SIE examination and the appropriate revised representative-level examination for his or her particular registered role (or obtain a waiver of the examinations). This requirement also applies to previously unregistered applicants who are seeking a representative-level registration as a prerequisite to a principal-level registration. In addition, the SIE examination will be available to associated persons of firms who are not required to register as well as to individuals who are not associated persons of firms, including members of the public.⁵

FINRA currently administers examinations electronically through the PROCTOR system⁶ at testing centers operated by a vendor under contract with FINRA. FINRA charges an examination fee to candidates for FINRA-sponsored and co-sponsored examinations to cover the development, maintenance and delivery of these examinations. In establishing or revising an examination fee, FINRA considers, among other factors, the number of test questions on an examination and seat time for the examination.⁷

The SIE examination consists of 75 scored questions⁸ and has a session time of one hour and 45 minutes. The revised representative-level examinations consist of fewer scored questions than the current examinations and have reduced session times, with the exception of the Research Analyst (Series 86 and Series 87) examinations.⁹

Consistent with its process for establishing and revising examination fees, FINRA has amended Section 4(c) of Schedule A to the FINRA By-Laws to establish a fee of \$60 for the SIE examination. FINRA has also revised the fee for each individual FINRA representative-level examination that it is retaining, with the exception of the Series 86 and Series 87 examinations, to reflect changes to the test lengths for the examinations.¹⁰ The following are the revised fees for each examination: Series 6 (\$40); Series 7 (\$245); Series 22 (\$40); Series 57 (\$60); Series 79 (\$245); Series 82 (\$40) and Series 99 (\$40). Further, FINRA has amended Section 4(c) of Schedule A to the FINRA By-Laws to remove the representative-level examinations that FINRA is eliminating and the associated fees.

As a result of these changes, the overall examination fees for FINRA representative-level registrations will remain the same¹¹ or be lower¹² than the current examination fees, with the exception of the fee for the Private Securities Offerings Representative registration category, which will increase by \$5.¹³

Series 52 Examination

FINRA also administers and delivers the Series 52 examination, which is developed by the Municipal Securities Rulemaking Board (MSRB). In conjunction with FINRA's restructuring of its representative-level examination program, the MSRB also restructured the Municipal Securities Representative examination program.¹⁴ Under the MSRB's restructured program, individuals registering as Municipal Securities Representatives would be required to take and pass the SIE examination in addition to a revised Series 52 examination.

Further, the MSRB reduced the number of scored questions on the Series 52 examination (from 115 questions to 75 questions) and the session time for the examination (from three hours and 30 minutes to two hours and 30 minutes),¹⁵ which reduces the overall seat time for the examination and, in turn, reduces FINRA's administration and delivery fee for the examination by \$20. Accordingly, FINRA has amended Section 4(c) of Schedule A to the FINRA By-Laws to reduce the administration and delivery fee for the Series 52 examination from \$130 to \$110. FINRA's administration and delivery fee represents a portion of the entire Series 52 examination fee.

Additional Information

Descriptions of the SIE examination and the revised FINRA representative-level examinations, including the related fees, are available on FINRA's [website](#).

Endnotes

1. See [Regulatory Notice 17-30](#) (October 2017).
2. See Securities Exchange Act Release No. 84020 (September 4, 2018) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2018-033) (Proposed Rule Change to Amend Section 4(c) of Schedule A to the FINRA By-Laws Relating to Qualification Examination Fees).
3. The following are the nine representative-level examinations: Investment Company and Variable Contracts Products Representative (Series 6); General Securities Representative (Series 7); Direct Participation Programs Representative (Series 22); Securities Trader (Series 57); Investment Banking Representative (Series 79); Private Securities Offerings Representative (Series 82); Research Analyst (Series 86 and Series 87); and Operations Professional (Series 99). See *supra* note 1. The SIE examination and the representative-level examinations were filed with the Securities and Exchange Commission for immediate effectiveness, and the outlines for the examinations were published on FINRA's [website](#).

4. Specifically, FINRA eliminated the following examinations: Order Processing Assistant Representative (Series 11); United Kingdom Securities Representative (Series 17); Canada Securities Representative (Series 37 and Series 38); Options Representative (Series 42); Corporate Securities Representative (Series 62); and Government Securities Representative (Series 72). *See supra* note 1. Individuals maintaining the eliminated representative-level registrations will be grandfathered (*i.e.*, they may continue to maintain their current registrations on or after October 1, 2018, unless their registrations lapse).
5. While these individuals would be eligible to take the SIE examination, passing the SIE examination alone will not qualify them for registration with FINRA.
6. PROCTOR is a computer system that is specifically designed for the administration and delivery of computer-based testing and training.
7. FINRA pays its delivery vendor an hourly rate for seat time at test delivery centers. The seat time, which varies based on the length of an examination, includes the session time for an examination as well as an additional 30 minutes to cover administrative procedures relating to the examination process.
8. The SIE examination and each of the revised representative-level examinations also include five to ten unscored pretest questions. Pretest questions are designed to ensure that new examination items meet acceptable testing standards prior to use.
9. The revised Series 6, Series 22, Series 82 and Series 99 examinations each consist of 50 scored questions and each have a session time of one hour and 30 minutes. The revised Series 7 examination consists of 125 scored questions with a session time of three hours and 45 minutes. The revised Series 57 examination consists of 50 scored questions with a session time of one hour and 45 minutes. The revised Series 79 examination consists of 75 scored questions with a session time of two hours and 30 minutes. Finally, the revised Series 86 and Series 87 examinations have the same number of scored questions and session times as the current Series 86 and Series 87 examinations.
10. FINRA is not revising the fees for the Series 86 and Series 87 examinations as the test lengths for these examinations are not changing.
11. For instance, the current examination fee for registration as an Investment Company and Variable Contracts Products Representative is \$100. Under the restructured program, the total examination fee for registration as an Investment Company and Variable Contracts Products Representative will be \$100 (\$60 for the SIE examination and \$40 for the revised Series 6 examination).
12. For example, the total examination fee for registration as a Research Analyst will be reduced by \$245 because, under the restructured program, individuals registering as Research Analysts will no longer be required to take the Series 7 examination.

13. The current examination fee for registration as a Private Securities Offerings Representative is \$95. Under the restructured program, the total examination fee for registration as a Private Securities Offerings Representative will be \$100 (\$60 for the SIE examination and \$40 for the revised Series 82 examination). The \$40 fee for the revised Series 82 examination is consistent with the fees of other comparable revised examinations (*i.e.*, the revised Series 6, Series 22 and Series 99 examinations) all of which have similar development, maintenance and delivery costs.
14. *See* Securities Exchange Act Release No. 83483 (June 20, 2018), 83 FR 29855 (June 26, 2018) (Notice of Filing and Immediate Effectiveness of File No. SR-MSRB-2018-04). The rule change will become effective on October 1, 2018, which coincides with the effective date of FINRA's rule change.
15. *See* Securities Exchange Act Release No. 83572 (June 29, 2018), 83 FR 31580 (July 6, 2018) (Notice of Filing and Immediate Effectiveness of File No. SR-MSRB-2018-05). This rule change will also become effective on October 1, 2018.

Attachment A

Below is the rule text. New language is underlined; deletions are in brackets.

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By-Laws of the Corporation

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Schedule A to the By-Laws of the Corporation

Assessments and fees pursuant to the provisions of Article VI of the By-Laws of the Corporation shall be determined on the following basis.

Section 1 through Section 3 No Change.

Section 4 — Fees

(a) through (b) No Change.

(c) The following fees shall be assessed to each individual who [registers to] takes an examination as described below. These fees are in addition to the registration fee described in paragraph (b) and any other fees that the owner of an examination that FINRA administers may assess.

<u>Examination Number</u>	<u>Examination Name</u>	<u>Examination Fee</u>
N/A	Securities Industry Essentials (SIE) Examination	\$60
Series 4	Registered Options Principal Examination	\$105
Series 6	Investment Company Products[/] and Variable Contracts Representative Examination	\$(100)40
Series 7	General Securities Representative Examination	\$(305)245
Series 9	General Securities Sales Supervisor Examination – Options Module	\$80
Series 10	General Securities Sales Supervisor Examination – General Module	\$125
[Series 11]	[Assistant Representative – Order Processing]	[\$80]
Series 14	Compliance Official Examination	\$350
Series 16	Supervisory Analyst Examination	\$240
[Series 17]	[Limited Registered Representative]	[\$80]
Series 22	Direct Participation Programs Representative Examination	\$(100)40
Series 23	General Securities Principal Examination – Sales Supervisor Module	\$100

<u>Examination Number</u>	<u>Examination Name</u>	<u>Examination Fee</u>
Series 24	General Securities Principal <u>Examination</u>	\$120
Series 26	Investment Company Products[/] and Variable Contracts Principal <u>Examination</u>	\$100
Series 27	Financial and Operations Principal <u>Examination</u>	\$120
Series 28	Introducing Broker-Dealer Financial and Operations Principal <u>Examination</u>	\$100
[Series 37]	[Canada Module of S7 (Options Required)]	[\$185]
[Series 38]	[Canada Module of S7 (No Options Required)]	[\$185]
Series 39	Direct Participation Programs Principal <u>Examination</u>	\$95
[Series 42]	[Registered Options Representative]	[\$75]
Series 50	Municipal Advisor Representative <u>Examination</u>	\$115
Series 51	Municipal Fund Securities Limited Principal <u>Examination</u>	\$105
Series 52	Municipal Securities Representative <u>Examination</u>	[\$130]110
Series 53	Municipal Securities Principal <u>Examination</u>	\$115
Series 57	Securities Trader <u>Examination</u>	[\$120]60
[Series 62]	[Corporate Securities Limited Representative]	[\$95]
[Series 72]	[Government Securities Representative]	[\$110]
Series 79	Investment Banking <u>Representative [Qualification] Examination</u>	[\$305]245
Series 82	[Limited Representative –] Private Securities Offering <u>Representative Examination</u>	[\$95]40
Series 86	Research Analyst <u>Examination</u> – Analysis	\$185
Series 87	Research Analyst <u>Examination</u> – Regulatory	\$130
Series 99	Operations Professional <u>Examination</u>	[\$130]40

(1) through (4) No Change.

(d) through (i) No Change.

IM-Section 4(b)(1) and (e) Exemption from Certain Registration and Membership Application Fees for Certain NYSE and NYSE Alternext US LLC Member Organizations

No Change.

Section 5 through **Section 15** No Change.
