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CE Council Requests Comment on Continuing Education Program Considerations

Introduction

The Securities Industry/Regulatory Council on Continuing Education (“CE Council”) oversees the development, implementation and ongoing operation of the Securities Industry Continuing Education Program (“CE Program”) through its members, including the Municipal Securities Rulemaking Board (MSRB), other self-regulatory organizations (SROs) and representatives from broker-dealers, as well as liaisons from the Securities and Exchange Commission (SEC) and the North American Securities Administrators Association.¹ The CE Program consists of a Regulatory Element and a Firm Element component and is designed to ensure that registered persons in the securities industry receive timely, effective continuing education.

The CE Council is exploring enhancements to the CE Program and, through the coordinated efforts of its SRO members, is requesting comment from securities industry participants on the enhancements under consideration. The MSRB is issuing this notice to highlight the enhancements under consideration, which are described in further detail in the [CE Council’s Concept Release](#).

The MSRB appreciates the value of the varied perspectives of securities industry participants and encourages comment on the CE Council’s Concept Release to help inform the CE Council on the enhancements under



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¹ In collaboration with the CE Council, the day-to-day operations of the CE Program is administered by the Financial Industry Regulatory Authority.

consideration.² Comments for the CE Council can be submitted to the MSRB and/or other SRO members. [Comments may be submitted electronically by clicking here](#). Comments submitted in paper form can be sent to Ronald W. Smith, Corporate Secretary, MSRB, 1300 I Street NW, Washington, DC 20005. All comments will be provided to CE Council and will generally be made available for public inspection on the MSRB's website.³

Comments should be submitted no later than November 5, 2018.

Questions about this notice should be directed to Erik Dolan, Director, or Bri Joiner, Manager, Professional Qualifications, at 202-838-1500.

Background

The CE Council's mission is to facilitate uniform CE requirements for registered securities industry professionals in the operation of the CE Program. The Regulatory Element component requires each covered registered person⁴ to complete their CE requirements on the second anniversary date of their initial registration and every three years thereafter, and the Firm Element component requires dealers to annually conduct a needs analysis, develop a written training plan and administer the CE training programs in accordance with the needs analysis conducted and the written training plan.

The mission of the CE Council aligns with SRO rules requiring uniform industry-wide periodic training of registered securities industry professionals, including MSRB Rule G-3, on professional qualification requirements, which requires, in part, that brokers, dealers and municipal securities dealers

² This notice is intended to elicit public feedback that will inform the CE Council, and the MSRB is not seeking comment as a precursor to initiating rulemaking. If the CE Council decides to take steps to introduce any program changes, the MSRB along with the other SROs will provide notice of any proposed changes to the CE Council's program and any corresponding proposed rule changes that would, as a result, be necessary to implement the CE Council's enhancements. Any proposed rule changes must be authorized by the Board for filing with the SEC, and then filed with the SEC pursuant to Section 19(b) of the Securities Exchange Act of 1934.

³ Comments generally are posted on the MSRB website without change. For example, personal identifying information such as name, address, telephone number or email address will not be edited from submissions. Therefore, commenters should only submit information that they wish to make available publicly.

⁴ Under MSRB Rule G-3(i)(i)(B), a "covered registered person" means "any person registered with a broker, dealer or municipal securities dealer and qualified as a representative or principal in accordance with this rule or as a general securities principal and who regularly engages in or supervises municipal securities activities."

("dealers") maintain a continuing education program for their covered registered persons.

The CE Council is exploring various improvements to the current CE Program with the goal of, among other things

- Improving coordination between the Regulatory Element component and Firm Element component of the training programs;
- Reducing redundancy among training requirements and programs;
- Defining with more specificity the minimum standards of CE for the industry; and
- Enabling previously registered individuals to maintain their qualification status by satisfying CE requirements while out of the securities industry.

Based on an analysis completed so far by the CE Council of the current CE Program, the CE Council has identified possible program improvements as well as a few additional areas the CE Council is interested in gathering additional information on regarding the current practices and needs of dealers.

Below is a summary of a few key areas the CE Council is seeking comment on as part of the enhancements under consideration. Again, the MSRB encourages securities industry participants to read the full release that more expansively describes program enhancements under consideration by the CE Council.

Enhancements Under Consideration

Regulatory Element Component

An enhancement under consideration would allow SROs, in consultation with the CE Council, to better identify and analyze regulatory issues and significant rule changes to determine which subject matters should be addressed within the Regulatory Element component of the CE Program and the amount of CE content necessary to address each subject matter. With that in mind, the CE Council is also considering an enhancement that would establish an annual Regulatory Element component of the CE Program in an effort to improve the timeliness of providing content related to significant rule changes and regulatory issues.

Maintaining Qualifications

The CE Council is exploring the idea of recommending revisions to current SRO rules governing lapse of registration. As currently prescribed, persons

who cease to act in a capacity requiring a qualification for two or more years, at any time after having qualified in such capacity, must requalify by examination or obtain a waiver of the examination requirement in order to re-register. Under the enhancement being contemplated by the CE Council, persons previously registered who have been terminated for more than two years would not be required to requalify by examination but would complete an annual Regulatory Element component of the CE Program as well as additional content equivalent to the Firm Element component of the CE Program in order to maintain such person's qualifications upon re-entry into the industry.

Firm Element Component

Additionally, the CE Council is interested in feedback on: (i) the redundancy of the Firm Element component of the CE Program with other training requirements; (ii) whether there are opportunities for reciprocity with other securities or related credentialing programs; and (iii) the source and availability of content for the Firm Element component of the CE Program as being used by firms. Since the Firm Element component of the CE Program is a firm-administered training program, such programs are relatively unstructured; therefore, the CE Council is interested in understanding the typical amount of Firm Element content provided by firms and the various types of educational material and formats used. Additionally, the CE Council is seeking input as to whether a centralized source of content would be helpful and the value of providing one to the industry.

September 6, 2018

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