



► May 29, 2020

[pubcom@finra.org](mailto:pubcom@finra.org)

**Jennifer Piorko Mitchell**  
**Office of the Corporate Secretary**  
**FINRA**  
**1735 K Street, NW**  
**Washington, DC 20006-1506**

**Lisa Roth**  
630 First Avenue  
San Diego, CA 92101  
619-283-3500

---

Re: Regulatory Notice 20-05

Proposal to Implement the Recommendations of the CE Council Regarding Enhancements to the CE Program for Securities Industry Professionals

Dear Ms. Mitchell,

Thank you for the opportunity to comment on the proposal to adopt the CE Council Recommendations.

As a whole, I believe the recommendations are sound. It is apparent, and appreciated, that the CE Council applied real-world experience in crafting their proposal.

I strongly support implementing the proposed mechanism for allowing previously registered individuals to maintain their qualification after the termination of their registrations for longer than the current two-year period. The CE Council's proposal to leverage the annual training requirement is an appropriate means of ensuring continuity and should be adopted as proposed.

I believe there is great value in moving to an annual Regulatory Element requirement, which would provide an opportunity for extending more relevant and timely material to registered persons. Notwithstanding that there are components of the training that would be mandatory for all registered persons, FINRA should consider offering variety within the registration categories, especially in the broadest categories, so that registered persons could select, or broker-dealers could dictate, training courses that are most applicable to their business lines and training needs. The benefit of more flexibility in the selection of materials supports an objective of providing more relevant training to registered persons. This is a winning combination for the industry and for investors.

In particular regard to the frequency of Regulatory Element training, FINRA should take into consideration the potential for increased costs to firms, and ensure that costs are proportionately less for the annual sessions.

The proposal to leverage FinPro for purposes of communications and monitoring is a practical means of assisting compliance personnel with additional management functions, however in my communications with BDs, I find that many are unfamiliar with FinPro. Therefore, I recommend that FINRA undertake outreach to continue to familiarize BDs with its evolving technologies.

---

I support the proposed broad approach to Firm Element training that formally acknowledges AML training and the annual compliance meeting. Please also consider formal acknowledgement of the many ongoing training initiatives that firms implement throughout the calendar year to achieve compliance. For instance, under the most recent circumstances of the pandemic, many firms have delivered cyber security training and updates relative to business continuity planning. Other firms have developed and are actively administering Reg BI and Form CRS training. These are relevant and meaningful steps that directly benefit the investing public and which should be “counted” for purposes of Firm Element training.

When Firm Element training opportunities arising from incidents like those mentioned above it is important that firms have the ability and motivation to implement ad hoc programs. Flexibility and responsiveness of this nature is a reflection of a healthy and viable compliance program. In this context the value of a written annual Firm Element Compliance Program is substantially diminished. While I recognize that the rule does not specifically require a separate document, the rule is generally interpreted as such, and the annual exercise of creating a plan has become the least impactful component of the actual training initiatives. The plan requirements and standards of 1240 (b)(2) are overly prescriptive, less meaningful in a fast-changing and vibrant marketplace and therefore unnecessarily burdensome. While 1240 is on the agenda, I encourage the CE Council and FINRA to consider amendment to 1240(b)(2) to permit firms to develop a training program that is principle’s based, tailored to the firm’s needs, and incorporated into the firm’s WSP, allowing the content, scope and participation records to serve as evidence of an effective training program. These records would adequately suffice as evidence of the annual cycle of delivery of a program without the need for an accompanying plan.

In summary, I believe the CE Council’s proposed initiatives should be adopted, that they will enhance and improve FINRA’s continuing education programs and that they could lead to further amendments that are consistent with the overall goal of investor protection.

Best regards,

//Lisa Roth//  
Lisa Roth  
President