

Industry Call on Exam Restructuring

FINRA

Securities Industry Essentials Exam and Exam Restructuring

July 31, 2018



Mark the Date – October 1, 2018

- **SEC approved SR-FINRA-2017-007.**
 - Consolidates FINRA registration rules
 - Restructures the rep-level qualification exams
 - Introduces the Securities Industry Essentials Exam
- **FINRA Regulatory Notice 17-30 announced the rule changes.**
- **FINRA will implement the new rules and make available the Essentials Exam on October 1, 2018.**

Rep-level Qualification Exam Restructuring

- Respond to industry and regulatory changes
- Reduce the redundancy of content across exams
- Streamline the exam process
- Minimize impact and change to the registration rules
- Ensure registered representatives have a solid breadth of understanding of the industry



Revised Rep-level Exam Structure



SIE – Answers to ‘Essential’ Questions

- How many questions? **75**
- How long do I have? **105 minutes**
- How long is it good for? **4 years**
- Can I take it even if I do not work for a firm? **Yes**
- How much will the SIE cost? **\$60 (filing pending and SEC approval)**

SIE – ‘Essential’ Facts

- **Content areas covered:**
 - **Knowledge of capital markets**
 - **Understanding products and their risks**
 - **Understanding trading, customer accounts and prohibited activities**
 - **Overview of the regulatory framework**

Top-offs – ‘Essential’ Facts

- **Series 6 – 50 questions**
- **Series 7 – 125 questions**
- **Series 22 – 50 questions**
- **Series 52 – 75 questions**
- **Series 57 – 50 questions**
- **Series 79 – 75 questions**
- **Series 82 – 50 questions**
- **Series 86/87 – 100/50 questions**
- **Series 99 – 50 questions**

Other Features of the Restructuring

- **On October 1, 2018, FINRA will no longer offer the following exams:**
 - Series 11
 - Series 17/37/38
 - Series 42
 - Series 62
 - Series 72
- **Persons holding registrations associated with these exams will be able to continue to hold them until they leave the industry for more than 2 years.**

Effect on Current Registrants

- **Most current registrants will be considered to have passed the Essentials Exam, and it will be valid for 4 years upon leaving the industry. CRD will reflect this.**
- **Registrants who return between 2 and 4 years later will not need to take the Essentials Exam, only the top-off exam for the registration position.**
- **Registrants who return more than 4 years later will need to take both the Essentials and the top-off exam.**

Preparing for October 1

- **Individuals who apply for registration on or before September 30 will take their exam under the current program, even if their exam appointment date is on or after October 1.**
- **Individuals who apply for registration on or after October 1 will take the SIE and the revised qualification exam (*i.e.*, SIE + Series 7).**
- **Individuals who take and fail an exam in September will take, as their next attempt, the SIE and the revised qualification exam on or after October 1.**

Essentials Exam Enrollment Options for Firms

- **Through CRD, there will be two options for a firm to request an enrollment for the Essentials Exam:**
 - **Form U4:** request a rep-level registration (e.g., GS request opens SIE and S7 exam enrollments)
 - **Non-Form U4:** enrollment system
 - **Individual** – one at a time
 - **Group** – upload a list of candidates
 - **Purchase vouchers** – used by candidates to enroll for the SIE

SIE Enrollments & Results – Non-registered Persons

FINRA Mockup

Web CRD®

CRD Main | IARD Main | PFRD Main | Forms | Individual | Organization | E-Bill | Reports

Site Map | User Info

| CRDMain | Forms | Individual |
|--|--|---|
| User Info Blank Forms FAQ Release Notes SRO/Jurisdiction Fee and Setting Schedule Recommended Browsers Certified EFS Vendors Send Comments | Form U4 Create New U4 Filing Initial Amendment Concurrence Page 2 Amendment for Schedule A/B Page 2 Initial for Schedule A/B Dual Relicense All | View Individual Individual Search Disclosure Only Individual Search Non-Filing Info NFI Individual Search SIE Enrollments/Results Approaching CE Requirement CE 2-Year Termed |

Mockup

Dashboard

Looking for individuals or certain groups?
Use the search box below to filter down the number of results.

Individuals Currently Sponsored for SIE

75 Test Takers

| First Name | Last Name | Email | Status | Purchased |
|------------|---------------|----------------------------|---------------|------------|
| Isabella | Williams | Williams.Isabella@firm.com | Scheduled | 01/04/2018 |
| Olivia | Jones | Jones.Olivia@firm.com | Scheduled | 01/04/2018 |
| David | Martinez | Martinez.David@firm.com | Passed | 01/04/2018 |
| Brian | Hanson | Hanson.Brian@firm.com | Not Scheduled | 01/07/2018 |
| Amelia | Taylor | Taylor.Amelia@firm.com | Scheduled | 01/07/2018 |
| Matthew | Kirk | Kirk.Matthew@firm.com | Failed / 41% | 01/08/2018 |
| Anita | Sonnier-Hayes | SonierHayes.Anita@firm.com | Passed | 01/11/2018 |

◀ 1 2 3 4 5 ▶

Mockup

Securities Industry Essentials Exam (SIE)

The [Securities Industry Essentials \(SIE or Essentials\) Exam](#), available beginning October 1, 2018, is a new FINRA exam for prospective securities industry professionals. This introductory-level exam assesses a candidate's knowledge of basic securities industry

information including concepts fundamental to working in the industry, such as types of products and their risks; the structure of the securities industry markets, regulatory agencies and their functions; and prohibited practices.

Sponsor Individual(s) for SIE

Select one method below

- Upload List**
Using a template provided upload a large number of individuals at once.
- Manually Add**
Add individuals one at a time right on the site.
- Purchase Vouchers**
Download a set of vouchers which you can give out to individuals or assign at a later time.

Continue

Essentials Exam Enrollment for Individuals

- **Will access enrollment system from finra.org**
- **Will need to create an account to enroll and pay**
- **Will access direct link to Prometric appointment scheduling**
- **Will receive score report at test center**
- **Can also view result in enrollment system**

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Securities Industry Essentials Exam **Mockup**

Available Beginning October 1, 2018

The Securities Industry Essentials (SIE or Essentials) Exam, available beginning October 1, 2018, is a new FINRA exam for prospective securities industry professionals. This introductory-level exam assesses a candidate's knowledge of basic securities industry information including concepts fundamental to working in the industry, such as types of products and their risks; the structure of the securities industry markets, regulatory agencies and their functions; and prohibited practices.



Key Features of the Essentials Exam

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[ENROLL FOR SIE](#)

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- [Candidates with Limited English Proficiency \(LEP\)](#)
- [Candidates Seeking Waivers](#)

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Change in CRD Display of Exam Results

- **Starting on October 1, 2018, CRD will show the following:**
 - For passing test results – will indicate that the individual passed the exam
 - For failing test results – will indicate that the individual failed the exam and will display the test score.
 - Once an individual passes the exam, the failing results will no longer be displayed. Only the passing result will be displayed.

Change in CRD Display of Exam Results (cont.)

- **Why is this change being made?**
 - CRD maintains registration information.
 - FINRA qualification exams determine whether a person has demonstrated minimum proficiency to act in a registered capacity.
 - Exam score is not intended to predict how well a person will perform in a position (*i.e.*, a person who scores 90 will not necessarily perform better than a person with a score of 75).
 - Test scores will not be stored in CRD.

Viewing Exam Results – Registered Persons

The screenshot displays the FINRA Web CRD interface. The top navigation bar includes 'Web CRD' and various menu items like 'CRD Main', 'IARD Main', 'PFRD Main', 'Forms', 'Individual', 'Organization', 'E-Bill', and 'Reports'. The 'Individual Search' section is active, showing a search bar and a 'Switch to Advanced Search' link. Below this, the 'Exam Information' section is displayed, featuring a table of exam results. The table has columns for Exam, Enrollment ID, Exam Status, Status Date, Exam Date, Grade, Score, Window Begin Date, and Window End Date. The 'Score' column is highlighted with a red box. The left sidebar contains a 'Quick Search' section with a search bar and a list of menu items, including 'Exam Information' which is highlighted with a red box. A green arrow points from the search bar to the exam results table, and another green arrow points from the 'Exam Information' menu item to the table. The word 'Mockup' is overlaid in the center of the page.

Account Management | Change Password/Profile | Log Out
User: Organization:

Web CRD®
CRD Main | IARD Main | PFRD Main | Forms | Individual | Organization | E-Bill | Reports

View Individual | Non-Filing Info | Firm Queues

Individual Search
• Individual Search
• Disclosure Only Individual Search

CRD Individual Search
Simple Search | Advanced Search | Pre-Registration Search
Search For:
Tip: Search by Name, CRD Number or SSN here
Switch to Advanced Search

Account Management | Change Password/Profile | Log Out
User: Organization:

Web CRD®
CRD Main | IARD Main | PFRD Main | Forms | Individual | Organization | E-Bill | Reports

View Individual | Non-Filing Info | Firm Queues

Quick Search
Search
View Individual
• Composite Information
• Personal Information
• Employment History
• Other Business
• Registrations Summary
• Registrations with Current Employers
• Registrations with Prior Employers
• Disclosures
• Deficiencies
• Exam Information
• Current Professional Designations
• Continuing Education
• Fingerprint Cards
• Document Listing
• Filing History
• Registration Comments
• Legacy Information
• Request Snapshot
• Broker/IAR Comments
• Pre-Registration Qualifications

Exam Information
Individual CRD#: Individual Name:

| Exam | Enrollment ID | Exam Status | Status Date | Exam Date | Grade | Score | Window Begin Date | Window End Date |
|------|---------------|-----------------|-------------|------------|--------|-------|-------------------|-----------------|
| SIE | 17081058 | Official Result | 11/01/2018 | 11/01/2018 | Passed | | 10/10/2018 | 02/10/2019 |
| S7 | 17081057 | Official Result | 12/01/2018 | 12/01/2018 | Passed | | 10/10/2018 | 02/10/2018 |

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Viewing SIE Results

- **Firms that pay the Essentials Exam fee will be able to view the individual's result.**
- **If an individual pays the Essentials Exam fee, the firm will ONLY be able to view the result when:**
 - Conducting a preregistration search or
 - Filing a Form U4 requesting a registration.

Resources

- **SR-FINRA-2017-007**
- **Regulatory Notice 17-30**
- **Essentials webpage:**
finra.org/industry/essentials-exam
- **Exam Restructuring webpage:**
finra.org/industry/exam-restructuring



Questions

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