



As Chair of the Securities Industry/Regulatory Council on Continuing Education (“Council”), I would like to continue the tradition established by my predecessors and provide you with a review of the activities and accomplishments of the Council in 2018. As described in the following sections, the Council’s primary mission continues to be implementing improvements to the Securities Industry Continuing Education Program (“Continuing Education Program”) to better serve the industry’s continuing education needs.

The Council

There are 20 industry members and five self-regulatory organization (SRO) members, as well as SEC, NASAA, and SRO liaisons to the 2018 Council. Industry members serve four-year terms. The Council meets quarterly.

The Council has specific advisory and consultative responsibilities to the Continuing Education Program. These are:

- I. recommending and approving new content for the Regulatory Element Program;
- II. recommending updates to the Firm Element Program;
- III. promoting effective implementation of meaningful continuing education to the securities industry;
- IV. liaising with appropriate industry groups and regulators; and
- V. maintaining the program on a revenue neutral basis subject to adequate financial reserves.

There are five standing Council committees: the Executive Committee, the Regulatory Element Committee, the Firm Element/Strategic Planning Committee, the Finance Committee and the Nominating Committee. Additional ad hoc committees are convened when necessary. In the following sections, I will share some of the Council's 2018 accomplishments.

I. The Regulatory Element Program

Tammy Beaver, VP/Director of Compliance, D.A. Davidson & Co., served as the Chairperson of the Regulatory Element Committee in 2018. The Regulatory Element is comprised of four distinct programs:

- The S101 General Program is the original Regulatory Element Program introduced in 1995 for Series 7 registered persons and all other registrations not covered by the other programs. The S101 Program was updated in 2016 to include personalization in the form of self-selection by candidates for one module that reflected their business functions.
- The S201 Supervisors Program for Registered Principals and Supervisors was introduced in October 1998.
- The S106 Program for Series 6 Investment Company Products/Variable Contracts Representatives was introduced in January 2002.
- The S901 Program for Operations Professionals, introduced in October 2013. This was the first program to offer personalization that was eventually adapted for use in the Series 101 Program.

The Council's goal is to refresh the content for each Regulatory Element Program annually with updated content that addresses rules, regulations and ethical business practices, especially those topics that are of fundamental importance to the industry or of regulatory concern. Content for these programs is developed by the Regulatory Element Content Committees, composed of industry subject matter experts, along with SEC, SRO and NASAA representatives, who meet periodically for this purpose.

II. The Firm Element

This year's Firm Element/Strategic Planning Committee Chairperson was Jeffrey Freiburger, Managing Director/Chief Compliance Officer, Robert W. Baird & Co. This committee reviews issues and trends in the industry and provides guidance on tools that may be useful to the industry.

The Firm Element Advisory (FEA) is an online document which is published by the Council quarterly to highlight current regulatory and sales practice topics for possible inclusion in Firm Element training plans. Topics for the FEA are identified from a review of industry, regulatory and SRO announcements and publications of significant events. The FEA is available on the Council website.

III. Promotion of Effective Continuing Education in the Securities Industry

The Council website, www.cecouncil.com, serves as a reliable source of information and assistance to the securities industry with respect to Securities Industry Continuing Education. A variety of tools and materials are available to individuals to assist them in preparing for their Regulatory Element sessions. Additional resources are available to assist firms in developing their Firm Element training programs.

The Council website provides a launch page for participants to take their CE Online session.

IV. Liaising with Appropriate Industry Groups and Regulators

On occasion, Council members or SRO staff who support Council functions speak at industry conferences to keep industry participants apprised of the latest issues and matters with regard to the Continuing Education Program and to receive feedback on Council initiatives.

As part of our outreach, members and liaisons to the Council have spoken about the Continuing Education Programs to industry representatives at the following meetings in 2018:

- Association of Registration Management's Annual Conference (ARM);
- Licensing and Registration Council/Registration and Qualifications Subcommittee meetings (LRC);
- FINRA Annual Conference;
- National Society of Compliance Professionals (NSCP) National Conference; and
- Securities and Insurance Licensing (SILA) Annual Conference.

The Council is grateful for the SEC's continued support over the years. Special thanks go to members of the Commission staff who have worked so closely with

us: Katherine England, Emerald Greywoode, Alexander Zozos and Mia Zur who attend the Council and Content Committee meetings.

V. Maintaining the Continuing Education Program on a Revenue Neutral Basis

One of the responsibilities of the Council is to provide advice and consultation on maintaining the Continuing Education Program on a revenue neutral basis while ensuring adequate financial reserves to maintain and improve the programs.

The Finance Committee regularly reviews the financial health of the Continuing Education Program to ensure that it remains positioned to continue our mission. Timothy Stone, VP/Head of Supervision, Cetera Advisor Networks, LLC served as the 2018 Finance Committee Chairperson.

VI. 2018 Enhancements Proposal

This year the CE Council focused its attention on the Securities Industry Continuing Education Program to explore a number of opportunities to improve the efficiency and effectiveness of education in the securities industry. Over the past few years, Council worked with FINRA and other regulatory agencies as the Regulatory Element course was moved online. This step allowed registered individuals to complete the course at their convenience at a location of their choosing instead of being confined to a testing center. Apart from greater convenience to firms and individuals, this step also allowed FINRA to reduce the per session fee and has already saved firms over \$20 million.

Discussions between the regulatory agencies and representatives from the industry have continued with regard to ways to continue to transform the CE Program in an efficient and effective manner, while also including ideas for enhancing the CE Program further. With the goal of customizing the Program to better meet the needs of firms and registered representatives, members of the FINRA Continuing Education team, on behalf of Council, have discussed these ideas with a range of industry professionals in numerous focus groups, one-on-one conversations, and during CE Council meetings resulting in some of the ideas

found here. Many of these ideas have been strongly shaped by suggestions from the industry.

1. Communicate regulatory developments to the industry via the Regulatory Element in a more timely fashion;
2. Improve coordination between the Firm Element and Regulatory Element Continuing Education Programs;
3. Allow for diverse instructional formats that facilitate the learning of a variety of content;
4. Identify and reduce redundancy among training requirements and programs;
5. Ensure all registered professionals in the industry receive adequate training;
6. Enable previously registered individuals to maintain their qualification status by satisfying CE requirements for a period of time that they are not working in the industry; and
7. Consider if a more, defined minimum standard of CE for the industry is warranted.

The entire proposal for enhancements can be found in FINRA RN 18-26.

VII. Conclusion

The Council continually seeks to raise the industry's awareness of both the Council and its mission to promote Continuing Education within the securities industry. The Council continues to be grateful for the SEC's commitment to this goal and would appreciate continuing support from you and your fellow Commissioners to raise awareness of the Council's work and of the importance of the Continuing Education Program in general. I would be happy to answer any questions you might have.

Sincerely,

Catherine Makstenieks
Chair of The Securities Industry/Regulatory Council on Continuing Education