

## Continuing Education Program Transformation

### FINRA Amends Rules 1210 and 1240 to Enhance the Continuing Education Program for Securities Industry Professionals

Effective Dates: March 15, 2022 (MQP (paragraph (c) of Rule 1240) and FSAWP (Rule 1210.09)); January 1, 2023 (all other rule changes)

#### Summary

FINRA has adopted important changes to its continuing education (CE) and registration rules to train registered persons more effectively while accommodating registered persons, particularly women and underrepresented minorities, whose personal circumstances take them away from the industry for a time. The changes to Rules 1210 and 1240: (1) provide eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the Maintaining Qualifications Program (MQP); (2) require registered persons to complete CE Regulatory Element *annually* for each representative or principal registration category that they hold; and (3) expressly allow firms to consider other required training toward satisfying an individual's annual CE Firm Element and extend the Firm Element requirement to all registered persons.

The changes relating to the MQP (paragraph (c) of Rule 1240) and the Financial Services Affiliate Waiver Program (FSAWP) (Rule 1210.09) will become effective March 15, 2022.

All other changes, including the changes relating to the Regulatory Element, Firm Element and the two-year qualification period, will become effective January 1, 2023.

The amended text of the rules is set forth in [Attachment A](#). FINRA is also providing [frequently asked questions](#) relating to the changes on its website.

November 17, 2021

#### Notice Type

- ▶ Rule Amendment

#### Suggested Routing

- ▶ Compliance
- ▶ Operations
- ▶ Registered Persons
- ▶ Registration
- ▶ Senior Management
- ▶ Training

#### Key Topics

- ▶ Annual Requirement
- ▶ Content Catalog
- ▶ Continuing Education
- ▶ Firm Element
- ▶ Maintaining Qualifications
- ▶ Regulatory Element
- ▶ Termination of Registrations

#### Referenced Rules & Notices

- ▶ FINRA By-Laws, Articles III and V
- ▶ FINRA Rules 1210, 1240, 3110(a)(7), 3270, 3310(e) and 8310
- ▶ SEA Sections 3(a)(39) and 15(b)(4)

Questions regarding this *Notice* should be directed to:

- ▶ Afshin Atabaki, Special Advisor and Associate General Counsel, Office of General Counsel, at (202) 728-8902 or by [email](#);
- ▶ David Scrams, Vice President, Testing and Continuing Education Department, at (240) 386-5950 or by [email](#);
- ▶ Joe McDonald, Senior Director, Testing and Continuing Education Department, at (240) 386-5065 or by [email](#); or
- ▶ Patricia Monterosso, Director, Testing and Continuing Education Department, at (212) 858-4086 or by [email](#).

## Background and Discussion

The current CE program consists of a Regulatory Element and a Firm Element. The Regulatory Element, which registered persons take every three years, focuses on regulatory requirements and industry standards, while the Firm Element is provided by each firm annually to its registered persons and focuses on the firm's securities products, services and strategies, its policies, and industry trends. At present, the CE program does not provide individuals the ability to maintain their qualifications following the termination of their registrations by completing CE. Specifically, individuals must requalify by examination if they have not reregistered within two years after their registrations terminated (the two-year qualification period).<sup>1</sup>

Since 2018, FINRA has been working extensively with the Securities Industry/Regulatory Council on Continuing Education (CE Council), industry participants and other stakeholders, including other self-regulatory organizations (SROs) and the North American Securities Administrators Association, to make enhancements to the CE program. The enhancements ensure that all registered persons receive timely and relevant training, which will in turn support compliance and investor protection. The enhancements also provide individuals a means to maintain their qualification following the termination of a registration beyond the two-year qualification period by completing annual CE. This latter enhancement reduces unnecessary impediments to requalification and promotes greater diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals.

On September 21, 2021, the Securities and Exchange Commission (SEC) approved amendments to FINRA Rules 1210 and 1240 to adopt these enhancements.<sup>2</sup> The changes are discussed in greater detail below.

### Annual Regulatory Element for Each Registration Category

FINRA has amended the CE rules to require that beginning January 1, 2023, registered persons complete the Regulatory Element annually by December 31 of each year that they are registered.<sup>3</sup> In addition, the amended rules require registered persons to complete Regulatory Element content for each representative or principal registration category that they hold.<sup>4</sup> In conjunction with this change, FINRA has developed tailored Regulatory Element content that is specific to each registration category. Further, to provide firms with sufficient time to review the Regulatory Element topics for each upcoming year, FINRA and the CE Council will publish the topics by no later than October 1 of the prior year.<sup>5</sup>

The amended rules also include changes to the provisions relating to CE inactive status. Specifically, individuals who fail to complete their Regulatory Element within the prescribed annual deadline of December 31 will be automatically designated as CE inactive by FINRA.<sup>6</sup> However, FINRA preserves its ability to extend the time by which a registered person must complete the Regulatory Element for good cause shown.<sup>7</sup> The amended rules include several other clarifications regarding the Regulatory Element.<sup>8</sup>

Under the amended rules, if an individual's registration status remains unchanged after January 1, 2023, the individual's initial annual Regulatory Element due date will be December 31, 2023. In addition, if an individual reregisters in 2023 for a registration category without having completed Regulatory Element for that registration category in 2023, passed an examination for that registration category or obtained an unconditional examination waiver for that registration category, the individual's initial annual Regulatory Element due date will also be December 31, 2023. Conversely, if an individual reregisters in 2023 for a registration category after having completed Regulatory Element for that registration category in 2023, passed an examination for that registration category or obtained an unconditional examination waiver for that registration category, the individual's initial annual Regulatory Element due date will be December 31, 2024. Similarly, if an individual registers in 2023 *for the first time* for a registration category after having passed an examination for that registration category or obtained an unconditional examination waiver for that registration category, the individual's initial annual Regulatory Element due date will be December 31, 2024. The examples in Table 1 below illustrate a registered person's initial Regulatory Element due date under the amended rules.

Table 1

Registration Status	Initial Annual Regulatory Element Due Date <sup>9</sup>
Individual has been registered as a General Securities Representative (Series 7) since 2019 and remains registered after January 1, 2023; <b>AND</b> Individual completed Regulatory Element in 2021 under the current requirements.	December 31, 2023
Individual was last registered as a General Securities Representative (Series 7) on February 1, 2023, and is <i>reregistering</i> in that category on September 1, 2023; <b>AND</b> Individual has <i>not</i> completed Regulatory Element in 2023 for the General Securities Representative (Series 7) registration category.	December 31, 2023
Individual was last registered as a General Securities Representative (Series 7) on February 1, 2023, and is <i>reregistering</i> in that category on September 1, 2023; <b>AND</b> Individual has completed Regulatory Element in 2023 for the General Securities Representative (Series 7) registration category.	December 31, 2024
Individual was last registered as a Supervisory Analyst (Series 16) on February 1, 2019 and is <i>reregistering</i> in that category on September 1, 2023; <b>AND</b> Individual is <i>reregistering</i> based on having passed the Series 16 qualification examination.	December 31, 2024
Individual is registering as a General Securities Representative (Series 7) <i>for the first time</i> on September 1, 2023, based on having passed the Series 7 qualification examination or having obtained an unconditional waiver of the examination.	December 31, 2024

The amended rules provide firms the flexibility to require their registered persons to complete the Regulatory Element sooner than December 31, which will allow firms to coordinate the timing of the Regulatory Element with other training requirements, including the Firm Element.<sup>10</sup> For example, a firm could require its registered persons to complete both their Regulatory Element and Firm Element by October 1 of each year.

### **Extension of Firm Element to All Registered Persons and Recognition of Other Training Requirements for Firm Element**

FINRA has amended the CE rules to extend the annual Firm Element requirement to all registered persons, including individuals who maintain solely a permissive registration consistent with Rule 1210.02, beginning January 1, 2023.<sup>11</sup> In conjunction with this change, FINRA has also amended the CE rules to expressly allow firms to consider training relating to the anti-money laundering compliance program under Rule 3310(e) and the annual compliance meeting under Rule 3110(a)(7) toward satisfying an individual's annual Firm Element requirement.<sup>12</sup> In addition, FINRA has revised the current minimum Firm Element training criteria to provide that the training must cover topics related to the role, activities or responsibilities of the registered person and to professional responsibility.<sup>13</sup>

### **Maintenance of Qualification After Termination of Registration by Participating in the MQP**

FINRA has amended the CE rules to provide that beginning March 15, 2022, eligible individuals who terminate any representative or principal registration category, including any permissive registration category under Rule 1210.02, have the option of maintaining their qualification for the terminated registration category beyond the current two-year qualification period by completing annual CE through a new program, the MQP.<sup>14</sup> FINRA has also made a related change to Rule 1210.08 to apply the two-year qualification period to certain partial terminations that are currently not subject to the two-year qualification period beginning January 1, 2023.<sup>15</sup> Eligible individuals who elect not to participate in the MQP could continue to avail themselves of the two-year qualification period (*i.e.*, they could reregister within two years of terminating a registration category without having to requalify by examination or having to obtain an examination waiver).<sup>16</sup> As noted below, MQP participants will have a maximum of five years following the termination of a representative or principal registration category to reregister without having to requalify by examination or having to obtain an examination waiver, subject to satisfying the conditions of the MQP.

The following are the conditions for eligibility and participation in the MQP.

#### **Eligibility Conditions:**

- ▶ Individuals must have been registered in the terminated registration category for which they elect to maintain their qualification under the MQP for at least one year immediately prior to the termination of that category and must not have been subject to a statutory disqualification during that one-year registration period.<sup>17</sup>
- ▶ Individuals must make their election to participate in the MQP at the time of their Form U5 submission or within two years from the termination of a registration category.<sup>18</sup>
- ▶ Individuals must not have been subject to a statutory disqualification between the date of their Form U5 submission and the date they make their election to participate in the MQP.<sup>19</sup>

- ▶ Individuals must not have been CE inactive for two consecutive years at the time they make their election to participate in the MQP.<sup>20</sup>

**Participation Conditions:**

- ▶ MQP participants must complete annually by December 31 all prescribed CE content.<sup>21</sup>
- ▶ MQP participants will have a maximum of five years following the termination of a registration category in which to reregister without having to requalify by examination or having to obtain an examination waiver.<sup>22</sup>
- ▶ MQP participants who become subject to a statutory disqualification while they are participating in the MQP may not continue in the MQP.<sup>23</sup>
- ▶ MQP participants who become CE inactive for two consecutive years while they are participating in the MQP may not continue in the MQP.<sup>24</sup>

The amended rules also include a look-back provision that extends the MQP option to individuals who have been registered in a representative or principal registration category within two years prior to March 15, 2022, as well as individuals who are participating in the FSAWP under Rule 1210.09 prior to March 15, 2022.<sup>25</sup> Such individuals must satisfy specified eligibility conditions if they elect to participate in the MQP.<sup>26</sup> Further, if such individuals elect to participate in the MQP, they must make their election between January 31, 2022, and March 15, 2022.<sup>27</sup> In addition, if such individuals elect to participate in the MQP, they will be required to complete their initial annual MQP content by December 31, 2022, unless they have been granted an extension of time by FINRA. If such individuals fail to complete the prescribed annual MQP content by December 31, 2022, absent an extension of time, they will not be eligible to continue in the MQP and may be required to requalify by examination or obtain an examination waiver in order to reregister. Finally, if such individuals elect to participate in the MQP for a particular registration category, their five-year MQP participation period will be adjusted by deducting from that period the amount of time that has lapsed between the date they terminated that registration category and March 15, 2022.

With respect to all other eligible individuals, if they already completed their Regulatory Element for the year in which they elect to participate in the MQP, they will not be required to complete prescribed MQP content for that year. Rather, they will be required to complete prescribed MQP content for the following year. In addition, they may elect to participate in the MQP within two years from the termination of a registration category, provided they complete any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.<sup>28</sup> Table 2 below provides examples illustrating the application of the MQP based on an individual's eligibility status at the time of implementation.

Table 2

MQP Eligibility Status	Initial MQP Election Period	MQP Participation Period	Initial Annual MQP Due Date <sup>29</sup>
<b>Individual terminated, or terminates, a registration between March 15, 2020 and March 15, 2022</b>			
Individual terminated the General Securities Representative (Series 7) registration on May 1, 2020.	Between January 31, 2022, and March 15, 2022	If the individual elects to participate in the MQP, the individual's initial MQP participation period will be a maximum of approximately three years, ending no later than May 1, 2025. <sup>30</sup>	December 31, 2022
<b>Individual participated in the FSAWP prior to March 15, 2022</b>			
<ul style="list-style-type: none"> <li>Individual terminated the General Securities Representative (Series 7) registration on May 1, 2019, concurrent with the submission of the Form U5.</li> <li>Individual was designated to participate in the FSAWP upon submission of the Form U5.</li> </ul>	Between January 31, 2022, and March 15, 2022	If the individual elects to participate in the MQP, the individual's initial MQP participation period will be a maximum of approximately two years, ending no later than May 1, 2024. <sup>31</sup>	December 31, 2022
<b>Individual terminates a registration between March 15, 2022, and December 31, 2022, and has <i>not</i> completed Regulatory Element in 2022</b>			
Individual terminates the General Securities Representative (Series 7) registration on May 1, 2022, concurrent with the submission of the Form U5.	Between May 1, 2022, and May 1, 2024	<ul style="list-style-type: none"> <li>If the individual elects to participate in the MQP at the time of the Form U5 submission, the individual's initial MQP participation period will be five years from May 1, 2022.</li> <li>If the individual elects to participate in the MQP on a later date prior to May 1, 2024, the individual's initial MQP participation period will still be five years from May 1, 2022. In addition, the individual must complete prior to May 1, 2024, any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.</li> </ul>	December 31, 2022 <sup>32</sup>

<b>Individual terminates a registration between March 15, 2022, and December 31, 2022, and has completed Regulatory Element in 2022</b>			
Individual terminates the General Securities Representative (Series 7) registration on May 1, 2022, concurrent with the submission of the Form U5.	Between May 1, 2022, and May 1, 2024	<ul style="list-style-type: none"> <li>• If the individual elects to participate in the MQP at the time of the Form U5 submission, the individual's initial MQP participation period will be five years from May 1, 2022.</li> <li>• If the individual elects to participate in the MQP on a later date prior to May 1, 2024, the individual's initial MQP participation period will still be five years from May 1, 2022. In addition, the individual must complete prior to May 1, 2024, any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.</li> </ul>	December 31, 2023
<b>Individual terminates a registration on or after January 1, 2023, and has <i>not</i> completed Regulatory Element in 2023</b>			
Individual terminates the General Securities Representative (Series 7) registration on June 15, 2023, concurrent with the submission of the Form U5.	Between June 15, 2023, and June 15, 2025	<ul style="list-style-type: none"> <li>• If the individual elects to participate in the MQP at the time of the Form U5 submission, the individual's initial MQP participation period will be five years from June 15, 2023.</li> <li>• If the individual elects to participate in the MQP on a later date prior to June 15, 2025, the individual's initial MQP participation period will still be five years from June 15, 2023. In addition, the individual must complete prior to June 15, 2025, any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.</li> </ul>	December 31, 2023
<b>Individual terminates a registration on or after January 1, 2023, and has completed Regulatory Element in 2023</b>			
Individual terminates the General Securities Representative (Series 7) registration on June 15, 2023, concurrent with the submission of the Form U5.	Between June 15, 2023, and June 15, 2025	<ul style="list-style-type: none"> <li>• If the individual elects to participate in the MQP at the time of the Form U5 submission, the individual's initial MQP participation period will be five years from June 15, 2023.</li> <li>• If the individual elects to participate in the MQP on a later date prior to June 15, 2025, the individual's initial MQP participation period will still be five years from June 15, 2023. In addition, the individual must complete prior to June 15, 2025, any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.</li> </ul>	December 31, 2024



The annual MQP content will consist of a combination of Regulatory Element content and Practical Element content selected by FINRA and the CE Council.<sup>33</sup> The annual MQP content will correspond to the registration category for which individuals wish to maintain their qualification. MQP participants who are maintaining their qualification status for a principal registration category that includes a corequisite representative registration category must also complete required annual MQP content for the corequisite registration category in order to maintain their qualification status for the principal registration category, unless they are already completing prescribed Regulatory Element for the corequisite representative registration category. In addition, the amended rules allow individuals to participate in the MQP multiple times in their careers, provided that they satisfy the eligibility conditions each time they elect to participate in the MQP.<sup>34</sup>

### **System Enhancements Relating to Notification, Management and Tracking**

Currently, registered persons and FSAWP participants use FINRA's Financial Professional Gateway (FinPro®) to access the Regulatory Element. Eligible individuals who elect to participate in the MQP must also use their existing FinPro account or create a new account to notify FINRA of their election and to access MQP content. [The Financial Professional Gateway](#) webpage provides guidance on how to create a FinPro account.

With respect to registered persons, FINRA allows firms to enable an optional email notification functionality through the FINRA Gateway system so that registered persons (with FinPro accounts) can directly receive email notifications relating to their Regulatory Element requirement. If the firm enables this functionality, notifications are sent via email to the registered FinPro users according to the frequency selected by their firm. Firms can also receive copies of the delivered notifications. For FSAWP participants and MQP participants, the FinPro system will automatically send these individuals CE notifications.

Firms can access information on individual CE obligations and statuses within their firm through FINRA Gateway. Within FINRA Gateway, firms can choose from several CE report templates to track individual CE obligations, or they can create customized reports to suit their specific reporting needs. The [Continuing Education \(CE\) Obligations](#) webpage provides information regarding existing CE reports that can be accessed through FINRA Gateway.

FINRA will also enhance the preregistration check feature in FINRA Gateway so that firms will have the ability to view a prospective associated person's participation in the MQP.

FINRA is committed to developing new tools and reporting that will assist firms with managing and tracking CE. We will communicate updates as new systems features and functionality become available.

## Implementation Timeline

### MQP

The MQP will be implemented on March 15, 2022. MQP content will become available by July 1, 2022.<sup>35</sup>

Starting November 17, 2021, FINRA will begin notifying individuals who were previously registered in a representative or principal registration category between March 15, 2020, and March 15, 2022, and individuals who are participating in the FSAWP prior to March 15, 2022, of their potential eligibility to participate in the MQP. Starting January 31, 2022, these individuals may begin notifying FINRA via their FinPro accounts of their intention to participate in the MQP. Such individuals will have until March 15, 2022, to notify FINRA of their election to participate in the MQP. Firms generally have up to 30 days to submit a Form U5 to FINRA and provide a copy to the individual.<sup>36</sup> Therefore, FINRA may not be aware that an individual's registration category has been terminated in order to notify the individual of their potential eligibility to participate in the MQP. If an individual's registration category has been terminated but the firm has not yet submitted a Form U5 to FINRA, the individual may notify FINRA of their intent to participate in the MQP by sending an email to [mqpnotice@finra.org](mailto:mqpnotice@finra.org) by no later than March 15, 2022.

Individuals who elect to participate in the MQP on or before March 15, 2022, must complete the prescribed 2022 MQP content by December 31, 2022. If such individuals do not complete the prescribed MQP content by that date or have not been granted an extension of time to complete the content, they may not continue in the MQP in 2023.

For all other eligible individuals who elect to participate in the MQP in 2022, the prescribed 2022 MQP content will be due by December 31, 2022, unless they already completed the required Regulatory Element for 2022, in which case their prescribed MQP content will be due by December 31, 2023. In addition, such individuals may be granted an extension of time to complete the prescribed 2022 MQP content.

### FSAWP

FINRA will not accept any new participants for the FSAWP beginning on March 15, 2022. However, individuals who are already participating in the FSAWP prior to March 15, 2022, have the option of continuing in the FSAWP. FSAWP participants who continue in the program after March 15, 2022, will be subject to an annual Regulatory Element requirement beginning in 2023.

**Regulatory Element**

The changes to the Regulatory Element will be implemented on January 1, 2023. Individuals who are registered prior to January 1, 2023, and remain registered after January 1, 2023, must complete their initial annual Regulatory Element by December 31, 2023. Individuals who are reregistering on or after January 1, 2023, must complete their initial annual Regulatory Element content by December 31 of the year in which they reregister, unless they have already completed the required Regulatory Element for that year or are reregistering based on having passed the applicable qualification examination or having obtained an unconditional waiver of the examination, in which case they must complete the following year's Regulatory Element, which is due by December 31 of the following year. Individuals who are registering for the first time on or after January 1, 2023, must complete their initial Regulatory Element by December 31 of the year following the year in which they register. Individuals who have Regulatory Element content due (*i.e.*, have a CE window end date) prior to January 1, 2023, must complete that content based on the current requirements.<sup>37</sup> This includes individuals who elect to participate in the MQP prior to January 1, 2023.<sup>38</sup> Beginning January 1, 2023, the CE inactive status will be determined annually based on the new requirements.<sup>39</sup>

**Firm Element**

The changes to the Firm Element will be implemented on January 1, 2023. Therefore, beginning January 1, 2023, all registered persons will be required to complete the annual Firm Element.

**Two-Year Qualification Period and Partial Terminations**

Effective January 1, 2023, the two-year qualification period will apply to all partial terminations, with the exception of a partial termination of a registration category that is a subset of a broader registration category for which an individual remains registered or otherwise qualified under the two-year qualification period.

## Endnotes

1. Individuals may also seek to obtain a waiver of the applicable qualification examination(s). As specified in Rule 1210.03, FINRA may, in exceptional cases and where good cause is shown, waive the applicable qualification examination(s) and accept other standards as evidence of an applicant's qualifications for registration. For additional information, see FINRA's [Qualification Exam Waivers and Exemptions](#) webpage. FINRA has not made any changes to Rule 1210.03.
2. See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015).
3. See Rules 1240(a)(1) and (a)(4).
4. See Rule 1210.07 and Rules 1240(a)(1) and (a)(4).
5. For 2023, FINRA and the CE Council will publish the Regulatory Element topics by no later than October 1, 2022.
6. See Rule 1240(a)(2). As is currently the case, individuals who remain CE inactive for two consecutive years must requalify by retaking required qualification examinations (or by having obtained a waiver of the applicable qualification examinations). Rule 1240(a)(2) clarifies that the two-year CE inactive period is calculated from the date individuals become CE inactive, and it continues to run regardless of whether individuals terminate their registrations. Rule 1240(a)(2) also clarifies that individuals who are designated as CE inactive are required to complete all of the prescribed annual Regulatory Element that becomes due during their CE inactive period to return to active status.
7. Rule 1240(a)(2) clarifies that the request for an extension of time must be in writing and include supporting documentation.
8. Rule 1240(a)(3) clarifies that individuals who become subject to a significant disciplinary action may be required to complete assigned CE content as prescribed by FINRA. The current rule provides that such individuals may be required to retake the Regulatory Element. Further, Rule 1240(a)(4) clarifies that individuals who have not completed any Regulatory Element content for a registration category in the calendar year(s) prior to reregistering will not be approved for registration for that category until they complete that Regulatory Element content, pass an examination for that registration category or obtain an unconditional examination waiver for that registration category, whichever is applicable. Finally, Rule 1240(a)(5) clarifies that the Regulatory Element requirements apply to individuals who are registered, or in the process of registering, as a representative or principal.
9. The Regulatory Element must also be completed by December 31 of each subsequent year that the individual remains registered. Upon written request with supporting documentation and for good cause shown, FINRA will grant an extension of time for a registered person to complete the prescribed annual Regulatory Element content. See *supra* note 7.
10. See Rules 1240(a)(1) and (a)(4).
11. See Rule 1240(b)(1). The current requirement only applies to specified registered persons.

12. See Rule 1240(b)(2)(D). The recognition of other training requirements toward satisfying the Firm Element requirement will still require firms to conduct a needs analysis to determine the appropriateness of applying such other training toward the Firm Element. However, based on a needs analysis, a firm may determine that such other training requirements fully satisfy the Firm Element requirement. For example, with respect to permissively registered persons working in a clerical or administrative capacity for a firm, the firm may determine, based on a needs analysis, that such individuals have satisfied the annual Firm Element requirement by participating in the firm-wide annual compliance meeting.
13. See Rule 1240(b)(2)(B). FINRA and the CE Council are also working on ways to improve the guidance and resources available to firms to develop effective Firm Element training programs, such as updated guidance for developing and documenting training plans and specific principles. As part of these enhancements, FINRA and the CE Council are in the process of developing a catalog of CE content that will serve as an optional resource for firms to select relevant Firm Element content and create learning plans for their registered persons. The catalog will include content developed by third-party training providers, FINRA and other SRO participants. Firms will have the option of using the content in the catalog for purposes of their Firm Element training; they will not be obligated to select content from the catalog.
14. See Rule 1240(c). The MQP option will not be available to individuals who terminate a limited registration category that is a subset of a broader registration category for which they remain registered or otherwise qualified under the two-year qualification period (*e.g.*, an individual who maintains a General Securities Representative (Series 7) registration but who terminates an Investment Company and Variable Contracts Products Representative (Series 6) registration). Those individuals have the option of reregistering in the more limited registration category without having to requalify by examination or obtain an examination waiver so long as they continue to remain registered or otherwise qualified under the two-year qualification period for the broader registration category (*i.e.*, they are not subject to the two-year qualification period with respect to the terminated limited registration category). See *also infra* note 15. In addition, the MQP option will not be available to individuals who are maintaining an eliminated registration category, such as a Corporate Securities Representative (Series 62) registration category, or individuals who have solely passed the Securities Industry Essentials (SIE) examination, which does not, in and of itself, confer a registration status.
15. The current two-year qualification period applies where there is a full termination as representative, principal or both representative and principal. The current two-year qualification period does not apply where an individual partially terminates a specific representative registration category and remains registered or otherwise qualified under the two-year qualification period in one or more representative registration categories or where an individual partially terminates a specific principal registration category and remains registered or otherwise qualified under the two-year qualification period in one or more principal registration categories. Under the amended rules, the two-year qualification period would apply to such terminated registration categories, with the exception of a terminated registration category (*e.g.*, Series 6) that is a subset of a broader registration category (*e.g.*, Series 7) for which an individual remains registered or otherwise qualified under the two-year qualification period.

16. As is currently the case, individuals whose registrations as representatives or principals have been revoked pursuant to Rule 8310 cannot avail themselves of the two-year qualification period. Those individuals may only requalify by retaking the applicable representative- or principal-level examination(s) in order to reregister as representatives or principals, in addition to satisfying the eligibility conditions for association with a firm.
17. See Rule 1240(c)(1). For purposes of calculating the one-year registration period as a condition of eligibility, FINRA will consider the total amount of time that an individual was registered in the terminated registration category, provided that the registration has not lapsed for more than 30 calendar days during that period.
18. See Rule 1240(c)(2). Individuals who elect to participate in the MQP at the later date will be required to complete, within two years from the termination of the registration category, any CE that becomes due under the MQP between the time of their Form U5 submission and the date that they commence their participation in the MQP.
19. See Rule 1240(c)(6).
20. See Rule 1240(c)(4).
21. See Rule 1240(c)(3). However, upon an MQP participant's written request with supporting documentation and for good cause shown, FINRA will grant an extension of time for the participant to complete the prescribed MQP content. An MQP participant who is also a registered person at the time must directly request an extension of the prescribed content from FINRA. MQP participants who fail to complete the prescribed annual MQP content for a registration category that has been terminated for two or more years will not be eligible to continue in the MQP and will be required to requalify by examination, or obtain an examination waiver, in order to reregister.
22. See Rule 1240(c). In addition, individuals applying for reregistration must satisfy all other requirements relating to the registration process (e.g., submit a Form U4 and undergo a background check).
23. See Rule 1240(c)(6). Individuals who become subject to a statutory disqualification while participating in the MQP will not be eligible to continue in the program. Further, any content completed by such participants will be retroactively nullified upon disclosure of the statutory disqualification. The following example illustrates the application of the rule to an individual who becomes subject to a statutory disqualification while participating in the MQP. Individual A participates in the MQP for four years and completes the prescribed content for each of those years. During year five of participation, Individual A becomes subject to a statutory disqualification resulting from a foreign regulatory action. In that same year, FINRA receives a Form U4 submitted by a member on behalf of Individual A requesting registration with FINRA. The Form U4 discloses the statutory disqualification event. FINRA will then retroactively nullify any content that Individual A completed while participating in the MQP. Therefore, in this example, in order to become registered with FINRA, Individual A will be required to requalify by examination. This is in addition to satisfying the eligibility conditions for association with a FINRA member. See Exchange Act Sections 3(a)(39) and 15(b)(4) and Article III of the FINRA By-Laws.
24. See Rule 1240(c)(5).

25. See Supplementary Material .01 to Rule 1240. FINRA is not eliminating the FSAWP at this time. Therefore, individuals participating in the FSAWP prior to March 15, 2022, may continue in the FSAWP. However, FINRA has amended Rule 1210.09 to preclude any new participants from joining the FSAWP beginning March 15, 2022. Further, consistent with the transition of the Regulatory Element to an annual cycle, individuals who elect to continue their participation in the FSAWP will be subject to an annual Regulatory Element requirement beginning January 1, 2023. See Rule 1240(a)(1). FINRA may extend the time by which FSAWP participants must complete the annual Regulatory Element upon written request with supporting documentation and for good cause shown. See Rule 1240(a)(2).
26. Individuals who have been registered in a representative or principal registration category within two years prior to March 15, 2022, must satisfy the following eligibility conditions: (1) they must have been registered in the terminated registration category for which they elect to maintain their qualification under the MQP for at least one year immediately prior to the termination of that category and must not have been subject to a statutory disqualification during that one-year registration period; (2) they must not have been subject to a statutory disqualification following the termination of the registration category; and (3) they must not have been CE inactive for two consecutive years at the time they make their election to participate in the MQP. FSAWP participants must not have been subject to a statutory disqualification following the termination of the registration category.
27. FSAWP participants will not be able to switch to the MQP after March 15, 2022, in the event that they no longer meet the conditions of the FSAWP. The FSAWP conditions are set forth under Rule 1210.09.
28. MQP participants must complete the prescribed annual MQP content for a terminated registration category within two years of terminating that category in order to continue in the MQP. See *supra* note 21.
29. Upon an MQP participant's written request with supporting documentation and for good cause shown, FINRA will grant an extension of time for the participant to complete the prescribed annual MQP content. See *supra* note 21.
30. The amount of time that has lapsed between May 1, 2020, and March 15, 2022, will be deducted from the five-year MQP participation period.
31. The amount of time that has lapsed between May 1, 2019, and March 15, 2022, will be deducted from the five-year MQP participation period. Alternatively, the individual in this example could elect to continue in the FSAWP, which has a seven-year participation period beginning on May 1, 2019 (the initial date of the FSAWP designation in this example).
32. Individuals who elect to participate in the MQP within two years from the termination of a registration category, rather than at the time of their Form U5 submission, will still have an annual MQP due date in the year that their Form U5 is submitted. However, they will have up to two years from the date the registration category is terminated to complete that MQP content.

33. The MQP Practical Element content selected from the Firm Element content catalog will be based on the minimum standards for Firm Element training, which will include training in professional responsibility.
34. *See* Supplementary Material .02 to Rule 1240.
35. For subsequent years, the MQP content will be available at the beginning of each year.
36. *See* Section 3, Article V of the FINRA By-Laws.
37. Based on current requirements, registered persons are designated as CE inactive if they fail to complete the Regulatory Element within their 120-day window, absent being granted an extension.
38. As noted above, MQP participants who become CE inactive for two consecutive years while they are participating in the MQP may not continue in the MQP. Therefore, MQP participants who have a CE window end date prior to January 1, 2023, should ensure that they complete that content prior to becoming CE inactive for two consecutive years while participating in the MQP.
39. Individuals whose CE window end date is on or after January 1, 2023, will have until December 31, 2023, to complete the prescribed Regulatory Element prior to being designated as CE inactive.