



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 2016. 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 three SRO members, as well as SEC, NASAA, and SRO liaisons to the 2016 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.
- 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 2016 accomplishments as well as plans for 2017 and beyond.

I. The Regulatory Element Program

David Prince of Stephens Investment Management Group, LLC served as the Chairperson of the Regulatory Element Committee in 2016. The Regulatory Element is comprised of four distinct programs:

- The S101 General Program, is the original Regulatory Element Program introduced in 1995, for General Securities Representatives and those representatives for whom a separate program has not been created;
- The S201 Supervisors Program for Registered Principals and Supervisors, introduced in October 1998;
- The S106 Program for Series 6 Investment Company Products/Variable Contracts Representatives, introduced in January 2002; and,
- The S901 Program for Operations Professionals, introduced in October 2013. This was the first program to offer self-selection by candidates for one module that reflected their business functions in addition to three modules that contain content that every registered person should know.

The Council's goal is to refresh one-third of 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.

S101 Personalization

In 2016, in response to industry feedback, the S101 has been personalized in the same format used for the S901 Program. The first three modules are common for all program participants. Upon reaching the fourth module participants, are asked to select from among five categories, allowing them to receive training focused on their specific job EC Letter responsibilities.



Personalizing the S101 Program provides the Council with the opportunity to develop content designed to be more focused on specific job functions in the Retail Sales, Investment Banking, Trading, Research, and Institutional Sales areas. This initiative was Council's primary focus in 2015 and the successful launch of the personalized S101 Program launched on January 4, 2016.

In 2016, focus groups were held to gather feedback concerning the viability of merging the S106 and S901 Programs into the S101 Program. The consensus was that such a move would be welcomed. The S106 and S901 Programs will be subsumed into the S101, and the revised S101 will be rolled out beginning 2018.

Web Delivery of the Regulatory Element

The Council's efforts have been focused on delivering the Regulatory Element Program on a Web-enabled platform. In planning this significant change, the focus was on using strong candidate validation procedures to enable access to an educational program which allows candidates to display their understanding and proficiency of the material.

Phase I of the CE Online Program launched October 1, 2015 which included the S106, S201 and S901. Phase II launched January 4, 2016, and included the personalized S101 Program.

As of July 1, 2016 testing centers are no longer offered to participants to take their Regulatory Element sessions, unless there are special accommodations required under the Americans with Disabilities Act, or in very unusual situations.

Full details about the CE Online Program including FAQs can be found at finra.org and cecouncil.com.

II. The Firm Element

This year's Firm Element/Strategic Planning Committee Chairperson was Ann McCague, Managing Director/Global Head of Compliance, Piper Jaffray Companies. This committee reviews issues and trends in the industry and provides guidance on tools that may be useful to the industry.

The Securities Industry/Regulatory Council on Continuing Education (Council) previously published the Firm Element Advisory (FEA) semi-annually to highlight current regulatory and sales practice topics for possible inclusion in Firm Element training plans. The Council has identified topics from a review of industry,



regulatory and self-regulatory organization (SRO) announcements, and publications of significant events.

Beginning in 2016, the Council has released the *Firm Element Advisory* in a new online format. The FEA will be updated quarterly in order to provide the most current regulatory information for firms. The *Firm Element Advisory* highlights resources such as SRO Regulatory Notices, and notices and advisories from other regulators. The Council encourages firms to include pertinent *Firm Element Advisory* topics in their Firm Element training plans.

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. The website provides mechanisms that allow for news alerts and customized information on a variety of CE-related topics to be delivered to subscribers. A variety of tools and materials are also available to individuals to assist them in preparing for their Regulatory Element sessions. Further resources are available to assist firms in developing their Firm Element training programs.

The cecouncil.com 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 CE Council have spoken about the CE Online and Personalization of the S101 Continuing Education Programs to industry representatives at the following meetings in 2016:

- Association of Registration Management's Annual Conference (ARM)
- Licensing and Registration Council/Registration and Qualifications Subcommittee meetings (LRC)
- FINRA Small Firm Advisory Board
- FINRA Compliance Advisory Group
- FINRA Regulatory Advisory Group



- FINRA Annual Conference
- FINRA District Meetings
- Securities and Insurance Licensing Annual Conference (SILA)

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, Mia Zur, Alex Jadin and Alexander Zozos who attend the CE 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 Continuing Education Programs.

The Council Finance Committee regularly reviews the financial health of the Continuing Education Program to ensure that it remains positioned to continue our mission. Catherine Makstenieks, Director/Chief Compliance Officer, Deloitte Corporate Finance, LLC served as the 2016 Finance Committee Chairperson.

VI. 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'd be happy to answer any questions you might have.

Sincerely,

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