



CE Council

Firm Element Frequently Asked Questions

Nothing in this Frequently Asked Questions (FAQ) document creates any new requirements for the Continuing Education (CE) Firm Element. Furthermore, this FAQ document does not guarantee compliance with Firm Element requirements or provide a safe harbor from regulatory responsibility. The FAQ document is provided only as a guide to help firms plan, develop and implement a firm's CE Firm Element program. Each firm must consider its size, structure, scope of business, applicable requirements and any regulatory concerns to ensure that its training program is in accordance with its annual needs analysis and written training plan. Firms are responsible for ensuring that their training program meets the requirements set forth by the various self-regulatory organization (SRO) rules to which the firm is subject.

Table of Contents

General Requirements.....	2
In-Scope Participants	3
Needs Analysis and Training Plan	4
Training Content	6



CE Council

Firm Element Frequently Asked Questions

General Requirements

1. What are the CE Firm Element Program requirements?

The rules and regulations of various SROs of the securities industry (refer to CE rules table in the [CE Council Guide to Firm Element Continuing Education Programs](#) document) require firms to establish an annual Firm Element program that enhances the securities knowledge, skills and professionalism of their registered persons. A firm should refer to the applicable rules and regulations for specific requirements.

Generally, the Firm Element rules require BDs to evaluate and prioritize their training needs annually (*i.e.*, conduct an annual needs analysis and develop a written training plan). The plan must take into consideration the firm's size, organizational structure and scope of business activities, as well as regulatory developments. If a firm's analysis establishes the need for supervisory training for persons with supervisory responsibilities, such training must also be included in the firm's training plan.

Training programs used by firms to implement their training plans must, at a minimum, cover training topics related to the roles, activities and responsibilities of their registered persons and to professional responsibility. Firms must also maintain records documenting the content of their training programs and completion of the programs by their registered persons.

2. When must training begin each year, and how often must it be conducted?

There is no definitive date when training should begin and dates may vary depending on the firm size and needs; however, the training plan should be completed within a 12-month period and outlined in the firm's policies and procedures. Sufficient time should be allocated to allow proper planning and execution of training. Training dates are determined by the firm and incorporated into the training plan. Firms with limited products or small numbers of registered persons might find it appropriate and sufficient to conduct training on only one or two occasions during the year. Conversely, firms with multiple product lines and large numbers of registered persons may find it appropriate to conduct training on an ongoing basis throughout the year. Whatever the timing and frequency, firms should ensure that training is relevant to identified needs and adequately conveys the desired information.

3. Should a firm develop written procedures that address compliance with the Firm Element requirements?

Yes. Firms should develop written procedures reasonably designed to ensure compliance with the rules governing the Firm Element requirements (refer to the rules that are applicable to your firm). Such procedures should include, among other things:

- designating an appropriate officer or principal to oversee compliance



CE Council

Firm Element Frequently Asked Questions

with the program;

- developing processes for creating and implementing Firm Element programs;
- monitoring and tracking completion of the requirement; and
- regulator-specific requirements, if applicable. Please refer to the particular regulator on the Firm Element requirements.

4. What are some common regulatory examination findings with regard to a firm's CE program?

Refer to the "[Review of CE Findings Through Examination Program](#)" document on the CE Council website.

In-Scope Participants

1. Who is required to participate in Firm Element training?

Effective January 1, 2023, the Firm Element requirement applies to all registered persons, including any person who is permissively registered as a representative or principal pursuant to FINRA Rule 1210.02.

2. Is any registered person exempt from the Firm Element?

A registered person who is placed on inactive status pursuant to SRO rules pertaining to military service (such as FINRA Rule 1210.10) is not required to complete either the Regulatory Element or Firm Element during the duration of such inactive status.

3. How should firms approach the assignment of Firm Element to registered persons hired toward the end of the year?

In general, firms are encouraged to offer orientation or a training program for newly hired registered persons to familiarize them with the firms' specific policies, products, and expectations. If a firm reasonably determines that it is not feasible to require the current year's Firm Element to be completed by individuals who are hired toward the end of the year, the firm should follow its written supervisory procedures and if specified, document its determination regarding training for newly hired registered persons at the end of the year.



CE Council

Firm Element Frequently Asked Questions

Needs Analysis and Training Plan

1. Is there a template that may be used when conducting an annual training needs analysis?

Yes. Please refer to the [CE Council Firm Element](#) site and click on the “Firm Element Needs Analysis” button to find a Needs Analysis template in PDF, Word and Excel format.

2. What should firms consider when undertaking their annual needs analysis?

Please refer to the [CE Council Guide to Firm Element Continuing Education Programs](#). The Needs Analysis template lists a variety of factors to consider and document when determining a firm’s annual compliance training needs such as changes to firm or industry demographics, new products and services, new or amended rules related to firm business, and problems identified by way of complaints, regulatory and legal actions.

3. Must a firm send a questionnaire to its registered person as part of its needs analysis?

Questionnaires completed by persons are not required, although they could be helpful in informing the firm about actual educational needs.

4. What are some effective practices when assessing the need for supervisory training?

Firms may want to review their internal supervisory policies, the effective use of internal monitoring or supervisory systems, the effective use of escalation processes, and the sources of information or assistance available to supervisors within the firm.

5. Does a firm that is a sole proprietorship have to prepare a needs analysis and written training plan and, if so, how detailed do they need to be?

Yes. Every firm, regardless of size or type, must conduct a needs analysis and prepare a written training plan that is reasonable for the firm’s size and type of business it conducts or plans to conduct.

6. Is there a deadline by which a firm must complete the needs analysis and written training plan?

No. While there is no specific deadline, each firm must evaluate its training needs and develop a written training plan for each calendar year. Based on the Council’s experience, some firms evaluate their training needs in the fourth quarter of the prior calendar year, while others do so in the first quarter of the year in which the training is delivered.



CE Council

Firm Element Frequently Asked Questions

- 7. Are there tools available from the Council to assist firms in building their written training plans?**

Yes. Refer to the [CE Council Guide to Firm Element Continuing Education Programs](#) document for additional information.

- 8. Can a firm change its written training plan if circumstances change over the course of the year or as an identified need arises?**

Yes. A change would be appropriate if the new training improved on or replaced the training originally planned or if it were deemed necessary because changed circumstances suggested new training priorities. The annual training plan should be viewed as an evolving document that can be modified if circumstances warrant, such as when experience or unanticipated developments suggest that changes are appropriate.

- 9. What documentation should a firm maintain regarding their Firm Element program?**

Firms must maintain their written training plan documenting the content of the program as well as evidence of completion of the program by registered persons. Refer to Documentation of the CE Firm Element Program in the [CE Council Guide to Firm Element Continuing Education Programs](#) document for additional information.



CE Council

Firm Element Frequently Asked Questions

Training Content

- 1. When developing a Firm Element training program, how can a firm avoid redundant topics that will be covered elsewhere, including but not limited to the Regulatory Element?**

In coordination with the CE Council, FINRA publishes the [Regulatory Element Learning Plans](#) for the coming year no later than October 1. The topics for each registration category are made available prior to the new year to help firms coordinate their training programs and possibly avoid duplicate training. When creating their Firm Element Learning Plan as determined by the annual needs analysis, firms should consider whether any of the topics in the Regulatory Element sufficiently address the specific training needs of the firm. Additionally, firms are permitted to rely on other required training, including but not limited to annual anti-money laundering (AML) training and the Annual Compliance Meeting, toward satisfying an individual's annual Firm Element, provided that it sufficiently covers the individual's training need. By leveraging existing training requirements, firms may avoid redundant training and focus their efforts on customized training needs.

- 2. Can the annual compliance meeting or anti-money laundering (AML) compliance training required under FINRA rules count toward satisfying the Firm Element training?**

Yes. FINRA has amended its CE rules to expressly allow firms to consider training relating to the annual compliance meeting under FINRA Rule 3110(a)(7) or the AML compliance training under FINRA Rule 3310(e) toward satisfying an individual's annual Firm Element requirement. The recognition of these 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, a firm may use its needs analysis to determine that permissively registered persons working for the firm in a clerical or administrative capacity have satisfied the annual Firm Element requirement by participating in the firm-wide annual compliance meeting. Conversely, if a firm's needs analysis concludes that it would not be appropriate to apply such other training toward the Firm Element, the training would not count toward the Firm Element requirement.

- 3. Where can a firm find resources to help build its Firm Element curriculum? How can firms use these resources to assist in developing a Firm Element curriculum?**

Your Firm Element curriculum should focus on timely and significant topics that are relevant to your firm's business. There are a wide range of resources you can leverage. After



CE Council

Firm Element Frequently Asked Questions

reviewing these resources for what is relevant to your firm's business, it might be helpful to perform a gap analysis to determine if your Firm Element curriculum covers the subject matter discussed in these materials. Again, focus on the topics most relevant to your firm's business model. Links to some potential resources are provided below:

- a. The [CE Council Firm Element webpage](#) includes a good deal of relevant information about CE and Firm Element. For example, the Council publishes a quarterly [Firm Element Needs Analysis Highlights](#) document, a [Guidance Document](#), and a [Needs Analysis Template](#).
 - b. The Annual Report on [FINRA's Examinations and Risk Monitoring Program](#) contains a wealth of information for member firms. FINRA typically publishes the report in January of each year.
 - c. The SEC's Division of Examinations also publishes an annual Examination Priorities notice at the beginning of each year. It can be found on their website <https://www.sec.gov/>.
 - d. FINRA publishes a list of Disciplinary Actions each month. These can be found at <https://www.finra.org/rules-guidance/oversight-enforcement/disciplinary-actions>.
 - e. FINRA publishes Regulatory Notices containing information about new or proposed rules. These can be found on FINRA's website at <https://www.finra.org/rules-guidance/notices>.
- 4. Are firms permitted to use training materials or presentations provided by outside entities such as regulators, industry trade and professional associations, clearing firms, product manufacturers, and commercial training vendors?**

Yes. Training materials and presentations available from sources outside the firm can be helpful if they are appropriate for the firm. Firms should be able to demonstrate that the training relates to the roles, activities and responsibilities of their registered persons and to professional responsibility.

- 5. What resources are available to assist firms with selecting relevant training that aligns with their Firm Element training plan?**

FINRA's [compliance tools page](#) provides a list of resources designed to help firms with their regulatory and compliance obligations. FINRA is also developing a centralized catalog of Firm Element courses. This catalog aims to provide firms of all sizes and business modes with more content for the Firm Element component of their CE programs. The launch of this centralized catalog is planned for 2024 and additional information will be provided at the time of or just prior to launch.



CE Council

Firm Element Frequently Asked Questions

- 6. Where can I find training solutions for a specific type of BD (e.g., capital acquisitions brokers (CABs), limited purpose BDs, merger & acquisition firms) or line of business (e.g., private placements, life insurance)?**

When a firm has difficulty finding relevant training material for Firm Element purposes, it should consider contacting training vendors, consultants or law firms that may provide training services. A firm may also choose to develop new training material or customize existing training material to meet its unique needs. In 2024, firms will have the option of using the FINRA centralized catalog to access courses covering a variety of topics. Firms will also be able to request content on specific topics from the vendors that participate in the catalog.

- 7. If registered representatives (RR) can demonstrate proficiency via an assessment (documented pretest) in a specific subject matter included in a firm's training plan, are firms permitted to rely on that assessment to satisfy that portion of the Firm Element requirement?**

Yes. Firms may administer a pretest as part of their Firm Element program. RRs who demonstrate proficiency in a specific subject matter may not be required to complete additional training on that topic. When using a test as a form of training, firms should consider a minimum passing score and provide feedback (rationale) on responses. Additionally, firms should retain documentation of test results.

- 8. Firms' training plans must, at a minimum, cover training topics related to the roles, activities and responsibilities of their registered persons and to professional responsibility. Is there additional guidance on specific required training topics?**

The training topics should address the registered person's role and overall activities and responsibilities within the firm. For instance, if a registered person is performing back-office functions, the training should cover topics related to those functions. This would include training on any specific products that a registered person handles as part of their job. The training topics should also address professional responsibility, which broadly includes professional behavior and standards and ethical obligations.

- 9. Can CE for insurance licenses or training taken in conjunction with professional designation programs, such as the Certified Financial Planner Program, satisfy Firm Element requirements?**

Generally, such other CE or training programs may count toward the Firm Element but only to the extent that the components of other CE requirements or accreditation programs deal with securities products or related regulations.



CE Council

Firm Element Frequently Asked Questions

For example, if the registered person is insurance licensed, the firm offers insurance training covering investment-related insurance products such as variable annuities or variable life, and the needs analysis identified such topics as appropriate, then that training would be appropriate for meeting part of Firm Element requirements. Further, for individuals participating in training connected with obtaining or maintaining a professional designation program, if a firm determines that the material adequately covers subjects planned for its own Firm Element, such training can be used.

10. Will SROs or the Council preapprove training materials or programs developed by firms or providers?

No. Neither the SROs nor the Council will preapprove training materials or training programs. Firms are responsible for training material content regardless of whether it was prepared by the firm or by an outside provider.

11. Is there a minimum number of hours of CE that each registered person must take to fulfill the Firm Element requirement?

No. Each firm should use the results from its needs analysis to inform and direct the training plan to create a comprehensive Firm Element program. There are no minimum hours required to satisfy its Firm Element requirement.
