



CE Council

Review of CE Findings Through Examination Program

At the request of the CE Council, FINRA shared the most common Continuing Education (CE) related findings identified through its examination program at the Council's quarterly meeting in June 2023. As one of the missions of the CE Council is to provide guidance to compliance training administrators, a summary of the findings and related reminders and effective practices from the CE Council are being shared with you so that you may benefit from these observations.

Regulatory Element

Finding: Failing to suspend activities requiring registration when a registered person has an inactive Regulatory Element CE status

Reminder: When a registration has been deemed inactive, the registered person must cease all activities as a registered person and is prohibited from performing any duties and functioning in any capacity requiring registration. (See [FINRA Rule 1240\(a\)\(2\)](#).)

Effective Practices: Firms should develop a procedure that enumerates how relevant personnel and their supervisors are made aware of the consequences of a CE inactive status. Firms may consider the incorporation of the following steps in relevant procedures:

- develop automated email messages alerting employees and their supervisors of the consequences of a CE inactive status at least a week before the deadline;
- add additional levels of management to such reminders as the deadline approaches;
- notify registered representatives and their managers in writing, by phone or in person as soon as the firm becomes aware of an employee who is deemed to be CE inactive—such notification should explain the prohibition from performing duties and functioning in any capacity requiring registration;
- describe the administrative steps necessary to suspend activities requiring registration by individuals once they are deemed CE inactive;
- monitor the measures used to block activities (*e.g.*, disabling or limiting order entry system access) requiring registration until completion of the Regulatory Element requirement is evidenced on CRD®; and
- describe potential disciplinary measures that apply to individuals who fail to complete required training, including but not limited to the Regulatory Element, by their prescribed deadlines without reasonable explanations.



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Firm Element

Finding: Failing to conduct and/or document a training needs analysis

Reminder: Firms are required to consider a variety of factors on an annual basis when prioritizing training needs. Evidence of the needs analysis must be documented in writing. (See [FINRA Rule 1240\(b\)\(2\)\(c\).](#))

Effective Practices: Refer to [CE Council's Guide to Firm Element Continuing Education Programs](#) for effective practices on the needs analysis requirement.

Finding: Failing to ensure registered persons completed their Firm Element requirement or other training assignments and/or failing to establish or enforce written supervisory procedures (WSPs) relating to training assignment completion

Reminder: Firms should develop WSPs designed to reasonably ensure compliance with the rules governing the Firm Element requirements (refer to the rules that are applicable to your firm).

Effective Practices: The prompt completion of required compliance training reflects on the firm's culture of compliance. When CE is required by industry regulations or the firm, it is essential to have effective WSPs to make sure employees promptly review the material that the firm determined is essential to their role. The procedures should designate an appropriate officer or principal to oversee compliance with the program, explain the process to remind employees and their supervisors of training assignments, and provide consequences for completing them after the deadline or not at all. Firms may also consider the incorporation of the following steps in relevant procedures:

- develop automated email messages alerting employees and their supervisors of the consequences of late training completions at least a week before the deadline;
- add additional levels of management to such reminders and distribute training status reports to senior leaders as the deadline approaches;
- describe potential disciplinary measures that apply to individuals who fail to complete required training by their prescribed deadlines without reasonable explanations;
- operationalize the discipline as needed; and
- incorporate training completion metrics in annual performance reviews.

Finding: Failing to deliver training that addresses the needs identified in the annual training analysis

Reminder: FINRA requires firms to *implement* an appropriate training program based on the annual needs assessment. The completion of a program that does not address the identified training need does not comply with the spirit of the requirement. (See [FINRA Rule 1240\(b\)\(2\)\(B\).](#))



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Effective Practices: Individuals responsible for the Firm Element should be careful to reconcile the training analysis against the content of the training programs to make certain the firm's individual needs are addressed. When gaps are identified, firms may supplement their training efforts in a variety of ways including:

- customized in-house training programs;
- customized training programs provided by CE vendors;
- ad hoc in-person meetings; and
- compliance bulletins.