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VIA ELECTRONIC MAIL

Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

**Re: File Number SR-FINRA-2017-007
SEC Notice of Filing of FINRA Proposed Rule Change to Adopt Consolidated FINRA Registration Rules, Restructure the Representative-Level Qualification Examination Program and Amend the Continuing Education Requirements**

Dear Mr./Ms. Secretary:

Nationwide Financial Services, Inc. (the “Company”)¹ appreciates the opportunity to submit comments regarding the proposed rule changes Financial Regulatory Authority (“FINRA”) has proposed in File Number SR-FINRA-2017-007 filing with the Securities and Exchange Commission (“SEC”). The proposed changes will have significant consequences on the broker/dealer industry and how firms will handle registered representative registrations.

The Company supports FINRA’s efforts in attempting to streamline the types of examinations that registered representatives are currently being able to take. Efforts to eliminate redundancy and inefficiencies is needed in order to simplify the process.

Securities Industry Essentials (“SIE”) Examination

The proposal relating to an entrance exam into the industry without a sponsorship by a broker/dealer is long overdue. The Company supports FINRA’s proposal to allow individuals who are not affiliated with broker/dealer firms the opportunity to take and pass the proposed SIE examination that focuses on general knowledge of the securities industry. Such a step will provide individuals who are not affiliated with the financial services industry an opportunity to discover whether they have the acumen to move forward in such a career. With their base knowledge, an individual can then take examinations that are relevant to the broker/dealer with whom they want to become affiliated.

Since the SIE is a “stepping stone” to other examinations that would need to be taken in order to be eligible for FINRA registrations, future applicant pools for broker/dealer firms would be broadened.

The Company offers comments in regards to the SIE proposal to simplify the process further.

¹ This comment letter is written on behalf of three of Nationwide Insurance affiliated broker/dealers that are FINRA member firms - Nationwide Securities LLC, Nationwide Investment Services Corporation and Nationwide Fund Distributors LLC, respectively.

Proposed FINRA Rule 1210.08 – Lapse of Registration and expiration of SIE

The proposed rule under Supplementary Material .08 of FINRA Rule 1210 (“Proposed FINRA Rule 1210.08”) states that any person who passed the SIE four years from the passage of that exam then needs to pass one of the qualification examinations appropriate to his or her category of registration as specified in Rule 1220(b). If they fail to take one of the qualifying examination, the SIE exam would expire.

Comment. The Company supports the proposed rule that the SIE and qualification exams are needed in order for an individual to be considered a registered representative. However, a four year exam window appears to be too short and arbitrary.

Once an individual passes the SIE, they should be able to decide when to take the qualification exam when they see fit. The SIE/qualification examination period should have no expiration if the individual who passed the SIE completes FINRA’s Regulatory Element programs when required. If an individual does not complete FINRA’s Regulatory Element within the appropriate time period as required, they should be placed on “inactive” status until they complete the requirement.

Before any SIE enrollment would begin, FINRA must give broker/dealer firms ample time to prepare for this new classification of individuals. This includes providing firms the opportunity to provide feedback to the changes FINRA plans to implement on its Central Registration Depository System (CRD”), reports FINRA will generate on behalf of broker/dealers, etc.

Waiting Period to Retake Failed Examination

Currently, representatives who fail to pass any current examinations are required to wait thirty days to retake the examination they failed. After three attempts, individuals are required to wait 180 days to retake the exam.

The Company offers its comments regarding retaking failed examinations.

Proposed FINRA Rule 1210.06 Waiting Periods for Retaking a Failed Examination

The proposed rule under Supplementary Material .06 of FINRA Rule 1210 (“Proposed FINRA Rule 1210.06”) states that any person who fails to pass a qualification examination prescribed by FINRA shall be permitted to take an examination again after a period of thirty calendar days has elapsed from the date of such person’s last attempt to pass the examination, except that any person who fails to pass an examination three or more times in succession within a two year period is prohibited from taking that examination for 180 days since the last failed attempt to pass that examination.

Comment. The Company supports FINRA in having individuals who fail their exams to wait thirty days to take an exam again. This gives individuals time to study and to be better prepared to take the exam. However, it is not clear what would be accomplished if individuals are required to wait 180 days after their third failed attempt. The retaking of exams should be simplified as much as possible.

The Company offers other alternatives for FINRA’s consideration:

- Provide individuals 30 day wait periods indefinitely between their failed attempts. This would make it much easier for broker/dealer firms to track; or
- After their third failed attempt, give the individual a 60 day wait period between their third and any subsequent attempts; or
- Provide a cap on the number of attempts an individual could take in order to pass the examination. The cap should be based on FINRA statistical information on the success rate of individuals passing an examination after a certain number of attempts.

Financial Services Affiliate Waiver

FINRA's proposed rule changes discuss registered representatives that are individuals who are working for a financial services industry affiliate of a member and would be able to retain securities registrations for up to seven years after being placed in the category known as financial services affiliate waiver ("FSA"). This new category of registration would greatly assist firms similar to the Company.

Firms have been required to terminate securities registrations when individuals within a broker/dealer are transferred to affiliates – due to current rules and liability concerns, broker/dealers that have been placed in such situations terminate the individual's securities registration. Current FINRA rules state that a terminated registered representative has two years from the date of their termination to become re-affiliated with a broker/dealer or they have to retake their examinations. These requirements have created additional expense for broker/dealers (if the individual needs to retake their examinations) and has placed broker/dealer firms in difficult situations in explaining to individuals why they need to retake their exams.

The Company offers its comments regarding FSAs.

Proposed FINRA Rule 1210.09 Waiver of Examinations for Individuals Working For a Financial Services Industry Affiliate of a Member

The proposed rule under Supplementary Material .09 of FINRA Rule 1210 ("Proposed FINRA Rule 1210.09") would provide a new process whereby individuals who would be working for a financial services industry affiliate of a member would terminate their registrations with the member and would be granted a waiver of their requalification requirements upon re-registering with a member, provided the firm that is requesting the waiver and the individual satisfies the criteria for a financial services affiliate waiver ("FSA").

Upon a request made by a broker/dealer, FINRA would waive exam requirements for an individual who designated with FINRA as working for a FSA of a member if:

1. Prior to the designation, the individual was registered with FINRA for a period of five years within a ten year period, including the most recent year with the member firm that initially designated the individual;
2. that a waiver request is made within seven years of being designated as being classified as a FSA;
3. that the individual has continuously worked for the financial services affiliate of the member firm since the individual's last Form U-5 filing;
4. That the individual completed FINRA's Regulatory Element continuing education requirements if such came due while they were in a FSA status; and

5. That the FSA individual did not have any new pending or adverse regulatory issues or terminations that are reportable on the Form U-4 or subject to being classified as an individual subject to statutory disqualification as defined in the Exchange Act of 1934.

FINRA's rule proposal for FSAs is welcome news for broker/dealers that have financial services affiliates with whom registered representatives may work. However, the Company would ask that FINRA consider the following changes to its proposal.

Comment. The Company recommends that once an individual is designated as a FSA, no time limit be placed on a broker/dealer on when a waiver request is made. The proposed FINRA rule states that a waiver request needs to be made within seven years of when an individual is classified as a FSA.

The Company shares FINRA's concerns about how a FSA can remain fluent regarding industry and firm issues while they are not holding an active securities registration. Therefore, in addition to requiring the FSA to complete FINRA's Regulatory Element continuing education requirements, FSAs:

- Would need to attend the broker/dealer firm's annual compliance meeting for FSAs; and
- Would need to complete the broker/dealer's firm element continuing education program training for FSAs.

The current rule proposal does not address how FSAs would still be under FINRA's regulatory purview (and therefore require completion of any training/education requirements) once the FSA has been terminated from the broker/dealer and FINRA.

The Company has concerns regarding how it will track a FSA if the FSA has been terminated from the Company and a request for waiver for the FSA has been processed. The current proposal will add significant administrative burdens to the Company and will require them to initiate new processes for monitoring and tracking.

Instead of having registered representatives terminate their registration when they are working for a financial services industry affiliate of a member, the Company recommends that their designation as a registered representative be changed to "not registered financial services industry affiliate" ("NR FSA"). With such a change, the member and FINRA can track the status of the individual through CRD. In addition, FINRA could also provide information to the public regarding NR FSAs via their BrokerCheck web site.

FSAs would not need to update their Form U-4s or comply with any other FINRA requirements or rules until the FSA achieves registered representative status through FINRA. For example, a FSA would not be required to disclose any outside business activity to its broker/dealer since such FINRA rules would not apply to FSAs.

Before any new significant changes relating to this topic are implemented, FINRA must give broker/dealer firms ample time to prepare. This includes providing its members the opportunity to provide feedback to the changes FINRA plans to implement on CRD, information that will be provided to the public regarding individuals who work for a financial services industry affiliate of a member and any reports could receive from FINRA on these individuals, etc.

Final Comment. Due to the significant changes that may occur as a result of this rule proposal and the amount of information that needed to be reviewed relating to the proposal, the Company respectfully questions the short comment period it was given to examine and respond. The Company requests more time to respond to any future proposals regarding this topic.

Thank you for the opportunity to provide comments. Please let us know if we can provide further assistance. If you have any questions, please contact me at [REDACTED].

Respectfully submitted,

/s

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Nationwide Office of the Chief Legal Officer