

VIA ELECTRONIC MAIL

November 10, 2015

Robert W. Errett
Deputy Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: **File Number SR-MSRB-2015-11: Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide a Web-Based Delivery Method for Completing the Regulatory Element of the Continuing Education Requirements Pursuant to Rule G-3(i)(i)**

Dear Mr. Errett:

On September 29, 2015, the Municipal Securities Rulemaking Board (MSRB) filed for immediate effectiveness with the Securities and Exchange Commission (SEC) amendments to MSRB Rule G-3(i)(i) to facilitate web-based delivery of the Regulatory Element of the Continuing Education (CE) program (Proposed Amendment).¹ The Proposed Amendment would harmonize the MSRB CE requirements with the Financial Industry Regulatory Authority's (FINRA) amendments to FINRA Rule 1250(a)(6), which the SEC approved on July 31, 2015.²

The Financial Services Institute³ (FSI) appreciates the opportunity to comment on this important proposal. We support the Proposed Amendment and applaud the MSRB for its decision to utilize technological advances to modernize its CE program. We also commend the MSRB for its effort to harmonize the Proposed Amendment with FINRA's web-based CE delivery requirements. We encourage the MSRB to continue to seek out opportunities to harmonize its rulebook with that of FINRA's.

Background on FSI Members

The independent financial services community has been an important and active part of the lives of American investors for more than 40 years. In the U.S., there are approximately 167,000 independent financial advisors, which account for approximately 64.5% percent of all producing registered representatives. These financial advisors are self-employed independent contractors, rather than employees of Independent Broker-Dealers (IBD).

¹ 80 Fed. Reg. 63595 (Oct. 20, 2015).

² 80 Fed. Reg. 47018 (Aug. 6, 2015).

³ The Financial Services Institute (FSI) is an advocacy association comprised of members from the independent financial services industry, and is the only organization advocating solely on behalf of independent financial advisors and independent financial services firms. Since 2004, through advocacy, education and public awareness, FSI has been working to create a healthier regulatory environment for these members so they can provide affordable, objective financial advice to hard-working Main Street Americans.

FSI member firms provide business support to financial advisors in addition to supervising their business practices and arranging for the execution and clearing of customer transactions. Independent financial advisors are small-business owners who typically have strong ties to their communities and know their clients personally. These financial advisors provide comprehensive and affordable financial services that help millions of individuals, families, small businesses, associations, organizations and retirement plans with financial education, planning, implementation, and investment monitoring. Due to their unique business model, FSI member firms and their affiliated financial advisors are especially well positioned to provide middle-class Americans with the financial advice, products, and services necessary to achieve their investment goals.

Discussion

I. FSI Supports the MSRB Authorizing Web-Based Delivery of CE Programs

A. Introduction

The MSRB's Regulatory Element CE requirements are identical to those maintained by FINRA. Registered persons must complete a computer-based training program within 120 days of their second anniversary of registration and every three years thereafter. Currently, the Regulatory Element computer-based training may be delivered at a test center or in-firm, subject to certain procedures.

The Proposed Amendment will allow registered persons to meet the Regulatory Element CE requirement at the location of their choosing, including their home. This change is consistent with FINRA's recently adopted amendments to FINRA Rule 1250(a)(6). Similarly, the MSRB is proposing a phased-in approach for offering web-based CE programs that is identical to that proposed by FINRA.

B. FSI Supports the Increased Flexibility Provided by the Proposed Amendments

FSI supports the Proposed Amendment. We believe it will remove unnecessary burdens associated with traveling to a test center to fulfill CE requirements. Municipal securities dealers and registered persons will have increased flexibility to satisfy their CE requirements while also benefiting from reduced costs associated with spending time away from the office. We appreciate the MSRB following FINRA's lead in utilizing technological advances to promote greater efficiency for regulatory oversight. We encourage the MSRB to look for additional opportunities to balance the need for effective oversight with potential operational efficiencies.

C. Clarification Concerning Authentication and Access to CE Information

a. *Authentication*

In the release announcing the Proposed Amendment, the MSRB explains that the web-based Regulatory Element program administered by FINRA is designed with safeguards to authenticate participants' identities. The MSRB explains that prior to commencing a session, the participant will be asked to provide a portion of their Social Security number and their date of birth. The MSRB

further clarifies that the system will discard the information after matching it with records in the CRD system.

While we agree that utilizing a portion of an individual's Social Security number is an effective way to verify the identity of a US citizen, we respectfully request clarification on how the web-based system will verify the identity of a non-US citizen. Non-US citizens, located both in the US and abroad may be subject to CE requirements. However, these individuals do not maintain Social Security numbers. We request that the MSRB clarify how it will verify the identities of individuals that do not possess Social Security numbers.

b. Access to CE Information

FSI members often use CE participation and testing information to inform their own training programs. Specifically, FSI members may use CE test results to identify areas where their registered persons require additional education. Moreover, under the current system, FSI members are able to verify if an associated person has scheduled or completed a CE session. We request that the MSRB clarify that firms will continue to have access to the same information currently available once the web-based program is implemented. We believe that the industry and investors will ultimately benefit from firms having access to participation information, data, and results for their registered persons.

Conclusion

We are committed to constructive engagement in the regulatory process and welcome the opportunity to work with the MSRB on this and other important regulatory efforts. We look forward to working with the MSRB to seek additional opportunities to harmonize its rules with those of FINRA.

Thank you for considering FSI's comments. Should you have any questions, please contact me at [REDACTED].

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. T. Bellaire". The signature is fluid and cursive, with a large initial "D" and "T" and a stylized "Bellaire".

David T. Bellaire, Esq.
Executive Vice President & General Counsel