

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-100255; File No. SR-NASDAQ-2024-023)

May 31, 2024

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend General 4, Rule 1240.01 (Eligibility of Other Persons to Participate in the Continuing Education Program Specified in Paragraph (c) of this Rule)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 20, 2024, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to General 4, Rule 1240.01 to reopen the period by which certain participants in the Maintaining Qualifications Program (“MQP”) will be able to complete their prescribed 2022 and 2023 continuing education (“CE”) content.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend General 4, Rule 1240.01 to reopen the period by which certain participants in MQP will be able to complete their prescribed 2022 and 2023 CE content. This proposal is based on a rule change recently submitted by the Financial Industry Regulatory Authority, Inc. (“FINRA”), and is intended to align the Exchange’s continuing education rules with those of FINRA so as to promote uniform standards across the securities industry.<sup>3</sup> The Exchange is proposing to adopt such changes substantially in the same form as proposed by FINRA.

General 4, Rule 1240.01 extended the option to participate in the MQP to individuals who: (1) were registered as a representative or principal within two years immediately prior to March 15, 2022 (the implementation date of the MQP); and (2) individuals who were participating in the Financial Services Affiliate Waiver Program (“FSAWP”) under General 4, Rule 1210.09 (Waiver of Examinations for Individuals Working for a Financial Services Industry Affiliate of a Member) immediately prior to March 15, 2022 (collectively, “Look-Back Individuals”).<sup>4</sup> The rule provided two open enrollment periods for Look-Back Individuals to

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<sup>3</sup> See Securities Exchange Act Release No. 100067 (May 6, 2024) (SR-FINRA-2024-006) (“FINRA Rule Change”).

<sup>4</sup> The FSAWP is a waiver program for eligible individuals who have left a member firm to work for a foreign or domestic financial services affiliate of a member firm. The Exchange stopped accepting new participants for the FSAWP beginning on March 15, 2022; however, individuals who were already participating in the FSAWP prior to that date had the option of continuing in the FSAWP.

participate in the MQP.<sup>5</sup> The Exchange provided all Look-Back Individuals who had enrolled in the MQP until March 31, 2024, to complete any prescribed 2022 and 2023 CE content.<sup>6</sup> Look-Back Individuals who are enrolled in the MQP, similar to other MQP participants, are able to complete any prescribed CE and renew their annual MQP participation through their FINRA Financial Professional Gateway (“FinPro”) accounts.

In the FINRA Rule Change, FINRA noted that on March 16, 2024, it sent an email to Look-Back Individuals who had enrolled in the MQP but had not completed their prescribed CE to remind them of the March 31, 2024 deadline.<sup>7</sup> In the week leading up to the deadline, however, FINRA noticed that several thousand of those individuals were renewing their participation in the MQP for 2024 instead of completing their prescribed CE.<sup>8</sup> As stated in the FINRA Rule Change, FINRA believed that some of those individuals may have been confused by the layout of their FinPro accounts. Specifically, if they selected the 2024 renewal banner, which was prominently displayed on their FinPro accounts, and completed the renewal process, they would not have been automatically redirected to complete any prescribed CE. Therefore,

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<sup>5</sup> In July 2023, the Exchange amended General 4, Rule 1240.01 to provide Look-Back Individuals with a second opportunity to participate in the MQP. See Securities Exchange Act Release No. 97939 (July 18, 2023), 88 FR 47533 (July 24, 2023) (SR-NASDAQ-2023-020).

<sup>6</sup> The Exchange determined to treat the individuals who enrolled during the first period (between January 31, 2022, and March 15, 2022) the same as those who enrolled during the second period (between July 6, 2023, and December 31, 2023) for purposes of the March 31, 2024, deadline for completion of prescribed 2022 and 2023 CE content. This is because those who had enrolled in the MQP during the first period satisfied all of the eligibility criteria for enrollment during the second period and would have been able to complete their prescribed CE content by March 31, 2024, had they chosen to enroll during the second period instead of enrolling during the first period.

<sup>7</sup> According to the FINRA Rule Change, FINRA had sent multiple reminders prior to March 16, 2024, but the March 16, 2024 email was the last reminder that was sent prior to the March 31, 2024 deadline for completion of any prescribed 2022 and 2023 CE content.

<sup>8</sup> Look-Back Individuals who enrolled in the MQP have until December 31, 2024 to renew their participation in the MQP for 2024, provided that they complete their prescribed CE by the stated deadline.

individuals may have inadvertently assumed that completion of the renewal process alone would have satisfied all of the necessary requirements to continue their participation in the MQP.<sup>9</sup>

For these reasons, the Exchange is proposing to amend General 4, Rule 1240.01 to provide Look-Back Individuals enrolled in the MQP in both 2022 and 2023 who did not complete their prescribed 2022 and 2023 CE content as of March 31, 2024 the opportunity to complete such content between May 22, 2024 and July 1, 2024 in order to be eligible to continue their participation in the MQP.<sup>10</sup> The Exchange is also proposing to amend the rule to provide that any such individuals who will have completed their prescribed 2022 and 2023 CE content between March 31, 2024 and May 22, 2024 will be deemed to have completed such content by July 1, 2024 for purposes of the rule. As stated in the FINRA Rule Change, FINRA plans to reach out to all impacted individuals and inform them of the new CE completion period. The Exchange will likewise inform all members of the new CE completion period through a publicly disseminated regulatory alert.<sup>11</sup> Furthermore, FINRA states that it has made changes, and is also considering future changes, to the layout of FinPro to more effectively communicate the necessary steps that individuals must take to satisfy their MQP obligations.

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<sup>9</sup> According to FINRA, a number of these individuals contacted FINRA to confirm whether they were required to satisfy any additional requirements other than completing the 2024 renewal. To provide FINRA with additional time to assess the situation, FINRA temporarily changed the March 31, 2024, due date for CE completion in its systems. This may have compounded the confusion because any Look-Back Individual who may have logged into their FinPro account during this time would have seen an interim CE completion date and would have been able to complete their prescribed CE content based on that interim CE completion date.

<sup>10</sup> This would include any Look-Back Individuals who were still in the process of completing their prescribed CE content as of March 31, 2024.

<sup>11</sup> Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, and Nasdaq PHLX LLC (i.e., the Nasdaq Affiliated Exchanges) incorporate Nasdaq Supplementary Material .01 to General 4, Rule 1240 into their respective rulebooks by reference. As such, the regulatory alert will be sent to all members of the Nasdaq Affiliated Exchanges.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>13</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that reopening the period by which Look-Back Individuals will be able to complete their prescribed 2022 and 2023 CE content is appropriate under the circumstances. The Exchange believes that Look-Back Individuals who had enrolled in the MQP in 2022 and 2023 but had not completed their prescribed 2022 and 2023 CE content by the March 31, 2024, deadline may have been confused, as described above. The Exchange continues to believe that participation in the MQP reduces unnecessary impediments to requalification without diminishing investor protection.<sup>14</sup> In addition, the MQP promotes other goals, such as diversity and inclusion in the securities industry by attracting and retaining a broader and diverse group of professionals. The MQP also allows the industry to retain expertise from skilled individuals, providing investors with the advantage of greater experience among the individuals working in the industry. The Exchange believes that reopening the CE completion period, as proposed, will further these goals and objectives.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> The FINRA Rule Change states that as of April 15, 2024, approximately 31,000 individuals, including approximately 20,000 Look-Back Individuals, have enrolled in the MQP, of which approximately 1,400 individuals have used the MQP to return to the industry without having to go through requalification.

Exchange believes that the proposed rule change, which harmonizes its rules with the recent rule change filed by FINRA, will reduce the regulatory burden placed on market participants engaged in trading activities across different markets. The Exchange believes that the harmonization of the MQP requirements across the various markets will reduce burdens on competition by removing impediments to participation in the national market system and promoting competition among participants across the multiple national securities exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6) thereunder.<sup>16</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>17</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>18</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to

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<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. Nasdaq has satisfied this requirement.

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

<sup>18</sup> 17 CFR 240.19b-4(f)(6)(iii).

waive the 30-day operative delay so that the proposed rule change may become operative upon filing. As outlined above, Nasdaq states that it plans to reach out to relevant individuals and inform them of the new CE completion period established by this rule change. The Exchange has indicated that the immediate operation of the proposed rule change is appropriate so that the Exchange can communicate the rule change to impacted individuals promptly. Waiver of the 30-day operative delay will also allow the Exchange to implement the proposed changes without delay, thereby eliminating the material differences between FINRA and Exchange continuing education requirements applicable to Exchange members, providing more uniform standards across the securities industry, and helping to avoid ongoing confusion for Exchange members that are also FINRA members. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.<sup>19</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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<sup>19</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2024-023 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NASDAQ-2024-023. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should



submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2024-023 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>20</sup> 17 CFR 200.30-3(a)(12).