

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-78281; File No. SR-FINRA-2016-025)

July 11, 2016

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Fee for the Regulatory Element of Continuing Education

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 July 1, 2016, Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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 the Substance of the Proposed Rule Change

FINRA is proposing to amend Section 4 of Schedule A to the FINRA By-Laws to address the transition of the Regulatory Element of Continuing Education (“CE”) to the FINRA CE Online System<sup>®</sup>.

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

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

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

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

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA 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, FINRA included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FINRA 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

As part of the transition to CE Online, FINRA is phasing out test center delivery of the CE Regulatory Element.<sup>5</sup> Specifically, effective July 1, 2016, the option to complete the Regulatory Element at a test center will no longer be available, and participants must complete their session using the CE Online System with the exception of participants who, pursuant to the Americans with Disabilities Act,<sup>6</sup> may need accommodations in completing their CE session due to a disability. Participants who need such accommodations may apply for an accommodation and complete their CE Regulatory Element session at a test center.<sup>7</sup>

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<sup>5</sup> See Regulatory Notice 15-28 (August 2015); see also Information Notice, May 16, 2016 (Elimination of Continuing Education Delivery at Testing Centers).

<sup>6</sup> Americans with Disabilities Act of 1990, Pub. L. No. 101-336, 104 Stat. 328 (1990).

<sup>7</sup> See FINRA's CE Online Delivery Accommodation Web page, available at <http://www.finra.org/industry/accommodations-continuing-education-ce-online-participants>.

Currently, pursuant to Section 4(f) of Schedule A to the FINRA By-Laws, FINRA assesses a session fee of \$100 to each participant for each scheduled session to complete the Regulatory Element at a test center, and it assesses a session fee of \$55 to each participant who completes the Regulatory Element through the CE Online System. In conjunction with phasing out test center delivery of the Regulatory Element, FINRA is proposing to amend Section 4(f) of Schedule A to the FINRA By-Laws to assess a session fee of \$55 for the Regulatory Element regardless of whether the session is completed at a test center or through the CE Online System. However, as noted above, only participants who apply for an accommodation would be eligible to complete their CE Regulatory Element session at a test center.

In addition, Section 4(c) of Schedule A to the FINRA By-Laws includes additional fees for taking the Regulatory Element session outside the United States, failing to appear on time for an appointment or cancelling or rescheduling an appointment. FINRA is proposing to make technical changes to Sections 4(c)(3) and (4) of Schedule A to the FINRA By-Laws to clarify that such additional fees are only applicable to test center-based sessions. Further, because these additional fees are based on the initial session fee, which FINRA is proposing to reduce, the proposed rule change would result in a reduction of the total fees charged under these sections for completing the Regulatory Element at a test center.

FINRA has filed the proposed rule change for immediate effectiveness.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,<sup>8</sup> which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and

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<sup>8</sup> 15 U.S.C. 78o-3(b)(5).

other persons using any facility or system that FINRA operates or controls. The proposed rule change reduces the session fee for participants who are eligible to complete their CE Regulatory Element session at a test center, and it aligns the session fee for such participants with the session fee for participants who complete their session through the CE Online System.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As described above, participants who need an accommodation pursuant to the Americans with Disabilities Act may apply for an accommodation and complete their CE Regulatory Element session at a test center. FINRA is proposing to reduce the session fee for a test center-based session of the CE Regulatory Element for such participants.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>10</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>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

#### 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2016-025 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-FINRA-2016-025. This file number should be included on the subject line if e-mail 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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2016-025, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Robert W. Errett  
Deputy Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).