



## **2010 Status Report On the Securities Industry Education Program**

On behalf of The Securities Industry/Regulatory Council on Continuing Education (Council), I am pleased to provide this status Report on The Securities Industry Continuing Education Program (Program) and on the activities of the Council. On July 1, the Program began its 16<sup>th</sup> year of operation. During that time over 2 million industry professionals have met their Regulatory Element of Continuing Education requirements and countless hours of Firm Element programs have been developed and delivered by individual firms.

The work of the Council is a great example of how the industry and regulators can work together to effectively promote professional excellence as well as awareness of essential regulatory and product developments. Working together, we have developed a number of useful resources that firms can use to design and implement their Firm Element programs and to continually upgrade the content and delivery of the Regulatory Element Program.

### **The History of the Securities Industry Continuing Education Program**

In March 1993, at the request of the SEC, six self-regulatory organizations (SROs), the AMEX, the CBOE, the MSRB, NASD, the NYSE and the PHLX, formed an industry task force to consider whether the securities industry should develop a uniform continuing education program for registered persons. In September 1993, the industry task force issued a report recommending a formal, two-part program for continuing education consisting of two elements. The Regulatory Element of the Continuing Education Program would require uniform periodic, computer-based training in regulatory matters. The Firm Element would require firms to develop ongoing programs to keep their employees up-to-date on products, markets and rules. The report also suggested creating a permanent Securities Industry/Regulatory Council on Continuing Education “to ensure that the Continuing Education Program is current and relevant to changes in the industry’s products and legal/regulatory standards.”

### **The Council**

The Council was established in November 1993 with specific advisory and consultative responsibilities to the Continuing Education Program. These are:

- Recommending and approving new content for the Regulatory Element Program.
- Recommending updates to the Firm Element Program.
- Promoting effective implementation of meaningful continuing education to the securities industry.
- Liaising with appropriate industry groups and regulators.



- Maintaining the program on a “revenue neutral” basis subject to adequate financial reserves.

In fulfilling these responsibilities, the Council developed the initial Regulatory Element computer-based training program and provided industry guidelines for developing and implementing Firm Element training programs.

The Council is comprised of sixteen industry members and three SRO members, the CBOE, FINRA, and the MSRB. In addition, the SEC and NASAA provide liaisons to the Council. Industry members serve staggered four-year terms. There are five standing Council committees: the Executive Committee, the Regulatory Element Committee, the Firm Element/Strategic Planning Committee, the Finance Committee and the Nominating Committee. Additional ad hoc committees are convened when necessary. The Council meets quarterly.

Click this link to view the 2010 CE Council members:

[http://www.cecouncil.com/the\\_council/council\\_members/](http://www.cecouncil.com/the_council/council_members/)

The fees paid by broker-dealers for their registered persons to take their continuing education sessions are collected by FINRA on behalf of the Council. Recently, in light of the significant financial commitment needed to support the Regulatory Element redesign initiative, the Council recommended the session fee be increased to \$100 effective on January 4, 2010, to coincide with the implementation of the redesign of the General Program (S101) and the Series 6 Program (S106).

In December 2006, the Council finished a nearly year-long project to update and modernize the Web site, make it more user-friendly, and add more functionality. The Council hired a new Web site vendor and now has two new Web addresses that allow users to more easily find the Web site: [www.cecouncil.com](http://www.cecouncil.com), and [www.cecouncil.org](http://www.cecouncil.org). These Web sites are a “one-stop shop” for Securities Industry Continuing Education Program information.

### **Regulatory Element Programs**

Redesigned versions of the S101 and S106 Regulatory Element Programs were released in January 4, 2010. Displayed through an updated user interface, the programs have been streamlined into four modules, presented in the order chosen by the participant. Each module presents realistic story-based cases which feature learning objectives at the start of each case to help focus the participant’s attention. Cases have been designed with industry input to integrate rule-based concepts and product knowledge with ethics and business conduct topics, and include useful resources, such as definitions, to help candidates understand the terms used in each case.



The second phase of the project, focused on the redesign of the Supervisors Program (S201), began in October 2009. A pilot test of the redesigned S201 is scheduled for mid-2011 and the new program should be implemented in 2012.

Moving forward, the redesign plans include personalizing the S101 content to address the specific and unique functions of persons acting in areas of the securities industry including investment banking, research, and sales and trading.

To learn more about the redesigned programs you can visit the Council's web site at [www.cecouncil.org](http://www.cecouncil.org) to view the following resources:

- Revised content outlines for the S101/S106.
- An animated orientation that reviews navigation functions and built-in resources for help.
- An abbreviated sample case that demonstrates the programs' interactive formats.

### **Firm Element Support**

To assist firms with their Firm Element planning, the Council issues the *[Firm Element Advisory \(FEA\)](#)*. The FEA includes regulatory updates from the CBOE, FINRA, MSRB, NASAA, and the SEC. The Council on a semi-annual basis

The Council also produced the *[Guide to Firm Element Needs Analysis and Training Plan Development](#)* which covers several issues and concepts that firms should incorporate as part of completing and documenting their Firm Element program.

The Firm Element Content Builder is a tool that can be used to identify training resources for Firm Element training programs. The Content Builder is available on the Council Web site and contains an extensive database of regulatory bulletins and notices from a variety of regulators, which is continuously updated.

### **Frequently Asked Questions (FAQs)**

The following pages address some of the questions that the Council and our support staff receive from the public. We hope you find them helpful:

[http://www.cecouncil.com/regulatory\\_element/faqs/](http://www.cecouncil.com/regulatory_element/faqs/)

[http://www.cecouncil.com/firm\\_element/faqs/](http://www.cecouncil.com/firm_element/faqs/)

### **Continuing to Work Together**

The success of the Securities Industry Continuing Education Program is the result of the dedication and hard work of many individuals. All content is developed by industry and regulatory volunteers working together with FINRA staff. I want to thank the various CE Content Committee members for their efforts and I encourage all participants within the



securities industry to continue their active involvement in the future development of these important programs.

James Rabenstine  
2010 CE Council Chairman  
Vice President  
Nationwide Insurance