



## Regulatory Circular 22-006

**Date:** March 14, 2022

**Exchanges:** Cboe Options, C2 Options, BYX, BZX, EDGA and EDGX

**Markets:** Equities and Options

**To:** Trading Permit Holders and Members

**Re:** Upcoming Continuing Education Program Changes and Key Dates

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Cboe Exchange, Inc. (“Cboe Options”), Cboe C2 Exchange, Inc. (“C2 Options”), Cboe BYX Exchange, Inc. (“BYX”), Cboe BZX Exchange, Inc. (“BZX”), Cboe EDGA Exchange, Inc. (“EDGA”) and Cboe EDGX Exchange, Inc. (“EDGX,” and each an “Exchange”) are issuing this Regulatory Circular to advise Trading Permit Holders and Members that the Exchanges plan to submit rule filings to implement changes to their respective continuing education (“CE”) programs for securities industry professionals (each a “CE Program”) similar to recent changes being implemented by Financial Industry Regulatory Authority, Inc. (“FINRA”) to its CE Program.<sup>1</sup>

As discussed below, in order to coincide with FINRA’s implementation dates, certain changes related to a new maintaining qualifications program (“MQP”) and an existing financial services affiliate waiver program (“FSAWP” or “FSA waiver program”) are planned to become effective **March 15, 2022** and all other changes are planned to become effective **January 1, 2023**, pending effective rule change filings.

### CE Program Changes Overview

Certain aspects of the planned CE Program changes are summarized below. Please refer to the filings and amended rules, once they are available, for additional details and requirements.

#### Annual Regulatory Element for Each Registration Category

The Exchanges’ amended CE Programs will require that, beginning **January 1, 2023**, covered persons in a representative or principal capacity complete the Regulatory Element annually by December 31 of each year that they are registered. (By contrast, the Exchanges’ current CE Programs require the Regulatory Element to be completed every three-years.) In addition, the amended CE Programs will require covered persons to complete Regulatory Element content specific to each representative or principal registration category that they hold. (By contrast, the current CE Programs provide a single content program for representative registration categories (S101) and a single content program for principal registration categories (S201)). Under the amended rules, if an individual’s registration status remains unchanged after **January 1, 2023**, the individual’s initial annual Regulatory Element due date will be **December 31, 2023**. See Table 1 of FINRA Regulatory Notice [21-41](#) for examples illustrating a covered person’s initial Regulatory Element due date, which vary depending on changes in an individual’s registration status.

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<sup>1</sup> For additional information on FINRA’s recent changes, see Securities Exchange Act Release No. [93097](#) (September 21, 2021) (File No. SR-FINRA-2021-015) and FINRA Regulatory Notice [21-41](#) (November 17, 2021). FINRA has also published [frequently asked questions](#) relating FINRA Regulatory Notice [21-41](#) on its website.

### Maintaining Qualifications for Terminated Registration Categories

The amended CE Programs will provide, beginning **March 15, 2022**, eligible individuals who terminate any of their representative or principal registration categories, including any permissive registration category, the option of maintaining their qualification for the terminated registration category(ies) beyond the current two-year qualification period by completing annual CE through a new program, the MQP. Eligible individuals who elect not to participate in the MQP could continue to avail themselves of the two-year qualification period (i.e., they could reregister within two years of terminating a registration category without having to requalify by examination or having to obtain an examination waiver). MQP participants will have a maximum of five years following the termination of a representative or principal registration category to reregister without having to requalify by examination or having to obtain an examination waiver, subject to satisfying the conditions of the MQP. The following are the conditions that are planned to be adopted for eligibility and participation in the MQP.

#### Eligibility Conditions:

- Individuals must have been registered in the terminated registration category for which they elect to maintain their qualification under the MQP for at least one year immediately preceding the termination of that category and must not have been subject to a statutory disqualification during that one-year registration period.
- Individuals must make their election to participate in the MQP at the time of their Form U5 submission or within two years from the termination of a registration category.
- Individuals must not have been subject to a statutory disqualification between the date of their Form U5 submission and the date they make their election to participate in the MQP.
- Individuals must not have been CE inactive for two consecutive years at the time they make their election to participate in the MQP.

#### Participation Conditions:

- MQP participants must complete annually by December 31 all prescribed CE content.
- MQP participants will have a maximum of five years following the termination of a registration category in which to reregister without having to requalify by examination or having to obtain an examination waiver.
- MQP participants who become subject to a statutory disqualification while they are participating in the MQP may not continue in the MQP.
- MQP participants who become CE inactive for two consecutive years while they are participating in the MQP may not continue in the MQP.

The amended rules will also include a look-back provision that extends the MQP option to individuals who have been registered in a representative or principal registration category **within two years prior to March 15, 2022**, as well as individuals who are participating in the FSAWP or FSA waiver program under Cboe Options Rule 3.30.07, C2 Options Chapter 3, Section B or FINRA Rule 1210.09 prior to **March 15, 2022**.<sup>2</sup> Such individuals must satisfy specified eligibility conditions if they elect to participate in the MQP. Further, if such individuals elect to participate in the MQP, they must make their election by **March 15, 2022**. In addition, if such individuals elect to participate in the MQP, they will be required to complete their initial annual MQP content by **December 31, 2022**, unless they

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<sup>2</sup> Cboe Options, C2 Options and FINRA will not accept any new participants for their respective FSAWP beginning on **March 15, 2022**. However, individuals who are already participating in any of the respective FSAWP prior to March 15, 2022, have the option of continuing in the FSAWP. FSAWP participants who continue in the program after March 15, 2022, will be subject to an annual Regulatory Element requirement beginning in 2023. BYZ, BZX, EDGA and EDGX do not have an FSAWP, but plan to recognize waivers and MQP look-backs for participants in the Cboe Options, C2 Options and FINRA FSA waiver programs.

have been granted an extension of time. If such individuals fail to complete the prescribed annual MQP content by December 31, 2022, absent an extension of time, they will not be eligible to continue in the MQP and may be required to requalify by examination or obtain an examination waiver in order to reregister. Finally, if such individuals elect to participate in the MQP for a particular registration category, their five-year MQP participation period will be adjusted by deducting from that period the amount of time that has lapsed between the date they terminated that registration category and March 15, 2022.

With respect to all other eligible individuals, if they already completed their Regulatory Element for the year in which they elect to participate in the MQP, they will not be required to complete prescribed MQP content for that year. Rather, they will be required to complete prescribed MQP content for the following year. In addition, they may elect to participate in the MQP within two years from the termination of a registration category, provided they complete any MQP content that becomes due between the Form U5 submission date and the date they elect to participate in the MQP.

See Table 2 of FINRA Notice [21-41](#) for examples illustrating the application of the MQP based on an individual's eligibility status at the time of implementation.

#### **Firm Element for Covered Registered Persons**

BYX, BZX, EDGA and EDGX are adopting rules to include a Firm Element component in their respective CE Programs that align with the Firm Element components of the Cboe Options, C2 Options and FINRA CE Programs.

BYZ, BZX, EDGA and EDGX, as well as Cboe Options and C2 Options, are also proposing to: (i) provide that the Firm Element requirement apply to "covered registered persons," which would include any person registered with a Member, including any person who is permissively registered as a representative or principal; and (ii) expressly allow Members to consider training relating to their AML compliance program and their annual compliance meeting toward satisfying an individual's annual Firm Element requirement.

#### **Additional Information**

Please contact Regulatory Interpretations at [reginterps@cboe.com](mailto:reginterps@cboe.com) or 312.786.8141 for additional information.