

The SIE Exam – FAQ

Based on a review of its extensive array of regulatory exams, FINRA has proposed to implement *one exam* to ensure that potential industry professionals have a broad knowledge of the fundamental concepts and rules of the securities industry. The exam that will bring together much of the information that is static and unlikely to be impacted by regulatory changes is the *Securities Industry Essentials (SIE) exam*. The proposed SIE exam will incorporate basic product knowledge, the structure and function of securities industry markets, regulatory agencies and their functions, and regulated and prohibited practices. The goal of the SIE exam is to reduce the redundancy of subject matter content that is addressed on multiple exams. However, passing the SIE exam alone will not qualify a person for FINRA registration. For example, if a person initially passed the SIE exam, he must also pass an appropriate specialized knowledge exam (or Top-Off exam) which relates to the registration category that pertains to his intended job function.

Maybe the best way to handle the information regarding the proposed SIE exam is to address the most frequently asked questions that we get from our STC clients.

– **Q: Do I need to be sponsored to take the SIE exam?**

– **A:** No. Persons who are not associated with firms, including members of the general public, are able to schedule and sit for the SIE exam. FINRA is proposing to create an enrollment system that would allow these persons to enroll and pay the SIE exam fee.

– **Q: Can employees of FINRA member firms take the SIE exam without being sponsored?**

– **A:** Yes. The SIE exam will also be available to associated persons of member firms who are not required to be registered as representatives, but are asked by their firms to take it.

– **Q: Can I take the SIE exam and Top-Off exam on the same day?**

– **A:** Yes. A person is able to schedule both the SIE exam and the appropriate Top-Off exam for the same day.

– **Q: If I'm not associated with a firm, but I take and pass the SIE, how long is my passing result valid?**

– **A:** A successful SIE exam result is valid for four years. Therefore, a person who passes will have up to four years to become associated with a member firm and pass an appropriate Top-Off exam without needing to retake the SIE exam. The same provision applies to a person who is already associated with a member firm and passes the SIE exam.

– **Q: How will the implementation of the proposed SIE exam and Top-Off exams affect existing representative registrations?**

– **A:** Most current registrants will be considered to have passed the SIE exam, which will remain valid for four years upon leaving the industry.

- A registrant who leaves and returns *within two years* will regain registration without needing to take the SIE exam or a Top-Off exam.
- A registrant who leaves and returns *between two and four years later* will not need to take the SIE exam; however, the appropriate Top-Off exam must be completed to regain registration.
- Registrants who return *more than four years later* will need to take both the Essentials and the Top-Off exam

– **Q: Will all existing FINRA representative exams be converted into specialized knowledge exams?**

– **A:** No. FINRA is eliminating the following representative exams—Series 11, Series 42, Series 62, Series 72, as well as the foreign exams Series 17, Series 37, and Series 38. The following existing representative registrations will have specialized Top-Off exams that will typically be completed after passing the SIE exam—Series 6, Series 7, Series 22, Series 57, Series 79, Series 82, Series 86/87, and Series 99. These exams will retain their traditional names.

- **Q: What impact will the exam restructuring process have on principal registrations?**
- **A:** There will not be an immediate impact to the principal exams and the registrations will not be affected. However, FINRA intends to develop a principal exam structure that builds on the new representative exam structure in an effort to reduce redundancy in content.

- **Q: Will the proposed SIE exam impact other SRO exams, such as those of the MSRB, NFA, or NASAA?**
- **A:** No. The representative exams that are impacted by the exam restructuring are those that are administered by FINRA.

- **Q: Will FINRA's CE requirement apply to persons who have passed the SIE?**
- **A:** No. A person who has passed the SIE exam, but not a specialized knowledge examination for holding a registered position, is not be subject to the continuing education requirements.

- **Q: Will member firms be able to verify whether a person has passed the SIE exam?**
- **A:** Yes. Through the CRD system's pre-registration functionality, firms will be able to view the passing status of persons prior to their being hired. Additionally, the CRD system will automatically obtain a person's SIE exam passing result once a firm submits a Form U4 and requests a registration for that person.

- **Q: If a person fails the SIE exam, is there a waiting period that applies before retesting?**
- **A:** Yes. A person who fails the SIE exam must wait the standard 30 calendar days before retesting. Additionally, a 180-day waiting period is triggered after three successive exam failures within a two-year period.

- **Q: When does FINRA intend to implement the representative exam restructuring?**
- **A:** The most recent releases indicate that implementation may begin in January 2018.

For additional information, STC has created an "Understanding the SIE Exam" presentation that is available on YouTube.com by using the following link: <https://youtu.be/9ZgYjTx1WIs>