



**James Rabenstine**  
Vice President & Chief Compliance Officer  
Nationwide Financial Services, Inc.  
Office of the Chief Legal Officer

**VIA ELECTRONIC MAIL**

June 30, 2020

Office of the Corporate Secretary  
FINRA  
1735 K Street, NW  
Washington, DC 20006-1506

**Re: FINRA Regulatory Notice (“RN”) 20-05  
Continuing Education Program Transition**

Dear Mr./Ms. Secretary:

Nationwide Financial Services, Inc. (“we” or “NFS”)<sup>1</sup> appreciates the opportunity to submit comments regarding FINRA’s proposal to implement recommendations of the Continuing Education Council (“CE Council”) regarding enhancements for the Regulatory Element Continuing Education program (“Regulatory Element”) and Firm Element Continuing Education program (“Firm Element”).

**Comments on RN 20-05 Proposals**

Since FINRA created the Regulatory Element and Firm Element Continuing programs, the Company has placed a strong emphasis on creating its own comprehensive and customized programs. Although it takes a great deal of time to plan, write and execute on the distribution of our Firm Element programs, it has been our experience that it is more effective and efficient to have training tailored to our unique business model, than standard “off-the-shelf” training modules. More often than not, we receive feedback from our associates that the Regulatory Element is not effective and often, many learning concepts are not relevant to their role and activities. Our registered representatives and registered principals (collectively “Registered Associates”) appreciate how Compliance’s ability to select topics that is relevant to the regulations and policies that govern their roles and responsibilities. This includes how our Firm Element content is delivered to them. Our technology platform capabilities ensures that they understand and can demonstrate competence by testing them on the subject matter they are presented with. In addition, the Company has been able to incorporate Regulatory Element time periods and completion dates into our internal systems. As a result of our efforts, we rarely have individuals who cannot complete their Regulatory/Firm Element requirements within the time periods specified.

It is with this background that I would like to address the various changes proposed to the Regulatory Element and Firm Element programs. While I appreciate FINRA’s attempt to modernize these programs, I would like to share our thoughts on the topics presented in Regulatory Notice 20-05.

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<sup>1</sup> This comment letter is written on behalf of four Nationwide affiliated broker/dealers that are FINRA member firms - Nationwide Securities LLC (NSLLC), Nationwide Investment Services Corporation (NISC), Nationwide Fund Distributors, LLC (NFD) and Jefferson National Securities Corporation (JNSC), respectively.

1. **Enabling previously Registered Associates to opt in to maintaining their qualifications through the Annual Regulatory Element Continuing Education Program (“ARE”)** - based on our understanding, RN 20-05 would permit Registered Associates for up to 7 years who have terminated their registration to apply for the Financial Services Affiliation Waiver Program (“FSAWP”). At the time that their Form U5 is filed, subject to FINRA approval, they are able to re-register in their applicable Registered Associate category without having to retake a qualification exam provided that they complete the required ARE. This would certainly help Reps/RPs who terminated their registrations that hope to quickly re-enter the securities industry. NFS supports this proposal.
2. **Requiring all Registered Associates to complete Regulatory Element courses on an annual basis even if their registrations are currently active** – while in theory, an annual Regulatory Element for all Registered Associates is forward-thinking, NFS does not see the value in requiring all Registered Associates to meet such an obligation. We believe that the training content of our annual Firm Element is more than adequate and is much more relevant and effective than the CE Council’s Regulatory Element program. Having all Registered Associates complete such an additional requirement on an annual basis places a significant demand on our business operations and registered personnel while they are already subject to a comprehensive, tailored annual training program provided by the firm. As a matter of fact, we cannot recall when FINRA disciplined a Firm for having an inadequate Firm Element continuing education program.

Rather, NFS would support separate Regulatory Element requirements for active Registered Associates (i.e., those who are continuously registered) (“Active”) and a separate Regulatory Element requirement for those who terminated their registrations or who have fallen into regulatory difficulties (“Terminated/Disciplined Associates”):

- Active Registered Associates – since Firm Element is already an annual requirement they must complete, we believe that the current 3-year requirement is more than sufficient training and education for them in addition to other training they have to complete due to licensures (ex. state insurance licenses) and/or certifications.
- Terminated/Disciplined Associates – for this category, NFS supports an annual Regulatory Element requirement only for Registered Associates:
  - whose registrations are terminated; or
  - for those Registered Associates who:
    - enter into an offer of settlement with FINRA;
    - enter into a Letter of Acceptance, Waiver and Consent (“AWC”) with FINRA; or
    - who become subject to any (rather than RN 20-05 proposed wording “significant”) disciplinary action taken by FINRA or the SEC.

Clearly, Term-DI Rep/RPs require additional training and education regarding sales conduct rules and their compliance responsibilities. In addition, new Regulatory Element requirements for such individuals would reinforce the importance on the group of individuals who really need it the most. FINRA should not place such a burdensome requirement on all Registered Associates when FINRA’s focus on training and education should be centered on those who need it the most (i.e., Disciplined Associates or those who terminated from the firm but want to keep their registrations intact.)

3. **Replacing broad Regulatory Element course content with courses tailored to registrations held by Reps/RPs** – RN 20-05 proposes that instead of the two current sub-programs (S101 and S201), that they be replaced with training unique to the Registered Associates’ registrations they hold. Adding separate, mandatory training for each exam for an individual may add repetitive topics to their training. While we agree that they are broad in nature, we support keeping the Regulatory Element training in its current

format (S101 and S201) with an emphasis on current, relevant broad-based compliance topics, ethical conduct and understanding of identification of industry or individual conflicts

If NFS's suggestion to keep Regulatory Element in its current format is not considered, please consider retitling the future sub-programs by exams (i.e., RE6, RE7, RE26, etc.). Additionally, the Regulatory Element training should be tailored to the business of the registrant first, and the role of the individual, second.

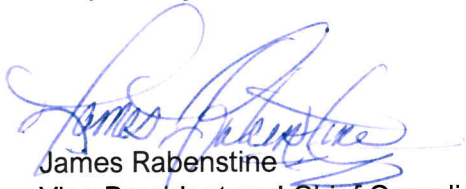
4. **Publishing learning topics in advance** – we appreciate FINRA's willingness to share suggested topics with firms for the coming year; it provides valuable insight as to what regulators deem important for the industry and what trends they may be seeing. We would ask that:
  - Comprehensive information on learning topics be provided so that firms can have an opportunity to focus on particular areas of concern;
  - Share Regulatory Element training with identified Compliance leaders through Firm Gateway so that the Firm Element training does not have repetitive topics already discussed in Regulatory Element; and
  - Many firms work months (if not a year) in advance to develop Firm Element training. In order to timely consider FINRA's learning topics, and so that we do not duplicate similar training modules, it is asked that this information be shared with firms no later than October 1st prior to the upcoming year. The submission of this information to firms by such dates would give firms enough time to change and finalize their training for the upcoming year so that it does not overlap with FINRA's modules.
5. **Current Access to Regulatory Element** – one final comment for FINRA's consideration is how Registered Associates currently access Regulatory Element.

The internet medium that FINRA uses to administer this program, is at times, challenging for our Reps/RPs, especially for those who are in the field in remote locations or for those who do not have high speed internet connection or the right/updated software that firms can use to launch the program. For example, FINRA's Regulatory Element program is currently supported through Adobe Flash<sup>2</sup> which NFS no longer supports. A suggestion is to also offer the option for Reps/RPs to take Regulatory Element online with technology that firms like NFS can support or go to allow Reps/RPs to go to a testing facility that would have the appropriate technology support.

As Chief Compliance Officer, I am always concerned about how to implement such significant changes within our organization. Continuing education is a valuable tool that we use to reinforce regulatory requirements, best practices, rules, policies and internal procedures. However, we would rather have customized training to those who need it versus a "one size fits all" approach.

Thank you for giving us an opportunity to share our feedback on RN-20-05.

Respectfully submitted,



James Rabenstine  
Vice President and Chief Compliance Officer  
Nationwide Financial Services, Inc.

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<sup>2</sup> Please note, FINRA does not plan use Adobe Flash to support its platform, effective 12/31/20.