

QUEST CE

June 15, 2018

By Electronic Mail to pubcom@finra.org

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

Re: Regulatory Notice 18-14: FINRA Requests Comment on the Effectiveness and Efficiency of its Rule on the Annual Compliance Meeting

Dear Mrs. Mitchell,

Quest CE submits this letter in response to the Financial Industry Regulatory Authority, Inc.'s ("FINRA") request for comment on the effectiveness and efficiency of its annual compliance meeting rule.

For over thirty years, Quest CE has specialized in providing compliance training and tracking solutions to the financial services industry. In addition to offering on-demand continuing education, Quest CE provides a complete spectrum of proprietary technology solutions for managing compliance risk exposures. Quest CE serves more than 1,000 leading insurance carriers, broker-dealers, banks and other financial institutions across the nation.

Quest CE supports FINRA's effort to retrospectively review the effectiveness and efficiency of its rules. Quest CE believes that this process should balance the need to identify outdated and inefficient rules with concerns about investor protection. Quest CE appreciates FINRA's efforts to incorporate comments, including those outside of registered entities, regarding how the rules can be harmonized to be efficient for firms while still meeting FINRA's investor-protection objectives.

As currently written, FINRA Rule 3110(a)(7) requires that each registered representative participate, at least once each year, in an interview or meeting at which compliance matters relevant to the particular representative are discussed.¹ This requirement gives registered representatives the opportunity to regularly discuss compliance issues and assists the firm in ensuring that representatives remain current on changes to compliance requirements or within the firm. These meetings can be held with representatives individually or with a group of representatives, and can be held at a central or regional location or at the member's place of business.

Thus far in 2018, Quest CE has over 40,000 registered representatives/advisors using its web-based annual compliance meeting technology. Each meeting covers three to four main training topics, each of which lasts approximately 20-25 minutes, as dictated by the firm's CCO. New modules are released annually to reflect FINRA and the SEC's examination priorities. Content can additionally be tailored or built from scratch to fit the firm's overall compliance objectives.

The system features an interactive discussion board, time-stamped attendance tracking, live-studio recorded audio, unique login credentials and a digital attestation at the end of every meeting. This functionality ensures that, among other safeguards, each representative is actively engaged and able to ask questions that relate directly to their understanding of course materials. Firms that prefer a live, in-

¹ See FINRA Rule 3110(a)(7) (May 2017), available at http://finra.complinet.com/en/display/display_main.html?rbid=2403&element_id=11345

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person meeting will often use Quest CE's on-demand annual compliance meeting as a second measure for those that were not able to attend the primary presentation. Both of these delivery methods provide firms with a simple, scalable and cost-effective solution to deploy the annual compliance meeting.

Quest CE strongly believes that effective top-down communication of compliance priorities should be compulsory and ongoing. When done well, it has the opportunity to lay the groundwork for a healthy workplace culture, discuss issues and proactively address potential problems before they arise.

Quest CE supports differentiating the annual compliance meeting from other continuing education efforts that are more focused on job functions and operations. Rather, the annual compliance meeting covers broad business concerns, regulatory concerns, company values and the principles and policies of the organization as a whole.

Quest CE believes that the current rule has been helpful in effectively addressing the problem(s) it was intended to mitigate by enabling firms to better communicate its compliance priorities for the year. As the Association of Corporate Counsel points out: "an organization's commitment to its compliance program and training plan can yield economic benefits. One study found that for every dollar allocated to an organization's compliance budget, on average, "damages, settlement and fines [decreased] by \$1.37."²

In conclusion, Quest CE finds that the annual compliance meeting helps hold representatives accountable for their own compliance responsibilities, which ultimately helps firms to maintain their internal compliance operations. When everyone understands the expectations and standards, the organization can operate at its optimal level - that's what the annual compliance meeting is intended to accomplish.

Thank you for giving us the opportunity to present our view on FINRA's proposal to address the annual compliance meeting requirement. Quest CE would welcome the opportunity to answer any follow-up questions FINRA may have regarding this letter. Please contact Quest CE's Executive Vice President of Marketing, Sales and Client Services, Alex Krenke, at 414.375.3434. Thank you for your time.

² ² WeComply, Inc & Association of Corporate Counsel (2010). "Training Non-Legal Employees," 27 pages, available at http://www.acc.com/_cs_upload/vl/membersonly/InfoPAK/1181946_3.pdf