

March 1, 2019

Via Electronic Mail: bkennedy@sos.ga.gov

Mr. Blake Kennedy
Office of the Georgia Secretary of State
2 Martin Luther King, Jr. Drive SE
West Tower, Suite 317
Atlanta, GA 30334

Re: Notice of Proposed Amendment to Rule 590-4-5.02, Examination

Dear Mr. Kennedy:

The Association of Registration Management, Inc. (“ARM”) in conjunction with The Securities Industry and Financial Markets Association (“SIFMA”) appreciates the opportunity to comment on the Notice of Proposed Amendment to the Rules of The Office of Secretary of State Commissioner of Securities, Chapter 590-4-5, Broker-Dealers and Agents, Rule 590-4-5.02 Examination.¹

ARM is an organization that exists for the primary purpose of representing the financial services industry on issues that concern the registration and licensing functions. The organization, established in 1975, has now provided that representation for over 40 years.²

SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of the securities industry’s nearly one million employees, SIFMA advocates for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. SIFMA serves as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. SIFMA also provides a forum for industry policy and professional development.³

¹ See generally http://sos.ga.gov/index.php/securities/notice_of_proposed_rules_amendment.

² See <http://www.armgmt.org/>.

³ See www.sifma.org.

Background

The Georgia Commissioner of Securities has proposed to, among other things, amend Rule 590-4-5-.02 to modify the language of the rule to account for recent changes to FINRA's examination regime. In particular, the proposed amendments are intended to account for the new Securities Industry Essentials Exam ("SIE") and "top-off exam" structure.⁴

Principal Two-Year Period Requirement

In accordance with proposed Rule 590-4-5-.02 Examination, it appears that under Section (2) "Examinations accepted", an applicant applying to be registered as a broker-dealer shall provide proof to the Commissioner that its principals have passed within the two-year period immediately preceding the date of the application. This requirement for a principal to pass the required examinations within the recent two-year period will pose an undue burden on the firm applying for a broker-dealer license in the State of Georgia. It is conceivable that a principal may have been acting in that capacity with a broker-dealer firm for a number of years. It is also likely that a firm may be applying for a new broker-dealer license in the State of Georgia but may have been registered in numerous other states for many years. In these scenarios, the State of Georgia should take these factors into consideration as solid evidence that the firm's principals have the sufficient experience and knowledge required to act in a principal capacity. They should not have to re-take a qualifying examination to prove themselves worthy to function as a principal in the State of Georgia.

ARM and SIFMA note that it is already a requirement for supervisors to maintain their licenses that they complete regulator mandated continuing education every 3 years (moving to every year). ARM and SIFMA recommend that Georgia replace the 2-year requirement with a not inactive due to a lapse of continuing education requirement.

Series 86/87

ARM and SIFMA also note that under 590-4-5-.02(2)(b), which specifies qualifying examinations:

- The Series 86/87 examination is not being considered an acceptable exam in the Georgia proposal.
- As an industry best practice, most broker dealers register their Research Analysts as securities agents in the states:
 - in which the Equity Research reports, written by these analysts, are sent directly to clients of the broker-dealer; and
 - where the Research Analyst may occasionally speak directly to the client regarding their Equity Research Reports.
- The SIE and Series 86/87 examinations should be considered acceptable as the other limited product examinations (*i.e.*, Series 79 and the SIE Exams)

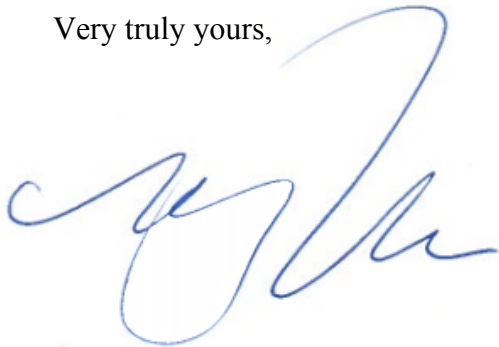
⁴ <http://sos.ga.gov/admin/uploads/Full%20Notice%20-%20Proposed%20Amendment%20to%20Rule%20590-4-5-.02.pdf>.

- During the FINRA exam restructuring process, FINRA concluded that Research Analysts would need the SIE and Series 86/87 exams but not the Series 7 top-off exam for their job function.
- In October 2018, confirmation was received from FINRA Testing and Continuing Education Department that on their CRD System:
 - FINRA Research Analyst approval and a valid Series 63 exam will meet FINRA and state requirements for securities agent registration.
 - Research Analysts would not need to have another representative series exam to obtain approval as a securities agent in a state.

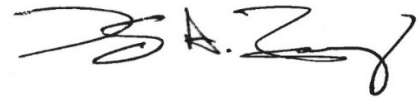
Conclusion

ARM and SIFMA appreciate the opportunity to comment on the proposal. If you have any questions or require further information, please contact Michelle Van Tassel, President, ARM, at (212) 538.4184 or michele.vantassel@credit-suisse.com, Richard Izzo, Executive Vice President, ARM, at (212) 815.3427 or richard.izzo@bnymellon.com, or Kevin Zambrowicz, SIFMA, at (202) 962.7386 or kzambrowicz@sifma.org.

Very truly yours,



Michele M. Van Tassel
ARM, President



Kevin A. Zambrowicz
SIFMA, Managing Director
& Associate General Counsel

cc: Ann McCague, Co-Chair, SIFMA Compliance & Regulatory Policy Committee
Mary Beth Findlay, Co-Chair, SIFMA Compliance & Regulatory Policy Committee

Gene Porter, Co-Chair, SIFMA Registration & Reporting Task Force