



A CANDIDATE'S COMPLETE GUIDE TO THE NEW SIE EXAM

PROPOSED LICENSING CHANGES

FINRA is planning to restructure the testing for nine of the series licenses (6, 7, 22, 57, 79, 82, 86/87, 99) after identifying those that contain common content. This core content is what will be tested in the new Securities Industry Essentials Exam (SIE). First, individuals will need to study for and pass the SIE Exam. Then, in order to obtain one of those nine licenses, they will need to be “sponsored” by a firm and take a top-off exam with unique content for their respective series license.

THE IMPORTANCE OF THE EXAM

Because the SIE Exam will be the first step for a majority of new candidates to the industry, it will be the focal point for making sure these individuals are well-prepared for the significant fiscal, legal, and ethical responsibilities they will hold.

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OVERVIEW OF THE LICENSING PROCESS

Currently, an individual needs to be “sponsored” by a financial institution to earn a securities license. Starting in 2017, when the SIE Exam is implemented, candidates will be able to take the SIE Exam without sponsorship from a firm. This presents a unique opportunity for recent college graduates and career changers looking to enter the securities industry.

By passing the SIE Exam, individuals demonstrate to a firm that they have the critical knowledge and skills to be successful in the industry. Passing the exam makes candidates more enticing to hire, and it reduces the training costs to firms because it provides more successful “prequalified” candidates.

WHY THE CHANGE?

The proposal for the new SIE Exam was borne of a review conducted by FINRA over the past year, with the following objectives:

- Reducing redundancy of subject matter content across the current exams
- Identifying opportunities to simplify the qualification exam requirement
- Limiting the impact of any alternative structure on the registration rules
- Identifying and eliminating outdated registrations

WHAT IS ON THE SIE EXAM?

Based on communication from FINRA, the proposed SIE Exam will cover common content that is generally considered stable and subject to little change over time. FINRA has published an outline with these defined topics:

- Knowledge of Capital Markets: Focuses on topics such as types of markets and offerings, broker dealers and depositories, and economic cycles
- Understanding Products and Their Risks: Covers securities products at a high level, as well as associated investment risks
- Understanding Trading, Customer Accounts, and Prohibited Activities: Focuses on accounts, orders, settlement, and prohibited activities
- Overview of the Regulatory Framework: Encompasses topics such as SROs, registration requirements, and specified conduct rules



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BUILT-IN DEMAND FOR RECRUITS

The securities and commodities industry has plenty of room for new recruits over the next decade. Securities, commodities, and financial services sales agents jobs are expected to grow by 10%, or 32,500 new jobs, between 2014 and 2024. In particular, services that investment bankers provide, such as helping with initial public offerings, will continue to be in demand.

A report by the Bureau of Labor Statistics shows that the number of jobs for personal financial advisors is projected to grow by 32%, or 66,400 new jobs, by 2020. According to Cerulli Associates, 43% of financial advisors are older than 55, and nearly one-third plan to retire or leave the industry during the next decade.

The opportunity for new talent to enter the industry is more available than ever before.

ABOUT KAPLAN FINANCIAL EDUCATION

As the oldest (over 30 years) and largest securities exam prep provider, Kaplan offers live classroom, online, and blended exam prep programs for over 60,000 successful candidates annually. These same proven approaches will be used to prepare students for the SIE Exam.

Our efforts are already underway for creating packages, study offerings, live and live online class programs, and strategies for recruiting partnerships. Kaplan is focused on delivering the best student experience possible, designed to help candidates pass their exam the first time.