



DCS Alert: Investment Adviser Representative Continuing Education Requirements

On Nov. 30, 2020 the North American Securities Administrators Association (NASAA) announced that its membership voted to adopt a model rule to set parameters by which NASAA members could implement continuing education programs for investment adviser representatives (IARs) in their jurisdictions. Following is a summary of the provisions of the model rule.

- IARs must complete six Credits of IAR Regulatory and Ethics Content offered by an Authorized Provider, with at least three hours covering the topic of ethics and six Credits of IAR Products and Practice Content offered by an Authorized Provider.
- An IAR who is also a registered representative of a FINRA member broker-dealer is considered to be in compliance with the IAR Products and Practice Content Requirement for each Reporting Period, so long as the FINRA continuing education content meets certain baseline criteria determined by NASAA.
- An IAR who qualifies for registration due to holding a credential, e.g. CFA, will be considered to have complied with the IAR Regulatory and Ethics Content and IAR Products and Practice Content provided the following are true:
 - The IAR completes the Credits of continuing education as a condition of maintaining the credential for the Reporting Period;
 - The Credits of continuing education during the Reporting Period completed by the IAR are mandatory to maintain the credential; and
 - The continuing education content provided by the credentialing organization during the Reporting Period is Approved IAR Continuing Education Content.
- No carry forward of Credits to a subsequent Reporting Period is permitted.
- An IAR who fails to complete the required Credits by the end of the Reporting Period will renew as "CE Inactive" at the close of the calendar year until the IAR completes the required Credits. In addition, for such an IAR who is CE Inactive at the close of the next calendar year, the IAR is not eligible for IAR registration or renewal.
- Completion of continuing education requirements by an IAR in the IAR's home state will satisfy the continuing obligations of any other state in which an IAR is registered, as long as the home state's continuing education requirements are at least as stringent as the NASAA model rule.
- An IAR who was previously registered and become unregistered must complete IAR continuing education requirements for all Reporting Periods that occurred during the time the IAR was

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unregistered unless the IAR takes and passes an approved examination or receives an examination waiver.

- Definitions -
 - “Approved IAR Continuing Education Content” means materials that have been approved by NASAA or its designee.
 - “Authorized Provider” means a person that NASAA or its designee has authorized to provide continuing education content.
 - “Credit” means a unit that has been designated by NASAA or its designee as at least 50 minutes of educational instruction.
 - “IAR Ethics and Professional Responsibility Content” means Approved IAR Continuing Education Content that addresses an IAR’s ethical and regulatory obligations.
 - “IAR Products and Practice Content” means Approved IAR Continuing Education Content that addresses an IAR’s continuing skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.
 - “Investment adviser representative” means an IAR under the Uniform Securities Act or meets the definition of investment adviser representative under Rule 203A-3 of the Advisers Act.
 - “Reporting Period” means one 12-month period as determined by NASAA. An IAR’s initial Reporting Period commences the first day of the first full Reporting Period after which the IAR is registered or required to be registered with the state.

As of May 9, 2022 the following states have adopted or are in the process of adopting a version of the NASAA model rule: Arkansas, Kentucky, Maryland, Michigan, Mississippi, Nevada, Vermont, Washington, D.C. and Wisconsin. Except for Maryland, Mississippi and Vermont, the NASAA model rule effective date is, or will likely be, Jan. 1, 2023. However, the adopted rule for Maryland, Mississippi and Vermont is effective for the calendar year 2022. In addition, the rule, as adopted by the various states, is generally applicable to IARs of SEC-registered investment advisers. It is anticipated that more and more states will adopt a version of the NASAA model rule addressing IAR continuing education. As an example, Michigan announced adoption of the model rule on April 28, 2022, with a compliance date of Jan. 1, 2023.

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