

**NOTICE OF REQUEST FOR PUBLIC COMMENTS REGARDING A PROPOSED  
INVESTMENT ADVISER REPRESENTATIVE CONTINUING EDUCATION  
PROGRAM AND AN IMPLEMENTING MODEL RULE UNDER THE UNIFORM  
SECURITIES ACTS OF 1956 AND 2002**

February 13, 2020

The North American Securities Administrators Association, Inc. (“NASAA”) is requesting public comment on a proposed investment adviser representative continuing education (“IAR CE”) program, including a proposed model rule to implement the proposed IAR CE program. The overall goal of the program is to ensure that investment adviser representatives receive continuing education on the securities business relevant to their duties and obligations. The proposed model rule in its entirety is attached to this notice. This notice provides background information, a description of the program being designed and accompanying questions.

Public Comment Period

Comments on the proposed continuing education program and accompanying model rule are due by **April 13, 2020**. To facilitate consideration of comments, please send comments by email addressed to both NASAA ([nasaacomment@nasaa.org](mailto:nasaacomment@nasaa.org)) and Linda Cena ([cenal@michigan.gov](mailto:cenal@michigan.gov)), Chair of the IAR CE Committee. We encourage, but do not require, comments to be submitted by e-mail. Paper comments may be submitted by U.S. or overnight mail to the address below.

NASAA  
Attn: Kameron Hillstrom  
750 First Street, NE, Suite 1140  
Washington, DC 20002

*Note: After the comment period has closed, NASAA will post to its website the comments it receives as submitted by the authors. Parties should therefore only submit information that they wish to make publicly available. Further, the following notice will appear on NASAA’s website where comments are posted: “NASAA, its agents, and employees accept no responsibility for the content of the comments posted on this Web page. The views, expressions, and opinions expressed in the comments are solely those of the author(s).”*

**I. Background**

Investment adviser representatives play an important role in the financial lives of millions of Americans by providing advice on important financial decisions such as retirement planning. Investment adviser representatives are regulated by, and generally must register with, state securities regulators pursuant to state securities laws.<sup>1</sup> However, unlike other financial service professionals, investment adviser representatives are not subject to a continuing education requirement to maintain their licenses or registrations with regulators. In response to this

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<sup>1</sup> See, e.g., Uniform Securities Act of 1956 § 201(c); Uniform Securities Act of 2002 § 404(a).

concern, NASAA's Investment Adviser Continuing Education Committee, working with a leading education and testing vendor, developed a detailed survey designed to collect data from NASAA members and industry participants about an IAR CE program. The survey included questions regarding the need for IAR CE, whether a CE program would be supported by the regulatory and industry communities, current CE being completed by IARs, CE content delivery preferences, and potential topics to be included in an IAR CE program.

The survey was completed by NASAA Members in mid-2017 and indicated strong support for an IAR CE requirement. Further, the internal survey indicated that most NASAA Members viewed IAR CE as needed or critically needed. Given the strong support of the NASAA Membership, NASAA launched the public industry-focused survey in early 2018. In conjunction with the launch of the public survey, NASAA held meetings with industry and regulatory stakeholders to discuss IAR CE.<sup>2</sup> NASAA received significant support for the creation of a mandatory IAR CE program. The survey also asked respondents to rate the importance and report when they last received training or education on various topics drawn from the Series 65 and Series 66 test specifications. NASAA will use this data to determine appropriate topics for inclusion in an IAR CE program.

NASAA's IAR CE Committee has developed a framework for an IAR CE program and, working closely with the Investment Adviser Section's IA Regulatory Policy and Review Project Group, drafted the proposed model rule to implement that framework. The following describes the general IAR CE framework developed by the Committee and lays out the proposed model rule implementing the framework, and NASAA seeks public comments on both aspects of this proposal.

## **II. The Proposed IAR CE Framework**

### **A. General Structure of the IAR CE Requirement**

In developing the proposed IAR CE framework NASAA kept the following overarching goals in mind. IAR CE should:

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<sup>2</sup> NASAA met with the American Association of Retired Persons (AARP), Consumer Federation of America, Securities Industry and Financial Markets Association (SIFMA), Investment Advisers Association (IAA), Financial Services Institute (FSI), American Bar Association Committee on State Regulation of Securities, National Association of Insurance and Financial Advisors (NAIFA), Certified Financial Planners Board (CFP), Institute of Certified Financial Analysts (CFA), American College of Financial Services (ChFC), FI 360, Investment & Wealth Institute (IWI formerly IMCA), and National Regulatory Services (NRS), staff from the SEC Chairman Jay Clayton's Office, staff from SEC Commissioner Michael Piwowar's Office, staff from the SEC's Division of Investment Management, the SEC Investor Advocate, and staff from FINRA. The Committee also held teleconferences with the Financial Planners Association (FPA), National Association of Personal Financial Advisors (NAPFA), National Society of Compliance Professionals (NSCP), and the National Association of Insurance Commissioners (NAIC).

- Be effective and valuable for regulators to ensure continued competency by IARs—not simply a “check the box” compliance exercise;
- Be effective and valuable for IARs to maintain and grow their knowledge base—and not simply a “check-the-box” compliance exercise;
- Maximize flexibility in CE content available;
- Minimize duplicative CE requirements to the extent practicable;
- Minimize compliance burdens by leveraging existing systems and technology;
- Minimize costs to individuals completing IAR CE; and
- Promote uniformity among regulators and jurisdictions adopting IAR CE.

The proposed framework is structured around NASAA serving as the centralized body under which IAR CE flows. Similar to NASAA’s development and maintenance of the Series 63, 65, and 66 examinations utilized by NASAA Members to determine minimum competency for licensing decisions for broker-dealer agents and IARs, NASAA will develop and implement standardized criteria under which it will review potential IAR CE content providers and individual IAR CE courses/content for approval. The proposed model rule in turn requires IARs in jurisdictions adopting it to take NASAA-approved IAR CE courses/content from NASAA-approved course/content providers in order to satisfy the IAR CE requirement in the proposed model rule.

Structuring the IAR CE framework this way promotes uniformity across NASAA Members in the same way as the Series 63, 65, and 66 examinations do in the registration and licensing context. Where the uniform licensing exams eliminated the need for each state to develop and maintain their own individual qualification examinations, the proposed IAR CE program allows states to leverage the expertise of NASAA and its members collectively in setting standards for approving and evaluating CE providers and content. Similarly, from an industry perspective, an IAR registered in multiple states that have adopted the proposed model rule would be able to satisfy each jurisdiction’s IAR CE requirement by completing NASAA-approved courses/content instead of being required to satisfy differing requirements for each state—promoting uniformity and reducing the complexity and cost of compliance.

#### B. Approving IAR CE Providers and Courses and Content

Under the proposed IAR CE framework, NASAA would develop and implement a clearly defined set of criteria through which potential IAR CE course/content providers and their course/content offerings would be evaluated. Under the proposed framework, NASAA will use the data gathered by the industry survey to identify appropriate topics for inclusion in the IAR CE program. NASAA will review and update these topics on a periodic basis to ensure that the IAR CE program covers the most relevant and up-to-date topics and issues in the industry.

In addition to curating the eligible topics for IAR CE, NASAA will develop criteria to evaluate potential IAR CE course/content providers and individual courses/content. Under the proposed framework, any individual or company interested in delivering IAR CE courses/content will be required to submit an application and other relevant materials, including a fee, to NASAA for review on a periodic basis. Potential IAR CE course/content providers will also be required to submit an application and other relevant materials, including a fee, for each

individual course or other CE content to NASAA for approval prior to offering said course/content for IAR CE credit. NASAA is proposing to utilize a third-party vendor to review and approve courses/content annually, while CE providers will be approved with an initial filing and audited to ensure compliance with NASAA policies and guidelines with course material submissions.

NASAA expects to assess potential IAR CE providers and courses/content on criteria including, but not limited to:

- Ability to meet the learning objectives and goals of IAR CE;
- Quality of instructors and materials;
- Qualifications of instructors;
- Experience in delivering educational content, such as training or CE;
- Prior customer/student evaluations;
- Timeliness of content;
- Ability to track and report course/content completion; and
- Prior experience in the financial services industry.

NASAA hopes to finalize the CE provider and course/content evaluation criteria by the end of 2020 and begin processing provider and course/content applications in the first quarter of 2021.

The proposed framework provides maximum flexibility for IARs to choose to complete their IAR CE requirement by taking any approved course from any approved provider. Further, so long as the evaluation criteria are satisfied, anyone could become an approved course provider. This means that NASAA Members, NASAA itself, or even investment advisers or broker-dealer firms can apply to become approved providers so that they can offer their own IAR CE courses/content. This open provider framework also provides IARs with increased flexibility to choose how to comply with their CE requirement by allowing them to choose which issues or topics they would like to cover—subject to the general requirements discussed in more detail below. Under the proposed framework, outside of any IAR CE courses offered directly by NASAA or its members, there would be no direct relationship between how much an approved provider charges an IAR to complete an approved course. Instead, as proposed, the IAR CE program would be supported by the fees paid to NASAA by course/content providers as part of the approval process and, as explained below, fees paid to report completion of an approved course or program.

### C. Reporting and Tracking

Under the proposed framework, reporting and tracking for IAR CE would be done by the course providers, though the obligation to ensure IAR CE was reported would ultimately fall on the individual IAR. To facilitate the reporting and tracking of IAR CE, NASAA-approved course providers would be given access to IARD either directly or via an intermediate system through which they would be required to report when an IAR has completed an approved course or program. Under the proposed framework, there would be a small fee charged to the content providers to report IAR CE completion on a per hour and per individual basis. NASAA is

currently working with FINRA to develop the required functionality in IARD to facilitate this reporting and tracking framework.

#### D. General IAR CE Requirements

NASAA is proposing an annual IAR CE requirement under which IARs would be required to complete 12 total hours of CE—6 hours focused on Products and Practice and 6 hours focused on Ethics and Professional Responsibility. The Products and Practice component is designed to ensure ongoing knowledge and competency related to investment products, strategies, standards, and compliance practices relevant to the investment advisory industry. The Ethics and Professional Responsibility component is designed to ensure ongoing knowledge and competency related to an IAR's duties and obligations to his or her clients, including, but not limited to, issues related to the fiduciary duty owed to each client.

As noted above, the public survey collected data regarding the potential topics for inclusion in an IAR CE program. These topics were drawn from the test specifications for the Series 65 and Series 66 Exams, which test an individual's knowledge of the products and practices of the investment advisory business along with the ethical and professional obligations of an IAR. NASAA will use this data to assist in classifying whether a topic falls into the Products and Practice component or the Ethics and Professional Responsibility component. Further, NASAA plans to develop different criteria to evaluate CE courses/content based on whether it falls under the Products and Practice component or the Ethics and Professional Responsibility component.

#### E. IAR CE Applicability

Every IAR registered in a jurisdiction adopting the proposed model rule would be subject to the IAR CE requirement. This includes both IARs associated with state-registered IAs and IARs for federal covered advisers that are registered in the jurisdiction.

#### F. Treatment of Individuals Dually Registered as IARs and Broker-Dealer Agents

During the industry stakeholder meetings conducted in conjunction with the public survey, NASAA heard nearly universally from industry stakeholder groups that an IAR CE requirement must not be duplicative of existing CE requirements. The primary existing CE requirement in the investment advisory industry is FINRA's CE requirement for individuals associated with FINRA-member broker-dealers. Recent data indicates that there are approximately 360,000 IARs registered with NASAA members: about 60,000 who are registered as IARs only and approximately 300,000 that are dually registered as AGs with FINRA members. A dually registered IAR/AG is subject to FINRA's CE requirement, which currently consists of a Firm Element program that is delivered by the AG's firm and a Regulatory Element delivered by FINRA.

Under the proposed rule, before a dually registered IAR could receive IAR CE Products and Practice credit for completing FINRA CE, NASAA would have to evaluate FINRA's CE program to ensure that it meets the following criteria:

- The continuing education content focuses on compliance, regulatory, ethical, and sales practices standards.
- The continuing education content is derived from industry rules, regulations, and accepted standards and practices in the investment advisory industry.
- The continuing education content requires its participants to demonstrate proficiency in the subject matter of the educational materials.

#### G. Treatment of Professional Designation CE

The public survey indicated that the second most common source of existing CE for IARs comes from professional designations. NASAA also heard from industry stakeholders, including organizations that sponsor professional designations, that NASAA should consider accepting CE completed by individuals in order to maintain a professional designation. Further, NASAA has a history of recognizing certain professional designations for waivers of the Series 65 examinations.<sup>3</sup> NASAA thus considered how best to treat professional designation CE relative to an IAR CE requirement.

NASAA explored several approaches on how to treat professional designations in the context of IAR CE, concluding that CE completed pursuant to a professional designation should also be able to be used to satisfy an individual's IAR CE obligation so long as the course/content and CE provider have been reviewed and approved by NASAA. As discussed above, *all* potential IAR CE providers and courses/content must be approved by NASAA to qualify for credit under the rule.

Operationally, professional designation CE would be reviewed and approved by using the same evaluation criteria and process as any other potential IAR CE provider or course/content. Similarly, reporting completed professional designation CE would be accomplished through the same process as any other approved IAR CE course/content. NASAA, however, is seeking comment on whether the proposed model rule should include specific language recognizing that professional designation CE may also satisfy an individual's IAR CE requirement. The proposed model rule includes language to this effect.

### III. The Proposed IAR CE Model Rule

Working with the IA Regulatory Policy Project Group, the NASAA Investment Adviser Representative Continuing Education Committee drafted the proposed model rule for the states to implement the IAR CE framework described above. The model rule is designed to be adopted pursuant to Section 411 of the Uniform Securities Act of 2002 or Section 204 of the Uniform Securities Act of 1956. Each section of the proposed model rule is described below, along with further information, rationale, and analysis.

#### A. IAR Continuing Education

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<sup>3</sup> Five professional designations currently qualify for waivers of the Series 65 examination under NASAA Model Rule USA 2002 412(e)-1(d): CFP, CFA, ChFC, CIC, and PFS.

The language below lays out the general parameters of the IAR CE framework described above in Part II.

***IAR Continuing Education.*** Every investment adviser representative registered under section 404 of the 2002 Act (or 201 of the 1956 Act) must complete the following IAR continuing education requirements each Reporting Period:

***(A) IAR Ethics and Professional Responsibility Requirement.*** An investment adviser representative must complete six (6) Credits of IAR Regulatory and Ethics Content offered by an Authorized Provider; and

***(B) IAR Products and Practice Requirement.*** An investment adviser representative must complete six (6) Credits of IAR Products and Practice Content offered by an Authorized Provider.

The first section would require all IARs registered in a jurisdiction that adopts the model rule to complete the IAR Ethics and Professional Responsibility Requirement and the IAR Products and Practice Requirement by completing content offered by an authorized provider.

B. Agent of FINRA-Registered Broker-Dealer Compliance

The language below would implement the approach described in Part II.F above.

***(2) Agent of FINRA-Registered Broker-Dealer Compliance.*** An investment adviser representative who is also registered as an agent of a FINRA member broker-dealer and who complies with FINRA's continuing education requirements is considered to be in compliance with the subrule (1)(B) IAR Products and Practice Requirement for each applicable Reporting Period so long as FINRA continuing education content meets all of the following baseline criteria as determined by NASAA:

***(A)*** The continuing education content focuses on compliance, regulatory, ethical, and sales practices standards.

***(B)*** The continuing education content is derived from state and federal investment advisory statutes, rules and regulations, securities industry rules and regulations, and accepted standards and practices in the financial services industry.

***(C)*** The continuing education content requires that its participants demonstrate proficiency in the subject matter of the educational materials.

C. Credentialing Organization Continuing Education Compliance

The language below would implement the approach to professional designation CE described above in Part II.G.

***Credentialing Organization Continuing Education Compliance.*** Credits of continuing education completed by an investment adviser representative who was awarded and currently holds a credential that qualifies for an examination waiver

*under Rule USA 2002 412(e)-1(d) comply with subrules (1)(A) and (1)(B) of this rule provided all of the following are true:*

*(A) The investment adviser representative completes the credits of continuing education as a condition of maintaining the credential for the relevant Reporting Period.*

*(B) The credits of continuing education completed during the relevant Reporting Period by the investment adviser representative are mandatory to maintain the credential.*

*(C) The continuing education content provided by the credentialing organization during the relevant Reporting Period is Approved IAR Continuing Education Content.*

#### D. IAR CE Reporting

The language below implements the reporting and tracking framework described above in Part II.C.

***IAR Continuing Education Reporting.*** *Every investment adviser representative is responsible for ensuring that the Authorized Provider reports the investment adviser representative's completion of the applicable IAR continuing education requirements.*

A state-registered investment adviser must only comply with the books and records requirements of the state in which it has its principal place of business—if the investment adviser is registered in its “home state” and is in compliance with the home state requirements, then it is in compliance with the recordkeeping requirements in other states where it is registered.<sup>4</sup> A federally registered investment adviser must keep books and records as prescribed in the Advisers Act and SEC rules.

As currently drafted, the IAR CE Model Rule places the obligation to complete and ultimately report CE on the IAR.<sup>5</sup> Because the obligation to complete CE falls only to the IAR as a part of the registration/renewal process, there is no obligation on an investment adviser to create or maintain any new or additional records.

#### E. Prior IAR CE Cannot be Carried Forward

The language below would prevent an IAR from carrying forward IAR CE from year-to-year.

***No Carry-Forward.*** *An investment adviser representative who completes Credits of continuing education in excess of the amount required for the Reporting Period may not carry forward excess credits to a subsequent Reporting Period.*

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<sup>4</sup> *Id.*

<sup>5</sup> In practice, however, under the proposed IAR CE framework, the content providers approved by NASAA to deliver CE content would be “reporting” an IARs completion of CE either directly to CRD/IARD or such information would be entered into another system and transferred to CRD/IARD.



NASAA is seeking comment on this approach.

F. Failure to Complete or Report IAR CE

The language below outlines the consequences of an IAR's failure to complete or report IAR CE.

***Failure to Complete or Report.*** *An investment adviser representative who fails to comply with this rule by the end of a Reporting Period will renew as "CE Inactive" at the close of the calendar year in this state until the investment adviser representative completes and reports all required IAR continuing education Credits for all Reporting Periods as required by this rule. An investment adviser who is CE inactive at the close of the next calendar year is not eligible for investment adviser representative registration or renewal of an investment adviser representative registration.*

This language ties IAR CE completion and reporting to the annual IAR renewal process and makes clear that an IAR will still renew their registration as an investment adviser, but will be placed on a continuing education inactive status. Further, the language clarifies that an IAR that fails to complete or report IAR CE will be eligible for renewal upon completion and reporting of any unsatisfied IAR CE requirements. Finally, the language notes that a CE inactive investment adviser will be ineligible for renewal in the following calendar year.

G. Waivers of IAR CE Requirements

The language below gives the securities administrator the ability to waive any requirement in the model rule.

***Discretionary Waiver by the Administrator.*** *The administrator may, in its discretion, waive any requirements of this rule.*

H. Home State Reciprocity

The language below outlines home state reciprocity for an IAR registered in multiple jurisdictions.

***Home State.*** *An investment adviser representative registered or required to be registered in this state who is registered as an investment adviser representative in the individual's Home State is considered to be in compliance with this rule provided that both of the following are true:*

*(A) The investment adviser representative's Home State has continuing education requirements that are at least as stringent as the NASAA Model Rule on Investment Adviser Representative Education.*

*(B) The investment adviser representative is in compliance with the Home State's investment adviser representative continuing education requirements.*

**(I) IAR CE Definitions**

Below is the final section of the model rule containing certain defined terms.

***Definitions.*** *As used in this rule, the following terms mean:*

*(A) "Act" means the Uniform Securities Act (1956) or the Uniform Securities Act (2002) as applicable.*

*(B) "Approved IAR Continuing Education Content" means the materials, written, oral, or otherwise that have been approved by NASAA or its designee and which make up the educational program provided to an investment adviser representative under this rule.*

*(C) "Authorized Provider" means a person that NASAA or its designee has authorized to provide continuing education content required by this rule.*

*(D) "Credit" means a unit that has been designated by NASAA or its designee as at least 50 minutes of educational instruction.*

*(E) "FINRA" means the Financial Industry Regulatory Authority.*

*(F) "Home State" means the state in which the investment adviser representative has its principal office and place of business.*

*(G) "IAR Ethics and Professional Responsibility Content" means Approved IAR Continuing Education Content that addresses an investment adviser representative's ethical and regulatory obligations.*

*(H) "IAR Products and Practice Content" means Approved IAR Continuing Education Content that addresses an investment adviser representative's continuing skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.*

*(I) "Investment adviser representative" or "IAR" means an individual who meets the definition of "investment adviser representative" under the Act and an individual who meets the definition of "investment adviser representative" under 17 CFR 275.203A-3.*

*(J) "NASAA" means the North American Securities Administrators Association or a committee designated by its Board of Directors.*

*(K) "Reporting Period" means one twelve month (12) period as determined by NASAA. An investment adviser representative's initial Reporting Period with this state commences the first day of the first full Reporting Period after the individual is registered or required to be registered with this state.*

The definitions used in the model rule are straightforward, but NASAA welcomes comment on these proposed defined terms.

#### **IV. Requests for Comment**

NASAA requests comment on all aspects of the proposed IAR CE Framework and the proposed IAR CE Model Rule. In addition to comments regarding the specific questions below, NASAA welcomes any general comments on the proposal from all potentially affected groups regardless of whether they are potentially subject to investment adviser registration by state securities regulators. One of the purposes of this public comment period is to facilitate meaningful feedback to ensure that any final continuing education program and accompanying model rule properly addresses both investor protection and industry impact.

1. Is 12 hours annually sufficient? Should it be increased or decreased? Should the reporting period be something other than annually? Should a grace period connected with IAR reporting be covered in guidance or commentary to the model rule?
2. Is dividing the IAR CE requirement into a Products and Practice component and an Ethics and Professional Responsibility component a reasonable approach? Should there be additional components and if so, what would you recommend and why? Should there be no distinct components and instead just a general requirement? Is the division of hours between the two components appropriate, or should it be adjusted? Should IARs be able to carry over completed CE year-to-year? If so, for how long? How many credits? Some? All? None?
3. How should professional designations be treated for the purposes of IAR CE? Does the model rule need to directly address professional designations or could the treatment of professional designation CE be covered in guidance or commentary to the model rule? Should IARs holding professional designations be exempt from any—or all of—the proposed IAR CE obligations? If so, how should NASAA determine which designations qualify for exemption?
4. What features/functionality would need to be included in IARD to facilitate review/assessment of IAR CE compliance?
5. Are the proposed IAR CE framework and proposed model rule workable?
6. Are there any legal, policy, or other issues or concerns with the IAR CE framework or model rule that must be addressed? Please provide a detailed explanation of the issues or concerns that you see with the proposed framework and model rule.

#### **Conclusion**

Comments on the proposed continuing education program and accompanying model rule are due by March 30, 2020. The following document is attached to this proposal:

- NASAA Model Rule on Investment Adviser Representative Continuing Education – *Exhibit A*

# **Exhibit A**

## NASAA Model Rule on Investment Adviser Representative Continuing Education

### Model Rule 2002-411(h) or 1956-204(b)(6)-CE

**(1) IAR Continuing Education.** Every investment adviser representative registered under section 404 of the 2002 Act (or 201 of the 1956 Act) must complete the following IAR continuing education requirements each Reporting Period:

**(A) IAR Ethics and Professional Responsibility Requirement.** An investment adviser representative must complete six (6) Credits of IAR Regulatory and Ethics Content offered by an Authorized Provider, with at least three (3) hours covering the topic of ethics; and

**(B) IAR Products and Practice Requirement.** An investment adviser representative must complete six (6) Credits of IAR Products and Practice Content offered by an Authorized Provider.

**(2) Agent of FINRA-Registered Broker-Dealer Compliance.** An investment adviser representative who is also registered as an agent of a FINRA member broker-dealer and who complies with FINRA's continuing education requirements is considered to be in compliance with the subrule (1)(B) IAR Products and Practice Requirement for each applicable Reporting Period so long as FINRA continuing education content meets all of the following baseline criteria as determined by NASAA:

**(A)** The continuing education content focuses on compliance, regulatory, ethical, and sales practices standards.

**(B)** The continuing education content is derived from state and federal investment advisory statutes, rules and regulations, securities industry rules and regulations, and accepted standards and practices in the financial services industry.

**(C)** The continuing education content requires that its participants demonstrate proficiency in the subject matter of the educational materials.

**(3) Credentialing Organization Continuing Education Compliance.** Credits of continuing education completed by an investment adviser representative who was awarded and currently holds a credential that qualifies for an examination waiver under Rule USA 2002 412(e)-1(d) comply with subrules (1)(A) and (1)(B) of this rule provided all of the following are true:

**(A)** The investment adviser representative completes the credits of continuing education as a condition of maintaining the credential for the relevant Reporting Period.

**(B)** The credits of continuing education completed during the relevant Reporting Period by the investment adviser representative are mandatory to maintain the credential.

**(C)** The continuing education content provided by the credentialing organization during the relevant Reporting Period is Approved IAR Continuing Education Content.

**(4) IAR Continuing Education Reporting.** Every investment adviser representative is responsible for ensuring that the Authorized Provider reports the investment adviser representative's completion of the applicable IAR continuing education requirements.

**(5) No Carry-Forward.** An investment adviser representative who completes Credits of continuing education in excess of the amount required for the Reporting Period may not carry forward excess credits to a subsequent Reporting Period.

**(6) Failure to Complete or Report.** An investment adviser representative who fails to comply with this rule by the end of a Reporting Period will renew as "CE Inactive" at the close of the calendar year in this state until the investment adviser representative completes and reports all required IAR continuing education Credits for all Reporting Periods as required by this rule. An investment adviser who is CE inactive at the close of the next calendar year is not eligible for investment adviser representative registration or renewal of an investment adviser representative registration.

**(7) Discretionary Waiver by the Administrator.** The administrator may, in its discretion, waive any requirements of this rule.

**(8) Home State.** An investment adviser representative registered or required to be registered in this state who is registered as an investment adviser representative in the individual's Home State is considered to be in compliance with this rule provided that both of the following are true:

(A) The investment adviser representative's Home State has continuing education requirements that are at least as stringent as the NASAA Model Rule on Investment Adviser Representative Education.

(B) The investment adviser representative is in compliance with the Home State's investment adviser representative continuing education requirements.

**(9) Definitions.** As used in this rule, the following terms mean:

(A) "Act" means the Uniform Securities Act (1956) or the Uniform Securities Act (2002) as applicable.

(B) "Approved IAR Continuing Education Content" means the materials, written, oral, or otherwise that have been approved by NASAA or its designee and which make up the educational program provided to an investment adviser representative under this rule.

(C) "Authorized Provider" means a person that NASAA or its designee has authorized to provide continuing education content required by this rule.

(D) "Credit" means a unit that has been designated by NASAA or its designee as at least 50 minutes of educational instruction.

(E) "FINRA" means the Financial Industry Regulatory Authority.

(F) "Home State" means the state in which the investment adviser representative has its principal office and place of business.

(G) “IAR Ethics and Professional Responsibility Content” means Approved IAR Continuing Education Content that addresses an investment adviser representative’s ethical and regulatory obligations.

(H) “IAR Products and Practice Content” means Approved IAR Continuing Education Content that addresses an investment adviser representative’s continuing skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.

(I) “Investment adviser representative” or “IAR” means an individual who meets the definition of “investment adviser representative” under the Act and an individual who meets the definition of “investment adviser representative” under 17 CFR 275.203A-3.

(J) “NASAA” means the North American Securities Administrators Association or a committee designated by its Board of Directors.

(K) “Reporting Period” means one twelve month (12) period as determined by NASAA. An investment adviser representative’s initial Reporting Period with this state commences the first day of the first full Reporting Period after the individual is registered or required to be registered with this state.