

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

October 7, 2020

The North American Securities Administrators Association, Inc. (“NASAA”) is requesting NASAA member comment and public comment on an amendment to NASAA’s previously proposed investment adviser representative continuing education (“IAR CE”) program and model rule.¹ The NASAA IAR CE Committee has reviewed comments on the proposed IAR CE program and model rule and is considering an amendment to it. NASAA requests feedback on a proposed amendment.

The proposed amendment would add a new provision to the model rule related to investment adviser representatives (“IARs”) who become unregistered and subsequently seek to re-register. This provision would appear as new Section 9 to the model rule and would state:²

***(9) Unregistered Periods.** An investment adviser representative who was previously registered under the Act and became unregistered must complete IAR continuing education for all reporting periods that occurred between the time that the investment adviser representative became unregistered and when the person became registered again under the Act unless the investment adviser representative takes and passes the examination or receives an examination waiver as required by Rule USA 2002 412(e)-1 [or 1956 Act Exam Rule] in connection with the subsequent application for registration.*

NASAA requests comment on this proposed amendment to the model rule. A copy of the model rule with this proposed amendment included is attached behind this notice.

Comment Period

Comments on the proposed amendment discussed herein are due by October 22, 2020. To facilitate consideration of comments, please send comments by email addressed to both NASAA (nasaacomment@nasaa.org) and Linda Cena (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.

¹ The proposed IAR CE program and model rule was previously issued for public comment on February 13, 2020. See <https://www.nasaa.org/wp-content/uploads/2020/02/IAR-CE-Public-Notice-and-Request-for-Comment-02-13-20.pdf>.

² The previous Section 9, “Definitions,” would become new Section 10 of the model rule.

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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)."

**[AMENDED] 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) Unregistered Periods. An investment adviser representative who was previously registered under the Act and became unregistered must complete IAR continuing education for all reporting periods that occurred between the time that the investment adviser representative became unregistered and when the person became registered again under the Act unless the investment adviser representative takes and passes the examination or receives an examination waiver as required by Rule USA 2002 412(e)-1 [or 1956 Act Exam Rule] in connection with the subsequent application for registration.

(10) 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.