Presenters:

- Marni Gibson, Kentucky Securities Director
- Ann Harris, Florida Chief, Bureau of Registration
- Natasha Hurt, NASAA Senior Manager, Regulatory Services
NASAA Priorities

• Regulation BI
• Unpaid Arbitration Awards
• Consumer Protection – Senior Issues and Diminished Capacity
• Continuing Education for IARs
• Expungement
Expungement

Rule 2080 Waiver Requests

<table>
<thead>
<tr>
<th>Year</th>
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<tr>
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<td>2021</td>
<td>438</td>
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<td>Q1 2022</td>
<td>135</td>
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</tbody>
</table>
Expungement
Expungement

Combined Rule 2080 Waiver Requests & Litigations

- 2009: 110
- 2010: 182
- 2011: 398
- 2012: 517
- 2013: 646
- 2014: 478
- 2015: 413
- 2016: 312
- 2017: 454
- 2018: 684
- 2019: 747
- 2020: 693
- 2021: 846
- Q1 2022: 197
Model Rule – Unpaid Arbitration Awards

ADOPTED MAY 17, 2022
Regulation Best Interest

NASAA’s Regulation Best Interest Implementation Committee released its Phase I report in September 2020.

On 11/4/2021, the Reg BI Implementation Committee released its Phase IIA report.

The Phase IIB
**NASAA 2021 Enforcement Report**

Based on an Analysis of 2020 Data

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**Data Points**

**COMPLAINTS & INVESTIGATIONS**

- Complaints Received: 5,498
- Investigations Initiated: 5,501

The statistics above reflect the number of complaints received and investigations initiated. These formal investigations are supplemented by extensive efforts to informally resolve complaints and referrals. As such, investigations differ widely in their complexity and in the number of suspects and victims involved, the amount of time required to conduct an investigation can range from a few weeks to several years.

**TOP PRODUCTS SUBJECT TO INVESTIGATION**

- Promisory Notes: 339
- Stocks/Equities: 220
- Internet/Social Media: 214
- Real Estate: 155
- Commodities/Precious Metals: 147

**ENFORCEMENT ACTIONS**

- Administrative: 1,788
- Criminal: 206
- Civil: 116
- Other: 92
- Total: 2,202

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Investment Adviser Section

ANNUAL REPORT

STATE-REGISTERED IA STATISTICS 2021

Total State-Registered IAs

17,371

Total State-Registered IAs

$412,808,679,777

State-Registered Investment Advisers

27,648

Average State-Registered IAs per Jurisdiction

322

West 6,506 (46.2%)

East 11,142 (53.8%)

SEC NOTICE-FILED INVESTMENT ADVISER STATISTICS 2021

Top 5 State-Registered IAs Increase from 2020 – 2021
1. Florida – 55
2. Texas – 46
3. Tennessee – 35
4. Missouri – 12
5. Utah – 10

Top 5 Most State-Registered IAs (Biome State)
(As of 12/31/21)
1. California – 2,881
2. Texas – 1,186
3. Florida – 1,106
4. New York – 760
5. Illinois – 720

Top 5 Most State-Registered IAs (Total)
(As of 12/31/21)
1. Texas – 4,530
2. California – 2,881
3. Florida – 1,186
4. New York – 760
5. Illinois – 720

Total State-Registered IAs AUM

$412,808,679,777

State-Registered Investment Advisers

27,648

Average State-Registered IAs per Jurisdiction

322

West 6,506 (46.2%)

East 11,142 (53.8%)

Top 5 SEC Notice Filed Investment Advisers

1. California – 2,792
2. New York – 1,487
3. Florida – 1,097
4. Ohio – 707
5. Massachusetts – 675

Top 5 SEC Notice Filed Investment Advisers Increase from 2020 – 2021
1. Florida – 207
2. New York – 100
3. Georgia – 77
4. California – 70
5. Massachusetts – 40

Jurisdictions’ Plans for Examination Operations in 2022*
Senior Issues and Diminished Capacity

• NASAA supports the Empowering States to Protect Seniors from Bad Actors Act. (May 2022)

• May 2022 webcast – NASAA’s Senior Issues and Diminished Capacity Committee Presents.

• NASAA and the SEC jointly hosted an older investor roundtable featuring AARP. (April 2022)

• FINRA, NASAA and SEC Urge Investors to Establish a Trusted Contact. (September 2021)

• Released an updated legislative commentary for the NASAA Model Act to Protect Vulnerable Adults from Financial Exploitation. (September 2021)
State Regulation and Policy Updates
Arkansas

• The Arkansas Securities Department has an update to their non-profit securities exemption.
Montana

- Montana has recently changed their CRD settings to become a manual state.
Ohio

• Effective 9/30/21, legislation was passed creating the Ohio Investor Recovery Fund (codified in RC 1707.47 and 1707.471). This Fund provides restitution assistance awards for certain victims of securities violations.

• The Division’s proposed rules to administer the fund are available at: https://www.com.ohio.gov/ProposedRules.aspx. These rules are currently under legislative review.
IAR CE Adoption

- Kentucky (effective 1/1/2023)
- Maryland (effective 1/1/2022)
- Michigan (effective 1/1/2023)
- Mississippi (effective 1/1/2022)
- Vermont (effective 1/1/2022)
- Wisconsin (effective 1/1/2023)
- Several others pending
Investment Adviser Representative
CONTINUING EDUCATION
Investment Adviser Representative Continuing Education Model Rule

- NASAA’s IAR CE Committee developed a Model Rule, which was approved by NASAA’s membership in November 2020.

- Jurisdictions began the adoption process in 2021.

- Maryland, Mississippi and Vermont successfully adopted with a 1/1/2022 effective date.
Investment Adviser Representative Continuing Education Model Rule

- As of the date of this presentation, Kentucky, Michigan and Wisconsin have finalized adoption with a 1/1/2023 effective date.
- Other jurisdictions are in the process.
- NASAA’s IAR CE Resources Page is consistently updated as new jurisdictions adopt.

**IAR CE Member Adoption**
The jurisdictions listed below have either implemented an IAR CE requirement or have informed NASAA’s IAR CE Committee they are planning to adopt an IAR CE requirement in 2022. Please note, this list will be updated as new information becomes available.

**Jurisdictions**
- Arkansas*
- Kentucky (1/1/2023 effective date)
- Maryland
- Michigan (1/1/2023 effective date)
- Mississippi
- Nevada*
- Vermont
- Washington, D.C.*
- Wisconsin (1/1/2023 effective date)

*State adoption is planning to be finalized in 2022: if that is the case, implementation in that state will not occur until January 1, 2023. This page will be updated periodically as states adopt IAR CE or determine that they will implement the program in 2023.
IAR CE Model Rule Requirements

• **12 CONTINUING EDUCATION CREDITS ANNUALLY**
  - 6 credits of Ethics and Professional Responsibility
  - 6 credits of Products and Practice
  - Individuals dually licensed as IARs and RRs may submit their FINRA Regulatory Element CE for IAR CE Products and Practice credit.
  - Individuals holding a professional designation can have the provider submit the CE for IAR CE credit as long as the course has been approved for IAR CE.
  - IARs may take more than 12 credits. However, the extra credit cannot be carried forward into a future reporting period.
  - Individuals that do not complete their IAR CE by Dec 31st will renew with a CE status of “deficient.”
  - Individuals that do not complete their IAR CE by Dec 31st of the second year, will fail to renew.
How does IAR CE Work?

Step 1
- The IAR (or firm) chooses an authorized course from an approved provider.

Step 2
- After successfully completing the course and assessment, the approved provider reports completion.

Step 3
- The approved provider’s report is attached to the IAR’s CRD record for regulator tracking.
Where can I find approved providers?

NASAA’S IAR CE RESOURCE PAGE
Where can I find approved providers?

NASAA’S IAR CE RESOURCE PAGE
What do I look for when choosing a course for IAR CE credit?

- IS THE CE PROVIDER AN APPROVED PROVIDER?
- DOES THE CE PROVIDER STATE THAT THE SPECIFIC COURSE QUALIFIES FOR IAR CE CREDIT?
- DOES THE COURSE GIVE YOU CREDIT FOR THE IAR CE COMPONENT YOU NEED?

*(ETHICS AND PROFESSIONAL RESPONSIBILITY VS. PRODUCTS AND PRACTICE)*
How do I know my course was reported?

FINRA’S FINANCIAL PROFESSIONAL GATEWAY (FINPRO)
How do I know my course was reported?

<table>
<thead>
<tr>
<th>Course Provider</th>
<th>Course Name</th>
<th>Course ID</th>
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</tbody>
</table>

If you do not see a course you completed above please contact your course provider.
How can an IA firm track IAR CE for their employees?
Can a firm be an IAR CE provider?
Facilitate
NASAA members provide regulatory frameworks for responsible capital formation.

Learn More
State Exam Validity

IN RESPONSE TO FINRA’S MAINTAINING QUALIFICATION PROGRAM
Questions?

www.nasaa.org

Exam Questions: Exams@nasaa.org
IAR CE Questions: IARCE@nasaa.org