

## INVESTMENT ADVISER REPRESENTATIVE CONTINUING EDUCATION (IAR CE)



On November 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. The model rule, which has both a products and practices component and an ethics component, is intended to be compatible with other existing continuing education programs.

In an effort to close a gap in CE for IARs, NASAA's Model Rule on Investment Adviser Representative Continuing Education Model Rule requires IARs to complete 12 hours of NASAA-approved CE courses annually.

### NASAA's Full Requirement for IAR CE - Implementation Summary

- Approved by NASAA members in November 2020, the model rule is being implemented on a state-by-state basis
- The IAR CE requirements begin to take effect on January 1, 2022, when the first states implement the model rule
- The IAR CE requirements only apply to IARs in states that have adopted NASAA's model rule. If the state does not adopt the model rule prior to January 1, 2022, implementation cannot occur until 2023.

### Agents of FINRA-Registered Broker-Dealers

An IAR who is also registered as an agent of a FINRA member firm and complies with FINRA's CE Regulatory Element requirement may be considered in compliance with the Products and Practices component if the content meets specific criteria. These individuals are only required to complete six hours annually of Ethics and Professional Responsibility training annually.

#### Course Completion



IARs must complete the following on an annual basis:

- 6 credits in Products and Practices
- 6 credits in Ethics and Professional Responsibility
- Courses must be delivered by a CE provider approved by NASAA and Prometric

#### STC - NASAA-Approved CE Provider



Securities Training Corporation (STC) is an approved provider of Investment Adviser Representative Continuing Education (IAR CE) courses for both registered IARs of state-registered and federally covered investment advisers that are subject to the NASAA model rule.

#### Delivering Key Solutions and Assets



By utilizing STC's course curriculum, IARs will benefit from:

- Guided course selection to quickly and easily select the correct courses to complete their CE requirement
- Easy integration with their firm's Firm Element program which allows them to earn dual credits
- The fact that all STC IAR CE courses offer designation credit

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## STC IAR CE - PRELIMINARY COURSE LIST

The following are courses that STC intends to submit for approval and are subject to change.

### Ethics and Professional Responsibility Requirement

STC intends to offer the following courses to satisfy the Ethics and Professional Responsibility CE requirements. Actual courses offered and the component designation are subject to change pending approval.

COURSE TITLE	COURSE DESCRIPTION
AML for Investment Advisers	Although the framework for most of the U.S. anti-money laundering regulations applies to broker-dealers and investment companies, there's increasing pressure to more fully include investment advisers. This course will provide the industry expectations, standards, and best practices that advisers should consider to address money laundering risks. Topics covered include initial and ongoing due diligence and development and enforcement of policies around investment risks, including foreign assets.
IARs and Dealing with Customers	This module examines the relationship between investment adviser representatives and their clients, including the disclosures they provide. This course will describe the brochure rule, acting as a solicitor, and the creation of advisory contracts. Additionally, the ethical importance of making suitable recommendations will be reviewed, along with rules regarding advisory advertising and correspondence.
Regulation and Best Interest (RegBI)	Reg BI is a package of rules and interpretations that enhance the quality and transparency of the relationships that retail investors have with broker-dealers and investment advisers. This regulation includes a Fiduciary Interpretation to clarify the fiduciary duty that IAs owe to their clients. This duty - which includes a duty of care and duty of loyalty - will be examined.
Investment Advisers and Their Fiduciary Obligation	Although both BDs and IAs tailor their investment advice to their clients' specific needs, they're not governed by the same standards. BDs must follow a suitability standard; however, IAs are subject to a fiduciary standard and must place their clients' interests before their own. Through the use of application-based studies, users will gain insight into how to interpret and apply the fiduciary obligation.
Ethical Decision Making for IARs	This course focuses on the ethical issues that professionals face in the financial industry. Through the analysis of current issues and case study application, users will gain an understanding of how a person's behavior and attitude can impact the integrity of the industry. Topics include insider trading, best execution, and political contributions.
Political Contributions by IARs	Investment advisers are subject to SEC Rule 206(4)-5 which is designed to restrict "pay-to-play" practices of advisers that seek to manage money for state and local governments in return for political contributions. This course will examine the persons to whom this rule applies, as well as the result of a triggering contribution. Users will gain an understanding of the best practices to take to avoid potential issues.
Social Media and Investment Advisers	As a sign that social media now pervades all aspects of society, the SEC has amended Form ADV to require disclosure of advisers' social media accounts and has issued guidance and conducted investigations related to use of social media. This course will examine the risks investment advisers face with using social media and will reinforce the obligations that they have under the advertising, books and records, and compliance rules of the Investment Advisers Act of 1940.
Insider Trading and Investment Advisers	Insider trading and the potential misuse of material, non-public information (MNPI) have been a consistent focus of the SEC's examination and enforcement programs. Investment advisers are increasingly monitored due to their frequent interactions with the issuers in their investment portfolios. After an examination of recent regulatory actions, users will be presented with case studies to gain an understanding of appropriate and ethical responses.

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COURSE TITLE	COURSE DESCRIPTION
Investment Advisers and Complex Products	Since investment advisers are fiduciaries, they have a “duty of care” obligation to their clients. This module will examine that duty and consider how certain “complex” products may be used based on a client’s specific risk tolerance. This course will provide the user with details about various complex investments, including structured products and derivative investments. Using plain language and straight-forward examples, users will become comfortable discussing them with investors.
Protecting Senior Investors	This module focuses on the various regulatory efforts to protect senior investors from financial exploitation and abuse from third parties. Included in the discussion is NASAA’s Model Act to Protect Vulnerable Adults from Financial Exploitation, but also FINRA’s Senior Safe Act, and the initiatives taken by the SEC. Various case studies and applications will be included to ensure that users are able to identify and recognize the appropriate actions to take to protect seniors.
Investment Advisers - Conflicts of Interest Disclosures in Form ADV	Due to the fiduciary duty that investment advisers have to their clients, advisers are required to either avoid or disclose existing conflicts of interest. This illuminates the ethical challenge for advisers have in their relationships with clients. This course will examine Form ADV and some of the different conflicts that must be disclosed in the form. Through the use of case studies, users will gain insight and understanding into the consequences of failing to provide adequate disclosure.
Investment Advisers and The Custody Rule	The purpose of the Custody Rule is to provide protection for client funds and/or securities against possible loss, misuse, misappropriation, or being subject to a firm’s bankruptcy. As the result of past financial scandals, the SEC has enhanced its rules for advisers that maintain custody of client assets. This course will examine the steps that advisers must take to maintain their clients’ trust, including compliance policies and procedures, amendments to Form ADV, and surprise examinations.
Supervision of IARs	Recent regulatory notices have highlighted the failure of investment advisers to adequately supervise their investment adviser representatives. IAs owe a duty to supervise persons who perform activities on their behalf. This module will examine the required supervisory procedures, including supervising electronic communications, supervising personal securities transactions and outside business activities, and adequately updating Form U4.
IARs and Insurance Products	As required by the fiduciary standard, investment advisers must provide clients with products and services that are in their clients’ best interests. Since the needs of clients may include insurance products, investment adviser representatives must be knowledgeable of their characteristics and risks. This course will examine different types of life insurance plans and annuities.
IARs - Avoiding Common Compliance Problems	This module focuses on common deficiencies identified by a NASAA-conducted study of investment advisers. Topics include issues related to maintenance of books and records, registration and disclosure, advisory contracts, privacy policies, advertising, advisory fees, supervision of IARs, maintaining custody of client assets, maintaining financial strength, investment activities, and the use of solicitors. The goal of this course is to provide users with and understanding of the prudent practices required to stay in compliance.