

INVESTMENT ADVISER REPRESENTATIVE CONTINUING EDUCATION

Newly enacted rule 451.4.29 outlines requirements for continuing education for investment adviser representatives. In reliance on subrule 451.2.49(8) and Order No. 2022-1, Michigan will not begin enforcement or otherwise require investment adviser representatives to complete continuing education until January 1, 2023.

[Michigan Uniform Securities Act Rules](#)

[Order No. 2022-1](#)

[NASAA FAQs](#)

GENERAL

Who must comply with the IAR CE requirements?

Every IAR registered in Michigan will be subject to CE requirements. The mandatory CE program will apply to all registered IARs of both state-registered and federal covered investment advisers.

In the event an IAR is registered in more than one state, the IAR must comply with the requirements of each state securities regulator, which may vary. However, the Rule provides that an IAR will be considered in compliance with the CE requirements so long as the IAR's home state (i.e., where the IAR has its principal office and place of business) has adopted IAR CE requirements that are at least as stringent as Michigan's IAR CE rule and the IAR is in compliance with its home state requirements.

When must IARs begin complying with the IAR CE Model Rule?

In reliance on subrule 451.4.29(8), Michigan will not begin enforcement or otherwise require investment adviser representatives to complete continuing education until January 1, 2023. This means that IARs registered in Michigan as of January 1, 2023 will have to comply with IAR CE requirements by December 31, 2023 or they will become "CE Inactive" after December 31, 2023, and would be ineligible to renew their IAR registration on January 1, 2025 if they fail to "catch up" with 2023 credits and complete 2024 credits by December 31, 2024. See [NASAA's IAR CE FAQs](#) for additional details.

Why is CE needed for IARs?

IARs are tested for knowledge before they are registered, but there is no mechanism to ensure that their level of knowledge and competence is maintained or expanded. By comparison, most other financial professionals are subject to CE requirements, including broker-dealer agents, insurance agents, certified financial planners, and real estate agents. Given that IARs play an important role in their clients' financial lives, NASAA received significant support from state regulators and the securities industry for the creation of a CE program.

Are IARs required to take specific courses?

No, IARs are free to select courses that appeal to their interests and business models so long as they meet the credit requirements, and the courses are approved content for the IAR CE program. The program provides maximum flexibility for IARs to choose to complete their CE requirement by taking any approved course from any approved provider.

Are any IARs exempt from CE requirements based on factors such as length of experience and /or professional designations?

No. There are no exemptions or waivers available based on experience or other qualifications. However, see the FAQ immediately below.

Can the CE required to maintain certain professional designations meet some or all of the CE requirements for IARs?

Yes. Credits from CE courses taken to maintain professional designations can apply to the IAR CE program so long as the provider and course have been approved through Prometric for IAR CE purposes. Providers will likely promote the fact that certain courses qualify for IAR CE so IARs can look for courses that meet the CE requirements for both IAR CE and their professional designations.

What if an IAR changes firms' mid-year?

If an IAR begins taking courses during a calendar year, then changes firms' mid-year, the credits completed before the switch will appear in the IAR's course transcript in CRD and **will** apply toward the annual CE requirement.

If an IAR terminates their registration and then seeks to re-register 23 months later with a different IA, is there a policy with respect to how the IAR CE requirements should be addressed? Does the individual need to make up missed CE credits?

Yes. To re-register during the two-year exam window, the IAR would need to complete any missed CE. For instance, if the IAR leaves the industry in December 2023 without completing the 12 credits of CE for 2023, and then attempts to re-register in 2025, the IAR would need to complete (before becoming registered) 12 credits for 2023 and 12 credits for 2024. The 12 credits for 2025 would be due by December 31, 2025. The CE for 2023 and 2024 need not be completed within those years but can be done as a catch-up basis in 2025.

Alternatively, the IAR can re-take and pass the Series 65 or 66 in lieu of completing the missing CE.

Does an IAR need to make up missed CE credits?

Yes. Courses completed in the current year will apply to the current year and the past year if there is a deficiency to be resolved. Completed IAR CE credits completed in any year will first be applied to the previous year, if the IAR did not complete the previous year's requirement, and then to the current year's requirement.

CREDIT HOURS & REPORTING

Who reports course completion?

The course vendor/provider reports course completion to FINRA, NASAA's vendor for program tracking.

Is there a reporting fee?

Yes, the IAR CE course reporting fee, also sometimes referred to as the roster fee, is \$3 per credit hour.

How many credits/hours are required?

Beginning in 2023, Michigan-registered IARs will need to attain 12 CE credits each year to maintain their IAR registration. A "credit" is a unit that has been designated by NASAA to be at least 50 minutes of educational instruction. The 12 credits must include 6 credits of Products and Practices and 6 credits of Ethics and Professional Responsibility.

When is the reporting fee due and how is it paid?

When the course vendor/provider submits an IAR's completed course for credit, the \$3 per credit hour is due upon submission. The course provider submits the reporting fee and course completion information to FINRA, the manager of NASAA's CE reporting database.

What are the Products and Practices component of IAR CE model rule?

The Products and Practices component is designed to ensure ongoing knowledge and competency related to investment products, strategies, standards, and compliance practices relevant to the investment advisory industry.

What is the Ethics and Professional Responsibility component of IAR CE model rule?

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.

Every Ethics and Professional Responsibility course must ensure that at least one-half (50%) of the material in the course is related to an IAR's ethical responsibility. Therefore, by taking all 6 credits, the IAR meets the 3 credits of ethics that is required by the Model Rule. This ensures that every IAR can meet the ethical responsibility is covered or it content reviews determine that content on ethical responsibility is insufficient, those courses will not be approved.

If an IAR earns more than 12 CE credits in a year, can he or she carry the excess credits over to the next year?

No. An IAR who completes more CE credits than are required for the year may *not* carry forward excess credits into a subsequent year.

Can an IAR complete the same course in two successive renewals or take the same CE course more than once?

CRD tracking will include duplicate courses in the course transcript section if reported, but duplicate courses will not count toward the IAR CE requirement, even if completed in another year. However, a duplicate course that has been updated with a new course number will provide the IAR with CE credit for that course. Every course that is taken must have a unique course ID. The course ID will be available to the IAR so they can review that against their own records. Some courses will be updated over time and have the same name. However, if the content has changed enough to be relevant, then a new course ID will be issued to the provider. In that case, so long as the course has a new course ID, a course with the same name or instructor may be taken again. An example of this could be regulatory courses in an area where government rules and regulations change frequently or even annually. In this case, the course will have a new course ID and may also have a new course title to indicate the year for which the course is relevant.

How does an IAR ensure that the IAR's completing of the annual CE requirement is reflected in FINRA's CE reporting database?

Course completion is a shared responsibility between the instructor, the course provider, and the IAR. The IAR is responsible for attending class at the designated time and completing an assessment associated with that course to receive the CE credits for the course. The IAR may also be asked to complete a satisfaction survey as part of the course activities required for CE credit.

The IAR is responsible for ensuring that the course provider reports the IAR's completion of the course by collecting the IAR's CRD number, and first and last names. The IAR is also responsible for ensuring they receive documentation for courses attended and keeping track of the number of CE credits awarded for each course.

The instructor is responsible for taking attendance and recording course completion for each participant as well as the number CE credits to be awarded. They would then communicate that information to the course provider or directly to FINRA, as manager of NASAA's CE reporting database. The course providers are responsible for reporting successful completion information to both the IAR and to FINRA, as manager of NASAA's CE reporting database.

How many credits/hours are required?

Beginning in 2023, IARs will need to attain 12 CE credits each year to maintain their IAR registration. The 12 credits must include 6 credits of Products and Practices and 6 credits of Ethics and Professional Responsibility. Generally speaking, an IAR cannot receive credit more than once for the same course and must take care to avoid duplicate courses in subsequent years.

BETWEEN STATES

What if the IAR's home state has not adopted the model rule and the IAR seeks to maintain his or her registration in a state that has adopted the model rule?

If the IAR's home has not adopted the model rule, the IAR would need to comply with the CE requirements in each of the other states in which he or she is registered as an IAR. See also the following questions and responses.

Will an IAR receive reciprocity in other states if the IAR meets the CE requirements of his or her home state?

An IAR registered in another state who is also registered as an IAR in his or her home state is in compliance if the home state has CE requirements that are at least as stringent as the model rule and the IAR is in compliance with the home state's IAR CE requirements.

What if the IAR's home state has not adopted the model rule, the IAR is registered in multiple states, and there is a variation in the states' CE requirements?

In the absence of home state adoption of the model rule, the IAR will be in compliance with the continuing education requirements of the other states in which the IAR is registered, and which have adopted the model rule, if the IAR is in compliance with the CE requirements of at least one state that has CE requirements that are at least as stringent as the model rule and the IAR has satisfied those requirements.

If an IAR has an active IA registration in a state and adds another state, will the current year IAR Ce completion requirement apply to the new state?

Yes. If an IAR has an active registration in a state and adds another state, the current IAR CE completion requirement will apply to the new state.

Who can be contacted with questions regarding a state's requirements?

For any questions regarding a jurisdiction's specific requirements, please contact that jurisdiction's securities regulator. Contact information is available [here](#).

DUAL REGISTRANTS

For dual registrations, can the CE required by FINRA for BD agents meet any of the CE requirements for IARs?

An IAR who is also a registered BD agent and who complies with FINRA's CE requirements is considered to be in compliance with the requirement to report six credits of Products and Practices content, so long as the FINRA CE content continues to meet certain baseline criteria as determined by NASAA.

Does FINRA Firm Element training count toward IAR CE requirements?

Yes, if the training is approved by NASAA. Anyone, including a BD firm, can seek approval to provide CE that meets the criteria established by NASAA.

Example 1: Joe failed to complete his IAR CE requirement for 2023 by December 31, 2023. Any IAR CE courses he completes in 2024 will be applied to the 2023 deficiency until that requirement is completed. Excess credits in 2024 will not be applied to the 2025 IAR CE requirement.

Example 2: A broker-dealer (BD) registered representative (RR) registers as an IAR on July 1, 2023. The RR does not have an IAR CE requirement for 2023. The IAR CE requirement for that IAR would begin in January of 2024. If the IAR completes courses during 2023, these credits will not be applied to future IAR CE requirements.

FAILURE TO COMPLETE

What happens if an IAR does not complete the CE requirements in a timely manner?

If an IAR does not complete the CE requirement by the annual deadline, the IAR will pay the registration renewal fee and CRD will set his or her IAR CE status to “CE Inactive.” This status will then appear in the [Investment Adviser Public Disclosure \(IAPD\)](#) and in [BrokerCheck](#). The IAR can continue to do business. CE Inactive is notice to the IAR that if CE is not completed by the end of the year, the IAR will be unable to renew his or her registration. An IAR that is CE Inactive will hold that status in all states where the CE rule is effective following adoption of the model.

What happens if an IAR is CE Inactive during registration renewal season?

An IAR who fails to comply with CE requirements by the end of a 12-month reporting period will renew as “CE Inactive” at the close of the calendar year until the IAR completes and reports all required IAR CE credits for the reporting period. An IAR who is CE Inactive at the close of the next calendar year is not eligible for IAR registration or renewal of an IAR registration. The IAR will then have a CRD status of Fail to Renew.

How does a CE Inactive IAR become current with the CE requirement?

Courses completed in the current year will apply to the past year if there is a deficiency to be resolved. Completed IAR CE credits completed in any year will first be applied to the previous year and then to the current year’s requirement. The IAR’s IAR CE status will be automatically updated to satisfied once the IAR has obtained the required number of CE credits.