

## **FIRM NOTIFICATION:**

### **New Rule Requiring Investment Adviser Representative (IAR) Continuing Education (CE)**

The Tennessee Securities Division has adopted rules requiring annual continuing education requirements applicable to both state-registered and federally covered investment adviser representatives.

Investment advisers play an important role in their clients' financial lives, and Tennessee residents will be further protected by ensuring their financial professional's level of knowledge and competence is maintained or expanded.

Tennessee Securities Division **Rule 0780-04-03-.17**, "Investment Adviser Representative Continuing Education," mandates every investment adviser representative (IAR) to annually complete 12 continuing education (CE) credits to maintain their IAR registration.

The 12 credits must include six credits of "Products and Practices" courses and six credits of "Ethics and Professional Responsibility" courses. A complete copy of the Tennessee Securities **Division Rule 0780-04-03-.17** is available at: <https://publications.tnsosfiles.com/rules/0780/0780-04/0780-04.htm>.

Tennessee Securities Division **Rule 0780-04-03-.17** became effective on Aug. 1, 2023, and provides for the following:

- Compliance is effective with the 2024 calendar year. CE credits must be reported by December 31<sup>st</sup> of each year. Newly registered IARs will be required to meet the annual continuing education requirement by the end of the first full calendar year following the year in which they first become registered.
- IARs will self-manage finding and completing courses, which will enable them to tailor their CE to their own interests and business models. The courses may be offered by various vendors who are required to apply and obtain course approval from Prometric, the designated course manager, who will maintain the approved course list. The IAR is responsible to ensure the vendor reports completion of CE and will utilize FinPro for tracking and monitoring of his or her CE.
- CE programs mandated by IARs that are dually registered as agents of broker-dealers and IARs whose professional designations are contingent on the completion of CE, will be taken into consideration for credit so long as they meet the requirements of Tennessee Securities Division **Rule 0780-04-03-.17(2)-(3)**. The new CE requirements are intended to be compatible with other continuing education programs that seek to ensure its members stay current with industry matters relevant to the services and products offered to their clients.

- An IAR who completes continuing education in excess of the required 12 hours during the annual reporting period may not carry forward excess credits to a subsequent reporting period.
- If an IAR does not complete the CE requirement by the December 31<sup>st</sup> deadline, CRD will set their IAR CE status to “*CE Inactive*,” and the registration status to “*Approved – Pending IAR CE*.” The IAR will remain “*CE Inactive*” until complying with the CE requirement. An IAR who is CE Inactive at the close of the next (second) calendar year is not eligible for IAR registration or renewal of an IAR registration. CRD will set his or her registration status to “*Terminated – No IAR CE*.”
- An IAR who was previously registered and becomes unregistered must complete IAR CE for all reporting periods that occurred between the time that the IAR became unregistered and when the person became registered again during the two-year exam window. Alternatively, the IAR would need to complete any missed CE unless the IAR re-takes and passes the Series 65 or Series 66 examination.

Additional guidance can also be found at this link: <https://www.tn.gov/commerce/securities-division>.

If you have questions for the Tennessee Securities Division, please contact the Registration Section main line at 615-741-3187.