

The Department of Insurance, Securities, and Banking has adopted the NASAA Investment Adviser Representative Continuing Education Model Rule (“IAR CE Rule”) effective for the 2023 calendar year. All investment adviser representatives who are registered in the District of Columbia must complete twelve credit hours of IAR CE on an annual basis, effective January 1, 2023

Who must comply with the District of Columbia IAR CE Rule?

All investment adviser representatives registered in the District of Columbia must comply with the District’s IAR CE Rule. An IAR with a home state other than the District of Columbia who is registered or required to be registered in the District of Columbia will be considered in compliance if: (1) the investment adviser representative’s Home State has continuing education requirements that are at least as stringent as NASAA’s Model Rule, and (2) the investment adviser representative follows the Home State’s IAR CE requirements.

When must IARs begin complying with the District of Columbia IAR CE Rule?

Immediately under the rule, an investment adviser representative’s initial reporting period with the District of Columbia commences the first day of the first full Reporting Period after the individual is registered or required to be registered with the District. Compliance will begin with the 2023 calendar year for currently registered investment adviser representatives. Newly registering investment adviser representatives must comply by the end of the first full calendar year following the year they become registered.

How many credits are required each year?

Each year, six credits of IAR Products and Practice Content and six credits of Ethics and Professional Responsibility are required. At least three of the Ethics and Professional Responsibility credits must cover ethics.

Is there an exception for dually registered IARs that satisfy their continuing education requirements for FINRA?

Partially. A representative who is dually registered as an agent of a FINRA member broker-dealer and who complies with FINRA’s continuing education requirements will satisfy the Products, and Practices portion of the requirement provided the FINRA continuing education meets specific standards set out by NASAA. The IAR must still complete six credits of Ethics and Professional Responsibility courses, including at least three ethics credits.

Are there any exceptions to the CE requirement for IARs with a professional designation or other specified qualifications?

Yes. To the extent that the professional designation is current and qualifies the individual for an examination waiver in the District of Columbia, continuing education credits earned for the

professional designation can qualify for IAR CE credits. Note, however, that the course must be “Approved IAR Continuing Education Content,” meaning that IARs must seek out courses that their credentialing organization and NASAA have approved to earn dual credit.

What happens if an IAR does not fulfill the CE requirement for one or more calendar years?

Suppose an IAR does not fulfill the annual requirement by the end of the calendar year. In that case, the IAR’s registration status will be set to “CE Inactive,” which will be viewable by the District of Columbia Securities Division and by the public on IAPD and Broker Check. The CE Inactive status will remain until the deficiencies are corrected or the Securities Division takes further action. Suppose the CE Inactive status persists through the close of the following calendar year. In that case, the IAR will be ineligible to renew their registration or to initiate a new IAR registration until the deficiency is corrected.

Can an IAR “carry over” credits earned in one calendar year to the next, provided they have met the current annual requirement?

No, credits earned more than the annual requirement cannot be used to satisfy the CE requirement in subsequent years. Suppose an IAR has a CE deficiency from a prior year. Any credits earned will be first applied to the previous year’s deficiency before being used to satisfy a current year’s requirement.

Suppose a District of Columbia IAR has terminated its registration but wishes to re-register within the two-year window. Must the IAR complete CE for the year(s) for which they were not registered?

Yes, the IAR must correct any CE deficiency prior to re-registering as an IAR. Alternatively, the IAR can retake the Series 65 or Series 66 exam (or satisfy an applicable state exam waiver).

Can the IAR CE requirement be waived for the District of Columbia?

The rule permits the Securities Division to waive any IAR CE requirement at its sole discretion. However, there is no indication of the conditions under which a waiver might be granted. Although an IAR with unusual or exigent circumstances might contact the regulator to inquire, all IARs registered in the District of Columbia should be prepared to comply with the rule fully and not rely on the possibility of a waiver.

If you should have any questions, please contact SecuritiesBureau@dc.gov.