



STATE OF SOUTH CAROLINA

OFFICE OF THE ATTORNEY GENERAL

SECURITIES DIVISION

ORDER NUMBER 25002

INVESTMENT ADVISER REPRESENTATIVE CONTINUING EDUCATION REQUIREMENT

Pursuant to the South Carolina Uniform Securities Act of 2005, South Carolina Code Section 35-1-101, *et seq.* (the "Act"), which grants the Securities Commissioner the authority to issue orders necessary or appropriate to carry out provisions of the Act, and in particular Section 35-1-411(h) relating to continuing education programs, the Securities Commissioner hereby issues the following order pertaining to investment adviser representative continuing education, which shall supersede and replace prior Order 22004:

A. IAR Continuing Education. Subject to Section J below, every investment adviser representative registered under Section 35-1-404 of the Act must complete the following IAR continuing education requirements each Reporting Period:

(1) **IAR Ethics and Professional Responsibility Requirement.** An investment adviser representative must complete six (6) Credits of IAR Regulatory and Ethics Content offered by an Authorized Provider, with at least three (3) hours covering the topic of ethics; and

(2) **IAR Products and Practice Requirement.** An investment adviser representative must complete six (6) Credits of IAR Products and Practice Content offered by an Authorized Provider.

B. Agent of FINRA-Registered Broker-Dealer Compliance. An investment adviser representative who is registered as an agent of a FINRA member broker-dealer and who is in compliance with FINRA's continuing education requirements is considered to be in compliance with subsection A(2) above for each applicable Reporting Period so long as FINRA's continuing education content meets all of the following baseline criteria as determined by NASAA:

(1) the continuing education content focuses on compliance, regulatory, ethical, and sales practices standards;

(2) the continuing education content is derived from state and federal investment advisory statutes, rules, and regulations; securities industry rules and regulations; and accepted standards and practices in the financial services industry; and

(3) the continuing education content requires that its participants demonstrate proficiency in the subject matter of the educational materials.

C. Credentialing Organization Continuing Education Compliance. Credits of continuing education completed by an investment adviser representative who was awarded and currently holds a credential that qualifies for an examination waiver under R. 13-401(D) comply with subsections A(1) and A(2) above provided all of the following are true:

(1) the investment adviser representative completes the credits of continuing education as a condition of maintaining the credential for the relevant Reporting Period;

(2) the credits of continuing education completed during the relevant Reporting Period by the investment adviser representative are mandatory to maintain the credential; and

(3) the continuing education content provided by the credentialing organization during the relevant Reporting Period is Approved IAR Continuing Education Content.

D. IAR Continuing Education Reporting. An investment adviser representative registered in this state is responsible for ensuring that the Authorized Provider reports the investment adviser representative's completion of the applicable IAR continuing education requirements.

E. No Carry-Forward. An investment adviser representative who completes Credits of continuing education in excess of the amount required for the Reporting Period may not carry forward excess credits to a subsequent Reporting Period.

F. Failure to Complete or Report.

(1) An investment adviser representative who fails to comply with this order by the end of a Reporting Period shall be considered "CE Inactive."

(2) The registration of an investment adviser representative who is CE Inactive, but otherwise qualifies for renewal, shall be renewed in this state at the end of the calendar year in which the investment adviser representative becomes CE Inactive.

(3) An investment adviser representative shall remain CE Inactive until the investment adviser representative completes and reports all required IAR continuing education credits for all reporting periods as required by this order.

(4) An investment adviser representative who is CE Inactive at the close of the next calendar year is not eligible for investment adviser representative registration or renewal of an investment adviser representative registration.

G. Discretionary Waiver by the Administrator. The Securities Commissioner may, in his or her discretion, waive any requirements of this order.

H. Home State. An investment adviser representative registered or required to be registered in this state who is registered as an investment adviser representative in the individual's Home State is considered to be in compliance with this order provided that both of the following are true:

(1) the investment adviser representative's Home State has continuing education requirements that are at least as stringent as those set forth in this order; and

(2) the investment adviser representative is in compliance with the Home State's investment adviser representative continuing education requirements.

I. Unregistered Periods. An individual applying for investment adviser representative registration who was previously registered as an investment adviser representative in this state must complete IAR continuing education for all reporting periods that occurred during the period the individual was not registered in this state as an investment adviser representative unless the individual takes and passes the examination required under Regulation 13-401 or receives an examination waiver under Regulation 13-401.

J. Exemption. A person registered under Section 35-1-404 of the Act with twenty-five years or more of licensure as an investment adviser representative in South Carolina and who is sixty-five years of age or more does not need to comply with the requirements under Section A of this Order. A person who qualifies for this exemption must apply to the Securities Commissioner by filing a form prescribed by the Securities Commissioner which shall contain, at a minimum, the following information:

- (1) His/her full name, CRD number, age, date of birth;
- (2) The date of his/her initial registration as an investment adviser representative in South Carolina, along with the dates of any gaps in registration in South Carolina;
- (3) A request to be exempt from the requirements of this Order; and
- (4) A copy of a validly issued and current driver's license, or other photo identification acceptable to the Securities Commissioner.

K. Definitions. As used in this order, the terms below have the following meanings:

- (1) "Act" means the South Carolina Uniform Securities Act of 2005.
- (2) "Approved IAR Continuing Education Content" means the materials, written, oral, or otherwise that have been approved by NASAA or its designee and which make up the educational program provided to an investment adviser representative under this order.
- (3) "Authorized Provider" means a person that NASAA or its designee has authorized to provide continuing education content required by this order.
- (4) "Credit" means a unit that has been designated by NASAA or its designee as at least 50 minutes of educational instruction.
- (5) "FINRA" means the Financial Industry Regulatory Authority.
- (6) "Home State" means the state in which the investment adviser representative has its principal office and place of business.
- (7) "IAR Ethics and Professional Responsibility Content" means Approved IAR Continuing Education Content that addresses an investment adviser representative's ethical and regulatory obligations.

(8) "IAR Products and Practice Content" means Approved IAR Continuing Education Content that addresses an investment adviser representative's continuing skills and knowledge regarding financial products, investment features, and practices in the investment advisory industry.

(9) "Investment adviser representative" or "IAR" means an individual who meets the definition of "investment adviser representative" under the Act.

(10) "NASAA" means the North American Securities Administrators Association or a committee designated by the Board of Directors.

(11) "Reporting Period" means one twelve (12) month period as determined by NASAA. An investment adviser representative's initial Reporting Period with this state commences the first day of the first full Reporting Period after the individual is registered or required to be registered with this state.

L. **Timing of Effectiveness.** This Order shall go into effect upon signature of the Securities Commissioner.

IT IS SO ORDERED.

11/4/05
Date

Alan Wilson
Alan Wilson
Securities Commissioner