

Unlocking Financial Expertise: Navigating CE Requirements

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IAR CE and EVEP

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IAR CE Overview

- Applies to all registered IARs of both state and federal advisers
- Requires 12 credits per year, 6 of Products & Practice and 6 of Ethics & Professional Responsibility
- FINRA Regulatory Element counts for Products & Practice credits
- Courses must be approved and offered by an approved CE provider
- Anyone can apply to become a CE provider
- CE providers report course completions to FINRA
- IARs can monitor their CE status and course transcript through FinPro

IAR CE Status vs. Registration Status

IAR CE Status		IAR Registration Status	Meaning
IAR CE Not Required	Not Required	APPROVED	<i>Approved. The individual does not have an IAR CE requirement to fulfill this year.</i>
IAR CE Required	Required	APPROVED	<i>Approved. The individual has an IAR CE requirement to fulfill this year.</i>
IAR CE Satisfied	Satisfied	APPROVED	<i>Approved. The individual has satisfied the IAR CE requirement for this year and is current on their IAR CE obligations.</i>
IAR CE Inactive	CE Inactive	APP_PEND_IARCE	<i>Approved-Pending IAR CE. The individual did not complete their IAR CE requirement for the previous year.</i>
IAR CE Fail to Renew	Fail to Renew	IAR_FTR	<i>IAR CE Failed to Renew. The individual did not complete their IAR CE requirements for the previous two years, causing the individual's IAR registration(s) for which there is a CE obligation to be administratively terminated. To reactivate the impacted IAR registrations, the individual must make up the required CE or re-qualify by examination and then reapply for registration.</i>

Impact of CE Deficiencies

CE Inactive

- Approved to conduct business
- Should complete CE for prior and current years
- Status automatically updates
- Use caution in applying to CE states
- Without CE, at risk of failing to renew

Fail to Renew

- Registration terminates in all CE states
- Must catch up on CE to re-register
- Must file a new Form U4 to register
- Watch for home state CE adoption
- Potential impact in non-CE states if termed in home state

Impact of Registration Withdrawals

- CE requirement continues following withdrawal from a CE state
- Missing annual CE credits will accumulate
- IAR must catch up on CE credits to apply in a CE state
- CE deficiency can exist so long as IAR is no longer registered in any CE state
- Watch out for CE adoption in home state

Exam Validity Extension Program

- MQP vs. AG EVEP vs. IAR EVEP
- Eligibility requirements
- May impact terminations and new hires
- State adoption update
- Options prior to state adoption (e.g., waivers)
- Resources: see Exams tab on NASAA website

OVERVIEW

BROKER-DEALERS	Reports	Resources	Compliance Findings		
INVESTMENT ADVISERS	Reports	Resources	IAR CE Resources	IA Guide	Registration Information
SECURITIES ISSUERS	EFD	Crowdfunding Resources	Coordinated Review	SCOR	Reg. A Filing Requirements
FRANCHISE RESOURCES					
SENIOR ISSUES	Senior Model Act	Industry Training			
UNIFORM SECURITIES ACTS					

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State Outreach and Resources

Outreach

- Press releases
- Newsletters
- Mass emails
- Seminars / webinars
- Exam process
- Correspondence to firms/IARs

Resources

- NASAA website (NASAA.org)
- State websites (e.g., dfi.wi.gov)
- State contacts (e.g., DFISecurities@dfi.Wisconsin.gov)

Securities Continuing Education

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Securities Continuing Education (CE) Overview

- FINRA Rule 1240 prescribes requirements regarding the continuing education of registered persons
- In conjunction with other self-regulatory organizations and the Regulatory Council on CE FINRA administers the continuing education program
- Continuing Education consists of two mandatory programs
 - Regulatory Element
 - Firm Element

Regulatory Element

- Provides training on regulatory developments, new and amended rules, industry trends and core knowledge areas
- All registered persons are required to complete annually by Dec. 31
- Training must be completed via the registered rep's FinPro account
- Failure to complete the Regulatory element by Dec. 31 will result in registration becoming CE inactive

Firm Element

- The intention of the firm element program is to enhance securities knowledge, skill, and professionalism
- Firms must establish and maintain a Firm Element Needs and Analysis Plan annually
- Firms must maintain records documenting the content and completion of the program
- FINRA and the CE Council have developed resources and guidance in designing their education and training program

Regulatory CE – What’s new (sort of)?

- January 1, 2023 annual requirement
- Regulatory topics for upcoming year published by Oct. 1
- Opt in to automatically apply Regulatory CE to IAR CE
- Track Regulatory Element CE Email Reminders With New FINRA Gateway Report
- Regulatory Element CE Email Reminders

Firm Element – What's new (sort of)?

- Firm Element requirement extended to all registered persons
- FINRA amended the Firm Element requirement to allow AML compliance program and ACM meeting to count toward Firm element
- FINRA working on ways to improve guidance and resources available

Maintaining Qualification Program (MQP)

- This program provides eligible individuals who terminate any of their representative or principal registrations with the option of maintaining their qualification for certain terminated registrations by completing annual CE.
- This program is relevant to both current and former industry professionals, and certain enrollment deadlines will be imposed. Eligible individuals will be able to enroll and complete required training through [FinPro](#).

FINRA resource

- Annual Regulatory Element Learning Topics
 - <https://www.finra.org/registration-exams-ce/continuing-education/regulatory-element-topics>
- CE Council Publications
 - Firm Element Needs Analysis Quarterly Highlights: <http://cecouncil.com/firm-element/>
 - CE Council Guide to Firm Element CE Programs: <http://cecouncil.com/media/266919/ce-council-guide-to-firm-element-ce-programs-dec-2022.pdf>
 - CE Council Firm Element FAQs: <http://cecouncil.com/media/266915/ce-council-firm-element-faqs.pdf>
- FINRA Transformation Toolkit
 - <https://www.finra.org/registration-exams-ce/continuing-education/CE-transformation>
- FINRA E-Learning Courses
 - <https://www.finra.org/events-training/e-learning>

Insurance Continuing Education & Annuity Best Interest Training

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Insurance Continuing Education

- Based on:

- National Association of Insurance Commissioners (NAIC) State Licensing Handbook
- NAIC's Producer Licensing Model Act (PLMA) #218
- NAIC's Uniform Licensing Standards (ULS)
- NAIC's Guidelines Adopted by the Producer Licensing Task Force (PLTF) and its Working Groups

CE Credit Requirement

- Under the Uniform Licensing Standards (ULS)
 - 24 credits of CE with 3 credits in Ethics
 - Each biennial compliance period
 - 50 minutes is equal to one credit hour of CE
 - If applicable, the CE compliance period should coincide with the license renewal
 - *(Perpetual license states still adopting 2 year CE compliance period)*
 - License term should be tied to the birth date or birth month

CE and Lines of Authority (LOAs)

- CE Required for the 6 major lines of authority (LOAs) contained in the PLMA
 - Not required for each LOA held
 - Ex. Life and Property LOAs held, CE Requirement is still 24 hours, not 48
- Generally, CE is not required for limited lines of authority

Subject Area / Approvable Topics

- States may limit subject area requirements
 - *Some states require producers to complete courses that apply to their LOA(s) only, plus ethics*
 - *Some states approve courses as general or ethics credits*
- Approvable Topics
 - Some states prohibit CE credit for training on sales techniques
 - *The NAIC has a list of Recommended Approved / Not Approved Topics for CE Credit*
 - *Adopted by the Uniform Education Working Group 12.20.2017*
 - *Adopted by the Producer Licensing Task Force 3.25.2018*

CE and Course Repetition

- Not permitted to complete a course for credit more than once during the same compliance period / license continuation period
- May repeat CE courses for credits in successive renewal terms
 - *There are outliers*
 - *New York – can never repeat a course*

CE Exemptions / Waivers

- Model #218 (PLMA) and the Uniform Licensing Standards (ULS) contain two Exemptions from CE requirements
 - an inability to comply due to military service and/or
 - a demonstration of an extenuating circumstance, such as medical disability.
 - *Some states grant exemptions based on years licensed or age*
- Waivers
 - *some states accept waivers for professional designations*
 - *some states allow CE credits for filed and approved courses used to obtain and maintain professional designations*

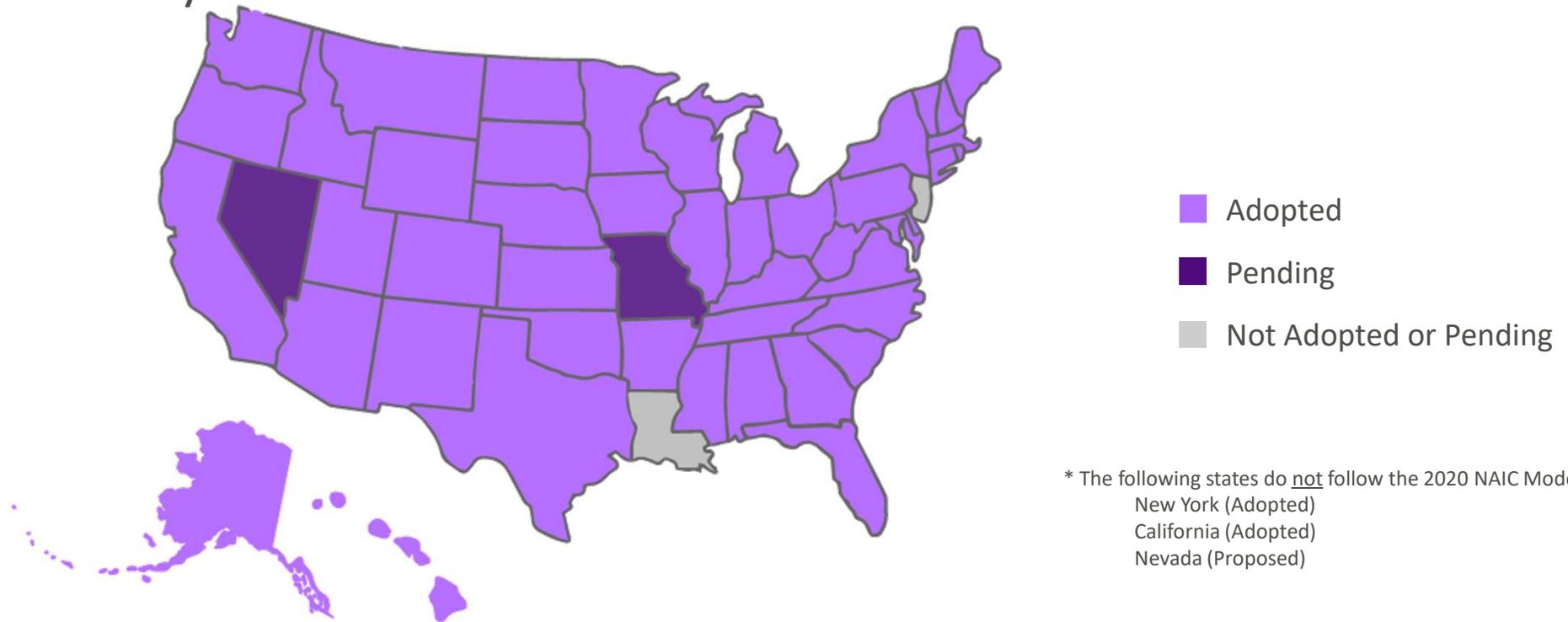
Non-resident CE Reciprocity

- Producer Licensing Model Act (PLMA)
 - non-resident state accepts the producer's satisfaction of the home state's requirements

Annuity Best Interest Training - 2020

- NAIC Suitability in Annuity Transactions Model Regulation #275 – 2020 Version
- Best Interest Standard Training Course
 - Offered by an insurance-department approved education provider
 - Approved by an insurance department
- Those who have already received annuity suitability training (4-hour) are required to take a 1-hour course on the best interest standard
 - Allowed for a limited time (6 months in the model regulation)
 - As states adopt the model, timeframe varies by state
- Those new to annuities would be required to take new course on the best interest standard (4-hours) and general annuities content
- Insurer must provide product-specific training

Annuity Best Interest Standard - State Adoption Activity



Best Interest Standard – Recent Adoptions

Effective January 1, 2024

- Florida - *Training is new in FL*
- Oregon
- Kansas
- Tennessee
- Washington

Effective February 16, 2024

- New Hampshire – *Dept granted Carriers 60 days (until 4/17/2024) before enforcement.*

Effective July 1, 2024

- Indiana
- Utah – *1 year grace period for Existing producers & Training is new in UT*

Effective July 5, 2024

- Vermont – *Training is new in VT*

Effective January 1, 2025

California – *Establishes Life Training & Updates Annuity Training*

Best Interest Standard –
Pending State Adoption

- Nevada - *NV's proposal is expected to be amended to fall more in line with the model*
- Missouri
 - *A public hearing was held on 3/20/2024*
 - *MO's proposal contains 7/31/2024 date in the training section (6 months from 7/31/2024 for the 1 or 4 hour option)*

New Hampshire - Effective February 16, 2024

Training Section follows NAIC Model

Producers licensed before 2/16/2024, who completed original training before 1/1/2024 → New 1 hour or 4 hour course due by 8/16/2024

Additional Guidance from Bulletin: *Life insurance producers, licensed prior to 02/16/2024 and who completed annuity training prior to 01/01/2024, have until 08/16/2024 to complete an annuity training course which meets the requirements of the newly adopted INS 305. In contrast, life insurance producers, licensed prior to 02/16/2024 and who completed an annuity training course which meets the requirements of the newly adopted INS 305 on or after 01/01/2024, will be deemed by the Department to be compliant with the rule's new training requirements*

Producers licensed on or after 2/16/2024 → New 4 hour course before selling annuities

Reciprocity is allowed

Insurers must provide product-specific training

Enforcement begins 4/17/2024

Because the regulation did not allow time for implementation, NH offers a grace period in their bulletin:

A 60-day grace period (from 02/16/2024 - 04/17/2024) is granted to become compliant with the new requirements.

During this grace period, the Department shall not take enforcement action against carriers for non-compliance with the new requirements of INS 305.

This transitional period allows stakeholders to acclimate to the new requirements and ensure full compliance moving forward.

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California- Effective January 1, 2025 Adopted CA SB 263

California Life Training

CA's Life training is operative on 1/1/2025 and the new rule applies to licenses that are issued or renewed on or after 1/1/2025:

- A life agent licensed on or after 1/1/2024 who sells life insurance policies other than term life with no cash value → 4 hours before soliciting nonterm life insurance policies. Training is operative on 1/1/2025.
- A life agent who sells variable life insurance policies → 2 hours of training before each license renewal. *This is in addition to the four-hour annuity training*

California Annuity Training

8 hours initial training
4 hours ongoing training every 2 years

- Producers licensed before 1/1/2025 have until 7/1/2025 to complete training.
- New producers licensed on or after 1/1/2025 must complete the training before selling annuities.
- Not reciprocal
- Product-Specific Training Required

Thank you for attending!

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