

## **NASAA REQUEST FOR PUBLIC COMMENT**

### **PROPOSED AMENDMENTS TO THE *NASAA MODEL RULE: EXAMINATION REQUIREMENTS FOR BROKER-DEALER AGENTS* AND THE *NASAA MODEL RULE: EXAMINATION REQUIREMENTS FOR INVESTMENT ADVISER REPRESENTATIVES***

**September 3, 2024**

**Comment Deadline: October 3, 2024**

The CRD/IARD Steering Committee (the “Committee”) of the North American Securities Administrators Association, Inc. (“NASAA”) is seeking public comment on proposed amendments to two NASAA model rules adopted in September 2022 to support NASAA’s Exam Validity Extension Program (“EVEP”).<sup>1</sup> The two NASAA model rules are the *NASAA Model Rule: Examination Requirements for Broker-Dealer Agents* (the “BD Exam Rule”)<sup>2</sup> and the *NASAA Model Rule: Examination Requirements for Investment Adviser Representatives* (the “IA Exam Rule,” and together with the BD Exam Rule, the “Rules”).<sup>3</sup> The Committee proposes to make minor clarifications to the Rules as outlined herein.

Comments on this proposal are due on or before the deadline stated above. We are only accepting comments by email. Please email your comments to the NASAA Comments inbox ([nasaacomment@nasaa.org](mailto:nasaacomment@nasaa.org)), cc: Andrew Hartnett ([andrew.hartnett@iid.iowa.gov](mailto:andrew.hartnett@iid.iowa.gov)), Chair of the Committee, and Natasha Hurt ([nhurt@nasaa.org](mailto:nhurt@nasaa.org)), NASAA’s Director of Regulatory Systems and Services. All comments received in response to this request will be posted to NASAA’s website ([www.nasaa.org](http://www.nasaa.org)) without edit or redaction after the close of the comment period, though inappropriate comments will not be posted. Accordingly, please do not include any information in your comment that you do not wish to become publicly available. After the close of the comment period, the Committee will review all comments and consider whether to present the proposal, in its current or revised form, to the NASAA Board of Directors for potential adoption by the NASAA membership.

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<sup>1</sup> For an overview of the EVEP program, see <https://bit.ly/4cznnsG>.

<sup>2</sup> The current text of this rule is available at: <https://bit.ly/46YaEyd>.

<sup>3</sup> The current text of this rule is available at: <https://bit.ly/4dTjlfK>. Note that the IA Exam Rule was subsequently amended in May 2024 (see below).

## **I. Background**

The Rules were drafted by the Committee and issued for public comment on June 22, 2022.<sup>4</sup> The purpose of the Rules was to allow persons registered as broker-dealer agents (including those persons dually-registered as investment adviser representatives) to maintain the validity of their state licensure examinations (*i.e.*, Series 63, Series 65 and Series 66) for up to five years after departing the securities industry provided the individuals satisfactorily participate in FINRA’s Maintaining Qualifications Program and meet certain other requirements. The Rules were adopted by the NASAA membership on September 18, 2022,<sup>5</sup> and the IA Exam Rule was subsequently amended by NASAA on May 6, 2024 (updating eligible professional certifications rule under the IA Exam Rule).<sup>6</sup>

The Committee now proposes to make minor additional amendments to the Rules as outlined below.

## **II. Proposed Amendments to the *NASAA Model Rule: Examination Requirements for Broker-Dealer Agents* and the *NASAA Model Rule: Examination Requirements for Investment Adviser Representatives***

The proposed amendment to the BD Exam Rule would clarify that, in order for someone to be eligible to participate in the Exam Validity Extension Program, he or she would have had to be registered as an agent in any jurisdiction for one year immediately preceding the termination of his or her agent registration. The requirement mirrors the requirement in MQP that an individual have been registered in the terminated registration category for at least one year immediately prior to the termination of that registration category.

The proposed amendment to the BD Exam Rule and IA Exam Rule also makes certain non-substantive clean-up edits, such as deleting the phrase “Uniform Combined State Law Examination” consistent with the use of a defined term and adding an adopting note that jurisdictions should look for bracketed language that needs to be revised and conformed to the adopting jurisdiction’s standards. The Committee believes these revisions are non-substantive clean-up edits.

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<sup>4</sup> See <https://bit.ly/4dtP8Ej>.

<sup>5</sup> See <https://bit.ly/4fXnSPV>. Subsequent to adopting the Rules, NASAA issued a similar rule proposal that would provide EVEP relief specifically for investment adviser representatives (the “IAR Exam Rule”). (See <https://bit.ly/4cIIISaA>.) This proposal was adopted by NASAA on April 17, 2023. (See <https://bit.ly/4dwJzVy>.) However, the IAR Exam Rule is not a subject of this proposal.

<sup>6</sup> See <https://bit.ly/3SXo87O>.

### **III. Conclusion and Request for Comment**

The Committee believes the proposed amendments to the Rules are appropriate and in the public interest. The Committee requests any comments in response.

#### **Attachments**

- **Proposed Amendments to the *NASAA Model Rule: Examination Requirements for Broker-Dealer Agents* (Draft – Clean)**
- **Proposed Amendments to the *NASAA Model Rule: Examination Requirements for Broker-Dealer Agents* (Draft – Redline)**
- **Proposed Amendments to the *NASAA Model Rule: Examination Requirements for Investment Adviser Representatives* (Draft – Clean)**
- **Proposed Amendments to the *NASAA Model Rule: Examination Requirements for Investment Adviser Representatives* (Draft – Redline)**

## NASAA Model Rule: Examination Requirements for Broker-Dealer Agents

(Adopted September 18, 2022; Amended \_\_\_\_\_)

*Note for Adopting Jurisdictions: This model rule includes bracketed text that should be reviewed and revised as necessary prior to adoption to conform to the adopting jurisdiction's existing securities laws and regulations.*

- (1) Every applicant for registration as an agent of a broker-dealer shall, unless covered by section 2 or 3 or otherwise waived by the [Administrator], have passed, within two years of the date of application:
  - (a) the Series 63/Uniform Securities Agent State Law Examination (“Series 63 Examination”) or the Series 66/Uniform Combined State Law Examination (“Series 66 Examination”); and
  - (b) all relevant examinations required by the Financial Industry Regulatory Authority and accepted by [Jurisdiction].
- (2) Any individual who has been registered as an agent in any state within two years from the date of filing an application for registration shall not be required to retake the examinations in Section 1 to be eligible for registration.
- (3) Any individual who is not registered as an agent in any state for more than two years but less than five years, who was registered as an agent in at least one jurisdiction for at least one year immediately preceding the termination of the agent registration, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the MQP program shall be deemed in compliance with the examination requirements of Section 1(a) as long as the individual elects to participate in the NASAA Examination Validity Extension Program within two years of agent registration termination.
- (4) Any individual who has not been registered as an agent in any state for more than two years but less than five years, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the FINRA Maintaining Qualifications Program shall be deemed in compliance with the examination requirements of Section 1(b).

- (5) Successful participation in the FINRA Maintaining Qualifications Program shall not extend the Series 66 Examination for purposes of investment adviser representative registration.

## NASAA Model Rule: Examination Requirements for Broker-Dealer Agents

(Adopted September 18, 2022; Amended )

*Note for Adopting Jurisdictions: This model rule includes bracketed text that should be reviewed and revised as necessary prior to adoption to conform to the adopting jurisdiction's existing securities laws and regulations.*

- (1) Every applicant for registration as an agent of a broker-dealer shall, unless covered by section 2 or 3 or otherwise waived by the [Administrator], have passed, within two years of the date of application:
  - (a) the Series 63/Uniform Securities Agent State Law Examination (“Series 63 Examination”) or the Series 66/Uniform Combined State Law Examination (“Series 66 Examination”); and
  - (b) all relevant examinations required by the Financial Industry Regulatory Authority and accepted by [Jurisdiction].
- (2) Any individual who has been registered as an agent in any state within two years from the date of filing an application for registration shall not be required to retake the examinations in Section 1 to be eligible for registration.
- (3) Any individual who is not registered as an agent in any state for more than two years but less than five years, who was registered as an agent in at least one jurisdiction for at least one year immediately preceding the termination of the agent registration, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the MQP program shall be deemed in compliance with the examination requirements of Section 1(a) as long as the individual elects to participate in the NASAA Examination Validity Extension Program within two years of agent registration termination.
- (4) Any individual who has not been registered as an agent in any state for more than two years but less than five years, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the FINRA Maintaining Qualifications Program shall be deemed in compliance with the examination requirements of Section 1(b).

**[DRAFT – REDLINE]**

- (5) Successful participation in the FINRA Maintaining Qualifications Program shall not extend the Series 66/~~Uniform Combined State Law~~ Examination for purposes of investment adviser representative registration.

## NASAA Model Rule: Examination Requirements for Investment Adviser Representatives

(Adopted September 18, 2022; Amended May 6, 2024, \_\_\_\_\_)

*Note for Adopting Jurisdictions: This model rule includes bracketed text that should be reviewed and revised as necessary prior to adoption to conform to the adopting jurisdiction's existing securities laws and regulations.*

- (1) Every applicant for registration as an investment adviser representative shall, unless covered by section 2, section 3, or otherwise waived by the [Administrator], have passed:
  - (a) the NASAA Uniform Investment Adviser Law Examination (Series 65) within two years of the date of application; or
  - (b) (i) the NASAA Uniform Combined State Law Examination (Series 66) and the FINRA General Securities Representative Examination (Series 7) within two years of the date of application, and  
  
(ii) the FINRA Securities Industry Essentials Examination (SIE) within four years of the date of application.
- (2) Compliance with Section 1 is waived if the applicant has been awarded any of the following designations and at the time of filing an application is current and in good standing:
  - (a) Certified Financial Planner (“CFP”) awarded by the Certified Financial Planner Board of Standards, Inc.;
  - (b) Chartered Financial Consultant (“ChFC”) awarded by The American College of Financial Services;
  - (c) Chartered Financial Analyst (“CFA”) awarded by the CFA Institute;
  - (d) Personal Financial Specialist (“PFS”) awarded by the American Institute of Certified Public Accountants; or
  - (e) Certified Investment Management Analyst (“CIMA”) awarded by the Investment & Wealth Institute.
- (3) Any individual who has been registered as an investment adviser representative in any state within two years from the date of filing an application for registration shall not be required to retake the examinations in Section 1 to be eligible for registration.

- (4) Any individual who is not registered as an investment adviser representative in any state for more than two years but fewer than five years, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the FINRA Maintaining Qualifications Program shall not have to retake the appropriate FINRA qualifying examinations to comply with the examination requirements of Section 1; provided, however, that successful participation in the FINRA Maintaining Qualifications Program shall not extend the Series 65 Examination or the Series 66 Examination for purposes of investment adviser representative registration.

## NASAA Model Rule: Examination Requirements for Investment Adviser Representatives

(Adopted September 18, 2022; Amended May 6, 2024, \_\_\_\_\_)

*Note for Adopting Jurisdictions: This model rule includes bracketed text that should be reviewed and revised as necessary prior to adoption to conform to the adopting jurisdiction's existing securities laws and regulations.*

- (1) Every applicant for registration as an investment adviser representative shall, unless covered by section 2, section 3, or otherwise waived by the [Administrator], have passed:
  - (a) the NASAA Uniform Investment Adviser Law Examination (Series 65) within two years of the date of application; or
  - (b) (i) the NASAA Uniform Combined State Law Examination (Series 66) and the FINRA General Securities Representative Examination (Series 7) within two years of the date of application, and  
  
(ii) the FINRA Securities Industry Essentials Examination (SIE) within four years of the date of application.
- (2) Compliance with Section 1 is waived if the applicant has been awarded any of the following designations and at the time of filing an application is current and in good standing:
  - (a) Certified Financial Planner (“CFP”) awarded by the Certified Financial Planner Board of Standards, Inc.;
  - (b) Chartered Financial Consultant (“ChFC”) awarded by The American College of Financial Services;
  - (c) Chartered Financial Analyst (“CFA”) awarded by the CFA Institute;
  - (d) Personal Financial Specialist (“PFS”) awarded by the American Institute of Certified Public Accountants; or
  - (e) Certified Investment Management Analyst (“CIMA”) awarded by the Investment & Wealth Institute.
- (3) Any individual who has been registered as an investment adviser representative in any state within two years from the date of filing an application for registration shall not be required to retake the examinations in Section 1 to be eligible for registration.

- (4) Any individual who is not registered as an investment adviser representative in any state for more than two years but fewer than five years, who has elected to participate in the FINRA Maintaining Qualifications Program pursuant to FINRA Rule 1240(c), and whose appropriate FINRA qualifying examinations remain valid pursuant to effective participation in the FINRA Maintaining Qualifications Program shall not have to retake the appropriate FINRA qualifying examinations to comply with the examination requirements of Section 1; provided, however, that successful participation in the FINRA Maintaining Qualifications Program shall not extend the Series 65/~~Uniform Investment Adviser Law~~ Examination or the Series 66/~~Uniform Combined State Law~~ Examination for purposes of investment adviser representative registration.