

Hawaii Investment Adviser Representative Continuing Education (IAR CE) – FAQs

On November 18, 2023, Hawaii adopted Hawaii Administrative Rules § 16-39-454.5 (Rule), which will go into effect on January 1, 2024. The Rule requires investment adviser representatives (IARs) to complete **annual continuing education** courses (CE Requirements) in order to maintain their registration in Hawaii.

1. Who must comply with the Rule?

Every IAR registered in Hawaii will be subject to the CE Requirements of the Rule. The Rule will apply even if the IAR's home state has not adopted a rule with similar CE requirements. The Rule will apply to all registered IARs of both state-registered and federal covered investment advisers. In the event an IAR is registered in more than one state, the IAR must comply with the requirements of each state. However, the Rule provides that an IAR will be considered in compliance with the CE Requirements so long as the IAR's home state (i.e., where the IAR has their principal office and place of business) has adopted IAR CE requirements that are at least as stringent as the Rule and the IAR is in compliance with their home state's requirements.

2. When must IARs begin complying with the Rule?

Compliance with the Rule begins on January 1, 2024. In other words, as of January 1, 2024, IARs that are registered in Hawaii will have until December 31, 2024 to complete the CE Requirements, whereas newly registered IARs will have until the end of the first full calendar year following the year in which they first became registered to complete the CE Requirements.

3. How many credits are required each year?

Beginning on January 1, 2024, IARs will need to complete 12 CE credits before the end of each calendar year to maintain their IAR registration. The 12 credits must include 6 credits of Products and Practices and 6 credits of Ethics and Professional Responsibility. An IAR cannot receive credit more than once for the same course and therefore, must keep track of all the courses they take to avoid duplicate courses in subsequent years. A unique course ID is assigned to each course and will be available to the IAR for recordkeeping purposes.

4. For dual registrants, can the CE required by the Financial Industry Regulatory Authority (FINRA) for broker-dealer agents meet any of the CE Requirements for IARs?

An IAR who is dually registered as an agent of a broker-dealer and complies with FINRA's CE requirements will be considered to be in compliance with that part of the Rule which requires 6 credits of Products and Practices content, so long as: (1) the FINRA CE content continues to meet certain baseline criteria, as determined by the North American Securities Administrators Association (NASAA), and (2) the \$3 per credit reporting fee is paid.

5. What happens if an IAR does not complete the CE Requirements in a timely manner?

An IAR that fails to complete the CE Requirements by the end of the first calendar year, as required by the Rule, may, upon renewal of their IAR registration in the next year, continue to conduct business, but will be designated as “CE Inactive” on the Central Registration Depository (CRD), Investment Adviser Public Disclosure (IAPD), and BrokerCheck. If the IAR fails to complete the CE Requirements for the first and second calendar years, the IAR will not be able to renew their IAR registration and conduct business in the third calendar year.

Example:

- Year 1: The IAR fails to complete their CE Requirements by the end of the calendar year.
- Year 2: The IAR, upon renewal of their registration, may continue to conduct business in Year 2, but will be designated as “CE Inactive” on CRD, Investment Adviser Public Disclosure (IAPD), and BrokerCheck.
- Year 3: If at the end of Year 2, the IAR has not yet completed their CE Requirements, the IAR will not be able to renew their registration and conduct business in Year 3. CRD will set the IAR’s CE status to *CE Failed to Renew (FTR)* and a registration status of “*Terminated – No IAR CE.*” The CE status “*Terminated – No IAR CE.*” will also appear in the IAPD and BrokerCheck.

For a complete list of frequently asked questions, please see NASAA’s IAR CE FAQ
<https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq/>.

For more information on IAR CE, participating jurisdictions, and other resources, visit
<https://www.nasaa.org/industry-resources/investment-advisers/investment-adviser-representative-continuing-education/>.