

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date July 14, 2021</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) DFI-Sec Ch. 11</p>	
<p>4. Subject Continuing education for investment adviser representatives (IARs)</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected N/A</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0 to hundreds of dollars, depending on the specific courses selected by an individual IAR. Some existing continuing education courses offered through the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization, have modest enrollment fees (less than \$100), but the North American Securities Administrators Association (NASAA) – a multistate organization of state securities regulators – has stated its intent to engage a “wide range of vendors” – including state regulatory agencies such as DFI – to offer approved continuing education courses for IARs. See NASAA's Frequently Asked Questions: Investment Adviser Continuing Education, available at https://www.nasaa.org/industry-resources/investment-advisers/resources/iar-ce-faq. Given the anticipated availability of low- or no-cost course options to satisfy these requirements, and the fact that many IARs already take advantage of educational course offerings even without a state mandate, this rule is not expected to have a material economic impact on IARs.</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule Requiring continuing education for investment adviser representatives (IARs), consistent with the Model Rule for IARs adopted by the North American Securities Administrators Association (NASAA).</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. This proposed rule would adopt a model rule approved by the NASAA membership, which was developed with input from members of the securities industry (investment advisers, securities firms, and broker-dealers with registered investment adviser representatives impacted by the rule), as well as state regulators and the Financial Industry Regulatory Authority (FINRA). While these entities have not been separately contacted for comments by the division regarding Wisconsin's proposed adoption of the model rule, they will have the opportunity to comment pursuant to the rulemaking process under Wis. Stat. ch. 227.</p>	
<p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. None</p>	
<p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)</p>	

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No measurable impact, for the reasons stated in # 9, above.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Requiring continuing education for IARs will help ensure that professionals' competencies remain up-to-date; inform them of relevant changes in industry practices, products, and governing law; reinforce ethics rules and expectations; and foster public confidence in registered professionals as a whole. Wisconsin, like every other state in the U.S., is a member of the NASAA, a national organization of state securities regulators, and it is likely that virtually all other states will adopt the Model Rule. The alternative, not adopting the rule, may put Wisconsin IARs at a competitive disadvantage by not requiring their continuing education and professional development.

16. Long Range Implications of Implementing the Rule

Requiring continuing education for IARs will increase IARs' professional competencies, increasing public confidence in IARs as a whole.

17. Compare With Approaches Being Used by Federal Government

There are no federal government regulations establishing continuing education requirements for registered IARs, but some registered IARs are also registered with the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization, as agents of FINRA member broker-dealers. Those IARs are subject to FINRA continuing education requirements. Under the NASAA model rule, continuing education courses completed through FINRA will satisfy a portion (6 hours) of relevant state continuing education requirements so long as the content meets certain baseline criteria.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

See item 15 above. It is likely that virtually all other states will adopt the model rule.

19. Contact Name

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20. Contact Phone Number

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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