

# MA

# Continuing Education Requirements



**National Association of Municipal Advisors**  
**WEBINAR**  
**October 23, 2018**

# Speakers

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Co-Chair, NAMA Standards, Education and Ethics  
Committee

# Webinar Goals

- Review of MSRB Rule G-3/Continuing Education Requirements
- Overview of NAMA's Model CE Needs Assessment
- Overview of NAMA's Model Training Plan Document
- Discussion of NAMA's CIPMA Program

# Overview of MSRB Rule G-3 (i)(ii)

## Continuing Education Requirements for MAs

- Annually

- Evaluate and Prioritize Training Needs
- Develop a Written Training Plan
- Conduct Training Annually on MA Activities

- Program must

- Be appropriate for the business of the MA Firm
- At a minimum, cover:
  - Fiduciary duty obligations
  - Applicable regulatory requirements covering Firm's MA activities, services and strategies

# Overview of MSRB Rule G-3 (i)(ii)

## Continuing Education Requirements for MAs

- Firm must:
  - Administer CE Program in Accordance with annual evaluation and training plan
  - Maintain records documenting content of programs and completion of programs by covered persons (MAs)
- SEC or FINRA could require firm or individual covered person to fulfill certain training following an examination
- Deadlines:
  - First needs assessment and acquiring all training per training plan must be completed by 12/31/18 and annually thereafter

# NAMA Model Document Needs Assessment Overview\*

- Firm Structure
- Firm Activities
- Types of Clients
- Covered Persons
- Other Considerations



## 2018 Continuing Education: Needs Analysis Checklist - MODEL DOCUMENT

*This document serves as a resource for NAMA members to better understand MSRB Rule G-3 and continuing education requirements. This document should not be relied on for compliance purposes nor does it constitute legal advice. Municipal Advisory firms should answer these questions truthfully and in a straight-forward manner without unnecessary discussion*

### Firm Structure

Is the firm a sole practitioner or does the firm have a number of individuals who engage in municipal advisory activities on behalf of the firm?

Is the firm solely engaged in municipal advisory activities or does the firm also engage in other securities related activity (e.g., is the firm registered as an investment adviser and/or Broker dealer)?

Does the firm offer other services to its clients, such as election services, legal counsel or accounting services that may represent a conflict of interest?

Has the firm been, or is the firm or any of the firm's associated persons, the subject of any disciplinary or legal action, such as a regulatory enforcement matter, arbitration or civil litigation?

### Firm Activities

Does the firm provide advice concerning the issuance of municipal securities (e.g., advice concerning the structure, timing, terms and other similar matters)?

Does the firm provide advice with respect to municipal financial products, such as municipal escrow investments, municipal derivatives or guaranteed investment contracts?

Does the firm provide advice to a municipal entity on the investment of the proceeds of municipal securities? Does the firm solicit a municipal entity or obligated person on behalf of certain third parties, such as an unaffiliated investment adviser, broker-dealer or municipal advisor?

### Types of Clients

What types of client(s) does the firm serve (i.e., municipal entities and/or obligated persons), and what are the business activities of the clients (e.g., school districts, hospitals, non-profit organizations, corporations)?

If the firm engages only in solicitation activities, what types of entities are solicited (e.g., 529 college savings plans, government investment pools, public pension funds)?

What size and how sophisticated are the clients the firm serves?

How frequently do the firm's clients issue or refinance debt?

What is the geographic diversity of the firm's clients?

### Covered Persons

Has the firm evaluated the level of knowledge required for each covered person to perform their respective job function?

Has the firm reviewed the experience level of covered persons as it relates to the municipal advisory services and financial products offered by the municipal advisor?

Do any of the firm's covered persons have a disciplinary history?

Has the firm identified covered persons or categories of covered persons that should receive individualized or specialized training?

Does the firm have covered persons working from a central location and are those covered persons supervised from that same central location, or are covered persons working from dispersed locations and supervised from dispersed locations?

### Other Considerations

Does the firm's suite of advisory services require additional training in order for covered persons to maintain a degree of knowledge and expertise to provide informed advice?

What risks related to the financial products or services on which the firm provides advice should be specifically covered by the training?

What are the regulatory requirements applicable to the firm's municipal advisory activities that, in addition to the fiduciary duty obligations owed to municipal entity clients, should be specifically covered by the training? What recent regulatory developments (e.g., rule amendments, guidance, enforcement actions, examination reports) may identify an area that merits additional training?

Do any recent changes to the firm's policies and/or procedures identify a training need?

Have supervisory reviews indicated that covered persons are not consistently adhering to one or more compliance procedures (e.g., covered persons are not reporting business entertainment to the firm on a timely basis), which may suggest a need for training on the applicable regulatory requirements?

Has the firm's annual review and test of its compliance policies and written supervisory procedures under Rule G-44 identified a potential need for additional training on one or more applicable regulatory requirements?

Is there any client feedback that indicates a need for additional training on one or more regulatory requirements (e.g., a client noted that a potential conflict was not disclosed in sufficient detail)?

Has feedback received from regulatory exams indicated a need for additional training on one or more regulatory requirements (e.g., firm needs to make annual updates to registration forms more promptly)?

What other feedback on training needs has been received from other internal sources (e.g., an employee survey)?

Did the firm introduce new products or services that warrant more extensive training or updates to disclosure documentation?

Have there been staffing changes that represent an increased risk to compliance or supervision?

# Needs Assessment: Firm Structure

- Is the firm a sole practitioner or does the firm have a number of individuals who engage in municipal advisory activities on behalf of the firm?
- Is the firm solely engaged in municipal advisory activities or does the firm also engage in other securities related activity (e.g., is the firm registered as an investment adviser and/or broker-dealer)?
- Does the firm offer other services to its clients, such as election services, legal counsel or accounting services that may represent a conflict of interest?



# Needs Assessment: Firm Structure

- Has the firm been, or is the firm or any of the firm's associated persons, the subject of any disciplinary or legal action, such as a regulatory enforcement matter, arbitration or civil litigation?

# Needs Assessment: Firm Activities

- Does the firm provide advice concerning the issuance of municipal securities (e.g., advice concerning the structure, timing, terms and other similar matters)?
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- Does the firm provide advice to a municipal entity on the investment of the proceeds of municipal securities?

# Needs Assessment: Firm Activities

- Does the firm solicit a municipal entity or obligated person on behalf of certain third parties, such as an unaffiliated investment adviser, broker-dealer or municipal advisor?

# Needs Assessment: Types of Clients

- What types of client(s) does the firm serve (i.e., municipal entities and/or obligated persons), and what are the business activities of the clients (e.g., school districts, hospitals, non-profit organizations, corporations)?
- If the firm engages only in solicitation activities, what types of entities are solicited (e.g., 529 college savings plans, government investment pools, public pension funds)?
- What size and how sophisticated are the clients the firm serves?

# Needs Assessment: Types of Clients

- How frequently do the firm's clients issue or refinance debt?
- What is the geographic diversity of the firm's clients?

# Needs Assessment: Covered Persons

- Has the firm evaluated the level of knowledge required for each covered person to perform their respective job function?
- Has the firm reviewed the experience level of covered persons as it relates to the municipal advisory services and financial products offered by the municipal advisor?
- Do any of the firm's covered persons have a disciplinary history?

# Needs Assessment: Covered Persons

- Has the firm identified covered persons or categories of covered persons that should receive individualized or specialized training?
- Does the firm have covered persons working from a central location and are those covered persons supervised from that same central location, or are covered persons working from dispersed locations and supervised from dispersed locations?

# Other Considerations

- Does the firm's suite of advisory services require additional training in order for covered persons to maintain a degree of knowledge and expertise to provide informed advice?
- What risks related to the financial products or services on which the firm provides advice should be specifically covered by the training?



# Other Considerations

- What are the regulatory requirements applicable to the firm's municipal advisory activities that, in addition to the fiduciary duty obligations owed to municipal entity clients, should be specifically covered by the training?
- What recent regulatory developments (e.g., rule amendments, guidance, enforcement actions, examination reports) may identify an area that merits additional training?
- Do any recent changes to the firm's policies and/or procedures identify a training need?

# Other Considerations

- Have supervisory reviews indicated that covered persons are not consistently adhering to one or more compliance procedures (e.g., covered persons are not reporting business entertainment to the firm on a timely basis), which may suggest a need for training on the applicable regulatory requirements?
- Has the firm's annual review and test of its compliance policies and written supervisory procedures under Rule G-44 identified a potential need for additional training on one or more applicable regulatory requirements?

# Other Considerations

- Is there any client feedback that indicates a need for additional training on one or more regulatory requirements (e.g., a client noted that a potential conflict was not disclosed in sufficient detail)?
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# Other Considerations

- What other feedback on training needs has been received from other internal sources (e.g., an employee survey)?
- Did the firm introduce new products or services that warrant more extensive training or updates to disclosure documentation?
- Have there been staffing changes that represent an increased risk to compliance or supervision?

# Other Considerations

- Identifying person responsible for the needs assessment and training plan implementation.
- Updating WSP
- Reviewing during annual CEO certification process.

# NAMA Model Document Training Plan Overview\*

- List of Covered Persons
- Evaluation
- Training Plan
  - Topics
  - Delivery Method
- Documentation
- Specific Training Requirements

## 2018 Continuing Education: Training Plan - MODEL DOCUMENT

*This document serves as a resource for NAMA members to better understand MSRB Rule G-3 and continuing education requirements. This document should not be relied on for compliance purposes nor does it constitute legal advice. Municipal Advisory firms need to complete an annual continuing education needs assessment before formulating a training plan that best fits within the parameters of their firm.*

Through evaluation and review of the firm's overall policies and procedures and the current regulatory environment, [FIRM NAME] 2018 Training Plan is noted as follows:

### Covered Persons

The following covered persons must complete the firm's annual training program by December 31, 2018: [names of covered persons within firm]

### Evaluation

The continuing education requirements noted in MSRB Rule G-3, became effective in 2018 and must be completed by December 31, 2018. Upon evaluation of covered persons' municipal advisory activities as well as regulatory developments, the following training plan has been developed.

### Training Plan

Covered persons must complete at least [insert number here] continuing education hours during the year. One hour must be spent on fiduciary duty issues, while the remaining hours may be comprised of any of the topics listed below, or with approval from [insert name here], other topics. Each covered person may themselves determine the topics and delivery methods used to obtain their continuing education hours.

### Topics

- Fiduciary duty (mandatory)
- MSRB Rule G-42
- New 2018 Rulemaking and Guidance
- Other MSRB Rulemaking
- SEC Rulemaking Related to Municipal Advisors
- SEC Rulemaking Related to the Municipal Market
- Treasury/IRS Rulemaking Related to the Municipal Market
- General Municipal Market (including trends, economy, products, credit analysis, pricing)

### Delivery Mechanisms

- NAMA webinars and conferences
- MSRB webinars and conferences
- GFOA and [state] GFOA webinars and conferences
- Other Municipal Market Industry webinars and conferences
- Internal Firm Training
- [Other – as determined by firm]

### Documentation

Each covered person must present to [insert name here] no later than December 1st, a list of continuing education courses, with documentation of the event through a registration form, agenda, course materials, or similar documentation that describes the event. The December 1<sup>st</sup> deadline will allow for evaluation of the covered person's continuing education to that any shortcomings can be addressed.

### Specific Training Requirements

If [insert name or regulatory body here] identifies deficiencies within covered persons' understanding of any MSRB or SEC rulemaking, or related to the execution of municipal advisory services to our clients, additional or mandated training will be identified and required for that person.

# Training Plan: Covered Persons

- The following covered persons must complete the firm's annual training program by December 31, 2018:

[add names here]



# Training Plan: Evaluation

- The continuing education requirements noted in MSRB Rule G-3, became effective this year and must be completed by December 31, 2018. Upon evaluation of covered persons' municipal advisory activities as well as regulatory developments, the following training plan has been developed.

# Training Plan: Training Plan

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# Training Plan: Training Plan

## ● Topics

- Fiduciary duty (mandatory)
- MSRB Rule G-42
- New 2018 Rulemaking and Guidance
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# Training Plan: Training Plan

- Delivery Methods

- NAMA webinars and conferences
- MSRB webinars and conferences
- GFOA and [state]GFOA webinars and conferences
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- [Other]

# Training Plan: Documentation

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# Training Plan: Specific Training Requirement

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# NAMA CIPMA Program

- CIPMA = Certified Independent Professional Municipal Advisor
- Began in 1991 to allow for NAMA (then NAIPFA) members to achieve an elevated professional status in the MA field.
- Exam and continuing education requirements were hallmarks of the program.
- Over past 27 years, 250 NAMA members have achieved this status.
- Program suspended for new entrants in 2016 as the MSRB's Series 50 exam for municipal advisors became effective.

# NAMA CIPMA Program: Eligibility

- Are currently, and have been, employed by a Firm Member for not less than two years, and work not less than seventy-five percent of the Firm Member's basic schedule for full-time professional employees.
- Have continuously performed municipal advisory services or firm supportive functions services for state and local governments for a period of not less than two years.
- Have either obtained a Bachelor's degree from an accredited institution of higher education or been engaged in a professional capacity in the field of public finance for a period totaling not less than six years.



# NAMA CIPMA Program: Overview

- Program has revamped to focus on continuing education criteria.
- Current and new CIPMA designees must complete 12 continuing education hours per year and follow their firm's or NAMA's Code of Ethics.
- Current and new CIPMA designees must complete the requirements, and NAMA's CIPMA Form noting previous year's education by March 1 of each year to receive acknowledgement.

# NAMA CIPMA Program: Fees and Documentation

- First year in program: \$75
- Subsequent year(s): \$50
- Will work with firms to process multiple submissions together
- Annually, CIPMA designees will receive a letter noting their achievement and have their name posted on the NAMA web site. In the first year, designees will also receive a certificate.

# NAMA CIPMA Program: Qualifying Activities

- Attendance at the NAMA Annual Conference, up to 12 hours/year
- Other NAMA training
- NAMA committee activities, up to 4 hours/year
- Formal Series 50 and Series 54 Test Preparation Activities, up to 6 hours per year
- GFOA training addressing topics such as capital finance, debt management, cash management, financial management, accounting, auditing and financial reporting
- State GFOA seminars and webinars

# NAMA CIPMA Program: Qualifying Activities

- Bond Buyer seminars and webinars
- MSRB seminars and webinars
- Bar Association courses or other legal education on municipal finance topics
- Other municipal market seminars or courses with content and learning objectives related to the municipal advisory profession that offer NASBA-approved for CPE. (National Assn. of State Boards of Accountancy)
- Speeches or presentations given at professional seminars, 2 times the length of time of the presentation, but not more than 4 hours.

# NAMA CIPMA Program: Qualifying Activities

- Professional papers, including those published in the NAMA newsletter, no more than 4 hours and no credit for repeated publication of same article
- Activities that are not listed above but are part of a Firm's CE program that have been developed to comply with MSRB Series 50 qualification, may be used for CIPMA CE, if approved by the Firm's Representative and NAMA.

# QUESTIONS

# **\*Disclaimer**

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