



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** · COMMISSIONER **Clothilde V. Hewlett**

**NOTICE OF MODIFICATIONS TO PROPOSED REGULATION
AND ADDITION OF DOCUMENTS RELIED UPON AND
DOCUMENT INCORPORATED BY REFERENCE**

**INVESTMENT ADVISER REPRESENTATIVE CONTINUING EDUCATION
PRO 07-21**

To Interested Persons:

On December 2, 2022, the Commissioner of Financial Protection and Innovation (“Commissioner”) published a Notice of Rulemaking Action to adopt Section 260.236.2 of Title 10 of the California Code of Regulations (see California Regulatory Notice Register 2022, No. Z-2022-1116-01). The proposed section relates to the implementation of continuing education requirements for Investment Adviser Representatives (“IARs”).

The Department filed the rulemaking file with the Office of Administrative Law (“OAL”) on October 24, 2023. On December 8, 2023, the OAL disapproved the rulemaking file for failure to comply with the clarity standard of the Administrative Procedure Act.¹ The Commissioner is now proposing changes to the regulations. A copy of the proposed revisions is being made available to the public in accordance with the requirements of Government Code section 11346.8, subdivision (c). The text showing modifications to proposed Section 260.236.2 is attached. The originally proposed text is shown in single underline, and the changes proposed by this notice are shown by double underlining of additions and double strike-outs of deletions. Also, the modified text of the proposed regulation now incorporates by reference pages 7-11 and 20-27 of the NASAA IAR CE Program Handbook, January 2023 Edition. The rulemaking record has also been updated to include three documents relied upon. The public may submit comments on the proposed changes to the text of the regulation, the document incorporated by reference, and the documents being added to the record, as described more fully below.

Addition of Documents Relied Upon and Document Incorporated by Reference

The rulemaking record has been updated to include the following documents relied upon: (1) the NASAA 2021 IA Section Report, (2) the NASAA Member Survey Results, and (3) the NASAA IAR CE FAQs.

These documents are available by contacting the following person:

Department of Financial Protection and Innovation
Attn: Regulations Coordinator, DeEtte Phelps

¹ Cal. Code of Regs., tit. 1, sec. 16.

2101 Arena Blvd
Sacramento, CA 95834
Telephone: (916) 839-8995
E-mail: regulations@dfpi.ca.gov

The documents are also available on the Department's website at www.dfpi.ca.gov. To access the documents from the Department's website, select the "Laws and Regulations" tab under the "Licensees" dropdown menu on the home page, select the "Regulations/Rulemaking" link, and select the "Corporate Securities Law of 1968" link.

The modified text of the proposed regulation incorporates by reference pages 7-11 and 20-27 of the NASAA IAR CE Program Handbook, January 2023 Edition which is available at: <https://www.nasaa.org/wp-content/uploads/2023/01/NASAA-CE-Program-Handbook-V3.pdf>.

15-Day Comment Period

Any interested person, or his or her authorized representative, may submit written comments regarding the changes from the originally proposed text by any of these means:

Postal Mail

Department of Financial Protection and Innovation
Attn: Regulations Coordinator, DeEtte Phelps
2101 Arena Blvd
Sacramento, CA 95834

Electronic Mail

Comments may be submitted electronically to regulations@dfpi.ca.gov. Please identify the comments as PRO 07-21 in the subject line.

Comments must be received by **March 1, 2024**. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close on the next business day.

All written comments received by March 1, 2024, which pertain to the indicated changes will be reviewed by the Department and will be summarized and responded to in the Final Statement of Reasons. Please limit your comments to the modifications to the text, the pages of the document incorporated by reference, and the documents being added to the record.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective, until approved by the Office of

Administrative Law and filed with the Secretary of State in accordance with Government Code Section 11349.3. Questions regarding the content of this notice may be directed to Pamela Hernandez at pamela.hernandez@dfpi.ca.gov or DeEtte Phelps at regulations@dfpi.ca.gov.

Dated: February 15, 2024
San Francisco, California