

808 KAR 10:260. Examination requirement for individuals advising the public on securities, broker-dealers, and agents.

RELATES TO: KRS 292.310, 292.331(3), 292.337, 292.500(3)

STATUTORY AUTHORITY: KRS 292.331(3), 292.500(3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 292.331(3) authorizes the commissioner to require an examination as evidence of knowledge of the securities business as a condition of registration. This administrative regulation requires an individual who advises the public regarding securities to successfully complete a written examination that demonstrates knowledge of the requirements of the securities laws and exempts certain individuals from the examination requirement.

Section 1. Except as provided in Section 2 of this administrative regulation, an individual, including an investment adviser or an investment adviser representative, who advises the public regarding the value of a security or the advisability of investing in, purchasing, or selling a security shall demonstrate competence in the law of securities by providing the commissioner with proof of obtaining a passing score, as determined by the Financial Industry Regulatory Authority (FINRA), on one (1) of the following examinations:

- (1) The Uniform Investment Advisor Law Examination (Series 65 examination); or
- (2)
 - (a) The General Securities Representative Examination (Series 7 examination); and
 - (b) The Uniform Combined State Law Examination (Series 66 examination).

Section 2. The following individuals shall not be required to take and pass the examination:

- (1) An individual who registered as an investment adviser or investment adviser representative in a state on or before January 1, 2000 and has been continuously registered since that date, except that the commissioner may require the examinations identified in Section 1 of this administrative regulation for an individual found to have violated a state or federal securities law as a condition of continued registration;
- (2) An individual who currently holds one (1) of the following professional designations and is in compliance with all continuing education and other requirements of good standing for the designation:
 - (a) Certified Financial Planner (CFP) issued by the Certified Financial Planner Board of Standards, Inc.;
 - (b) Chartered Financial Consultant (ChFC) issued by The American College, Bryn Mawr, Pennsylvania;
 - (c) Personal Financial Specialist (PFS) granted by the American Institute of Certified Public Accountants;
 - (d) Chartered Financial Analyst (CFA) granted by the Association for Investment Management and Research; or
 - (e) Chartered Investment Counselor (CIC) granted by the Investment Counsel Association of America; or
- (3) An individual who was registered as a broker-dealer agent prior to January 1, 1988, has been continuously registered since that date and has had no reportable disclosures on Form U-4, as incorporated by reference in 808 KAR 10:010.

Section 3. An individual not required to take and pass any examination because of holding a designation specified in Section 2(2) of this administrative regulation may be required to take the examination if that individual fails to maintain the designation in good standing.

Section 4. A registered investment adviser shall not employ an individual as an investment adviser or as one who represents an investment adviser unless that individual has complied with this administrative regulation.

Section 5. To register in Kentucky as a broker-dealer or agent, an individual or a principal, if the applicant is an entity, shall:

(1) Pass the appropriate examination, which depending on the proposed business, shall be one (1) of the following FINRA examinations: Series 1, 2, 6, 7, 11, 17, 22, 24, 26, 39, 40, 52, 53, 62, or 79; and

(2) Pass the North American Securities Administrators Association ("NASAA") Series 63 or Series 66 examination.

Section 6. An individual who has been unregistered for a period of time in excess of two (2) years shall be required to take and pass the examinations specified in Sections 1 and 5 of this administrative regulation unless the commissioner grants a waiver for good cause shown in response to a written request by the investment adviser, broker-dealer or issuer which the individual will represent.

(18 Ky.R. 244; 702; eff. 9-6-1991; 23 Ky.R. 2286; 2738; eff. 1-9-1997; 24 Ky.R. 2190; 25 Ky.R. 94; eff. 6-25-1998; 26 Ky.R. 901; 1160; eff. 12-16-1999; 29 Ky.R. 2159; 2468; eff. 4-11-2003; 37 Ky.R. 2493; 2842; eff. 7-1-2011; Crt eff. 2-27-2020.)