

GUIDE TO CONTINUING EDUCATION REQUIREMENTS

NASD Membership and Registration Rule 1120 sets forth the requirements for the Regulatory Element and Firm Element of the Continuing Education Program. The following information is intended to serve as a guide to information which must, **at a minimum**, be included in a Continuing Education Plan in order to meet regulatory requirements. **Since this document is only a guide, the Firm cannot rely on it as a template (or boilerplate) to meet every requirement of Rule 1120.** Upon submission, the Continuing Education Plan will be reviewed by the staff and any deficiencies or questions will be communicated to the Firm.

I. Regulatory Element

Yes/No

____ Name and title of the individual delegated with the responsibility for compliance with the Regulatory Element requirement;

____ Written procedures to monitor compliance with the Regulatory Element (including registered persons who become subject to the Regulatory element because they have been the subject of a significant disciplinary process);

____ Procedures requiring prompt dissemination of CRD notices to registered persons required to sit for the Computer Based Training (CBT) and the tracking of individuals to ensure that they in fact participate in the CBT; and

____ Procedures prohibiting registered individuals failing to comply with CBT requirements from conducting activities requiring registration.

II. Firm Element

Yes/No

____ Name and title of the individual delegated with the responsibility for compliance with the Firm Element requirement.

The Firm's procedures for compliance with the Firm Element must include the following:

____ A requirement to conduct an annual needs analysis;

____ A requirement for a written training plan;

- _____ A requirement to include all registered persons dealing with the public and their immediate supervisors;
- _____ A plan to implement the actual training; and
- _____ A requirement to collect program feedback.

A. Needs Analysis

Yes/No

The Firm must conduct an initial needs analysis which incorporates:

- _____ A description of the Firm's business, especially its size, organizational structure, and scope of business including, the types of investment products, services or strategies offered, or planned to be offered by the Firm;
- _____ A review or consideration of current market and economic conditions affecting investment products or services offered by the Firm;
- _____ A review or consideration of current legal and regulatory developments;
- _____ A review or consideration of trends of customer complaints, regulatory inquiries, arbitrations, litigations, or other forms of disciplinary proceedings involving any of the Firm's employees;
- _____ Feedback and input on critical issues from the Firm's legal, compliance, trading, internal audit, operations, management and sales personnel;
- _____ A review or consideration of sales and marketing strategies for products and services, with attention to related suitability issues, product risk and other regulatory concerns;
- _____ The use of performance reviews and business plans to identify development needs of individuals or groups of persons within the Firm; and
- _____ Aggregate feedback received from the Regulatory Element.

B. Training Plan

Yes/No

The training plan must address the following:

_____ The overall objective of the training program;

_____ The knowledge or skills to be imparted;

_____ Specific training programs or activities;

_____ The classifications of individuals to receive training;

_____ The specific delivery mechanism and resources needed to conduct the training

_____ The specific time scheduled for delivery; and

_____ Feedback to evaluate the program's effectiveness and modifications.

C. Training Material

Yes/No

The training material to be utilized must reasonably address specific Firm Element requirements such as:

_____ Providing descriptive information regarding the general investment features of the products, services or strategies offered by the Firm;

_____ Basic techniques for pricing the products and services;

_____ A discussion of the applicable risk factors such as business risk, interest rate risk, market risk, etc., associated with the products and services;

_____ Any special product features which could impact the products' liquidity, taxability, callability, convertability, and legality for certain classes of investors;

_____ Product suitability for different types of investors, considering their investment objectives, financial status, level of sophistication, risk tolerance, etc.; and

_____ Meeting regulatory requirements including standards for communication.

D. Media Utilized

Yes/No

The training plan must identify and incorporate the type of delivery vehicle or media to be used to execute the training. For example:

- _____ Direct participation in the form of seminars and lectures;
- _____ Computer based training;
- _____ Audio tapes, video tapes, internal broadcasts;
- _____ Supervised independent study, assigned readings, or internally generated materials;
- _____ Meetings , video conferences and telephone calls;
- _____ Mentor relationships; and
- _____ Externally developed programs or vendors (list vendors used).

E. Books and Records

Yes/No

The Firm's Continuing Education Plan must require the maintenance of adequate books and records to demonstrate compliance with the Firm Element by maintaining:

- _____ Written procedures;
- _____ Written needs analysis;
- _____ A written training plan;
- _____ Records of specific training material used;
- _____ Records of specific program material;
- _____ Lists of candidates expected to participate, dates of training and content of training;

_____ Lists of persons actually attending or receiving training; and

_____ Records of feedback from regulatory element.