



Commonwealth of Kentucky
Public Protection Cabinet
Department of Financial Institutions

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FOR IMMEDIATE RELEASE

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NEW LAW BENEFITS KENTUCKY INVESTORS
Requirements for Investment Advisers and Investment Adviser Representatives
Effective Jan. 1, 2023

FRANKFORT, Ky. (April 14, 2022) – Gov. Andy Beshear signed into law recently SB 298, An Act Relating to Persons Regulated Under the Securities Act of Kentucky. The bill requires investment advisers registered in Kentucky to develop and implement written business continuity plans and cybersecurity plans. It also establishes new continuing education requirements for investment adviser representatives.

“In today’s world, all businesses should prepare for possible disruptions, whether from a pandemic, severe weather events or cybersecurity incidents,” said Gov. Andy Beshear. “We need to promote best practices when it comes to firms that provide investment advice and manage our people’s hard-earned money. These common-sense requirements will help make sure investment advisers put clients’ interests first and minimize potential harm from service disruptions.”

Kentucky has more than 160 state-registered investment advisers, which manage more than \$3 billion in assets. In addition, approximately 6,300 individuals are registered as investment adviser representatives (IARs) in Kentucky.

Under the new law, IARs must complete annual continuing education requirements in two areas: Ethics and Professional Responsibility, and Products and Practices. Most other financial professionals are already required to engage in continuing education.

“The financial service industry changes rapidly, and investment adviser representatives must stay informed of trends, statutory changes and industry standards,” said Marni Rock Gibson, Securities Division Director at the Department of Financial Institutions (DFI). “The continuing education program will promote compliance with regulations, while also helping IARs better serve their clients.”

Kentucky is the sixth state to adopt a continuing education requirement for IARs, and multiple other states are expected to pass similar laws in 2022. The continuing education, business

continuity and cybersecurity provisions in SB 298 are all based on model legislation from the North American Securities Administrators Association (NASAA).

DFI will hold Town Hall events in the coming months to address questions and provide investment advisers and investment adviser representatives information about the new law's requirements. SB 298 goes into effect Jan. 1, 2023.

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DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents by promoting access to a stable financial industry, implementing effective and efficient regulatory oversight, enforcing consumer protections, encouraging economic opportunities and encouraging sound financial decisions through financial empowerment programs.