

NSCP CERTIFICATION

STANDARDS FOR MAINTENANCE OF CONTINUING EDUCATION UNITS IN CERTIFICATION

I. AUTHORITY

The Board of Governors is authorized to establish policies and procedures for the administration of the Standards for Maintenance of Continuing Education Units (CEUs). These policies and procedures shall be published annually and address, among other things, requirements for maintenance, revocation, and restoration of the CSCP credential.

II. REQUIREMENTS FOR THE MAINTENANCE OF CERTIFICATION

A. Completion of Acceptable CEUs During a Two-Year Cycle

Individuals who have received the CSCP credential (Certificants) shall be required to complete 20 CEUs during a cycle of two years which shall commence on January 1 of the year following the date on which the CSCP credential is received. For purposes of this requirement, all CEUs must be earned within the Core Content Areas.

The following table illustrates the timeline for completion of the CEU requirement for Certificants during calendar years 2008 and 2009:

Certificate Awarded	First Reporting Cycle Begins	First Reporting Cycle Ends	Second Reporting Cycle Begins
January 1, 2008 – December 31, 2008	1 January 2009	31 December 2010	1 January 2011
January 1, 2009 – December 31, 2009	1 January 2010	31 December 2011	1 January 2012

B. Criteria for Continuing Education Units

Certificants should calculate CEUs earned based upon the section *Examples of Activities That May Qualify for CEUs*.

C. Payment of Administrative Fee

Certificants shall be charged an administrative fee at the end of each two-year reporting cycle.

- Non-Member: \$50.00
- NSCP Members: \$30.00

D. Reporting and Recordkeeping

The CEU requirement must be met during each two-year reporting cycle. CEUs earned in excess of the requirement during a particular reporting cycle may not be applied to subsequent reporting cycles.

Certificants are required to report (e.g. name of program, name of the program sponsor, date of program, location, number of CEUs, and the specific topic from the Core Content Area) earned continuing education units within 31 days (i.e. by January 31), following the end of the CEU cycle (December 31). Certificants not selected for a verification review will receive a CEU Validation Certificate to retain as evidence of satisfaction of the CEU requirements. Certificants selected for a verification review shall not receive a CEU Validation Certificate until such time as they have complied with the review process. A CEU Validation Certificate will be forwarded to review Certificants after documentation has been received and approved.

Certificants are responsible for maintaining all relevant documentation pertaining to CEUs acquired during the reporting cycle. Do not send documentation unless specifically requested. The Board of Governors may request these documents at any time up to two years from the end of a reporting cycle.

For those educational activities involving an examination, acceptable documentation may consist of a grade report or transcript. For other programs, a written confirmation of attendance (e.g., Certificate of Attendance, Certificate of Completion) from the sponsoring organization shall be acceptable. Such documentation should include: name of individual participating in the program, name of the program, name of the sponsor, date of program, location of program, number of CEUs earned and signature of sponsor representative. If written confirmation is unavailable, the Certificant should retain an agenda for the program which identifies the topics addressed and the time allotted for each topic.

NSCP reserves the right to decline credit for any individually reported CEU.

III. ASSIGNMENT OF CEUs

The Board of Governors may periodically evaluate the educational value of certain activities. If the Board of Governors determines that a particular activity is in furtherance of the continuing education program, it shall assign a CEU value to the activity. Currently approved educational activities and their assigned CEU values shall be published not less often than annually.

IV. VERIFICATION REVIEW

The Board of Governors reserves the right to verify information supplied by, or on behalf of, a Certificant. If selected for a review, the Certificant will be asked to submit documentation substantiating eligibility.

Certificants may randomly be selected for review. An individual selected for review will be required to submit verifiable documentation for each activity listed on the CEU Reporting Form. Reviewers will seek verification of attendance/participation, content description, and CEUs earned. **It is recommended that CEU Certificants retain all records for at least two years following the cycle end date.**

If credit for any program or activity (i.e. for which CEUs are reported) is denied as a result of the review, the Certificant will be given 90 days to report additional hours to cure the deficiency. The Certificant will remain authorized to use the CSCP® designation during this 90-day period.

If the deficiency is not cured within the 90-day period, a deficiency notice will be sent. If the necessary hours remain unreported the individual will no longer be certified and will not be authorized to use the CSCP® designation.

V. WAIVER OF CONTINUING EDUCATION REQUIREMENTS

Requests for a waiver of the continuing education requirement due to extenuating circumstances are reviewed on a case-by-case basis. Written requests along with supporting documentation should be made to the Board of Governors.

VI. FORFEITURE OF CREDENTIALS

Certificants who fail to comply with the provisions outlined in Sections II, III, IV, or V, shall forfeit the CSCP credential. The Board of Governors shall give appropriate notice of intention to forfeit and actual forfeiture of credential. Individuals may not use the CSCP® designation once it has been forfeited.

VII. RESTORATION OF CREDENTIALS

After a period of four years, or two consecutive CEU cycles in which a Certificant fails to maintain the CSCP credential in accordance with these standards resulting in the forfeiture of the credential, such individuals will

be required to apply, pay for, and retake the applicable examination in order to effect reinstatement as a CSCP credential holder.

Within four years of forfeiture, a Certificant must complete the Intent to Restore Credential application, pay restoration fees, and obtain the required number of CEUs in order to reinstate a credential. During restoration, an individual is listed as a “restoration candidate” for a maximum period of one year.

VIII. REVOCATION OF CREDENTIALS

The Board of Governors is authorized to revoke, and shall revoke, the CSCP credential with respect to a Certificant who has failed to comply with the Standards for Maintenance of Continuing Education Units in Certification and the NSCP Code of Ethics. The Board of Governors shall notify the Certificant of its intent to revoke prior to the actual revocation of the credential. Once the individual has been notified of the pending revocation, he or she must not use the CSCP® designation. Subject to the Appeals procedures described in Section IX, the revocation will become effective upon notice to the individual.

IX. APPEALS

The Certificant whose credential is subject to forfeiture or revocation under these standards may appeal such forfeiture or revocation to the Board of Governors. A decision issued by the Board of Governors may be appealed to the NSCP Board of Directors. The decision of the NSCP Board of Directors shall be final.

CORE CONTENT AREAS

Activities relevant to securities compliance that fall within the auspices of the following topic areas are deemed appropriate for continuing education units:

COMPLIANCE POLICES AND PROCEDURES

Understanding the development of the firm's compliance program based on company policies, procedures, and processes and federal law, and translation into written policies, procedures and controls. Understanding how the monitoring process works.

COMPLIANCE PROGRAM MANAGEMENT

Understanding how to manage a compliance program through the use of exception reports, internal controls, compliance calendars, the annual review, and inquiry among personnel at the firm. Understanding the relationship with regulators and the resources provided by the regulators that can assist you in the implementation of the compliance program.

MONITORING AND SURVEILLANCE SYSTEMS

Understanding how to implement and monitor policies and procedures designed to oversee key compliance activities. Such activities include, but are not limited to marketing communications, sales practices, trading practices, code of ethics oversight, and exception reporting.

RECORDKEEPING

Understanding how to monitor for the accurate creation and maintenance of required records and to document the performance of review procedures and internal inspections.

ENFORCEMENT

Understanding the disciplinary process in the firm including: (1) identifying the appropriate disciplinary standard; (2) making recommendations on a course of action (informative, corrective, or disciplinary); (3) evaluating effectiveness of corrective or disciplinary action taken; and (4) maintaining the records of the action and the steps taken.

TRAINING

Understanding how to: 1) provide compliance education and training to your firm's staff based on its current and evolving requirements, and 2) provide continuing education to a broker-dealer's staff that reflect regulatory and firm business requirements. Such activities include monitoring applicable regulatory updates and educating departments to assist in their understanding of their regulatory and legal obligations, conducting annual firm element needs analysis, preparing updates for field staff, answering questions from personnel on compliance policies, procedures and regulations, and maintaining the compliance program resources database.

REPORTING

Understanding the current securities compliance reporting requirements as they pertain to financials, complaints, and disclosable events in order to provide transparency to the regulators and investors.

PRIVACY AND CONFIDENTIALITY

Understanding the application of the federal securities laws and regulations which are intended to protect “consumer” financial information. Understanding the obligations of investment advisers, broker-dealers and investment companies to “consumers” and “customers” with respect to their “non-public personal information”.

Understanding the importance of establishing a control environment, including the commitment of senior management to the security of client data, a process for identification of security risks, the establishment of safeguards, protocols for the disposal of “nonpublic consumer information,” testing the control environment, and establishing policies and procedures which incorporate a game plan for responding to security breaches.

USA PATRIOT AND BANK SECRECY ACTS

Understanding the requirements of the firm's Anti-Money Laundering program, including: monitoring the Customer Identification Program; screening customers against the OFAC lists; monitoring trading for red flags, preparing and filing Suspicious Activity Reports; testing for compliance; and developing and conducting firm training.

RISK MANAGEMENT

Understanding the importance of developing a “risk profile” for the firm based on a process that includes risk identification, risk analysis and risk response (accept, reject, or mitigate); understanding the manner in which the firm's risk profile can be utilized to determine a “risk tolerance” level for the firm; and understanding how the firm's “risk profile” and “risk tolerance” level can be applied in the development of appropriate risk management procedures.

EXAMPLES OF ACTIVITIES THAT MAY QUALIFY FOR CEUs

The following activities, provided they are relevant to securities compliance, are deemed appropriate for receipt of continuing education units:

1. PARTICIPATION IN EDUCATIONAL PROGRAMS

One (1) CEU for each 50 minutes of participation

- a. Educational portions of NSCP meetings (national, regional, or local meetings).
- b. Educational portions of programs of securities compliance and other relevant professional associations.
- c. Educational portions of programs sponsored by organizations or vendors on topics, which maintain, update, or enlarge knowledge and/or skills.
- d. Telecommunications and web-based communications (e.g. conference calls, webinars, podcasts).

2. PARTICIPATION IN FORMAL EDUCATIONAL PROGRAMS OF STUDY

- a. Post-secondary courses attended for credit, including guided independent study and regular college or university courses. Courses taken in pursuit of associate, baccalaureate, master, or doctorate degrees are included. All coursework and final exams must be completed by the December 31 cycle end date.

Fifteen (15) CEUs for each semester/trimester credit

Ten (10) CEUs for each quarter credit

- b. Audit of academic course or relevant non-credit adult education course, including attendance at a college or university course with permission and following regulations, without completing necessary requirements for full formal credit. Course must be completed by the December 31 cycle end date.

Six (6) CEUs for each semester/trimester credit

Four (4) CEUs for each quarter credit

- c. Correspondence and other formal, independent, online, or distance education study programs which consist of readings and exercises submitted to a knowledgeable instructor for evaluation. Courses normally cover several lessons to be completed in a specific time cycle. Certificate of completion must show that all coursework and exams were completed by the December 31 cycle end date. Self-study programs are defined as courses completed outside of a classroom environment using printed material, periodicals, audio and/or video cassettes, electronic media or online media.

Credit for self-study programs is determined as recommended hours of completion time as determined by the CE sponsor.

Programs are accepted for CEUs in an initial unit of at least one hour (minimum of 50 minutes constitutes one class hour).

3. PUBLICATION OF MATERIAL

- a. Publication is the development of an original work which has been reproduced by written or electronic means for general dissemination to the public.
 - Author of a textbook, workbook or manual | **fifteen (15) CEUs**
 - Author of a chapter in a textbook, workbook or manual | **ten (10) CEUs**
 - Author of an article in a peer reviewed research journal | **ten (10) CEUs**
 - Author of an educational article in a professional or trade journal | **five (5) CEUs**
 - Principal author of a comment letter submitted to a regulatory or legislative body on behalf of a professional organization (e.g. NSCP) | **five (5) CEUs**
 - Author of an educational article in a newsletter | **two (2) CEUs**
 - Editor of a textbook, workbook or manual | **ten (10) CEUs**
 - Editor of a professional or trade journal | **five (5) CEUs**

4. INSTRUCTION, DISCUSSION LEADER OR SPEAKER

Credit may not exceed 50 percent of the total CEUs required during any reporting cycle.

- a. Presentation is the development of an original work delivered to an audience. Credit is only allowed for the first presentation per CE reporting cycle; based on 2 CEUs for each hour of class or presentation time. For example, an instructor may claim 4 hours for teaching a two-hour class.
 - Speaker at an educational program, meeting or engagement directed to securities compliance professionals provided topics are covered in the Core Content Areas | **One (1) CEU for each 25 minutes of podium time**
 - Panel Certificant at an educational program | **One (1) CEU for each 50 minutes of podium time**
 - Teaching university courses provided topics are covered in the Core Content Areas | **One (1) CEU for each 25 minutes of podium time**

5. INDEPENDENT STUDY ACTIVITIES

- a. Study groups devoted to topics relevant to securities compliance.
One (1) CEU for each 50 minutes of participation
- b. Completing a quiz accompanying *NSCP Currents* article or a book published by NSCP (**CEUs pre-determined by NSCP**)
- c. Correspondence courses offered by professional associations or organizations.
One (1) CEU for each 50 minutes of participation

EXAMPLES OF ACTIVITIES THAT DO NOT QUALIFY FOR CEUs

Examples of activities that do not qualify for CEUs are as follows. The list is illustrative and not intended to be inclusive.

- a. Responsibilities that fall within the normal parameters of an individual's job description, including but not limited to the following: (1) staff meetings; (2) preparation for and/or participation in regulatory examinations; (3) preparation of procedure, policy or administrative manuals; (4) conducting internal audits; (5) participation in career day activities; (6) development of employee/staff training materials.
- b. Short newspaper articles, Q&A's, company newsletters, published materials and/or presentations developed as part of an individual's employment or in an effort to market the firm/product.
- c. Credit as an instructor, discussion leader or speaker for presentations designed primarily for persons not engaged in the securities compliance industry (e.g. presentations to the general public; presentations for marketing purposes; television and radio talk shows; and participation in high school programs).



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