

Developing a CE Needs Analysis and Written Training Plan

Municipal advisors are required to develop continuing education (CE) programs for their municipal advisor representatives and municipal advisor principals that, at a minimum, address training on the applicable regulatory requirements and the fiduciary duty obligations owed to municipal entity clients.¹ A three-step process for developing a CE program must occur at least annually and involves:



STEP 1:

Conducting a needs analysis that evaluates and then prioritizes the firm's training needs;



STEP 2:

Developing a written training plan based on the specific training needs identified by the firm;² and



STEP 3:

Delivering training each year in accordance with the needs analysis and written training plan.

The MSRB provides the following sample needs analysis checklist and training plan template to assist municipal advisor firms with their CE program planning.³ The obligation for a municipal advisor to develop a CE program is not a "one-size-fits-all" requirement, and each firm's CE program must be tailored to the firm's business.

¹ The CE program requirements are outlined in Municipal Securities Rulemaking Board (MSRB) Rule G-3, on professional qualification requirements. Under Rule G-3(i)(ii)(A), such municipal advisor representatives and municipal advisor principals are defined as covered persons.

² Dealer-municipal advisors may develop a single written training plan, if the training plan is consistent with each needs analysis that is conducted of the firm's municipal advisory activities and municipal securities activities.

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STEP 1:

Needs Analysis Checklist

A CE needs analysis informs the firm of potential training needs and is the first step in prioritizing the specific training to be delivered.⁴ In evaluating its training needs, a municipal advisor firm should take into consideration its size, organizational structure and scope of municipal advisory activities, as well as regulatory developments. This non-exhaustive list of considerations is intended to assist firms in conducting a needs analysis to properly identify the overall training needs of the municipal advisor.

Organizational Assessment

Firm Structure

- Is the firm a sole practitioner or does the firm have a number of individuals who engage in municipal advisory activities on behalf of the firm?
- Is the firm solely engaged in municipal advisory activities or does the firm also engage in other securities-related activity (e.g., is the firm registered as an investment adviser and/or broker-dealer)?
- Does the firm offer other services to its clients, such as legal counsel or accounting services?
- Has the firm been, or is the firm currently, the subject of any disciplinary or legal action, such as a regulatory enforcement matter, arbitration or civil litigation?

Firm Activities

- Does the firm provide advice concerning the issuance of municipal securities (e.g., advice concerning the structure, timing, terms and other similar matters)?
- Does the firm provide advice with respect to municipal financial products, such as municipal escrow investments, municipal derivatives or guaranteed investment contracts?

- Does the firm provide advice to a municipal entity on the investment of the proceeds of municipal securities?
- Does the firm solicit a municipal entity or obligated person on behalf of certain third parties, such as an unaffiliated investment adviser, broker-dealer or municipal advisor?

Types of Clients

- What types of client(s) does the firm serve (i.e., municipal entities and/or obligated persons), and what are the business activities of the clients (e.g., school districts, hospitals, non-profit organizations, corporations)?
- If the firm engages only in solicitation activities, what types of entities are solicited (e.g., 529 college savings plans, government investment pools, public pension funds)?
- What size and how sophisticated are the clients the firm serves?
- How frequently do the firm's clients issue or refinance debt?
- What is the geographic diversity of the firm's clients?

Covered Persons

- Has the firm evaluated the level of knowledge required for each covered person to perform their respective job function?
- Has the firm reviewed the experience level of covered persons as it relates to the municipal advisory services and financial products offered by the municipal advisor?
- Do any of the firm's covered persons have a disciplinary history?
- Has the firm identified covered persons or categories of covered persons that should receive individualized or specialized training?
- Does the firm have covered persons working from a central location and are those covered persons supervised from that same central location, or are covered persons working from dispersed locations and supervised from dispersed locations or remotely from a central location?

⁴ It is important to note that a municipal advisor's needs analysis must be documented and should reflect the information the firm gathered and its analysis.

Other Considerations

- Does the firm's suite of advisory services require additional training in order for covered persons to maintain a degree of knowledge and expertise to provide informed advice?
- What risks related to the financial products or services on which the firm provides advice should be specifically covered by the training?
- What are the regulatory requirements applicable to the firm's municipal advisory activities that, in addition to the fiduciary duty obligations owed to municipal entity clients, should be specifically covered by the training?
- What recent regulatory developments (e.g., rule amendments, guidance, enforcement actions, examination reports) may identify an area that merits additional training?
- Do any recent changes to the firm's policies and/or procedures identify a training need?
- Have supervisory reviews indicated that covered persons are not consistently adhering to one or more compliance procedures (e.g., covered persons are not reporting business entertainment to the firm on a timely basis), which may suggest a need for training on the applicable regulatory requirements?
- Has the firm's annual review and test of its compliance policies and written supervisory procedures under Rule G-44 identified a potential need for additional training on one or more applicable regulatory requirements?
- Is there any client feedback that indicates a need for additional training on one or more regulatory requirements (e.g., a client noted that a potential conflict was not disclosed in sufficient detail)?
- Has feedback received from regulatory exams indicated a need for additional training on one or more regulatory requirements (e.g., firm needs to make annual updates to registration forms more promptly)?
- What other feedback on training needs has been received from other internal sources (e.g., an employee survey)?

Based on the information the firm compiles and analyzes regarding the scope of its municipal advisory activities, its size and organizational structure, and the potential training needs for its covered persons, the firm should prioritize its training needs and identify its training objectives.



STEP 2:

Written Training Plan Template

After conducting its needs analysis to determine the training priorities for its covered persons, the municipal advisor firm must develop a written training plan to implement the training objectives. The written training plan should be clearly correlated to the prioritized training needs identified through the needs analysis.

In developing a written training plan, a municipal advisor should consider including:

- The identity of the person(s) responsible for implementation and oversight of the firm's CE program;
- The objectives and goals of the firm's CE program;
- A description of the firm's specific training needs identified through the needs analysis, prioritization of those needs and training topics to be covered, including fiduciary duty obligations owed to municipal entity clients and applicable regulatory requirements;
- Establishing a time frame for the development, if applicable, and delivery of the firm's training programs;
- Identifying the applicable delivery mechanisms for the firm's training programs (*i.e.*, seminars, webinars, computer-based training, etc.);⁵ and
- A description of how the firm tracks and records that covered persons participated in the requisite training(s).

The following optional template is designed to serve as a starting point for municipal advisor firms developing a written training plan. If the template does not adequately address the firm's municipal advisory business, the firm should customize as appropriate.

⁵ At the discretion of the municipal advisor, training programs may be conducted in conjunction with other firm meetings or programs held for a different purpose, including a dealer-municipal advisor providing training that satisfies the needs of both the municipal advisory activities and dealer activities.

Sample Written Training Plan Template

Firm Name _____ Year _____

Training Objective

As a common practice, continuing education helps to ensure that covered persons stay abreast of product and regulatory developments and issues that may affect their job responsibilities. Continuing education is an essential component of a municipal advisor's business. The goal of the firm's training program is to ensure that all covered persons have the requisite degree of training on and knowledge of the firm's municipal advisory services, applicable regulatory requirements and a fundamental understanding of the fiduciary duty obligation owed to municipal entity clients.

Training Program Information

Describe each training program scheduled for the calendar year based on the firm's identified training needs and regulatory developments:

- Overview of the Fiduciary Duty Obligations Owed to Municipal Entity Clients*
- Applicable Regulatory Requirements

- Additional Training Topic(s)

Recent Regulatory Developments

Describe any issues identified in the needs analysis that the firm has determined should be included in the continuing education training.

* In accordance with MSRB Rule G-3, the firm training includes training on the applicable regulatory requirements and the fiduciary duty obligations owed to municipal entity clients.

Specifics on Trainings to be Completed

List each training program to be delivered and identify the covered persons required to take each training program.

Training	Covered Persons

Training Mechanisms

Indicate the types of training mechanisms the firm anticipates using to deliver the firm’s training programs based on the needs identified:

- Seminars E-Learning Courses Podcasts Webinars Other _____

Schedule

All covered persons are required to complete the municipal advisor’s CE program requirements by December 31, _____.

Recordkeeping Requirements

MSRB Rule G-8 requires the firm to maintain records concerning compliance with CE program requirements. MSRB Rule G-9 requires that records be maintained for a period of not less than five years. Related records include:

- Copy of the firm’s annual needs analysis
- Copy of the firm’s written training plan
- Content of the training programs such as copies of the actual training materials, as applicable
- Attendance record of completion of the training programs by covered persons identified in the written training plan
- Other documentation

Supervisory Responsibility

The _____ is assigned the responsibility for ensuring that the municipal advisor’s written training plan meets its stated scope and objectives, and that the municipal advisor’s CE program is implemented in accordance with MSRB Rule G-3.

Signature

Title

Date

 **STEP 3:**
Deliver Training

Municipal advisor firms are responsible for delivering training each year in accordance with the needs analysis and written training plan. Additional resources for understanding regulatory requirements are available on the MSRB’s website at MSRB.org.