STATE OF NEBRASKA

DEPARTMENT OF BANKING AND FINANCE

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NEBRASKA DEPARTMENT OF BANKING AND FINANCE
DEPARTMENT OF SECURITIES

INTERPRETATIVE OPINION NO. 26 – USE OF CERTIFICATIONS AND DESIGNATIONS IN ADVERTISING BY INVESTMENT ADVISER REPRESENTATIVES AND BROKER-DEALER AGENTS

The Nebraska Department of Banking and Finance, Bureau of Securities ("Department"), hereby issues an interpretative opinion regarding the use of designations in advertising by investment adviser representatives and broker-dealer agents.

The Department takes the position that the use of a certification or designation on business cards, stationery and in advertising materials confers an impression with potential clients that the adviser or agent has special qualifications in a certain area of finance or financial planning. The requirements to obtain certifications and designations vary greatly, as can the processes for monitoring compliance with any code of conduct adopted by the organization which awards the certification or designation.

Investors often have insufficient information about the designations when trying to determine which designations represent meaningful achievement by broker-dealer agents or investment adviser representatives and which designations are marketing devices. The Department is particularly concerned about the use of designations and certifications that incorrectly imply expertise in the special financial needs of senior citizens.

Some purported certifications and designations appear to be part of a larger, systemic trend of aggressively marketing investments to potential investors with pre-retirement concerns as well as those who are looking for ways to reduce taxes or supplement a fixed income. The Department is aware of instances in which individuals have used a certification or designation to create the impression that the advice being given was unbiased, independent and based on special knowledge of the issues facing the investor, when the real objective was to convince the investor to sell existing financial assets to purchase financial products offered by the holder of the certification or designation. The same advice appears to have been offered to investors without regard for the specific needs of the individual investor.

The Department has determined that it is in the public interest and is necessary for the protection of Nebraska investors to issue this opinion regarding the use of certifications and designations by agents of broker-dealers and investment adviser representatives authorized to do business in Nebraska. The use of designations, other than those identified in this Interpretative Opinion, on business cards, stationery and in advertising materials will be considered a violation of Section 8-1102(1) of the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1124 (Reissue 1997, Cum. Supp. 2006) ("Act") and may result in administrative action.

In reviewing specific certifications and designations, the Department considered (1) the history and reputation of the issuing organization; (2) the experience and/or educational requirements, including the material and content of the required coursework, to obtain the certification or designation; (3) the type of examination required, the complexity and length of the examination, and the method of examination delivery; (4) the time period for completing the course work and achieving the certification or designation; (5) the continuing education requirements; (6) the ethical standards or code of ethics of the designation or certification; and (7) the process, if any, by which the designation may be revoked for violations of the ethical or other standards for the designation.

As set forth in 48 NAC 9.004.02, the following designations and certifications are currently accepted as alternatives to the examination requirements for investment adviser representatives. As such, these certifications and designations may be used by investment adviser representatives and broker-dealer agents in advertising and on business cards and stationery:

1. Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards, Inc.;

2. Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;

3. Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;

4. Chartered Financial Analyst (CFA) awarded by the Institute of Chartered Financial Analysts; and

5. Chartered Investment Counselor (CIC) awarded by the Investment Counsel Association of America, Inc.

As of the date of this Interpretative Opinion, the following certifications and designations have been reviewed by the Department and have been found to be acceptable for use by investment adviser representatives and broker-dealer agents in advertising and on business cards and stationery:

1. Chartered Life Underwriter (CLU), awarded by The American College;

2. Financial Services Specialist (FSS), awarded by The American College;

3. LUTC Fellow (LUTCF), awarded by The American College and the National Association of Insurance and Financial Advisors;

4. Chartered Advisor for Senior Living (CASL), awarded by The American College;

5. Chartered Mutual Fund Counselor (CMFC), awarded by the College for Financial Planning;

6. Accredited Asset Management Specialist (AAMS), awarded by the College for Financial Planning;

7. Chartered Retirement Planning Counselor (CRPC), awarded by the College for Financial Planning;

8. Chartered Retirement Plans Specialist (CRPS), awarded by the College for Financial Planning;

9. Accredited Wealth Management Adviser (AWMA), awarded by the College for Financial Planning;

10. Registered Paraplanner (RP), awarded by the College for Financial Planning

11. Fraternal Insurance Counselor (FIC), awarded by the Fraternal Field Manager's Association;

12. Fraternal Insurance Counselor Fellows (FICF), awarded by the Fraternal Field Manager's Association;

13. Fellow of the Society of Actuaries (FSA), awarded by the Society of Actuaries;

14. Certified Trust and Financial Advisor (CTFA), awarded by Institute of Certified Bankers; and

15. Certified Investment Management Analyst (CIMA) or Certified Investment Management Consultant (CIMC), awarded by Investment Management Consultants Association.

The Department will review this list on a quarterly basis for possible additions or deletions. Broker-dealer agents and investment adviser representatives should ensure that they have the most current release of this Interpretative Opinion by checking the Department's website, www.ndbf.org.

The Department does not endorse the use of any particular certification or designation or any registrant holding such certification or designation. Further, this Interpretative Opinion is not a determination concerning the qualifications of any person holding such certification or designation. Pursuant to Section 8-1114 of the Act, it is a violation of the Act for any person to make a contrary representation.

The Department encourages broker-dealer agents and investment adviser representatives authorized to do business in Nebraska to take advantage of programs that provide opportunities to continue their education, provided any certification or designation bestowed as a result of such programs is not used to imply financial expertise that does not exist.

Questions regarding this opinion should be addressed to:
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