SEC Amends Whistleblower Rules to Incentivize Tips

The Securities and Exchange Commission has amended the rules governing its whistleblower program, which was established in 2010 under the Dodd-Frank Act.

The first rule change allows the SEC to pay whistleblowers for their information and assistance in connection with non-SEC actions in additional circumstances. The second affirms the SEC's authority "to consider the dollar amount of a potential award for the limited purpose of increasing an award but not to lower an award."

Specifically, the SEC amended Rule 21F-3 to allow the SEC to pay whistleblower awards for certain actions brought by other entities, including designated federal agencies, in cases where those awards might otherwise be paid under the other entity's whistleblower program. The amendments allow for such awards when the other entity's program is not comparable to the SEC's program, or if the maximum award that it could pay on the related action would not exceed $5 million.

Further, the amendments affirm the SEC authority under Rule 21F-6 to consider the dollar amount of a potential award for the limited purpose of increasing the award amount, and it would eliminate the SEC's authority to consider the dollar amount of a potential award for the purpose of decreasing it.

The SEC's whistleblower program was established in 2010 to encourage individuals to report "high-quality tips" to the SEC and help the agency detect wrongdoing. Since inception, enforcement matters brought using original information from meritorious whistleblowers have resulted in orders for more than $5 billion in total monetary sanctions. The SEC has awarded more than $1.3 billion to whistleblowers under the

program.

The amendments will become effective 30 days after publication in the Federal Register.

Click here to visit The DI Wire directory page.

SEC Proposes Big Changes to ’40 Act Fund Advisers

The Securities and Exchange Commission has proposed new rules and amendments under the Investment Advisers Act of 1940 to further regulate private fund advisers with the goal of “protecting private fund investors by increasing transparency, competition, and efficiency in the $18 trillion marketplace.”

The new rules continue the SEC’s recent focus on private fund advisers and address issues related to transparency regarding costs, performance, and preferential terms, as well as conflicts of interests.

“Private fund advisers, through the funds they manage, touch so much of our economy. Thus, it’s worth asking whether we can promote more efficiency, competition, and transparency in this field,” said SEC Chair Gary Gensler. “I support this proposal because, if adopted, it would help investors in private funds on the one hand, and companies raising capital from these funds on the other.”

The proposed rules would require registered private fund advisers to provide investors with quarterly statements detailing certain information related to fund fees, expenses, and performance. The SEC believes that such improvements to the quality of information will improve investors’ ability to

assess their investments and monitor compliance with the fund's governing documents.

The proposed changes would also create new requirements related to fund audits, books and records, and adviser-led secondary transactions. Specifically, the SEC would require a registered private fund adviser to obtain an annual financial statement audit in accordance with GAAP of each private fund it advises, and upon liquidation, by a registered independent public accountant, which would be required to notify the SEC if dismissed or when it issues a modified opinion.

Further, in connection with certain adviser-led secondary transactions (offering fund investors the option to sell or exchange interests in a private fund), a fairness opinion would be required from an independent opinion provider.

The proposals would also prohibit all advisers to private funds (whether registered with the SEC or one or more states, exempt reporting advisers, or prohibited from registration)

from engaging in several activities, including seeking reimbursement, indemnification, exculpation, or limitation of liability by the fund or its investors for a breach of fiduciary duty, willful misfeasance, bad faith, negligence, or recklessness.

Advisers would be prohibited from charging certain fees and expenses to a private fund or its portfolio investments, such as fees for unperformed services and fees associated with an examination or investigation of the adviser.

The proposals would prohibit reducing the amount of an adviser clawback by the amount of certain taxes; charging fees or expenses related to a portfolio investment on a non-pro rata basis when multiple private funds, other clients and related persons have invested; borrowing or receiving an extension of credit from a private fund client; and providing preferential redemption or portfolio holding information to certain

investors.

Additionally, private fund advisers, including those that are not registered with the SEC, would be prohibited from providing certain types of preferential treatment to investors in their funds unless it is disclosed to current and prospective investors.

Brett Evans, an attorney at Evans Law PC, observed that "while the proposed extensive regulatory framework of private investment advisers is a shift from the SEC's historical focus on protecting retail investors, the proposal is framed to look through the traditional pension and endowment private fund investors to their beneficiaries, the 'teachers, firefighters, municipal workers and professors,' in an attempt to protect them through further transparency and disclosure standardization."

Finally, and of interest to *all* registered investment advisers, not just private fund advisers, within the 341-page release, the SEC proposed amendments to Advisers Act Rule 206(4)-7 (the compliance rule) that would establish a written documentation requirement of their current compliance rule obligations – a review, no less frequently than annually, of the adequacy of their compliance policies and procedures and the effectiveness of their implementation.

The public comment period will remain open for 60 days following publication of the proposal on the SEC's website, or 30 days after its publication in the Federal Register, whichever period is longer.

Electronic comments can be submitted through the SEC's comment form at http://www.sec.gov/rules/submitcomments.htm or via e-mail to rule-comments@sec.gov with file number S7-03-22 included in the subject line.

Click here to visit The DI Wire directory page.

SEC Chairman Discusses Commitment to Regulation BI in House Committee Meeting

The House Financial Services Committee held an online hearing with Securities and Exchange Commission Chairman Gary Gensler on Tuesday where he discussed his commitment to Regulation Best Interest, the SEC's broker advice rule.

Rep. Ann Wagner (R-MO) asked Gensler about his commitment to the continued implementation of the regulation following his recent appointment of Barbara Roper to senior advisor, who is tasked with focusing on issues relating to retail investor protection, such as broker-dealer oversight, investment adviser oversight, and examinations. Roper, the director of investor protection for the Consumer Federation of America, has been an outspoken critic of Regulation Best Interest, which she has called "vague and undefined."

Without mentioning Roper by name, Rep. Wagner said, "You have brought on staff with a clear public record of opposing Reg BI. You can understand how that would give the investing public the impression that the SEC under your leadership is not committed to Reg BI. And I'd like to point out that during your confirmation process, you committed to working with Commission staff to ensure Reg BI, and I quote 'lives up to its best interest label.'"

"I think that is as true today as when I said it," Gensler replied. "To ensure that our regulations –

Regulation Best Interest and others – live up to what's in, written down on the page, and really is regulation best

interest, in that investors are getting the best interest when a broker is making recommendations."

Later during the hearing, Rep. Carolyn Maloney (D-NY) asked Gensler if the SEC plans to "take further action to strengthen" the regulation.

"I think that it's important that this rule lives up to its potential – that best interest really does mean best interest," said Gensler.

Gensler explained that he plans to work with the SEC's examination staff and the division of corporate finance, as well as Roper, "to ensure that the retail public gets the best." He did not mention Roper by name, but referred to her as "an excellent person who is a senior advisor to me directly."

"I'm also asking the staff to consider how do we ensure that the brokers and the investment managers understand their duties under that rule and to ensure that…best interest means best interest," Gensler added.

Earlier this year, Roper commented on Twitter that "Reg BI's chief weakness – that key terms like 'best interest' and mitigation of conflicts are undefined – could now be its chief strength, if new leaders at the agency interpret and enforce these requirements to the benefit of investors, as we expect they will."

Regulation Best Interest was adopted by the SEC in June 2019 as part of a package of rules and interpretations designed to address the obligations of broker-dealers and investment advisers when they provide recommendations or investment advice to retail investors.

Click here to visit The DI Wire directory page.

Schwab Executive Predicts Failure of Effort to Eliminate Step-up in Basis

President Joe Biden's proposal to eliminate the step-up in basis, a federal tax provision that provides for the adjustment of the value of an appreciated asset for tax purposes on inheritance to the current market value, is encountering significant resistance on Capitol Hill, according to Michael Townsend, Schwab's vice president of legislative and regulatory affairs.

Under the current tax law, when a person dies, the value of an appreciated asset is stepped up at death to the fair market value, and heirs will pay no capital gains tax if they keep or immediately sell the asset.

President Biden has called to end the practice for gains in excess of $1 million, or $2 million per couple, to help pay for his $1.8 trillion American Families Plan.

"It is not at all clear that this can get through Congress, and you may see them at some point go after the estate tax rate and try to take it up a little bit, but right now the prospects for eliminating step-up in basis are looking fairly rocky in Washington," Townsend said during Schwab's Midyear Market Outlook webinar.

The Biden administration has also proposed capping gains deferred under 1031 like-kind exchanges at $500,000 and raising the capital gains tax for those earning more than $1 million from 20 percent to 39.6 percent.

Townsend noted that the 39.6 percent tax hike is also not likely to pass Congress, but an increase to the "sweet spot" of approximately 28 percent or 29 percent is possible. He reiterated, however, that these are merely proposals and are not current legislation.

"Congress is going to have to turn these into legislation and figure out what is achievable to get these changes through a narrowly divided House and a 50-50 Senate," said Townsend. "There are at least a dozen committees that are going to be involved with this process, and it's going to take weeks and weeks and weeks. They haven't even decided whether to combine this into one giant bill, or to break it into smaller bills. We're at the front end of the process to put this together."

Click here to visit The DI Wire directory page.

SEC Updates Fund Valuation Practices

The Securities and Exchange Commission plans to adopt a new rule that establishes what it claims is an updated regulatory framework for fund valuation practices.

The rule is designed to clarify how fund boards of directors can satisfy their valuation obligations in light of market developments, including an increase in the variety of asset classes held by funds and an increase in both the volume and type of data used in valuation determinations.

The SEC last addressed valuation practices under the Investment Company Act of 1940 more than 50 years ago. Now, many funds engage third-party pricing services to provide

pricing information, particularly for thinly traded or more complex assets.

In addition, regulatory developments have altered how boards, investment advisers, independent auditors, and other market participants address valuation under the federal securities laws. The SEC claims that the rule recognizes and reflects these changes, including the role that funds' investment advisers may play.

"Main Street investors increasingly access our capital markets through funds and rely on them to value their investments properly," said SEC chairman Jay Clayton. "[The] rule is designed to improve funds' valuation practices, including by providing for effective board oversight, for the benefit and protection of fund investors."

The rule establishes requirements for satisfying a fund board's obligation to determine fair value in good faith for purposes of the Investment Company Act. The rule requires a board or its valuation designee to assess and manage material risks associated with fair value determinations; select, apply and test fair value methodologies; and oversee and evaluate any pricing services used.

The rule recognizes that most fund boards do not play a day-to-day role in the pricing of fund investments and permits boards to designate the determination of fair value to certain parties. This designation will be subject to detailed conditions and oversight requirements.

In addition, certain policies and procedures must be adopted and implemented in connection with the rule. Finally, the SEC adopted a related recordkeeping rule requiring funds or their advisers to maintain certain documents related to fair value determinations.

The rule will become effective 60 days after publication in the Federal Register and will have a compliance date 18 months

following the effective date.

Click here to visit The DI Wire directory sponsor page.

SEC and FINRA to Host Online Forum on Regulation Best Interest Implementation

The Securities and Exchange Commission has released the agenda and panelists for the October 26, 2020 roundtable where SEC staff and FINRA will discuss initial observations on Regulation Best Interest and Form CRS implementation.

The event will be webcast to the public, and no registration or pre-registration is required. The roundtable will be publicly viewable on Monday, October 26 at 1:00 p.m. ET on SEC.gov. Additionally, the roundtable will be recorded and archived to enable viewing at a later date.

Panelists at the roundtable will discuss initial observations on the implementation of Regulation Best Interest and Form CRS. Separately, market participants and other members of the public may continue to send questions to the SEC's inter-divisional standards of conduct implementation committee at IABDQuestions@sec.gov.

Agenda for the SEC's Roundtable on Regulation Best Interest and Form CRS

1:00 p.m. Opening Remarks from SEC chairman Jay Clayton

1:15 p.m. Panel One: Regulation Best Interest – Issues and Observations

- John Polise, associate director of the broker-dealer and exchange examination program (BDX), office of compliance inspections and examinations (OCIE)
- Lourdes Gonzalez, assistant chief counsel for sales practices, division of trading and markets
- Rina Hussain, assistant director at BDX and OCIE
- Bill St. Louis, senior vice president of member supervision at FINRA

2:00 p.m. Panel Two: Form CRS – Issues and Observations

- Jim Reese, chief risk and strategy officer, OCIE
- Melissa Gainor, assistant director, division of investment management
- Alicia Goldin, senior special counsel, division of trading and markets

Jim Wrona, vice president and associate general counsel at FINRA

2:45 p.m. Concluding Remarks from Peter Driscoll, director, OCIE

Regulation Best Interest and Form CRS were adopted by the SEC in June 2019 as part of a package of rules and interpretations designed to address the obligations of broker-dealers and investment advisers when they provide recommendations or investment advice to retail investors.

The SEC claims that Regulation Best Interest enhanced the broker-dealer standard of conduct beyond existing suitability obligations and requires broker-dealers, among other things, to act in the best interest of a retail customer when making a recommendation of any securities transaction or investment strategy involving securities.

Form CRS is a relationship summary designed to help retail investors make informed choices regarding whether a brokerage or investment advisory relationship, as well as whether a

particular broker-dealer or investment adviser, best suits their particular needs and circumstances.

Click here to visit The DI Wire directory sponsor page.

XY Planning Nixes Supreme Court Challenge of Reg BI, Plans to Take Fiduciary Fight to States

XY Planning Network (XYPN), a membership organization comprised of more than 1,300 independent fee-for-service financial advisors, will not appeal its 2nd Circuit ruling on Regulation Best Interest.

However, the organization has engaged Duane Thompson, president and founder of Potomac Strategies LLC, an industry lobbyist and fiduciary advocate, to continue its fiduciary fight at the state level.

Thompson was the architect of the Financial Planning Association's successful lawsuit against the SEC's since-vacated non-fiduciary broker-dealer exemption, more widely known as the Merrill Lynch Rule.

Thompson will assist XY Planning Network in its state advocacy efforts for a fiduciary standard for all financial advice, and that the fee-for-service business model be regulated like other fee models (e.g., assets under management).

In September 2019, XY Planning Network co-founders Alan Moore and Michael Kitces made waves when they announced their

decision to file a lawsuit against the SEC challenging Regulation Best Interest during the opening of their annual national conference.

In its lawsuit, XY Planning claimed that the SEC's rule ignores Congress' requirement to delineate between brokerage sales and investment advice, creating a competitive disadvantage for registered investment advisors. Registered investment advisers have traditionally been held to a fiduciary standard, while brokers-dealers were held to the less stringent suitability standard.

After a nine-month legal battle to vacate the new broker advice standard ensued, the U.S. Court of Appeals for the 2nd Circuit ultimately ruled against XYPN on June 26, 2020, acknowledging that Regulation Best Interest would "put [XYPN] and other investment advisers at a competitive disadvantage compared to the status quo."

The SEC claims that Reg BI goes beyond the suitability standard and requires broker-dealers to "act in the best interest" of their retail customers when making an investment recommendation of any securities transaction or investment. Under the regulation, brokers are required to provide customers with a document that discloses the types of services offered, the legal standards of conduct, applicable fees, and conflicts of interest that may exist.

When the Court's decision to uphold Reg BI was announced, XYPN leadership vowed continued support and advocacy for "distinguishing between the product distribution and capital formation function of brokers, from advisors who are in the business of advice and who owe a fiduciary duty to their clients."

A number of states, including Massachusetts, Nevada, New Jersey, have enacted their own state-based fiduciary duties that uniformly apply a fiduciary duty for both investment

advisers and brokers providing advice in their states.

“As a membership organization with more than 1,300 advisors and RIAs in all 50 states, we recognize the challenges of uniformity in state fiduciary rulemaking,” said XYPN co-founder Michael Kitces. “Nonetheless, with the firms that manufacture and distribute products blocking effective Federal regulation, we believe the states represent the best path to advance fiduciary regulation of advice.”

He added, “Ultimately, XYPN feels a duty to protect not just the RIA community, but the consumers that community serves. With Thompson’s contributions, our fight to hold advisors delivering financial advice to the highest standard of care for their clients continues.”

XY Planning Network bills itself as a financial planning platform for fee-for-service financial advisors who want to serve Gen X and Gen Y clients, providing comprehensive financial planning services for a monthly subscription fee and without product sales or asset minimums.

SEC and FINRA to Hold Roundtable on Regulation Best Interest and Form CRS

The Securities and Exchange Commission will hold a roundtable with the Financial Industry Regulatory Authority (FINRA) to discuss initial observations on the implementation of the SEC’s Regulation Best Interest and Form CRS.

The event is scheduled on October 26 from 1:00 to 3:00 pm ET.

Participants at the roundtable will include staff from the SEC's office of compliance inspections and examinations, the division of trading and markets, the division of investment management, and FINRA. The roundtable will be held by remote means, will be open to the public via live webcast, and will be archived for later viewing. Further details on the agenda and participants will be forthcoming.

Regulation Best Interest and Form CRS were adopted by the SEC in June 2019 as part of a package of rules and interpretations designed to address the obligations of broker-dealers and investment advisers when they provide recommendations or investment advice to retail investors.

The SEC claims that Regulation Best Interest enhanced the broker-dealer standard of conduct beyond existing suitability obligations and requires broker-dealers, among other things, to act in the best interest of a retail customer when making a recommendation of any securities transaction or investment strategy involving securities.

Form CRS is a relationship summary designed to help retail investors make informed choices regarding whether a brokerage or investment advisory relationship, as well as whether a particular broker-dealer or investment adviser, best suits their particular needs and circumstances.

Democrats Vow to Reverse

SEC's Regulation BI in Draft Party Platform

Without mentioning the regulation by name, Democrats took aim at Regulation BI, the Securities and Exchange Commission's broker advice rule in an early draft of its party platform, and vowed to reverse the regulation if Biden beats President Trump in the 2020 election. The news was first reported by InvestmentNews.

"Democrats believe that when workers are saving for retirement, the financial advisors they consult should be legally obligated to put their client's best interests first," stated the newly released draft 2020 Democratic Party Platform. "We will take immediate action to reverse the Trump Administration's regulations allowing financial advisors to prioritize their self-interest over their clients' financial wellbeing."

The SEC's Regulation Best Interest, which had a compliance date of June 30th, claims to go beyond the suitability standard and requires broker-dealers to act in the best interest of their retail customers when making an investment recommendation of any securities transaction or investment. The SEC also requires brokers to provide clients with a standardized disclosure document about the nature of their relationship.

Opponents of the regulation argue that it does not define the "best interest" and exacerbates existing confusion among investors who are unsure about the standards their broker must observe. Proponents believe that the rule establishes a national standard that helps protect investors while preserving access to professional financial advice.

On the eve of Reg BI's compliance date, the Department of

Labor unveiled its fiduciary rule proposal that would replace the now defunct Obama era regulation.

The original DOL fiduciary rule broadened the definition of investment advice fiduciary under the Employee Retirement Income Security Act of 1974 and sought to eliminate conflicted retirement investment advice by placing certain restrictions on commission-based product recommendations.

After surviving multiple federal lawsuits, the regulation was vacated in its entirety in a 2-1 split decision in March 2018, ruling that the DOL overstepped its authority in the investment advice arena.

XY Planning Network Considers Further Legal Challenges to SEC's Regulation Best Interest

On Friday, the Second Circuit Court of Appeals rejected a lawsuit challenging the Securities and Exchange Commission's Regulation Best Interest, which goes into effect today. The court's three-judge panel upheld the broker advice rule in a unanimous decision.

Michael Kitces, co-founder of XY Planning Network (XYPN), a financial planning platform for fee-based financial advisors and one of the plaintiffs in the case, is weighing his options.

Kitces told reporters on Monday that he is considering requesting the appeals court to hear the case en banc with all of the court judges present, or possibly appealing the case to the Supreme Court.

In its lawsuit, XY Planning claimed that the SEC's rule ignores Congress' requirement to delineate between brokerage sales and investment advice, creating a competitive disadvantage for registered investment advisors. Registered investment advisers have traditionally been held to a fiduciary standard, while brokers-dealers were held to the less stringent suitability standard.

The SEC claims that Reg BI goes beyond the suitability standard and requires broker-dealers to act in the best interest of their retail customers when making an investment recommendation of any securities transaction or investment. Under the regulation, brokers are required to provide customers with a document that discloses the types of services offered, the legal standards of conduct, applicable fees, and conflicts of interest that may exist.

Weeks after XY Planning filed its lawsuit in September, the attorneys general of New York, California, Connecticut, Delaware, Maine, New Mexico, Oregon, and the District of Columbia, filed a similar suit challenging Reg BI, arguing that it fails "to meet basic investor protections that were laid out in the historic 2010 Dodd-Frank Act." Due to their similarity, the two lawsuits were combined, and the court heard oral arguments on June 2nd.

The Second Circuit Court ruled that Dodd-Frank Act authorizes Regulation Best Interest, and that the rule is not arbitrary and capricious.

"[The petitioners] argue that the [Dodd-Frank Act] requires the SEC to adopt a rule holding broker-dealers to the same fiduciary standard as investment advisers," the court stated

in its ruling. “But Section 913(f) of the Dodd-Frank Act grants the SEC broad rulemaking authority, and Regulation Best Interest clearly falls within the discretion granted to the SEC by Congress. Although Regulation Best Interest may not be the policy that petitioners would have preferred, it is what the SEC chose after a reasoned and lawful rulemaking process.”

“We strongly disagree with the court’s permissive interpretation allowing the SEC to alter the substantive consumer protections Congress mandated in both the Investment Advisers Act and Dodd–Frank, will be exploring our options about whether to challenge this ruling further, and will continue to work proactively with the growing number of states and their own securities regulators who understand the business of advice has always only ever been fiduciary …and should remain that way for the protection of consumers,” Kitces said in a statement following the ruling.

Currently, Nevada, Massachusetts, New Jersey are enacting state fiduciary standards.

FINRA Releases Questions for SEC’s Reg BI Compliance Review

The Financial Industry Regulatory Authority has released its 2020 risk monitoring and examination priorities letter which highlights the areas of focus for its risk monitoring, surveillance and examination programs in the coming year. In the letter, the regulator included nine questions that it

plans to use when reviewing whether a firm is complying with the Securities and Exchange Commission's Regulation Best Interest, its new broker advice rule.

Firms must comply with the SEC's Regulation Best Interest and Form CRS by June 30, 2020. During the first part of the year, FINRA plans to review firms' preparedness for Reg BI to gain an understanding of implementation challenges they face, and after the compliance date, will examine firms' compliance with Reg BI, Form CRS and related SEC guidance and interpretations.

FINRA said that it expects to work with SEC staff to ensure consistency in examining broker-dealers and their associated persons for compliance on the regulations.

In June 2019, the SEC adopted Reg BI, which establishes a "best interest" standard of conduct for broker when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts.

As part of the rulemaking package, the SEC also adopted new rules and forms to require broker-dealers to provide a brief relationship summary—Form CRS—to retail investors.

FINRA may take the following factors into consideration when reviewing for compliance with Reg BI after June 30, 2020:

- Does your firm have procedures and training in place to assess recommendations using a best interest standard?
- Do your firm and your associated persons apply a best interest standard to recommendations of types of accounts?
- If your firm and your associated persons agree to provide account monitoring, do you apply the best interest standard to both explicit and implicit hold recommendations?
- Do your firm and your associated persons consider the express new elements of care, skill and costs when

making recommendations to retail customers?

- Do your firm and your associated persons consider reasonably available alternatives to the recommendation?
- Do your firm and your registered representatives guard against excessive trading, irrespective of whether the broker-dealer or associated person "controls" the account?
- Does your firm have policies and procedures to provide the disclosures required by Reg BI?
- Does your firm have policies and procedures to identify and address conflicts of interest?
- Does your firm have policies and procedures in place regarding the filing, updating and delivery of Form CRS?

FINRA also plans to focus on private placement retail communications, including how firms review, approve, supervise and distribute retail communications regarding private placement securities via online distribution platforms, as well as traditional channels.

In addition, the regulators plan to address registered representatives' and customers' use of digital communication channels, such as texting, messaging, social media or collaboration applications.

The letter can be read in its entirety here.

FINRA Issues Regulation Best Interest/Form CRS Checklist

The Financial Industry Regulatory Authority has issued new

resources to assist financial firms in their efforts to comply with the Securities and Exchange Commission's Regulation Best Interest and Form CRS by the rules' compliance date of June 30, 2020.

On June 5, 2019, the SEC adopted Reg BI which establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities, including recommendations of types of accounts. The SEC also adopted a new rule to require broker-dealers and investment advisers to provide a brief relationship summary, Form CRS, to retail investors.

FINRA's Reg BI and Form CRS checklist outlines the major requirements of the rules and notes key differences between FINRA rules and SEC's Reg BI and Form CRS.

In addition, on December 18, 2019, FINRA is hosting a Reg BI Conference in Washington, D.C. The one-day event is free of charge to the first two attendees per firm and is designed to help regulators, executives and industry practitioners learn more about the regulation. A recording will be available on FINRA's website following the event.

As with other SEC rules, FINRA will enforce compliance with Reg BI and adhere to SEC guidance and interpretations. FINRA said that it expects to work with the SEC "to ensure consistency in examining broker-dealers and their associated persons for compliance with Reg BI and Form CRS."

FINRA is a not-for-profit organization that regulates brokerage firms doing business with the public in the United States. FINRA, overseen by the SEC, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory

services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees.

Click here to visit The DI Wire directory sponsor page.