

# 5 Elements of a Reg BI and Form CRS compliance

After major regulatory changes in the investment space, many broker-dealers are still adjusting their compliance framework to meet the requirements of Regulation Best Interest (Reg BI) and Form CRS. Here are five components you can tailor to your organization.

## Form CRS completion

This will be one of the first documents reviewed by regulators, attorneys and customers. Carefully read through the instructions and confirm you meet all the content and formatting requirements. Common mistakes include deviating from the required language, failing to address particular conflicts of interest, incorrect responses to disciplinary history, and describing services not offered to retail clients.



## Reg BI disclosure supplement

You should consider having a stand-alone Reg BI disclosure in addition to Form CRS to comply with the Disclosure Obligation under Reg BI. This should include detailed descriptions of the material fees and costs, conflicts of interest, and risks, among others.



## Conflict of Interest (COI) inventory and mitigation mapping

Regulators want to see a detailed explanation of how you identify and mitigate risks derived from conflicts of interest. In practice, broker-dealers should include an inventory of all material conflicts of interest and a summary of mitigation efforts for each.



## Written supervisory procedures

Broker-dealers are required to establish procedures reasonably designed to comply with set rules. All sections should be updated to verify that procedures provide for consideration of the best interest standard. Simply adding a chapter for Reg BI could leave numerous other sections materially out of date and deficient, including those pertaining to recommendations, accounts, supervision and products.



## Training

All broker-dealer representatives and associates should know what to expect going forward. Take time to provide ongoing and ad-hoc training so your organization is familiar with the various obligations under Reg BI and Form CRS, and with your firm's own policies and procedures for complying with these obligations.

