

Don't expect a Reg BI delay

Regulators were emphatic: there will be no delay in Reg BI

By **Carl Ayers** - January 16 2020



No one would blame you if you're reluctant to prepare for Reg BI's debut in June given that the DOL's fiduciary duty rule disappeared like dust in a downpour. But don't expect a rerun.

The question came up during FINRA's Reg BI conference in Washington, D.C. last month. Panelists from the SRO and the SEC were emphatic: there will be no delay, reports attendee **Cathy Cucharale**, president of **Cucharale Consulting Group** in Rome, N.Y. (see [related story](#)).

On the other hand, you won't experience regulators on the warpath.

Checking under the hood

"When we say 'no gotcha,' we mean it," said **John Polise**, OCIE's associate director of Broker-Dealer and Exchange Oversight. Examiners will expect to see "good-faith" efforts to comply with Reg BI, e.g., with firms having produced P&Ps and disclosures.

"We also have to recognize that it's a complicated rule and there's a lot of different components. It's complicated for you and it's also complicated for us," Polise acknowledged at the December conference.

"It's an SEC rule but FINRA's going to be right there working and examining for it as well," said OCIE Director **Pete Driscoll**.

FINRA examiners will be looking to see that "firms have taken meaningful and reasonable strides to achieve compliance with the rule," added **Bill St. Louis**, FINRA's senior VP and Firm Group Leader.

One message was "make sure you abide by all four components" of Reg BI "because if you miss one of them, you are not" complying by the rule, says Cucharale. "They really stressed that a lot." Be sure you have P&Ps for each of the four components: 1. Disclosure 2. Care 3. Conflicts of interest and 4. Compliance ([RCW](#), June 5, 2019).

Regulators also urged firms to adopt a process with a timeline or calendar to ensure compliance by the end of June. They also suggested dual-registrants may wish to produce separate Form CRSs for their IA and B-D sides of the house, adds Cucharale.