



# FINRA REG BI CHECKLIST

## 20 Compliance Requirements

Under the SEC's Regulation Best Interest (Reg BI) rule, firms across the country will be held to new standards. They'll be required to disclose customer relationships using the Form CRS Relationship Summary (Form CRS).

Use this simple checklist to understand where you and your firm stand with Reg BI but be sure to carefully review all the new SEC rules and get answers to any questions regarding your new obligations.

### Requirements for Reg BI:

1. Procedures are in place to evaluate recommendations using the best interest standard, and training has occurred in this area.
2. The best interest standard is applied to all types of accounts and recommendations.
3. If account monitoring is offered, the best interest standard is applied using both explicit and implicit hold suggestions.
4. Care, skill, and costs are considered when making recommendations to clients.
5. Excessive trading is controlled, regardless of who "monitors" the account.
6. Reasonably available alternatives are considered for all recommendations.
7. High-risk or highly intricate products are confirmed to be in a retail client's best interest.
8. Before or during a product recommendation, clients are given a written disclosure that includes all facts relating to the scope and terms of your relationship. These include any risks, fees, or costs, the capacity in which you're acting, the type and scope of services offered, and more.
9. A full and fair disclosure is written that includes all facts relating to any conflicts of interest presented before or during your recommendation.
10. The term "advisor" or "adviser" isn't used unless you're a registered investment adviser, registered municipal advisor, advisor to a special entity, or a registered commodity trading advisor.
11. Any associated persons supply written disclosures with additional oral disclosures.
12. Policies and procedures are in place to identify and address any potential conflicts of interest within your firm.
13. Policies and procedures to identify and mitigate associated persons' conflicts are established.
14. Policies and procedures are in place to identify and disclose material limitations on product recommendations.
15. Policies and procedures are formed to prevent making recommendations based on your interests instead of the client.
16. Policies and procedures are set that help identify and eliminate all sales contests, bonuses, and other non-cash compensations based on the sale of specific securities.
17. All company policies and procedures ensure compliance with Reg BI.
18. Updates to company systems, policies, and procedures are established to ensure the recordkeeping obligations set forth by Reg BI.
19. Training has occurred to confirm all associated persons are aware of the Reg BI requirements.
20. All company procedures or policies align with the definitions set from Reg BI, such as retail customer, investment strategy, recommendation, full and fair, and more.

**For full explanations on each requirement, as well as requirements needed for Form CRS, view the [FINRA Reg BI and Form CRS Firm Checklist](#).**

Source: FINRA's Reg BI and Form CRS Firm Checklist  
This document is for educational purposes only. Financial Professionals should confirm with their respective firms on any differing or additional requirements they must comply with.