



2019 FINRA Regulation Best Interest Conference

December 18, 2019 | Washington, DC

Welcome Remarks

Wednesday, December 18, 2019

9:00 a.m. – 9:05 a.m.

Speaker: Chip Jones
Senior Vice President
FINRA Member Relations and Education

Speaker Biography:

Chip Jones is Senior Vice President of Member Relations and Education for FINRA. In leading the Member Relations and Education Department, Mr. Jones' responsibilities include maintaining and enhancing open and effective dialog with FINRA member firms. Mr. Jones also oversees FINRA's Member Education area, which includes FINRA conferences and other member firm educational offerings such as the FINRA Institute at Georgetown for the Certified Regulatory and Compliance Professional (CRCP)[®] designation. Prior to joining FINRA, Mr. Jones spent six years as Vice President of Regulatory and Industry Affairs at American Express Financial Advisors (AEFA). Previous to AEFA, he spent two years as Advocacy Administrator for the Association for Investment Management and Research (AIMR). Mr. Jones was employed by the Virginia Securities Division as a senior examiner/investigator prior to joining AIMR.



2019 FINRA

Regulation Best Interest Conference

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Welcome Remarks

Speaker

■ Speaker

- **Chip Jones, Senior Vice President, FINRA Member Relations and Education**



2019 FINRA Regulation Best Interest Conference

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Regulation Best Interest: Understanding Your Disclosure, Standard of Care, Conflict of Interest and Compliance Obligations

Wednesday, December 18, 2019

9:05 a.m. – 10:00 a.m.

Reg BI imposes a number of new obligations on broker-dealers when making securities or investment strategy recommendations to retail customers. Panelists discuss the new requirements and effective practices to help broker-dealers manage their Reg BI obligations.

Moderator: James Wrona
Vice President and Associate General Counsel, Regulatory
FINRA Office of General Counsel

Speakers: Evan Charkes
Managing Director and Associate General Counsel
Bank of America

Michelle Kelley
Senior Vice President and Associate General Counsel
LPL Financial LLC

Emily Westerberg Russell
Chief Counsel, Division of Trading and Markets
U.S. Securities and Exchange Commission (SEC)

Regulation Best Interest: Understanding Your Disclosure, Standard of Care, Conflict of Interest and Compliance Obligations Panelist Bios:

Moderator:

James S. Wrona is Vice President and Associate General Counsel for FINRA in Washington, DC. In this role, he is responsible for various policy initiatives, rule changes and litigation regarding the securities industry. Mr. Wrona formerly was associated with the law firm of K&L Gates LLP, where his practice focused on complex federal litigation. He also previously served as a federal law clerk for the Honorable A. Andrew Hauk of the United States District Court for the Central District of California (Los Angeles). Mr. Wrona is a frequent speaker at securities and litigation conferences and author of numerous law review articles, including *The Best of Both Worlds: A Fact-Based Analysis of the Legal Obligations of Investment Advisers and Broker-Dealers* and *a Framework for Enhanced Investor Protection*, 68 Bus. Law. 1 (Nov. 2012); *The Securities Industry and the Internet: A Suitable Match?*, 2001 Colum. Bus. L. Rev. 601 (2001).

Speakers:

Evan Charkes is Managing Director and Associate General Counsel for Bank of America, and supports the US Merrill Lynch Wealth Management business, including as chief counsel to the firm's Private Wealth Management advisors, who service the wealth management needs of ultra-high net worth clients. Mr. Charkes has spent a significant portion of his career supporting wealth management businesses, including at Citi, where he was a Managing Director and Deputy General Counsel for its Global Wealth Management business. Mr. Charkes has also spent a portion of his career supporting banking related businesses for global banks, including as a Director of Financial Holding Company Compliance for Morgan Stanley, and as a Deputy General Counsel for Citi's Commercial Business Group. Mr. Charkes started his career as a litigation associate in private practice in New York City. Mr. Charkes is currently the Chair of FINRA's National Adjudicatory Council and a former member of the FINRA Compliance Advisory Committee and FINRA International Committee. Mr. Charkes also formerly served for several years as the co-chair of the SIFMA Compliance and Regulatory Policy Committee and SIFMA Self-Regulation and Supervisory Practices Committee, and has been a frequent speaker at the SIFMA Compliance & Legal Society annual seminar. He has contributed numerous articles to the *New York Law Journal* and *Wall Street Lawyer* regarding securities law. Mr. Charkes is an Adjunct Professor at the Elisabeth Haub School of Law at Pace University and teaches securities regulation. He is a member of the Board of Directors of the Pro Bono Partnership, a non-profit organization that provides legal services to nonprofit organizations in Connecticut, New Jersey and New York. Mr. Charkes is a graduate of Georgetown University Law Center and Columbia College.

Michelle Kelley is the senior vice president and associate general counsel for LPL Financial and is responsible for managing the legal advice provided regarding the firm's investment advisory and retirement platforms, privacy and data security, and state laws. She is located in LPL Financial's Boston office. Prior to joining LPL Financial in 2006, Ms. Kelley practiced investment management law at Ropes & Gray, LLP, where she focused on investment advisor and investment company matters. Ms. Kelley received a Bachelor of Arts from Colgate University and a Juris Doctor from Boston College Law School. She is a member of the Massachusetts Bar Association.

Emily Westerberg Russell was named Chief Counsel of the SEC's Division of Trading and Markets in July 2019, after serving as a member of the Office of Chief Counsel for a decade. The Office of Chief Counsel provides legal and policy advice to the Commission on a variety of matters affecting broker-dealers and the operation of the securities markets. Among other things, the Office was responsible for developing and drafting key components of the Commission's recently adopted package of rulemakings and interpretations designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers, in particular, Regulation Best Interest. Ms. Russell received the SEC's Jay Manning Award in 2019 in recognition of her commitment to excellence, dedication to fair and honest markets, and tireless pursuit of just and workable regulatory responses to practical business problems. She also was a joint recipient of the Chairman's Award for Excellence for her work on the IA/BD Team, and a joint recipient of the Law and Policy Award for her work on the Dodd-Frank Legislative Response Team. Prior to joining the SEC, she was a Senior Associate in the Financial Institutions Group at WilmerHale, where she advised broker-dealers and other financial institutions regarding compliance with a wide range of securities and banking laws, including anti-money laundering requirements. Ms. Russell received her J.D. from Columbia University School of Law, where she was a James Kent and a

Harlan Fiske Stone Scholar, and served as Executive Editor of the *Columbia Journal of Transnational Law*. She earned her B.A., *summa cum laude*, in economics and international relations from Colgate University.



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Regulation Best Interest: Understanding Your Disclosure, Standard of Care, Conflict of Interest and Compliance Obligations

Panelists

■ Moderator

- **James Wrona, Vice President and Associate General Counsel, Regulatory, FINRA Office of General Counsel**

■ Panelists

- **Evan Charkes, Managing Director and Associate General Counsel, Bank of America**
- **Michelle Kelley, Senior Vice President and Associate General Counsel, LPL Financial LLC**
- **Emily Westerberg Russell, Chief Counsel, Division of Trading and Markets, U.S. Securities and Exchange Commission (SEC)**

Reg BI and Form CRS Firm Checklist

Compliance Date is June 30, 2020

FINRA is providing this checklist to help members assess their obligations under the SEC's Regulation Best Interest (Reg BI) and Form CRS Relationship Summary (Form CRS). This checklist explains key differences between FINRA rules and Reg BI and Form CRS. The checklist is not a substitute for any rule. Only the rule can provide definitive information regarding its requirements. Interpretive questions should be directed to the SEC, at IABDQuestions@sec.gov. You should carefully review the SEC's new rules and interpretations, related *Federal Register* notices and the SEC's Small Entity Compliance Guides, which provide important information on the new obligations.¹

REG BI

1

Do you have procedures and training in place to assess recommendations using a **best interest** standard?



Status
Completed
✓

Securities recommendations must be in the retail customer's best interest. The firm and the associated person (AP) may not place their interests ahead of the retail customer's. This is a change from FINRA's suitability standard, which does not have an explicit best interest requirement. The best interest standard is an overarching obligation, which is satisfied only if you comply with four component obligations: Care, Disclosure, Conflict of Interest and Compliance.

2

Do you apply a best interest standard to recommendations of **types of accounts**?



Status
Completed
✓

Unlike FINRA's suitability rule, the best interest standard explicitly applies to recommendations of types of accounts. A broker-dealer (BD) or AP must have a reasonable basis to believe that a recommendation of a securities account type (e.g., brokerage or advisory, or among the types of accounts offered by the firm, including IRAs) is in the retail customer's best interest at the time of the recommendation and does not place the financial or other interest of the BD or AP ahead of the interest of the retail customer.

In general, when considering recommendations of types of accounts, you should consider: (a) services and products provided in the account; (b) projected cost of the account; (c) alternative account types available; (d) services the retail customer requests; and (e) the retail customer's investment profile.

With regard to IRAs, in addition to the factors above, you should consider: (a) fees and expenses; (b) level of services available; (c) ability to take penalty-free withdrawals; (d) application of required minimum distributions; (e) protections from creditors and legal judgments; (f) holdings of employer stock; and (g) any special features of the existing account.

¹ The SEC's *Federal Register* notices for Reg BI, Form CRS, *Interpretation of Solely Incidental and Interpretation of Investment Advisers' Obligations* are available at <https://www.sec.gov/rules/final.shtml>. The SEC's *Regulation Best Interest, A Small Entity Compliance Guide* is available at <https://www.sec.gov/info/smallbus/secg/regulation-best-interest>, and *Form CRS Relationship Summary; Amendments to Form ADV, A Small Entity Compliance Guide* is available at <https://www.sec.gov/info/smallbus/secg/form-crs-relationship-summary>.

3

If you agree to provide **account monitoring**, do you apply the best interest standard to both explicit and implicit hold recommendations?



Reg BI imposes no duty to monitor a customer's account following a recommendation. However, if you agree to perform account monitoring services, you are taking on an obligation to review and make recommendations regarding the account (e.g., to buy, sell or hold) on the specified, periodic basis that you have agreed to with the retail customer. In such circumstances, Reg BI would apply even where you remain silent (i.e., an implicit hold recommendation).

For example, if you agree to monitor a retail customer's account on a quarterly basis, the quarterly review and resulting recommendation will be subject to Reg BI, including an implicit recommendation to hold if you are silent as to the securities in the account. In addition, if you agree to monitor the customer's account, you are required to disclose the terms of such account monitoring services (including the scope and frequency of such services) pursuant to the Disclosure Obligation. IA registration requirements also might apply if a BD agrees to conduct ongoing monitoring in a manner not reasonably related to providing buy, sell or hold recommendations.

Importantly, you may voluntarily, and without any agreement with your customer, review the holdings in your retail customer's account for the purposes of determining whether to provide a recommendation to the customer. This voluntary review is not considered to be "account monitoring," and would not create an implied agreement with the customer to monitor the account.

4

Do you consider the elements of **care, skill** and **costs** when making recommendations to retail customers?



Reg BI incorporates FINRA's reasonable-basis (i.e. knowing the product and having a reasonable basis to believe it is appropriate for at least some investors) and customer-specific (i.e. knowing the customer and having a reasonable basis to believe a particular recommendation is appropriate for a specific customer based on that customer's investment profile) suitability obligations with important enhancements.

Care, skill and costs (in addition to applying a best interest standard) are new express elements for consideration when making recommendations to retail customers.

Cost must *always* be considered when making a recommendation. Moreover, consideration of cost includes not only the cost of purchase, but also any costs that may apply to the future sale or exchange of the security, such as deferred sales charges or liquidation costs. However, while cost must always be considered, it is not dispositive, and its inclusion in the rule text is not intended to limit or foreclose a recommendation of a more costly product if there is a reasonable basis to believe that product is in the best interest of a particular retail customer.

5

Do you guard against **excessive trading**, irrespective of whether the BD or AP "**controls**" the account?



Reg BI incorporates FINRA's quantitative suitability obligation (that a series of recommended transactions are appropriate and not excessive). However, in a change from FINRA's quantitative suitability obligation, Reg BI applies the best interest standard to a series of recommended transactions, irrespective of whether the BD exercises actual or de facto control over a customer's account.

6

Do you consider **reasonably available alternatives** to the recommendation?Status
Completed
✓

You should consider reasonably available alternatives, if any, offered by your BD in determining whether you have a reasonable basis for making the recommendation. An evaluation of reasonably available alternatives does not require an evaluation of every possible alternative (including those offered outside the firm) nor require BDs to recommend one “best” product.

A BD should have a reasonable process for establishing and understanding the scope of such “reasonably available alternatives” that would be considered by particular APs or groups of APs (e.g., groups that specialize in particular product lines) in fulfilling the reasonable diligence, care and skill requirements under the Care Obligation.

7

Do you consider how to ensure that **high-risk or complex products** are in a retail customer’s best interest?Status
Completed
✓

Although not a rule requirement, BDs should consider, as a best practice, applying heightened scrutiny as to whether high-risk or complex investments, such as inverse and leveraged ETFs, are in a retail customer’s best interest.

8

Prior to or at the time of the recommendation, do you provide retail customers with full and fair written disclosure of all material facts relating to the scope and terms of the relationship with the retail customer, including:

Status
Completed
✓☐ **The capacity in which you are acting (BD or IA)?**

A standalone BD generally may satisfy this requirement by delivering the Form CRS to the retail customer.

For BDs who are dually registered, and APs who are either dually registered or who are not dually registered but only offer BD services through a firm that is dually registered, providing Form CRS will not be sufficient to disclose their capacity, and they must disclose if they are acting as a BD when making a recommendation.

In addition, an AP of a dual registrant who does not offer investment advisory services must disclose that fact as a material limitation. Similarly, an AP registered in a limited capacity (e.g., a Series 6) must disclose that limitation (i.e., she cannot recommend all available products).

☐ **Material fees and costs that apply to the retail customer’s transactions, holdings, and accounts?**

This should build upon the fees and costs disclosure in Form CRS, with more particularity, such as whether fees are deducted from the customer’s account per transaction or quarterly. This obligation would not require individualized disclosure for each retail customer. Rather, the use of standardized numerical or other non-individualized disclosure (e.g., reasonable dollar or percentage ranges) is permissible.

- ☐ **The type and scope of services – whether or not the BD will monitor the retail customer’s account and, if so, the scope and frequency of those services?**

Although Form CRS may disclose that the firm provides account monitoring services, Reg BI requires disclosure about whether or not account monitoring would occur for the particular retail customer and the scope and frequency of those services.

- ☐ **Any requirements for retail customers to open or maintain an account or establish a relationship (e.g., minimum account size)?**

This would include any requirements for retail customers to open or maintain an account, or to avoid additional fees when a threshold is crossed, such as a low account balance.

- ☐ **Any material limitations on the securities or investment strategies involving securities that may be recommended to the customer?**

Material limitations include recommending only proprietary products or a specific asset class; products with third-party arrangements (revenue sharing, mutual fund service fees); products from a select group of issuers; the fact that IPOs are available only to certain clients; and that an AP of a dually registered firm does not offer investment advisory services or is registered in a limited capacity (e.g., Series 6).

- ☐ **The general basis for the recommendation (i.e., what might commonly be described as the firm’s investment approach, philosophy, or strategy)?**

This may be standardized or a summary; however, the disclosure should also address circumstances when a standardized basis does not apply, and how the BD will notify the customer when that is the case.

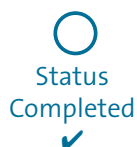
As a best practice, firms should encourage APs to discuss the basis for any particular recommendation with their retail customers and the associated risks, particularly when the recommendation is significant to the customer (e.g., the decision to roll over a 401(k) into an IRA).

- ☐ **Risks associated with the recommendation?**

Standardized disclosure is permitted.

9

At or prior to making a recommendation, do you make full and fair written disclosure of all material facts relating to conflicts of interest?



Material facts regarding conflicts of interest include, for example: conflicts associated with proprietary products, payments from third parties and compensation arrangements. BDs must disclose all material facts relating to conflicts of interest associated with the recommendation. This does not require that information regarding conflicts be disclosed on a recommendation-by-recommendation basis. Standardized written disclosure of this information may be made, provided that it sufficiently identifies the material facts relating to conflicts of interest associated with a particular recommendation.

10

Do you ensure that you do not use the term “advisor” or “adviser” unless you are a registered investment adviser, a registered municipal advisor, a registered commodity trading advisor or an advisor to a special entity?



Status
Completed
✓

Use of the terms “advisor” or “adviser” in a name or title by: (a) a BD that is not also an RIA; or (b) a financial professional that is not a supervised person of an RIA, would presumptively violate Reg BI. Exceptions would include a BD/AP that acts on behalf of a municipal advisor or commodity trading advisor, or an advisor to a special entity. In addition, an RR of a dually registered BD may use firm materials when the BD/IA firm has the term “advisor” or “adviser” in its title.

11

Do APs supplement written disclosures with subsequent oral disclosure?



Status
Completed
✓

Oral disclosure of a material fact may be required to supplement, clarify or update written disclosure made previously. BDs must maintain a record that oral disclosure was provided to the retail customer (but not the substance of the disclosure).

Although not required by Reg BI, the SEC encourages, as a best practice, following oral disclosures with timely, written disclosure summarizing the information conveyed orally.

12

Do you have policies and procedures to **identify** and **address** the firm’s conflicts of interest?



Status
Completed
✓

Firms must have written policies and procedures reasonably designed to identify and, at a minimum, disclose or eliminate all conflicts of interest associated with recommendations covered by Reg BI.

A conflict of interest is an interest that might incline a BD or AP – consciously or unconsciously – to make a recommendation that is not disinterested.

13

Do you have policies and procedures to **identify** and **mitigate** the AP’s conflicts?



Status
Completed
✓

Conflicts that create an incentive for the AP to place the BD’s or AP’s interest ahead of the retail customer’s interest must be mitigated.

Mitigation measures will depend on the nature and significance of the incentives and a variety of factors related to a BD’s business model, such as its size and retail customer base, and the complexity of the security or investment strategy that is being recommended.

14

Do you have policies and procedures to **identify** and **disclose** material limitations on products recommended?



Status
Completed
✓

Material limitations include, for example, recommending only proprietary products or a specific asset class; products with third-party arrangements; products from a select group of issuers; or making IPOs available only to certain clients.

15

Do you have policies and procedures to **prevent** material limitations from causing the BD or AP to make recommendations that place the BD's or AP's interest ahead of the retail customer's interest?



Policies and procedures to prevent harm from material limitations could consist of establishing product review processes for products that may be recommended, including establishing procedures for identifying and mitigating the conflicts of interests associated with the product, or declining to recommend a product where you cannot effectively mitigate the conflict, and identifying which retail customers would qualify for recommendations from the product menu.

As part of this process, firms may consider: evaluating the use of "preferred lists"; restricting the retail customers to whom a product may be sold; prescribing minimum knowledge requirements for APs who may recommend certain products; and conducting periodic product reviews to identify potential conflicts of interest, whether the measures addressing conflicts are working as intended, and to modify the mitigation measures or product selection accordingly.

16

Do you have policies and procedures to **identify and eliminate** sales contests, bonuses, non-cash compensation and quotas based on the sale of specific securities or specific types of securities within a limited time?



Reg BI bans these practices. This requirement does not apply to compensation practices based on, for example, total products sold, or asset growth or accumulation, and customer satisfaction.

This requirement would not prevent a BD from offering only proprietary products, placing material limitations on the menu of products, or incentivizing the sale of such products through its compensation practices, so long as the incentive is not based on the sale of specific securities or types of securities within a limited period of time.

The requirement also is not intended to prohibit: training or education meetings, provided that these meetings are not based on the sale of specific securities or types of securities within a limited period of time; or receipt of certain employee benefits by statutory employees, as these benefits would not be considered to be non-cash compensation for purposes of Reg BI.

17

Have you updated your policies and procedures to ensure **compliance** with Reg BI?



Reg BI's Compliance Obligation requires that BDs establish, maintain and enforce written policies and procedures reasonably designed to achieve compliance with Reg BI.

In addition to the required policies and procedures, depending on the BD's size and complexity, a reasonably designed compliance program generally would also include: controls, remediation of non-compliance, training, and periodic review and testing.

Firms may be able to satisfy the Compliance Obligation by adjusting their current systems of supervision and compliance, rather than creating new ones.

18

Have you updated your policies and procedures and systems to ensure Reg BI's **recordkeeping** obligations are satisfied?



SEA Rules 17a-3(a)(35) and 17a-4(e)(5) codify the recordkeeping requirements associated with Reg BI.

Current recordkeeping practices will not fully satisfy Reg BI. For example, BDs must provide retail customers with additional disclosures that require records. Firms may use a risk-based approach to documenting compliance with Reg BI.

19

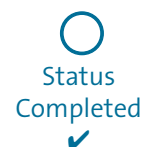
Have you implemented **training** to ensure that APs are aware of Reg BI's requirements?



The SEC noted that training generally is an important vehicle to communicate firm culture, specific requirements of a firm's code of conduct and its conflicts management framework.

20

Have you aligned your policies and procedures to the **definitions** in Reg BI?



☐ Retail Customer

Reg BI only applies to recommendations to "retail customers." Reg BI defines a "retail customer" as a natural person, or the **legal representative** of such person, who: (a) receives a **recommendation** for any securities transaction or **investment strategy** from a BD or AP; and (b) **uses** the recommendation primarily for **personal, family or household purposes**.

☐ Legal Representative

"Legal representative" includes the non-professional legal representatives of such a natural person, *e.g.*, a non-professional trustee that represents the assets of a natural person. Reg BI would not apply when the legal representative is acting in a professional capacity as a regulated financial services industry professional retained to exercise independent professional judgment. Therefore, recommendations to registered IAs and BDs or corporate fiduciaries would not trigger Reg BI. On the other hand, recommendations to non-professional trustees, executors, conservators and persons holding power of attorney that represent natural persons are covered.

☐ Recommendation

The final rule release for Reg BI states that this is keyed off of the guidance for FINRA's suitability rule.

☐ Investment Strategy

The final rule release for Reg BI states that this is keyed off of the guidance for the FINRA's suitability rule; however, this will include recommendations of types of accounts.

☐ **Receives and Uses**

The SEC has stated that “use” means when, as a result of the recommendation:

- the retail customer opens a brokerage account with the BD, regardless of whether the BD receives compensation;
- the retail customer has an existing account with the BD and receives a recommendation from the BD, regardless of whether the BD receives or will receive compensation, directly or indirectly, as a result of the recommendation; or
- the BD receives or will receive compensation, directly or indirectly, as a result of that recommendation, even if that retail customer does not have an account at the firm.

☐ **Personal, Family, or Household Purposes**

The phrase “primarily for personal, family, or household purposes” covers any recommendation to a natural person for his or her account, other than recommendations to a natural person seeking these services for commercial or business purposes. Reg BI would not cover, for example, an employee seeking services for an employer or an individual seeking services for a small business or on behalf of another non-natural person entity, such as a charitable trust.

☐ **Conflict of Interest**

A conflict of interest is an interest that might incline a BD or AP – consciously or unconsciously – to make a recommendation that is not disinterested.

☐ **Full and Fair**

Sufficient information to enable a retail customer to make an informed decision with regard to a recommendation.

1

Have you developed a two-page (four for dual registrants) **relationship summary known as Form CRS?**Status
Completed
✓

This applies to both IAs and BDs. Firms must write their relationship summaries in plain language, taking into consideration retail investors' level of financial experience. Firms are encouraged, but not required, to use electronic and graphical formatting.

2

Does your **relationship summary** include:Status
Completed
✓☐ **An introduction to the firm?**

This must include: (a) the name of the BD or IA, and whether the firm is registered with the SEC as a BD, IA or both; (b) an indication that BD and IA services and fees differ and that it is important for the retail investor to understand the differences; and (c) a statement that free and simple tools are available to research firms and financial professionals on the SEC's investment education website (Investor.gov/sec), which provides educational materials about BDs, IAs and investors.

☐ **A description of services and advice that can be provided?**

The relationship summary must describe all relationships and services offered to retail investors, even if the investor at issue does not qualify for or is not being offered a particular service currently.

☐ **A description of fees and costs, applicable standard of conduct, and examples of how the firm makes money and conflicts of interest?**

Firms must summarize the principal fees and costs that retail investors incur with respect to their BD and IA accounts, and the conflicts they create.

☐ **Relevant disciplinary history?**

The relationship summary must include a separate section about whether a firm and its financial professionals have reportable disciplinary history and where investors can conduct further research on these events.

☐ **How additional information may be obtained?**

Firms must state where retail investors can find additional information about their BD and IA services.

☐ **Prescribed "conversation starters" for investors to ask?**

If a required disclosure or conversation starter is inapplicable to your business, or specific wording required by the Form's instructions is inaccurate, you may omit or modify that disclosure or conversation starter.

3

Do you have a process in place to **file** the Form CRS?Status
Completed
✓

Firms must file the relationship summary through Web CRD® (dual registrants will be required to file their relationship summaries using both IARD™ and Web CRD®).

4

Do you have a process in place to **update** the Form CRS?Status
Completed
✓

Firms must update Form CRS and file it within 30 days whenever any information becomes materially inaccurate.

Firms must communicate any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge. Firms can make the communication by delivering the amended relationship summary or by communicating the information through another disclosure that is delivered to the retail investor.

Form CRS General Instruction 8 sets forth requirements for updating the relationship summary, including filing and delivering an exhibit that highlights changes to an updated relationship summary.

5

Are you **delivering** Form CRS to each **new or prospective customer** who is a retail investor before or at the earliest of:Status
Completed
✓

(a) a recommendation of an account type, a securities transaction or an investment strategy involving securities; (b) placing an order for the retail customer; or (c) the opening of a brokerage account for the retail customer?

If included in a packet of information, the relationship summary must be placed first. If the relationship summary is delivered electronically, it must be presented prominently in the electronic medium, for example, as a direct link or in the body of an email or message, and must be easily accessible for retail investors.

6

Do you have a process in place to **deliver** the relationship summary to **existing retail customers**?Status
Completed
✓

Firms must deliver the relationship summary to existing retail investor customers before or at the time firms open a new account that is different from the retail investor's existing account. In addition, firms must deliver the relationship summary when they recommend that the retail investor roll over assets from a retirement account, or when they recommend or provide a new service or investment outside of a formal account (*e.g.*, variable annuities or a first-time purchase of a direct-sold mutual fund through a "check and application" process). With respect to existing customers, firms should deliver the relationship summary in a manner consistent with the firm's existing arrangement with that customer and with the SEC's electronic delivery guidance.

7

Are you posting the relationship summary on your **public website**?Status
Completed
✓

Firms must post the current version of the relationship summary prominently on your public website, if you have one. The instructions set forth requirements, including design requirements, for a relationship summary that is posted on your website.

8

Have you adjusted your **recordkeeping procedures** to reflect the relationship summary?Status
Completed
✓

BDs must make and keep current a record of the date that each relationship summary was provided to each retail investor, including any relationship summary that was provided before such retail investor opens an account.

BDs must maintain and preserve, in an easily accessible place, the following records until at least six years after such record or relationship summary is created: (a) all records of the dates that each relationship summary was provided to each retail investor, including any relationship summary that was provided before such retail investor opens an account, as well as (b) a copy of each relationship summary.



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Wednesday, December 18, 2019

9:05 a.m. – 10:00 a.m.

Resources

- FINRA Reg BI and Form CRS Firm Checklist (Compliance Date is June 30, 2020)

www.finra.org/sites/default/files/2019-10/reg-bi-checklist.pdf

- U.S. Securities and Exchange Commission's Regulation Best Interest Webpage

www.sec.gov/info/smallbus/secq/regulation-best-interest



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Form CRS: What You Need to Know

Wednesday, December 18, 2019

10:15 a.m. – 11:00 a.m.

Join panelists as they discuss Form CRS, its impact on the industry and effective practices.

Moderator: Meredith Cordisco
Associate General Counsel
FINRA Office of General Counsel

Speakers: Alicia Goldin
Senior Special Counsel, Office of Chief Counsel, SEC Division of Trading and
Markets
U.S. Securities and Exchange Commission (SEC)

Rema Holland
First Vice President | Account Management Strategy Independent Brokerage and
Platform Services
Wells Fargo Advisors

Wendy Lanton
Chief Operations and Compliance Officer
Lantern Investments, Inc.

Form CRS: What You Need to Know Panelist Bios:

Moderator:

Meredith Cordisco is Associate General Counsel with FINRA's Office of General Counsel. In this capacity, she provides legal guidance on policy initiatives, rule changes and interpretations in various areas, including regarding suitability, new issues and spinning, private securities transactions and outside business activities. Before joining FINRA in 2015, Ms. Cordisco was counsel in the Securities Litigation and Enforcement group at WilmerHale, where she focused her practice on complex securities enforcement investigations. Ms. Cordisco received her B.S., *summa cum laude*, in International Business and French from Mount St. Mary's University in Emmitsburg, Maryland, and her J.D., *summa cum laude*, and M.B.A., *cum laude*, from Villanova University. Following her studies, Ms. Cordisco clerked for the Honorable Eduardo C. Robreno on the U.S. District Court for the Eastern District of Pennsylvania.

Speakers:

Alicia Goldin is Senior Special Counsel in the Division of Trading and Markets, Office of Chief Counsel, specializing in broker-dealer sales practices, with a particular focus on issues relating to Regulation Best Interest, Form CRS, advertising, supervision and arbitration. Ms. Goldin previously served as Counsel to former SEC Commissioner Elisse B. Walter. Prior to joining the Commission in 2007, Ms. Goldin spent four years in private practice. She earned her law degree from the University of Michigan Law School and her undergraduate degree from the University of Virginia.

Rema Holland is First Vice President at Wells Fargo Advisors. Based in St. Louis, she leads the Account Management Strategy team, which is responsible for the development and implementation of the strategic vision and roadmap for the platform. The Account Management suite of applications supports the critical business functions around account opening, upgrading, maintaining, and papering brokerage and advisory accounts. The applications are used by front, middle and back office personnel, as well as clients in the digital space. Ms. Holland has an MBA from Greenville University, a Project Management Professional (PMP®) certification, and her FINRA Series 99.

Wendy Lanton has been in the financial services industry for more than 25 years. She is one of the founding principals of Lantern Investments, a FINRA registered broker dealer, and Lantern Wealth Advisors, an SEC registered investment advisor. She has been the Chief Compliance Officer of Lantern Investments since its inception in 1993. The firm has multiple business lines and currently has 40 registered representatives and operates 12 branch offices across the country. Ms. Lanton is responsible for both the firm's compliance and the day-to-day operations. In December 2015 she was appointed to the FINRA Small Firm Advisory Committee and served as the committee's chairperson in 2018. She also currently serves on the Steering Committee for her firm's current clearing firm and was the co-chairperson on the steering committee at her previous clearing firm. As a steering committee member, her industry experience is called upon to help direct both compliance and technology resources. Ms. Lanton has also served as the chairperson for multiple Compliance Forums for retail brokerage firms. She is a frequent panelist/speaker at FINRA conferences. Her industry perspective is called upon to discuss topics such as Anti-Money Laundering, Top Regulatory Concerns, Effective Risk Based Examinations, and Cybersecurity. She has written numerous compliance-centric articles focusing on topics ranging from client suitability to cyber-security. Ms. Lanton graduated from George Washington University where she majored in International Finance.



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Form CRS: What You Need to Know

Panelists

■ Moderator

- **Meredith Cordisco, Associate General Counsel, FINRA Office of General Counsel**

■ Panelists

- **Alicia Goldin, Senior Special Counsel, Office of Chief Counsel, SEC Division of Trading and Markets, U.S. Securities and Exchange Commission (SEC)**
- **Rema Holland, First Vice President | Account Management Strategy Independent Brokerage and Platform Services, Wells Fargo Advisors**
- **Wendy Lanton, Chief Operations and Compliance Officer, Lantern Investments, Inc.**



Form CRS: What You Need to Know

Wednesday, December 18, 2019

10:15 a.m. – 11:00 a.m.

Resources

U.S. Securities and Exchange Commission Resources

- Instructions for Form CRS
www.sec.gov/rules/final/2019/34-86032-appendix-b.pdf
- Form CRS Relationship Summary; Amendments to Form ADV
www.sec.gov/info/smallbus/secg/form-crs-relationship-summary
- Frequently Asked Questions on Form CRS
www.sec.gov/investment/form-crs-faq

Other Resources

- FINRA Reg BI and Form CRS Firm Checklist (Compliance Date is June 30, 2020)
www.finra.org/sites/default/files/2019-10/reg-bi-checklist.pdf
- Form CRS Relationship Summary; Amendments to Form ADV, Federal Register, Vol. 84, No. 134 (Friday, July 12, 2019)
www.govinfo.gov/content/pkg/FR-2019-07-12/pdf/2019-12376.pdf



2019 FINRA Regulation Best Interest Conference

December 18, 2019 | Washington, DC

Issues for Dual Registrants

Wednesday, December 18, 2019

11:15 a.m. – 12:15 p.m.

This session addresses issues that are especially important to firms registered as both broker-dealers and investment advisers. These issues include the SEC's June 2019 investment adviser interpretive releases and compliance with Reg BI, Form CRS and the fiduciary duty of investment advisers.

Moderator: Thomas Selman
Executive Vice President and Legal Compliance Officer
FINRA Office of Regulatory Analysis

Speakers: Emily Westerberg Russell
Chief Counsel, Division of Trading and Markets
U.S. Securities and Exchange Commission (SEC)

Michael Serbanos
Senior Vice President, Legal
Raymond James

Sarah G. ten Siethoff
Associate Director, Division of Investment Management's Rulemaking Office
U.S. Securities and Exchange Commission (SEC)

Stephen Youhn
Chief Compliance Officer
ProEquities, Inc.

Issues for Dual Registrants Panelist Bios:

Moderator:

Thomas M. Selman, CFA is Executive Vice President, Regulatory Policy, and Legal Compliance Officer of FINRA. He oversees the departments of Corporate Financing, Advertising Regulation, the Office of Regulatory Analysis, and the Office of Emerging Regulatory Issues. Mr. Selman joined the organization in 1996. Mr. Selman also holds the Chartered Financial Analyst® designation. From 1992 to 1996, Mr. Selman was Associate Counsel at the Investment Company Institute, a trade association for the mutual fund industry. Prior to that time, he served as Special Counsel in the Office of General Counsel at the United States Securities and Exchange Commission, a position he held beginning in 1987. Mr. Selman was an Attorney-Advisor to the European Union in Brussels, Belgium, from 1986 to 1987. In addition to his career accomplishments, Mr. Selman has authored articles that were published in *Investment Lawyer*, *The International Lawyer* and *Insights*. Mr. Selman received bachelor's degrees in economics and history from Rice University, and a Doctor of Jurisprudence degree from The University of Texas School of Law, where he was Associate Editor of the *Texas Law Review*.

Speakers:

Emily Westerberg Russell was named Chief Counsel of the SEC's Division of Trading and Markets in July 2019, after serving as a member of the Office of Chief Counsel for a decade. The Office of Chief Counsel provides legal and policy advice to the Commission on a variety of matters affecting broker-dealers and the operation of the securities markets. Among other things, the Office was responsible for developing and drafting key components of the Commission's recently adopted package of rulemakings and interpretations designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers, in particular, Regulation Best Interest. Ms. Russell received the SEC's Jay Manning Award in 2019 in recognition of her commitment to excellence, dedication to fair and honest markets, and tireless pursuit of just and workable regulatory responses to practical business problems. She also was a joint recipient of the Chairman's Award for Excellence for her work on the IA/BD Team, and a joint recipient of the Law and Policy Award for her work on the Dodd-Frank Legislative Response Team. Prior to joining the SEC, she was a Senior Associate in the Financial Institutions Group at WilmerHale, where she advised broker-dealers and other financial institutions regarding compliance with a wide range of securities and banking laws, including anti-money laundering requirements. Ms. Russell received her J.D. from Columbia University School of Law, where she was a James Kent and a Harlan Fiske Stone Scholar, and served as Executive Editor of the *Columbia Journal of Transnational Law*. She earned her B.A., *summa cum laude*, in economics and international relations from Colgate University.

E. Michael Serbanos currently serves as Senior Vice President and General Counsel for the Capital Markets, Asset Management, and Corporate Development divisions of Raymond James Financial (RJF). Mr. Serbanos joined Raymond James in 2004 as the Director of Equity Capital Markets Compliance, providing compliance and legal support to the U.S. and European institutional equity business. He subsequently assumed compliance responsibilities for the firm's Fixed Income division, and ultimately became Chief Compliance Officer (CCO) of Raymond James & Associates, RJF's primary broker-dealer subsidiary. Immediately prior to his current role, Mr. Serbanos served as RJF's Corporate CCO. Prior to joining Raymond James, Mr. Serbanos practiced corporate and securities law at Holland & Knight LLP, where he advised companies on public and private securities offerings, mergers and acquisitions, securities regulation, and general corporate matters. In the securities industry, Mr. Serbanos has served as a member of the SIFMA Regional Firms GC/CCO Roundtable, the Equity Markets and Trading Committee, and the Regulation SHO Steering Committee. He also served as a member of the FINRA Series 79 (Investment Banking) Examination Committee. Mr. Serbanos earned his A.B. from Harvard College and his J.D. from the University of Virginia. He is active member of the Florida Bar, and is rated "AV Preeminent" by Martindale-Hubbell. Mr. Serbanos is also a Certified Regulatory and Compliance Professional (CRCP)® and maintains various securities licenses.

Sarah G. ten Siethoff is Associate Director for the Rulemaking Office of the SEC's Division of Investment Management. She leads the development of policy and rulemaking relating to investment advisers and investment companies. Prior to joining the SEC, Ms. ten Siethoff was an associate with Cleary Gottlieb Steen & Hamilton LLP in their New York and Washington, DC offices. Ms. ten Siethoff received her J.D.

from Yale Law School, her M.A. in International Relations from Yale University, and her B.A. from the University of Virginia.

Steve Youhn joined ProEquities as Chief Compliance Officer in 2016 with more than 20 years of industry experience. Before ProEquities, he worked with The Vanguard Group where he was responsible for the broker/dealer compliance program. Mr. Youhn also served as CCO for Lincoln Financial Network's broker/dealers (Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation) and M Financial Group's broker/dealer unit, M Holdings Securities. Before transitioning to compliance, Mr. Youhn served as Senior Counsel in the Chicago Board Options Exchange's legal department and the United States Securities and Exchange Commission's Division of Market Regulation. Mr. Youhn has a JD from Stetson University College of Law, a MBA from The University of Florida, and a Bachelor of Science from the University of South Florida. He holds the Series 7, 24, and 63 licenses.



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Panelists

■ Moderator

- **Thomas Selman, Executive Vice President and Legal Compliance Officer, FINRA Office of Regulatory Analysis**

■ Panelists

- **Emily Westerberg Russell, Chief Counsel, Division of Trading and Markets, U.S. Securities and Exchange Commission (SEC)**
- **Michael Serbanos, Senior Vice President, Legal, Raymond James**
- **Sarah G. ten Siethoff, Associate Director, Division of Investment Management's Rulemaking Office, U.S. Securities and Exchange Commission (SEC)**
- **Stephen Youhn, Chief Compliance Officer, ProEquities, Inc.**



How Will Reg BI and Form CRS Affect Your Interactions With Clients?

Wednesday, December 18, 2019

1:15 p.m. – 2:15 p.m.

This panel considers practical impacts of Reg BI and Form CRS on how broker-dealers connect with their customers.

Moderator: Joseph Savage
Vice President and Counsel
FINRA Office of Regulatory Analysis

Speakers: Steve Bee
Principal and Director of Home Office Compliance
Edward Jones

Mark Cresap
President
Cresap, Inc.

Robert Molinari
Senior Vice President and Chief Regulatory Affairs Officer
Commonwealth Financial Network

How Will Reg BI and Form CRS Affect Your Interactions With Clients? Panelist Bios:

Moderator:

Joseph P. Savage is Vice President and Counsel in FINRA's Office of Regulatory Analysis. Mr. Savage specializes in a broad range of securities regulatory matters, including investment management, investment company, advertising and broker-dealer issues, and regularly appears at conferences regarding these issues. Prior to joining FINRA, he was an Associate Counsel with the Investment Company Institute and an attorney with the law firms of Morrison & Foerster LLP and Hunton & Williams. Mr. Savage also served as a judicial law clerk for United States District Judge John P. Vukasin of the Northern District of California. Mr. Savage holds a bachelor's degree from the University of Virginia, a master's degree in public policy from the University of California, Berkeley, and a J.D. from the University of California, Hastings College of the Law, where he served as Note Editor of the *Hastings Law Journal*.

Speakers:

Steve Bee, Principal at Edward Jones, leads HQ Compliance. This area is responsible for partnering with the firm's home office divisions and departments to provide compliance and business support for the implementation of key firm programs, as well as all other department business and regulatory initiatives. The area helps ensure the firm's products, services, operations, procedures, initiatives, communications and training serve our clients' best interests, comply with industry standards and regulations, and are consistent with firm values. Mr. Bee also serves as the chief compliance officer for the firm's investment advisory programs and businesses. He joined Edward Jones in July 2006 with more than 10 years of experience in a variety of legal and compliance roles within the securities industry. He was named a principal with the firm in 2008. Mr. Bee, a native of St. Louis, received his undergraduate degree in finance from Saint Louis University and his law degree from the University of Missouri.

Mark W. Cresap III is President and owner of Cresap, Inc., a position he has held since 1990. Cresap, Inc. is a fully disclosed broker-dealer and SEC-registered investment adviser with 25 registered representatives. Previously, from 1980 to 1989, Mr. Cresap was the President of PML Securities (aka 1717 Capital Management), a broker-dealer subsidiary of Provident Mutual Insurance. He was responsible for more than 1,800 registered representatives. Before that, Mr. Cresap worked as regional sales director for CIGNA Securities and as a registered representative for W. H. Newbolds & Sons. Mr. Cresap is a former member of the FINRA Board of Governors. He previously served as Chair of the FINRA Small Firm Advisory Board, Chair of a FINRA District Committee, FINRA Nominating Committee Chair, and as a member of the FINRA Membership Committee. He received his bachelor's degree from Williams College.

Robert Molinari has been with Commonwealth Financial Network since 2004. As the Chief Regulatory Affairs Officer, Mr. Molinari leads and manages the Regulatory Response Unit and oversees management of the Supervisory Controls Unit, which performs 3120 and 206(4)-7 testing at the firm. He received his BS in criminal justice from Northeastern University and his MBA from Babson College. In addition, Mr. Molinari holds the Certified Regulatory and Compliance Professional (CRCP)[®] designation, as well as a number of FINRA registrations.



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How Will Reg BI and Form CRS Affect Your Interactions With Clients?

Panelists

■ Moderator

- **Joseph Savage, Vice President and Counsel, FINRA Office of Regulatory Analysis**

■ Panelists

- **Steve Bee, Principal and Director of Home Office Compliance, Edward Jones**
- **Mark Cresap, President, Cresap, Inc.**
- **Robert Molinari, Senior Vice President and Chief Regulatory Affairs Officer, Commonwealth Financial Network**

Existing Customers

- **Delivery of Form CRS**
- **Delivery of Reg BI Disclosures**
- **Electronic vs. Paper Delivery**

Impact of Reg BI on Client Interactions

- Opening Discussions
- Product Menu
- Commission vs. Fee-Based Accounts

Best Interest Standard

- Different Recommendations than under Suitability Standard?
- Alternatives, Product Costs
- Use of the Term “Adviser” or “Advisor”

Training of Financial Advisors

- Timing of Training
- Focus of Training

Questions





Fireside Chat

Wednesday, December 18, 2019

2:30 p.m. – 3:30 p.m.

Introduction: Robert Cook
President and Chief Executive Officer
FINRA

Moderator: Robert Colby
Executive Vice President and Chief Legal Officer
FINRA Chief Legal Office

Speakers: Dalia Blass
Director, Division of Investment Management
U.S. Securities and Exchange Commission (SEC)

Peter Driscoll
Director, Office of Compliance Inspections and Examinations (OCIE)
U.S. Securities and Exchange Commission (SEC)

Brett Redfearn
Director, Division of Trading and Markets
U.S. Securities and Exchange Commission (SEC)

Fireside Chat Panelist Bios:

Introduction:

Robert W. Cook is President and CEO of FINRA, and Chairman of the FINRA Investor Education Foundation. From 2010 to 2013, Mr. Cook served as the Director of the Division of Trading and Markets of the U.S. Securities and Exchange Commission. Under his direction, the Division's professionals were responsible for regulatory policy and oversight with respect to broker-dealers, securities exchanges and markets, clearing agencies and FINRA. In addition, the Division reviewed and acted on over 2,000 rule filings and new product listings each year from self-regulatory organizations, including the securities exchanges and FINRA, and was responsible for implementing more than 30 major rulemaking actions and studies generated by the Dodd-Frank and JOBS Acts. He also directed the staff's review of equity market structure. Immediately prior to joining FINRA, and before his service at the SEC, Mr. Cook was a partner based in the Washington, DC, office of an international law firm. His practice focused on the regulation of securities markets and market intermediaries, including securities firms, exchanges, alternative trading systems and clearing agencies. During his years of private practice, Mr. Cook worked extensively on broker-dealer regulation, advising large and small firms on a wide range of compliance matters. Mr. Cook earned his J.D. from Harvard Law School in 1992, a Master of Science in Industrial Relations and Personnel Management from the London School of Economics in 1989, and an A.B. in Social Studies from Harvard College in 1988.

Moderator:

As Chief Legal Officer of FINRA, **Robert Colby** oversees FINRA's rulemaking, interpretive, and corporate legal functions, as well as FINRA's Advertising, Corporate Financing and Dispute Resolution Departments, and FINRA's Appellate Office. Before joining FINRA, Mr. Colby was a partner in the law firm of Davis Polk & Wardwell LLP, where he advised on regulatory and compliance matters involving securities and derivatives for financial institutions and markets. Before joining Davis Polk, Mr. Colby served as Deputy Director in the Securities and Exchange Commission's Division of Trading and Markets. In that capacity, he was responsible for the regulation of broker-dealers, securities markets and clearing organizations. Before serving as Deputy Director, Mr. Colby was Chief Counsel of the Division of Trading and Markets, and Chief of the Division's Branch of Market Structure. Mr. Colby received his J.D. *cum laude* from Harvard Law School and his undergraduate degree *summa cum laude* from Bowdoin College.

Panelists:

Dalia Osman Blass was named the U.S. Securities and Exchange Commission's Director of the Division of Investment Management in September 2017. Ms. Blass previously served in a number of leadership roles in the Division of Investment Management. Ms. Blass returned to the SEC as Director of the Division of Investment Management in September, 2017 from private practice, where she advised on a broad range of investment fund, private equity, and regulatory matters. Earlier in her career, Ms. Blass practiced corporate law in New York and London. Ms. Blass earned a J.D. from Columbia University School of Law. She received her B.A. in international studies from the American University and studied political science at the American University in Cairo.

Peter Driscoll was named Director of the U.S. Securities and Exchange Commission's Office of Compliance Inspections and Examinations (OCIE) in October 2017, after serving as Acting Director since January 2017. Before that, he served as OCIE's first Chief Risk and Strategy Officer since March 2016, and was previously OCIE's Managing Executive from 2013 through February 2016. He joined the Agency in 2001 as a staff attorney in the Division of Enforcement in the Chicago Regional Office and was later a Branch Chief and Assistant Regional Director in OCIE's Investment Adviser and Investment Company examination program. Prior to the Agency, Mr. Driscoll began his career with Ernst & Young LLP and held several accounting positions in private industry. He received his B.S. in Accounting and law degree from St. Louis University. He is licensed as a certified public accountant and is a member of the Missouri Bar Association.

Brett Redfearn was named the U.S. Securities and Exchange Commission's Director of the Division of Trading and Markets in October 2017. Mr. Redfearn joins the SEC from J.P. Morgan, where he was Global Head of Market Structure for the Corporate and Investment Bank. Mr. Redfearn has a long history in the U.S. equity markets, having worked with investors, exchanges and broker-dealers. During his

career, he has focused on how technology, regulation and business trends are changing trading patterns across asset classes and geographic regions. He has helped build electronic trading products, worked closely with exchanges and other trading venues as these products evolved, and engaged with global asset managers on major regulatory developments. He has also been a frequent contributor at policy forums surrounding U.S. equity markets, and has been an active participant at several meetings of the SEC's Equity Market Structure Advisory Committee. He has served as Chairman of SIFMA's Equity Markets and Trading Committee and was a participant on the Security Traders Association (STA) Market Structure Analysts Committee and the Canadian STA (CSTA's) Trading Issues Committee. Previously, Mr. Redfearn has served on the boards of Bats Global Markets, BATS Exchange, the National Organization of Investment Professionals, the Chicago Stock Exchange, and BIDS Trading. Mr. Redfearn earned his M.A. in political science from the New School for Social Research and his B.A. from the Evergreen State College in Olympia, Washington.



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Panelists

■ Introduction

- Robert Cook, President and Chief Executive Officer, FINRA

■ Moderator

- Robert Colby, Executive Vice President and Chief Legal Officer, FINRA
Chief Legal Office

■ Panelists

- Dalia Blass, Director, Division of Investment Management, U.S. Securities and Exchange Commission (SEC)
- Peter Driscoll, Director, Office of Compliance Inspections and Examinations (OCIE), U.S. Securities and Exchange Commission (SEC)
- Brett Redfearn, Director, Division of Trading and Markets, U.S. Securities and Exchange Commission (SEC)



A Conversation With FINRA Examiners and the SEC's Office of Compliance Inspections and Examinations

Wednesday, December 18, 2019

3:45 p.m. – 4:40 p.m.

Attend this session to hear from OCIE and FINRA staff about how they intend to examine and inspect for compliance with Reg BI, including a discussion of implementation challenges.

Moderator: William St. Louis
Senior Vice President and Northeast Regional Director
FINRA Member Supervision

Speakers: Scott Gilbert
Vice President and District Director, New York District Office
FINRA Member Supervision

Yvette Panetta
District Director, Florida District Office
FINRA Member Supervision

John Polise
Associate Director, Broker-Dealer and Exchange Program, Office of Compliance
Inspections and Examinations (OCIE)
U.S. Securities and Exchange Commission (SEC)

A Conversation With FINRA Examiners and the SEC's Office of Compliance Inspections and Examinations Panelist Bios:

Moderator:

William St. Louis is a Senior Vice President and the Northeast Regional Director and has responsibility for the examination and risk monitoring programs in FINRA's New York, Boston, Philadelphia, and New Jersey offices. He also oversees FINRA's Membership Application Program (MAP). Prior to assuming the Regional Director role in March 2019, he was the District Director of FINRA's New York office. Before joining FINRA's examination program, Mr. St. Louis held senior roles in FINRA's Enforcement Department including serving as the Regional Chief Counsel for FINRA's North Region. Mr. St. Louis earned a B.A. from Baruch College and a law degree from New York University School of Law. Immediately after law school, Mr. St. Louis clerked for a New York state trial judge, and prior to law school he worked for several years in the Compliance Department of a NY-based broker-dealer.

Speakers:

Scott M. Gilbert is a Vice President and District Director in FINRA's New York office and has responsibility for the District's examination and risk monitoring programs. From 2013 to 2019, he was a FINRA Senior Director with responsibility for the New York District's large firm examination and cause examination programs. From 2004 through 2013, Mr. Gilbert was employed at UBS Financial Services Inc. in various roles including Executive Director and Head of Compliance for the Wealth Management Advisor Group of UBS, with responsibility for compliance matters and policies relating to the broker-dealer's financial advisors. From 2006 through 2010, he was Senior Associate General Counsel and head of the group responsible for internal investigations and disciplinary recommendations at UBS. In that role, he advised the firm's management in all aspects of issues related to employee compliance with firm policies and industry rules, regulations and laws. From 2000 to 2004, Mr. Gilbert was Vice President and Senior Counsel with Merrill Lynch & Co., where he was responsible for global regulatory matters and internal investigations. Before that, he was a trial counsel with the Division of Enforcement of the New York Stock Exchange, responsible for enforcing the rules of that self-regulatory organization, investigating customer complaints and prosecuting disciplinary actions. Mr. Gilbert was at the NYSE from 1995 to 2000. He also was a litigation attorney in private practice from 1990 to 1995, with a focus on complex commercial litigation and securities class actions. Mr. Gilbert is a graduate of Columbia University and New York University School of Law.

Yvette Q. Panetta is a District Director in FINRA's Boca Raton, Florida office and has responsibility for the District's examination and risk monitoring programs. She also manages FINRA's Securities Helpline for Seniors. Prior to joining FINRA, Ms. Panetta served as an examination manager with the U.S. Securities and Exchange Commission's Office of Compliance Inspections and Examinations located in New York. Ms. Panetta also holds the title of Certified Public Accountant from the American Institute of Certified Public Accountants.

John Polise is Associate Director of the Broker-Dealer and Exchange ("BDX") group in the SEC's Office of Compliance Inspection and Examinations. Mr. Polise oversees a national staff of examiners which inspect registered broker-dealers, municipal advisors, transfer agents, national securities exchanges, and SIPIC. Previously, he was head of OCIE's Market Oversight group. Mr. Polise has served as an Assistant Director in the SEC's Division of Enforcement, the Division of Trading and Markets, and the Office of Compliance Inspections and Examinations. Mr. Polise was also Counsel to the Chairman of the CFTC and Counsel to the Director in the Division of Enforcement at the CFTC. He also held positions at FINRA in both Enforcement and Member Regulation. He began his career as an Associate at Cahill Gordon & Reindel in New York and clerked for the Honorable Stanley Sporkin, US District Court for the District of Columbia. He graduated from the University of Pennsylvania *magna cum laude* in 1985 and is a 1988 graduate of New York University School of Law. He has been an adjunct professor in Securities Law at Georgetown University School of Law and the Antonin Scalia School of Law. Mr. Polise recently authored an article on equity market structure. (John Polise, *A Bridge too Far: A Critical Analysis of the Securities And Exchange Commission's Approach to Equity Market Regulation*, 11 Brook. J. Corp. Fin. & Com. L. 285 (2017)).



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Panelists

■ Moderator

- **William St. Louis, Senior Vice President and Northeast Regional Director, FINRA Member Supervision**

■ Panelists

- **Scott Gilbert, Vice President and District Director, New York District Office, FINRA Member Supervision**
- **Yvette Panetta, Florida District Director, FINRA Member Supervision**
- **John Polise, Associate Director, Broker-Dealer and Exchange Program, Office of Compliance Inspections and Examinations (OCIE), U.S. Securities and Exchange Commission (SEC)**



Closing Remarks

Wednesday, December 18, 2019

4:40 p.m. – 4:45 p.m.

Speaker: Chip Jones
Senior Vice President
FINRA Member Relations and Education

Speaker Biography:

Chip Jones is Senior Vice President of Member Relations and Education for FINRA. In leading the Member Relations and Education Department, Mr. Jones' responsibilities include maintaining and enhancing open and effective dialog with FINRA member firms. Mr. Jones also oversees FINRA's Member Education area, which includes FINRA conferences and other member firm educational offerings such as the FINRA Institute at Georgetown for the Certified Regulatory and Compliance Professional (CRCP)[®] designation. Prior to joining FINRA, Mr. Jones spent six years as Vice President of Regulatory and Industry Affairs at American Express Financial Advisors (AEFA). Previous to AEFA, he spent two years as Advocacy Administrator for the Association for Investment Management and Research (AIMR). Mr. Jones was employed by the Virginia Securities Division as a senior examiner/investigator prior to joining AIMR.



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Closing Remarks

Speaker

■ Speaker

- **Chip Jones, Senior Vice President, FINRA Member Relations and Education**