

**MEMO# 32350**

April 3, 2020

# **SEC Chairman Issues Statement Addressing Reg BI and Form CRS Implementation**

[32350]

April 3, 2020 TO: ICI Members  
Bank, Trust and Retirement Advisory Committee  
Broker/Dealer Advisory Committee  
Internal Sales Managers Roundtable  
Investment Adviser and Broker-Dealer Standards of Conduct Working Group  
Investment Advisers Committee  
Operations Committee  
Pension Committee  
Pension Operations Advisory Committee  
Sales and Marketing Committee  
SEC Rules Committee  
Transfer Agent Advisory Committee  
Variable Insurance Products Advisory Committee SUBJECTS: Compliance  
Disclosure  
Distribution  
Investment Advisers  
Operations RE: SEC Chairman Issues Statement Addressing Reg BI and Form CRS Implementation

SEC Chairman Jay Clayton has issued a statement on the SEC's approach to allocation of resources, oversight, and rulemaking, in light of the uncertainties caused by the COVID-19 pandemic.[\[1\]](#) The statement, which is available below, emphasizes the Commission's commitment to investors, and focuses on the measures the Commission has taken recently to assist market participants. Among other things, it addresses the Chairman's views on the upcoming June 30 compliance date for Regulation Best Interest and Form CRS. We encourage you to read the complete statement but note the following portion:

Over the past ten months, the Commission and the staff have engaged extensively with broker-dealers, investment advisers, retail investors and other market participants, as well as FINRA and other regulatory partners, regarding the implementation of Reg BI and Form CRS. We believe firms with account relationships comprising a substantial majority of retail investor assets have made considerable progress in (1) adjusting their business practices,

(2) supplementing and modifying their policies and procedures, and (3) otherwise aligning their operations and preparing for the requirements of Reg BI and the obligation to file and begin delivering Form CRS.

*Based on that engagement—and because the continued implementation of these conduct and transparency initiatives, individually and collectively, will significantly benefit Main Street investors—we believe that the June 30, 2020 compliance date for Reg BI and other requirements, including the requirement to file and begin delivering Form CRS, remains appropriate.*

*Applying the general approach outlined above to Reg BI and Form CRS, firms should continue to make good faith efforts around operational matters to ensure compliance by June 30, 2020, including devoting resources as necessary and available in light of the circumstances. To the extent that a firm is unable to make certain filings or meet other requirements because of disruptions caused by COVID-19, including as a result of efforts to comply with national, state or local health and safety directives and guidance, the firm should engage with us. I expect that the Commission and the staff will take the firm-specific effects of such unforeseen circumstances (and related operational constraints and resource needs) into account in our examination and enforcement efforts.*

With regard to continued engagement on Reg BI and Form CRS related matters, the SEC is functioning well in a mandatory telework environment. Our staff is continuing to work collectively on Reg BI examination scoping and will continue to work closely with FINRA to help ensure consistency in examining firms and their associated persons for compliance with Reg BI and Form CRS. The Commission and staff also welcome continued engagement from investors and other market participants on the implementation of Reg BI and Form CRS.

During the initial period following the compliance date, SEC examiners will be focusing on whether firms have made a good faith effort to implement policies and procedures necessary to comply with Reg BI, while also providing an opportunity to work with firms on compliance and other questions. SEC staff in the Office of Compliance Inspections and Examinations has informed me that they will be issuing two Risk Alerts in the coming days to provide additional information. One provides broker-dealers with specific information about the scope and content of initial examinations for Reg BI. The other provides broker-dealers and investment advisers with similar information with respect to Form CRS.<sup>[1]</sup>

Please let me know if you have any questions.

Sarah A. Bessin  
Associate General Counsel

#### **endnotes**

<sup>[1]</sup> SEC Chairman Jay Clayton, *Investors Remain Front of Mind at the SEC: Approach to Allocation of Resources, Oversight and Rulemaking; Implementation of Regulation Best Interest and Form CRS* (April 2, 2020), available at <https://www.sec.gov/news/public-statement/statement-clayton-investors-rbi-form-crs>.

[\[2\]](#) *Id.* (citations omitted and emphasis added).

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