

MEMO# 32423

April 28, 2020

SEC Staff Issues Additional FAQs on Reg BI and Form CRS

[32423]

April 28, 2020 TO: ICI Members
Investment Company Directors
Broker/Dealer Advisory Committee
Investment Adviser and Broker-Dealer Standards of Conduct Working Group
Investment Advisers Committee
Operations Committee
Pension Committee
SEC Rules Committee
Transfer Agent Advisory Committee SUBJECTS: Compliance
Disclosure
Investment Advisers
Operations RE: SEC Staff Issues Additional FAQs on Reg BI and Form CRS

The SEC staff recently issued additional “frequently asked questions” (FAQs) on Regulation Best Interest (“Reg BI”) and Form CRS, which were adopted last June as part of the SEC’s standards of conduct rulemakings.[\[1\]](#) The staff’s recent FAQs supplement the FAQs the staff issued in January[\[2\]](#) and February 2020,[\[3\]](#) and in November 2019.[\[4\]](#) While the recent FAQs do not have direct relevance to registered investment companies, we highlight below the new FAQs, for your information.

The SEC staff issued several new FAQs regarding the ability of a broker-dealer or associated person to use the terms “advisor” or “adviser” in its name or title consistent with Reg BI’s Disclosure Obligation. The staff stated that an associated person of a broker-dealer who is not also a supervised person of a registered investment adviser generally may not use the term “advisor” or “adviser.” Similarly, an associated person of a broker-dealer with an affiliated investment adviser may not use the terms “advisor” or “adviser” if the associated person is not a supervised person of an investment adviser. The staff stated, however, that a broker-dealer that is a state-registered investment adviser may use the title “advisor” or “adviser.”

Earlier this month, the SEC staff also issued several FAQs on Form CRS clarifying the mechanics and timing of the filing process. These FAQs confirm that firms may now begin filing through IARD and Web CRD, as appropriate, and provide further guidance regarding the filing process. The staff also confirmed that a firm may deliver its relationship summary

to new or existing retail investors before the June 30, 2020 compliance date. If a firm chooses to deliver a relationship summary to retail investors in advance of the compliance date, the firm generally should: (i) post the relationship summary on the firm's public website as described in General Instruction 10 to Form CRS; (ii) comply with the updating and related delivery requirements of General Instructions 8 and 9 to Form CRS; and (iii) file its relationship summary with the SEC.

Sarah A. Bessin
Associate General Counsel

endnotes

[1] The FAQs, which were prepared by the staffs of the SEC's Divisions of Investment Management and Trading and Markets, are *available at* <https://www.sec.gov/tm/faq-regulation-best-interest> and <https://www.sec.gov/investment/form-crs-faq>. For a detailed summary of the SEC's rulemakings, *please see* the attachments to ICI Memorandum No. 31815 (June 19, 2019), *available at* https://www.ici.org/my_ici/memorandum/ci.memo31815.idc.

[2] For a summary of the January FAQs, *please see* ICI Memorandum No. 32164 (Jan. 21, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32164.

[3] For a summary of the February FAQs, *please see* ICI Memorandum No. 32219 (Feb. 19, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32219.

[4] For a summary of the November FAQs, *please see* ICI Memorandum No. 32068 (Nov. 27, 2019) *available at* https://www.ici.org/my_ici/memorandum/memo32068.