

Brokers Face Heavy Lift to Implement Reg BI by Next Year, Investment News, ft. Brendan McGarry

KD partner Brendan P. McGarry was quoted in a recent article written by Mark Schoeff, Jr. published Investment News on June 7th, 2019.

The clock is ticking for brokers-dealers to modify their operations to comply with advice reform regulations approved earlier this week by the Securities and Exchange Commission.

The implementation deadline is June 30, 2020. But those 12 months could fly by for firms as they put in place policies and procedures required by Regulation Best Interest, a measure designed to raise the broker standard of care from suitability.

The rule doesn't define best interest or mitigation. Nonetheless, firms will have to come up with ways to determine they've satisfied both requirements.

The commission is setting up an implementation committee to help firms meet their new requirements. Financial advisers can ask questions during the transition by emailing IABDQuestions@sec.gov.

Under Reg BI, brokers must disclose their fees and types of services provided, and disclose and mitigate or eliminate conflicts of interest. In what the SEC called an enhancement to the original Reg BI proposal, the final version requires brokers to take into consideration the cost of investment products as well as the range of reasonably available products.

"It's going to be about documenting recommendations," said Brendan McGarry, partner at Kaufman Dolowich & Voluck. "You're going to have to have a reason for everything."