



REGULATION BEST INTEREST

# ARE YOU USING REG BI TO DRIVE GROWTH?

Discover the unexpected  
benefits of compliance.

PURΣFACTS

# REG BI: WHAT YOU NEED TO KNOW

Regulation Best Interest (Reg BI), as mandated by the the Securities and Exchange Commission (SEC), is designed to protect retail investors by increasing the transparency and accountability of their wealth management advisory professionals.

Here's what is expected of advisors under the new rule:

**Broker-dealers** must act in the best interest of their customers, and clearly identify any potential conflicts of interest and financial incentives with any of their investment recommendations.

**Registered Investment Advisors** now have an enhanced fiduciary duty that includes a new level of care beyond suitability.

Whether you're a broker-dealer, Registered Investment Adviser, or a dual-registrant, it's widely agreed that acting in a client's best interest is the right thing to do.

Reg BI is an opportunity to put what's best for the client first and provide a new level of disclosure and transparency that extends beyond the existing suitability standard.

## FIVE OBLIGATIONS OF REG BI



### FORM CRS

Provide clients and the SEC with a summary of your relationship and fees.



### DUTY OF CARE

Demonstrate you've put the client's interests first. Explain risks & costs of recommendations.



### COMPLIANCE

Ensure you comply with every phase of Reg BI.



### CONFLICT OF INTEREST

Mitigate any conflicts of interest that don't put your clients first.



### DISCLOSURE

Provide timely disclosure of material facts about the products & services you provide.





# OBSTACLE OR OPPORTUNITY:

Adopt a new approach to compliance.



# REG BI: IT'S TIME TO UP YOUR GAME

Reg BI is forcing financial services firms to up their game when it comes to transparency, reporting, and client communication.

Compliance is often viewed as a time-consuming burden. However, financial firms that get out in front of the regulations and leverage them will create a competitive advantage that can accelerate their growth.

With the new Reg BI obligations, enterprises can't afford any chance of miscalculating fees, providing unsuitable product recommendations, or exposing themselves to audit risks for non-compliance.

It's crucial to implement technology solutions enabling advisors to document that Form CRS was delivered in real time, and that enterprises are acting in the best interest of clients and fulfilling their duty of care obligations.



# REG BI: BUSINESS ADVANTAGES OF COMPLIANCE

In the past, firms that invested in meeting proposed regulations, such as the DOL's Fiduciary Rule, have realized a number of advantages for their businesses, including:

- Improving the quality of their systems and data
- Developing a more competitive business model
- Enhancing the overall client experience

The good news is that many of the changes organizations are currently implementing not only make sense from a regulatory perspective, but also from a business perspective. And they are changes that are well worth doing.

Rather than reluctantly complying with regulatory demands, firms who view compliance as an opportunity and focus on delivering exceptional client experience will be better positioned for growth.







# 5 WAYS TO DRIVE GROWTH WITH REG BI



## 1

# LEVERAGE THE POWER OF TRANSPARENCY TO BUILD TRUST

Transparent communication is at the core of exceptional client experience. It builds trust in the advisor/client relationship and increases client satisfaction.

In an era of parity products, increased fee transparency, and a range of investment choices available, it's more crucial than ever for a financial firm's long-term success to deliver a rewarding and consistent client experience.

Use Reg BI requirements to effectively disclose your fees and the thinking behind your product recommendations, portfolio management decisions, and conflict of interest resolutions.

Once you disclose the fees your clients pay, rather than scaring them off, trust and confidence levels actually go up. Nothing is hidden, and as a result, clients feel they're seeing the whole picture.

## PRO TIP

When advisors are transparent about the fees their clients pay, trust and confidence levels increase.



# 2

## BE DELIBERATE ABOUT FORM CRS DESIGN AND WORKFLOW

The purpose of Reg BI's Form CRS is to reduce investor confusion about advisory and brokerage services and to help them decide who to establish an investment advisory relationship with.

This mandatory disclosure form can be a handy tool to educate and inform clients about your decisions and your commitment to serving their best interests. Implementing the right digital solution can simplify the Form CRS process.

It can automate your workflow to help you create a fully configurable Form CRS on-demand with digital delivery, tracking and storage of dynamic content.

## TIPS FOR FORM CRS

- Ensure that it's easy-to-read and understandable
- Use simple language that relates to the audience
- Clearly describe conflicts of interest and compensation
- Evaluate conflicts from the investor's perspective





# 3

## TURN A DIFFICULT CONVERSATION ON ITS HEAD

***"What do I get for the fees I pay?"***

***Why are you charging so much in fees/commissions?"***

Don't dread the tough questions. Instead, use them to have transparent and confident conversations about the value of your advice.

Use the documentation you compiled for Reg BI to demonstrate how you're acting in a client's best interest. The fee-based model is gaining traction across the wealth management industry ... and for good reason.

Since this approach pays advisors on an ongoing basis, they can focus on helping clients achieve their goals while also mitigating potential conflicts of interest.

### PRO TIP

Be sure to train your advisors on how to talk about fees so clients understand.



# 4

## EVOLVE FROM PRODUCT FOCUS TO CLIENT FOCUS

Rather than just talking about products, focus instead on a client's needs and goals.

Advisors will be well served by doing a deep dive with clients to uncover their priorities and concerns.

By tying product recommendations and suitability assessments to the holistic advice they provide, advisors will not only fulfill their duty of care and conflict of interest obligations, they'll also create a more trusting relationship with their clients.

### PRO TIP

Clients value conversations about achieving their goals more than product details.





# 5

## AUTOMATE KEY COMPLIANCE PROCESSES

With the new Reg BI obligations, you can't afford any chance of miscalculating your fees or providing an unsuitable product recommendation.

Manual processing can expose your firm to errors and compliance risk. By automating key processes, such as fee management, Form CRS delivery, product recommendations, and reporting, you can minimize your risk and ensure that you're on the right side of your compliance obligations.

Derisk your operations by implementing a robust fees and billing solution. With the right technology solution, you'll not only be able to transparently calculate and report a wide range of fees, you'll also create new revenue opportunities for your firm.

### PRO TIP

Implement robust wealthtech solutions to automate your fee processing and revenue management, and derisk your operations.







# NO FRICTION. NO FUSS.

Our wealthtech solutions help you comply with confidence.



# COMPLIANCE & OPERATIONS

## Implement tailored risk rating & algorithm

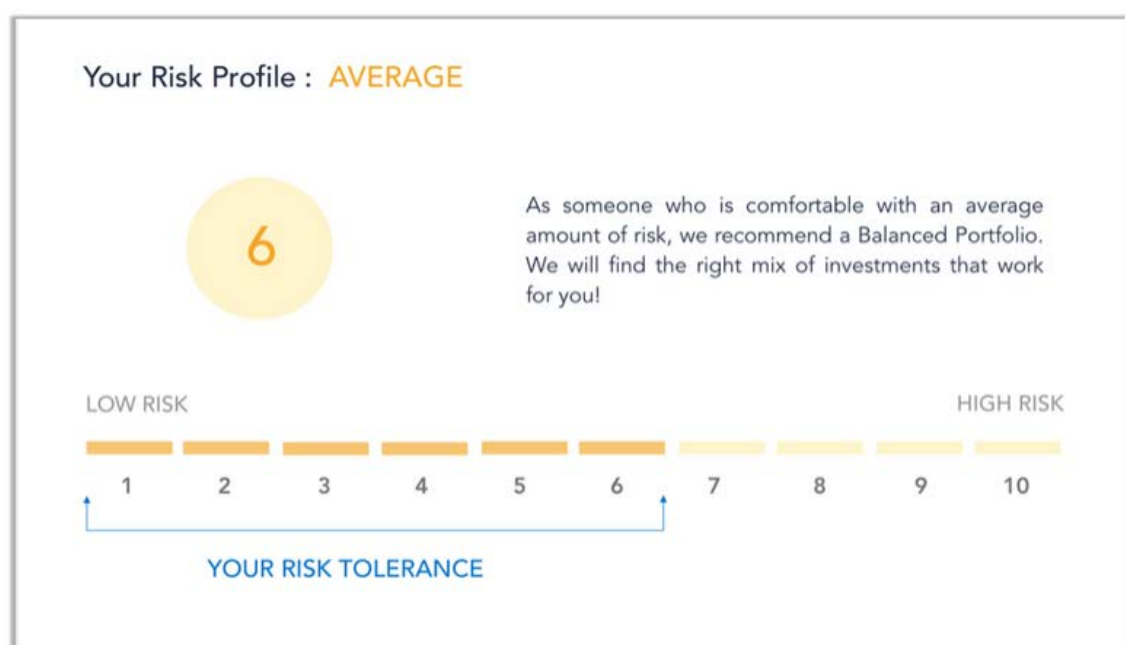
We provide the flexibility to implement your own proprietary risk rating and algorithm at overall client, individual client objective, and product levels.

## Integrate seamlessly with current systems

Integrate the solution with your existing tech stack, including client book of record, product shelf, risk algorithms and portfolio management systems.

## Facilitate audit-readiness & recordkeeping

Empower your compliance teams to monitor regulatory and operational risk. Always be audit-ready.



# ADVISORS

## Minimize bias with automated suitability

Match product risk and cost with investor objectives and present alternatives that are within risk tolerance.

## Remove friction with digital Form CRS

Customize your own Form CRS template or layered documentation, or use our default form. Gain access to the generated documents seamlessly per account or household through PureFacts or any integration with your distribution software.

## Improve conversations with visual interface

Our modular solutions enable better quality advisor conversations through an intuitive, highly visual interface.

**FORM CRS CUSTOMER RELATIONSHIP SUMMARY**  
INSERT FIRM NAME, INSERT DATE

**Introduction**  
Insert name of firm is registered with the Securities and Exchange Commission (SEC) as a broker-dealer (and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

**What investment services and advice can you provide me?**  
We offer brokerage services to retail investors, including buying and selling securities.  
Summarize the principal services, accounts, or investments available to retail investors and any material limitations on such services. This includes whether or not recommendations and investment monitoring are offered (and if so, the frequency and limitations of such); investment authority; limited investment of offerings; and account minimums or other account requirements.

**For additional information, please see** [cross references to Regulation Best Interest Disclosures and other required documents](#)

**Ask your financial professional...**

- Given my financial situation, should I choose a brokerage service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualify

**What fees will I pay?**  
Summarize the principal fees and costs that retail investors will incur for brokerage services, including how frequently they are incurred, how they are calculated, and how they are paid. Describe transaction-based fees and, to address conflicts of interest, consider including a statement that a more when there are more trades in their account, and that the firm therefore has an incentive to encourage a retail investor to trade more frequently.  
Describe other fees and costs related to your brokerage services and investments in addition to the firm's principal fees and costs applicable to your retail investors (e.g. custodian fees, account maintenance fees, fees related to mutual funds and varied and product level fees).

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any annual investments over time. Please make sure you understand what fees and costs you are paying.**

**For additional information, please see** [cross references to Regulation Best Interest Disclosures and other required documents](#)

**Ask your financial professional...**

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will be invested for me?

**Adam's Retirement Goal - Investment Selection**

**All Equity Portfolio**

- Equity (60%)
- Fixed Income (30%)
- Cash (10%)
- Other (0%)

**Understanding Risk**

LOW RISK | BALANCED PORTFOLIO | HIGH RISK

1 2 3 4 5 6 7 8 9 10

**YOUR RISK TOLERANCE**

**Understanding Variance**

All Equity - 100% Range of Potential Values

**All Equity Portfolio Breakdown**

Equity (60%)	Fixed Income (30%)	Cash (10%)	Other (20%)
Canadian Equity (41%)			
PureFacts Canadian All Cap Equity Fund			30 %
PureFacts Canadian Large Cap Equity Fund			11 %
PureFacts Canadian Small Cap Equity Fund			0 %
US Equity (19%)			
PureFacts US Large Cap Equity Fund			19 %
PureFacts US Small Cap Equity Fund			0 %



# CLIENTS

## Focus on client objectives & progress

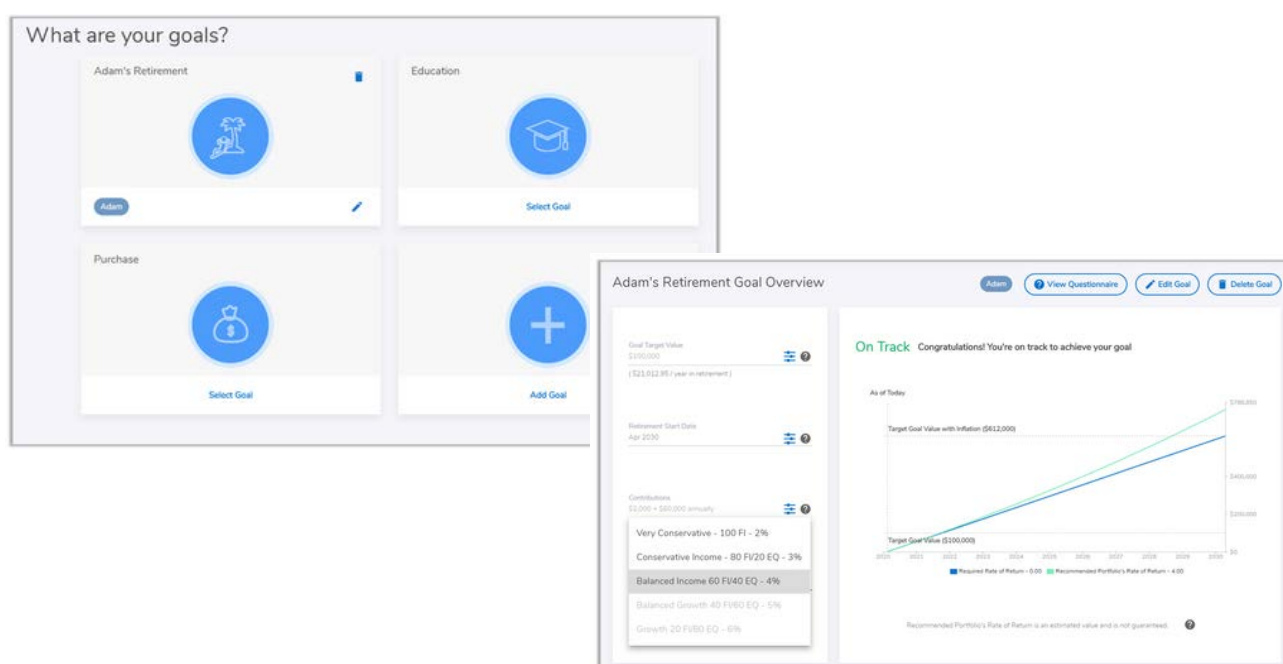
Our flexible platform ties your product recommendations to a client's risk profile and objectives, and helps them track their progress.

## Build confidence with shared screens

No hidden screens or fine print. Our shared screens enable advisors to collaborate with clients to review their objectives and recommend suitable products.

## Provide full fee & product transparency

Advisors can reinforce the value of their advice with total transparency around fees and disclosures. Clients can see how product recommendations align with their best interests.





# SUMMARY

Turn Reg BI into a growth opportunity with friction-free solutions for transparency and exceptional client experiences.

Industry regulations are not going away, and will continue to make compliance more complex. The time is now to seize every opportunity to embrace higher professional standards and up your fiduciary game.

Proactive firms are taking a leadership stance and positioning their firms for success by delivering what investors have clearly said they want – greater transparency and open communication.

The implementation of Reg BI represents another giant step on the road to providing clients with a better, more trusting experience with their wealth advisors.

Firms that deliver a seamless Reg BI experience, visibly putting investor best interests first, will advance competitively in the eyes of their current clients and future prospects.



# PureFacts advantage

- Mission-critical wealth management solutions since 2010
- Fully bootstrapped and profitable every year since inception
- ~50 clients with total AUM of \$250+ billion

TRUSTED WEALTH  
TECHNOLOGY PARTNER  
TO LARGE BANKS AND  
LEADING INVESTMENT  
FIRMS.

## Regulatory expertise

We have extensive experience in managing conduct risk and conflicts of interest for our financial services customers, combined with our years of regulatory compliance expertise.





REGULATION BEST INTEREST

**WE TAKE THE FRICTION  
OUT OF REG BI  
COMPLIANCE.**

**GET IN TOUCH**

PureFacts Financial Solutions

[info@purefacts.com](mailto:info@purefacts.com)

1 (888) 596-9338

**LEARN MORE**

[www.purefacts.com/Reg-BI/](http://www.purefacts.com/Reg-BI/)

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