

Daren Domina Discusses FINRA Regulations With Publications

February 16, 2022 Daren Domina

PRACTICES Investment Management, Investment Banking and Broker Dealer, Capital Markets and Securities, Margin Lending and Structured Equity

Haynes Boone Partner [Daren Domina](#) was quoted in *Financial Planning* and *Ignites* discussing Financial Industry Regulatory Authority (FINRA) Regulation Best Interest (BI) and Form CRS compliance.

Below are excerpts:

Financial Planning: “FINRA Lays Out Reg BI, Form CRS Shortcomings and Successes”

A new FINRA analysis finds that the first full year of Reg BI and Form CRS compliance was rife with instances of poorly written supervisory procedures, inadequate staff training and conflict of interest red flags.

...Attorney Daren R. Domina, partner in the investment management and private equity practice groups in the New York office of Haynes Boone, said it is important for firms to understand how FINRA is assessing emerging areas while showing a commitment to provide additional feedback throughout the year.

Domina, who is head of his firm's broker-dealer regulatory practice group, said understanding and embracing that can be a boon to firms as they work to meet compliance standards and serve their clients to the best of their abilities.

“Whether they are focused on technology or other growth areas in the industry, FINRA and its examinations are looking into those areas with increased focus. Both from the point of view of wanting to understand better with the industry's doing, but also to understand how well the industry is taking its existing framework of rules and applying them to the new technologies and new business practices,” he said. “I think it is important for firms to recognize the newer areas that FINRA focuses on so they're not surprised when it comes to their own examinations.”

...For Domina, the 2022 report is a blend of new focus areas and “old favorites” such as outside business activities and private placements.

He marks Reg BI and Form CRS matters firmly among the new, pointing out that there is not a lengthy track record of examination history for firms to rely on when figuring out what's right and what's wrong.

“What was surprising is that there appeared to be a fair amount of non-compliance regarding Form CRS. And I don't know if that may point to a lack of clarity or focus in the SEC guidance, or a lack of clarity and guidance on firms to understand the role and usage of Form CRS and how it differs from Reg BI requirements,” Domina said.

Ignites: “Finra to Target Market Makers Over PFOF Conflicts”

In some cases, broker-dealers’ apps have incorrect information about which entities can sell digital assets or users’ cash management accounts, the report says. Some also insufficiently supervised and record kept their digital communications.

Registered brokers continue to fall short on complying with Reg BI or properly filing Form CRS, the exam report found. Many had written supervisory procedures and staff training that failed to meet the rule’s standards. Others didn’t properly disclose their care or conflicts obligations, or improperly used terms like “advisor.” Some firms also failed to post their CRS forms on their websites and filed inadequate, misconstrued or otherwise incorrect forms.

The Reg BI deficiencies “were quite extensive and ran the gamut,” said Daren Domina, a partner at Haynes Boone.