

## Daren Domina in Ignites: Firms Take Microscope to Rev Sources in Reg BI Docs

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**PRACTICES** Investment Management, Private Equity

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Haynes Boone Partner [Daren Domina](#) talked with *Ignites* about how investors can now learn more about how their brokers and advisors make money — but the extent of their illumination may depend on the firms they choose for products and services.

Here is an excerpt:

Investment firms are now required to deliver Customer Relationship Summary forms to clients, in compliance with the Securities and Exchange Commission's [SEC's] best interest rule package.

Though the rule went into effect yesterday, the SEC was clarifying details about the Form CRS until Friday. Last week the agency said firms can omit statements that don't pertain to their business models and forgo sending the document to investors who received one in the past 30 days.

Firms including Ameriprise, Edward Jones, LPL Financial, Merrill Lynch, RBC Wealth Management, TD Ameritrade and T. Rowe Price have published their Form CRS documents online, and some even have built out web pages dedicated to Reg BI disclosures.

But while all large brokerages provide supplemental information to educate investors, there is a "tremendous amount of diversity" in the disclosure supplements, says Daren Domina, partner at Haynes Boone.

"Some disclosure statements are between 10 and 25 pages, some are over 50 pages, and some are nearly 100 pages," he says.

As a result, "striving to do apples-to-apples reviews for consistency across regulatory inspections will be a challenge to the SEC and Finra," Domina says.

Although many firms have called for latitude in regulatory audits, SEC and Finra examiners will likely be on the hunt for disclosure issues, Domina says. They'll probably scrutinize how accurately the firms convey fees compared to what investors actually pay, how well distributors describe material conflicts of interest, and the extent to which they try to inform clients about risky or complex products, he adds.

To read the full article, click [here](#). (Subscription required)