

## Daren Domina in Pensions & Investments: Reg BI Debuts Under Cloud of Uncertain Enforcement

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**PRACTICES** Investment Management, Investment Banking and Broker Dealer, Fund Formation and Management

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Haynes Boone Partner [Daren Domina](#) talked with *Pensions & Investments* about the U.S. Securities and Exchange Commission's (SEC's) best-interest standard, which took effect June 30 and ushers in a new regulatory regime for financial service professionals.

Here is an excerpt:

But in the coming weeks and months, it's anyone's guess as to how the SEC's rule package will be enforced, especially in the midst of a pandemic, sources said. Commonly known as Reg BI, the package and its centerpiece best-interest standard, which the SEC adopted in June 2019, aims to compel brokers to put clients' financial interests ahead of their own and requires them to mitigate financial conflicts.

In April, the SEC's office of compliance inspections and examinations issued two risk alerts providing broker-dealers and investment advisers with advance information about the expected scope and content of the initial examinations for compliance with Reg BI and Form CRS.

For Reg BI, initial examinations will assess whether broker-dealers have made a "good faith effort to implement policies and procedures reasonably designed to comply" with the regulation, the SEC said. And for those subject to Form CRS, which necessitates that firms disclose to retail investors the nature and scope of their services, the types of fees customers would incur, the conflicts of interest faced by the firm and the firm's disciplinary history, examinations will assess whether they have made "a good faith effort" to implement the regulation.

### **'Greater Latitude'**

Given the complexity of Reg BI and Form CRS, firms are likely to get "greater latitude" in the next few months, said Daren R. Domina, a partner in the investment management and private equity practice groups and head of the broker-dealer regulatory practice group at law firm Haynes Boone in New York.

"I would speculate that the early enforcement cases will be more along the lines of recklessness or a reckless disregard of a firm's responsibilities or a high bar of a lack of sufficient disclosures or sufficient policies or procedures," Mr. Domina said.

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