



# SEC REGULATION BEST INTEREST

**FIS Compliance Suite**

Formerly Protegent

## Are You Ready for Regulation Best Interest?

From June 30, 2020, the Securities and Exchange Commission (SEC) requires registered broker-dealers to comply with Regulation Best Interest (Reg BI).

Under the new rules, firms must show the financial products recommended to retail investors are always in the customer's best interest. Additionally, firms must identify potential conflicts of interest, including the financial incentives for recommending commission-based accounts.

Reg BI applies whenever a securities transaction or an investment strategy involving securities is proposed to a retail customer. Firms will also need to meet the standard's requirements before opening an investment account or rolling over a retirement account for a customer, even if the account isn't tied to a specific securities transaction.

Reg BI means meeting four key obligations: disclosure of fees and commissions along with relevant product characteristics including special or unusual features, before or while making recommendations; exercising due care throughout the process; disclosing any potential material conflicts of interest related to the recommendations; enforcing policies to address them and achieve overall compliance with Reg BI.

## Comply with Reg BI throughout the Sales Process

With a complete, modular solution, FIS® Compliance Suite (formerly Protegent) will enable firms to consistently meet Reg BI's disclosure, care, conflict of interest and compliance obligations at the pre-sale, point-of-sale and post-sale stages of the customer relationship.

Choose the components needed to make sure the proper account types, transactions and strategies recommended achieve compliance while delivering the right investment outcomes for the customer.

**Compliance Suite provides a comprehensive solution to help firms achieve Reg BI compliance with three, separately available modules:**

1. Pre-sale information gathering – build a profile of the customer to determine the most suitable financial product.
2. Point-of-sale comparison – compare recommendations side by side with other available products.
3. Post-sale oversight – ensure recommendations are carried out correctly and monitor the quantitative suitability of transactions for the customer, in aggregate and over time.

**"This action is long overdue; the fact that is overdue doesn't make it easier. Delay has made it more difficult."**

JAY CLAYTON, CHAIRMAN SEC  
AS QUOTED ON THINK ADVISOR

### Gather Information and Consider Suitability Pre-sale

To meet Reg BI's care obligations when opening an account, firms must determine which account type will best match the customer's requirements and characteristics as an investor, including their investment objective, time horizon, risk tolerance and experience.

With an online form for fast, easy collection of the data, Compliance Suite will help build an accurate profile of the customer to support the recommendation.

### Propose and Compare Options at Point of Sale

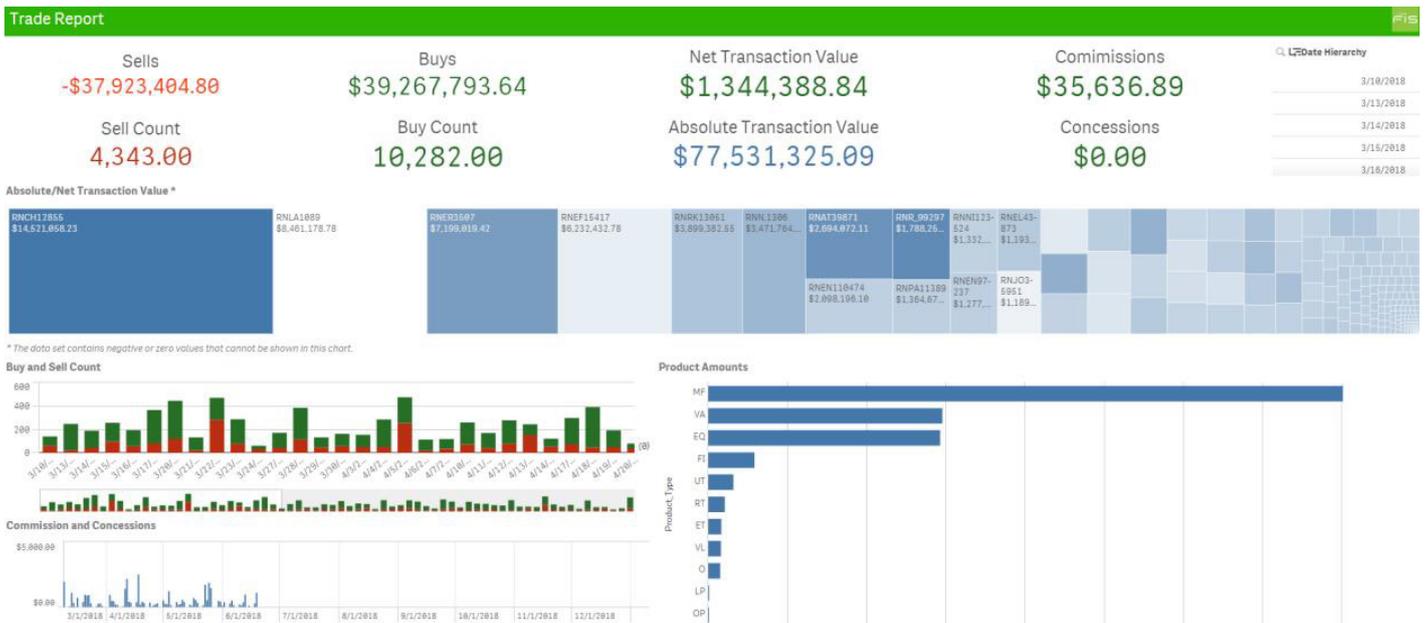
When an account, transaction or strategy is recommended, firms need to clearly demonstrate they are in the customer's best interest and financial incentives have not influenced any decisions. An important way to validate recommendations, provide full disclosure and address any conflict of interest is to show consideration of reasonably available alternatives.

As well as helping recommend securities and strategies based on the customer's profile, Compliance Suite will carry out a side-by-side comparison of appropriate products – and document the precise reasons for making a particular recommendation.

### Monitor Transactions Post-sale

Reg BI's compliance obligations don't end at the point of execution. Post-sale, firms must not only ensure the documented recommendations have been executed correctly, but also that the trade is still in line with the customer's overall needs and holdings.

For optimal post-sale oversight, Compliance Suite will look for any issues, such as suitability, excessive commissions and churning that appear to not be in line with the customers best interest. Critically, the solution also monitors quantitative suitability – assessing all transactions carried out for a customer over time and ensuring together, they remain in the customer's best interest. From end to end, a detailed audit trail will capture and document the details of your analysis and supervision.



## About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our employees are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.

 [www.fisglobal.com](http://www.fisglobal.com)

 [getinfo@fisglobal.com](mailto:getinfo@fisglobal.com)

 [twitter.com/fisglobal](https://twitter.com/fisglobal)

 [linkedin.com/company/fis](https://linkedin.com/company/fis)

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