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SEC: Text of proposed rules, including “best interest” regulation

The U.S. Securities and Exchange Commission (SEC) today released for publication in the Federal Register a package of proposed rules including one that would establish a standard of conduct for broker-dealers referred to as the “best interest” rule.

The purpose of this report is to provide text of the SEC proposed rules.

- The first proposed rule would require registered investment advisers and registered broker-dealers to provide a brief relationship summary to retail investors to inform them about the relationships and services the firm offers, the standard of conduct and the fees and costs associated with those services, specified conflicts of interest, and whether the firm and its financial professionals currently have reportable legal or disciplinary events. Retail investors would receive a relationship summary at the beginning of a relationship with a firm, and would receive updated information following a material change. Read text (515 pages) of this [proposed rule](#) [PDF 2.81 MB]
- The second proposed rule (the “best interest” rule) would establish a standard of conduct for broker-dealers and for natural persons who are associated persons of a broker-dealer when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer. Read text (407 pages) of this [proposed rule](#) [PDF 1.97 MB]
- The third is a proposed interpretation of the standard of conduct for investment advisers, and is a request for comments on licensing and continuing education requirements for personnel of SEC-registered investment advisers; delivery of account statements to clients with investment advisory accounts; and financial responsibility requirements for SEC-registered investment advisers, including fidelity bonds. Read text (39 pages) of this [proposed interpretation](#) [PDF 483 KB]

Comments on any of these SEC releases are due 90 days after publication in the Federal Register (scheduled for publication on May 9, 2018).

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