

Regulation Best Interest Client File Review Matrix

This guide will assist you on being compliant with Regulation Best Interest. Note, some of the items under “meets expectations” or “best practices” may be evidenced in documentation that is submitted to the Home Office (transactional documents). Those documents do not need to be in duplicate in the client file as they are accessible electronically.

	Did Not Meet Expectations	Meets Expectations	Best Practices
Disclosure Delivery	<ul style="list-style-type: none"> Emailed (only acceptable as a convenience copy, in addition to approved delivery method) Sent to client through OneDrive No evidence of delivery Delivered after recommendation 	<ul style="list-style-type: none"> Date of delivery indicated in RightBRIDGE Disclosures hand delivered, or sent through DocuSign, or physical mail, at the time of or before recommendation For transactions not requiring RightBRIDGE, document date of disclosure delivery in client file 	<ul style="list-style-type: none"> Proof of DocuSign (email/COC) Evidence of expedited services or certified mail
RightBRIDGE Report	<ul style="list-style-type: none"> Not in file or cannot be produced No evidence RightBRIDGE was created Created after recommendation Did not “download” report on Product Results page in RightBRIDGE Incomplete RightBRIDGE report Manipulation of recommendation result (e.g., red to yellow, yellow to green) 	<ul style="list-style-type: none"> Documented delivery of Form CRS on or before recommendation Copy of RightBRIDGE in client file dated on or before application sign date Documentation stating the color results of report, yellow or green result 	<ul style="list-style-type: none"> Saved in Advisor360 in a consistently named electronic record Use of additional documentation retained in the client file, such as the “yellow form” Consistent system/standard organization of RightBRIDGE output Having an assistant proficient/skilled in RightBRIDGE and Reg BI requirements

<p>Best Interest Rationale : Explain How the Sale is in the Client's Best Interest</p>	<ul style="list-style-type: none"> • No evidence • Notes are light and/or does not address best interest • Notes repeat standardized options from form • Canned and/or repeated responses • Red recommendations that did not follow exception process 	<p>Documented notes in client file of the following :</p> <ul style="list-style-type: none"> • Transaction/product recommendations are in the best interest • Discussed client's current needs and overall financial picture, and how this recommendation fits that need • Product(s) and rationale fit into the clients overall long term financial strategy • Detailed expectations • Included risk tolerance and time horizons • Included costs and fee considerations • Discussed "green" alternative products if "yellow" product recommended • Discussed income and liquidity needs • Ability to demonstrate what analysis was performed on the various options that were explored (e.g., notes of product comparison, sales tools reports, illustrations, Excel math, eMoney, wholesaler conversations, or sales manager/investment specialist conversations, etc.) • Documentation showing the red recommendations followed exception process 	<ul style="list-style-type: none"> • Well documented notes that have been shared and/or vetted with a customer or ASO • Financial Plan prepared (holistic review) • Use of additional documentation retained in the client file, such as the "yellow form" • The extent of any rationale should generally align with the risk and complexity of the recommendation • If recommending a yellow product category over any green, document the reasons including the advantage(s) the client is going to receive from moving into this product category • For the recommended product category, address any red explanatory text • If recommending a product category and the client already has assets invested in that same product category, document why a new product is a better option than contributing to the existing product or account including any advantage(s) the client will receive from moving into this product category/new product as opposed to using the existing vehicle • When submitting multiple transactions simultaneously, document all products and dollar amounts for which the client is investing in either on required submission forms or in the client file as applicable
<p>Reasonable Alternatives : Discussed at Least One Reasonable</p>	<ul style="list-style-type: none"> • Nothing discussed • No evidence topic was discussed 	<ul style="list-style-type: none"> • Detailed, documented notes • Discussed one reasonable product • Explained why alternative(s) did not meet client needs • Discussed different fee structures of alternatives 	<ul style="list-style-type: none"> • Well documented notes • Discussed multiple reasonable products • Detailed reason why one product was selected over another • Evidence/supporting documentation • Financial Plan prepared (holistic review)

Alternative Product		<ul style="list-style-type: none"> • Articulated complexity and client understanding of alternatives • Able to produce additional due diligence/analysis to support recommendation • Reasonable alternative documentation for brokerage account trades, for example; recommending Amazon over Google or one mutual fund over another 	
Subsequent Transactions	<ul style="list-style-type: none"> • Did not submit or complete TDF/CAT • Lack of notes or supporting documentation • For recommended, employer sponsor rollovers, did not complete/perform RightBRIDGE 	<ul style="list-style-type: none"> • RightBRIDGE for employer sponsored rollovers • TDF/CAT <ul style="list-style-type: none"> ○ Completed in entirety ○ Detailed documentation of the recommendation or alternative product considered, ○ Prior to or at recommendation ○ Submitted for Registered Principal review ○ With check • Detailed documentation of the recommendation and alternative product considered • Recent statement (if applicable), no older than 6 months and includes the client's full name, account number, and holdings (funding source) • Annuities <ul style="list-style-type: none"> ○ Provide VA Addendum for employer sponsored rollovers ○ Recent statement (receiving source) • Brokerage accounts: document reasonable alternatives for recommended transactions, as an example; recommending Amazon over Google or one mutual fund over another 	<ul style="list-style-type: none"> • Preformed RightBRIDGE for transactions, when not required • Completed TDF/CAT in entirety, when not required, along with check • Well documented recommendations and multiple alternative products considered