



What You Need to Know About the SEC's New Form CRS

On June 30, 2020, the Securities and Exchange Commission's ("SEC") new "relationship summary," known as Form CRS, took effect. Form CRS — which broker-dealers and SEC-registered investment advisers ("RIA") are required to provide to their retail investors — is designed to provide retail investors with the tools to better understand and navigate their relationships with financial professionals and make informed choices about the type of relationship for their needs and circumstances. Below are the basics that retail investors need to know about this relationship summary. Unless otherwise indicated, there is no action required by retail investors, and there will be no changes to retail investment accounts as a result of Form CRS.

What is Form CRS?

Form CRS contains important information about broker-dealers and RIA firms, including disclosures about key information that can help retail investors decide if a firm is right for them. Form CRS will be delivered to retail investors as required under the SEC's previously adopted Regulation Best Interest, which includes requirements that broker-dealers and RIAs must act in the client's best interest and not put their interest ahead of a client's when providing account recommendations. Form CRS is designed to disclose and reduce confusion regarding the firm's offered investment services, fees, conflicts of interest and standards of conduct. It also provides retail investors with a plain-English, standardized, concise and direct way to compare information about different firms.

Form CRS is designed to provide retail investors with information about:

- whether the firm is registered with the SEC as a broker-dealer, investment adviser, or both;
- the type of relationship and services offered;
- the fees, costs, conflicts of interest and standard of conduct associated with those services;
- whether the firm and its investment professionals have reportable legal or disciplinary history; and
- where the retail investor can find more information about the firm.

Form CRS also includes SEC-specific language that it calls "conversation starters" to help clients and prospective clients pose questions to their broker or adviser. In addition, the form will provide a link to the SEC's Form CRS webpage that has information specifically tailored to educate retail investors about different types of investment professionals and what they can offer.

When Will I Receive Form CRS?

Those who are currently working with a broker-dealer or a RIA, should receive a relationship summary by July 30, 2020.

For those considering engaging a new broker dealer or RIA, there are separate requirements for the two types of investment professionals. A broker-dealer must provide Form CRS before or at the earliest of:

- a recommendation of account type, security or investment strategy;
- placing an order for the retail investor; or
- opening a brokerage account.

RIAs must provide the relationship summary to each new or prospective client who is a retail investor before or at the time of entering into an advisory agreement.


There are also ongoing requirements for firms to deliver Form CRS at various times, for example, if they recommend rolling over assets from a retirement account into a new or existing account or investment. Firms also have an obligation to update Form CRS within 30 days after it becomes materially inaccurate.


How Will I Receive Form CRS?

By July 30, 2020, you can expect to receive Form CRS in paper or electronic form, depending on how you have chosen to receive disclosures from your firm. Broker-dealers and RIAs that maintain a website are also required to post the most up-to-date version of Form CRS on their website.

You can also find additional information about investment professionals and their firms on the SEC’s [Investment Adviser Public Disclosure](#) and [Investor.gov](#) websites, as well as on FINRA’s BrokerCheck.


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