

Are You Prepared for Reg BI?

What is Reg BI? How will it affect your firm? And what can you do to get ready?

NICE Actimize has the answers you need to prepare for Regulation Best Interest.



What Is Reg BI?

The biggest change to suitability regulations in 20 years, Regulation Best Interest ("Regulation BI" or "Reg BI") fundamentally alters the investor protection process. Scheduled to take full effect on June 30, 2020, Reg BI imposes four key obligations on broker-dealers to ensure broker-dealers act in the "best interest" of their retail customers:

- 1 A disclosure obligation
- 2 A care obligation
- 3 A conflict of interest obligation
- 4 A compliance obligation

This includes providing timely disclosures to retail clients, exercising diligence (care) in making investment recommendations in line with each client's best interest, and maintaining and enforcing compliance procedures.

What Will Reg BI Affect?

Reg BI's impact is far reaching. It will affect:

- The entire broker-dealer industry in the United States
- Approximately **4,000 firms**
- Over **150 thousand** OTC Equities transactions every day
- A combined OTC Equities volume of over **\$1 billion dollars**
- Approximately **11.68 billion** shares daily





How Can You Prepare?




NICE Actimize's Reg BI Surveillance solution was designed to help you manage your Reg BI compliance obligations. Reg BI Surveillance leverages NICE Actimize's sales practices and suitability, communications surveillance and case management capabilities to provide a single turnkey solution to help your firm automate key Reg BI compliance processes.

The NICE Actimize Reg BI Surveillance Solution in Action

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Broker-dealers interact with various clients, resulting in over 150,000 OTC equities transactions every day
- 1 The NICE Actimize Reg BI Surveillance solution surveils 100% of all broker-dealer conversations utilizing Natural Language Processing and AI, automatically identifying recommendation and disclosure communications.
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Broker-dealer sends the client required disclosure obligation or concurrently
- 2 Broker-dealer recommendations can be automatically identified (across all types of communication modalities including voice, email, chat and more) and analyzed with communication models that search for aggression, confusion and hesitation when discussing products.
- 3 The Reg BI Solution creates an alert on any recommendation (conversation) where the broker-dealer appears to be acting aggressive or pushy.
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The transaction is executed for the client
- 4 Reg BI Surveillance efficiently and accurately reviews transactions, using a large variety of out-of-the-box models focused on client investment profiles and associated risks, rewards and costs.
- 5 Alerts are created when prohibited sales practices or recommendations that are not in the best interest of the client are detected.

 **All data and alerts flow into the ActOne Case Manager**

- 6 Alerts are automatically enriched with associated transaction data, disclosures and recommendation conversations to provide a complete understanding of what happened.
- 7 Using case management tools, compliance analysts can also efficiently manage the investigation process and take appropriate actions for high risk activities.



Reg BI is just around the corner. Count on NICE Actimize to help you get ready.

Download our Regulation Best Interest eBook and access our Resource Center for up-to-date tools and information on everything Reg BI.

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