



# Plotting the Course:

August 2019

## Regulation Best Interest: Fiduciary Soup?

By MaryLynne Hixenbaugh

The fiduciary space is now more crowded than ever with several states and the CFP® Board cooking up their own recipes for tackling best interest. So, what is the soup du jour?

**New York's Insurance Regulation 187** that was issued in July of 2018 establishes a uniform standard of care for agents and brokers that require them to act in the best interest of consumers when making a recommendation with respect to a proposed or existing annuity or life insurance policy. The annuity portion took effect August 1 and the life insurance standard takes effect February 1 of 2020. The best interest rule was recently challenged in the state of New York, but the New York State Supreme court upheld the rule.

### SEC's Regulation Best Interest

We, like so many in the industry, are continuing to unbundle the SEC's Regulation Best Interest Package—it goes into effect on June 30, 2020.

**Certified Financial Planners®** Board's new ethics code and standard of conduct requires all CFP®'s regardless of how they are regulated to adhere to a fiduciary standard at all times. This goes into effect October 1, 2019. To remain in good standing with the CFP® Board and to continue to hold out to the public your CFP® designation, you are

responsible for compliance with the CFP® standards. Note that the Board does not have regulatory authority.

**Several states** are deciding whether to impose their own fiduciary duty on advisors doing business within their borders: Nevada, New Jersey and Massachusetts.

And, don't forget the **Labor Department**—they also have a spoon in the soup. They have been working on a revised fiduciary rule, since its initial version was struck down in a 2018 court challenge. The revision may be released later this year.

Like any good soup, it will take some time for all the ingredients to simmer together before it is ready to be served. We will keep you posted.

from recommending any leveraged ETFs or ETNs without approval from the home office.

(For more information, please consult Trustmont's WSPs Section 30, and FINRA Regulatory Notice 09-31).



**Senior Financial Exploitation** is an area of focus that FINRA highlighted in its 2019 annual examination priorities letter. Realizing that senior financial abuse continues to be an escalating problem, FINRA is looking at a broker-dealer's ability to identify financial exploitation of seniors with the concern being that registered representatives could abuse their role.

As a reminder, Trustmont does not permit an associated person to have any type of beneficiary relationship with a non-family customer's account, unless approval is first given by a Principal of the Firm. This also includes to act as an executor, trustee, co-trustee, or to hold a power of attorney. If you become aware that a customer wishes to designate you as beneficiary to an account and/or assets held both at Trustmont and away from the Firm, you are required to get approval first.

If you have any questions, as always, please call the compliance department.

## Regulatory Items



**Leveraged and Inverse Exchange Traded Funds and Exchange Traded Notes** are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis and should only be used by sophisticated investors who fully understand the terms, investment strategy and risks associated with the funds. These investments are unsuitable for retail investors who have a buy and hold strategy. Representatives are prohibited



**Welcome**  
Glad you're here!

### New Registered Representatives

Frank Sapareto  
Garnett Meador  
George McElroy  
John Craft  
Josh Frankel  
Daniel Daly

## COMPLIANCE



### Office Requirements:

As a registered representative of Trustmont you are required to have disclosures on all correspondence with the public. This includes e-mail, stationary, fax coversheet, voicemail, etc. All disclosures can be found on the Trustmont website or by following this link: <https://trustmontgroup.com/office-requirements>.

### Secure Email:

As a reminder you are required to send all personal/private information for your clients through a secure portal. This includes emails sent not only to clients but also to Trustmont, custodian companies and within your office. We do conduct routine email reviews and will notify you if we find that you are not complying. It is also good practice to remind clients that they should not e-mail you their personal information unsecure either. To learn more about how to send secure emails please reach out to Lacey Dochinez ([lmd@trustmontgroup.com](mailto:lmd@trustmontgroup.com)) for assistance.

### Personal Accounts

According to FINRA/SEC Rules we are required to review and have on file quarterly statements and confirms for all advisors and registered

representative's personal and/or household accounts.

Also, you must receive approval from Trustmont prior to opening any new personal outside brokerage account. To request approval for a new outside brokerage account, please complete the Outside Personal Brokerage Account request form on the website under Compliance Requirements or by following this link:

<https://trustmontgroup.com/request-for-outside-account>.

Once the request form is submitted, you will receive a confirmation email for your records. If there are any additional questions we will reach out to you, otherwise you will receive an email with approval or reason for decline.

For all outside brokerage accounts subject to the rule not transferred in-house, there will be a \$25/quarter fee per account.

### Personal Securities Transactions:

Pre-approval is required before a personal securities transaction subject to SEC Rule 204A can be placed. Anyone wishing to seek approval for a trade must do so using the Trustmont pre-clearance form. This form is located on the website under Compliance Requirements Potentially Required Forms and also by following this link: <https://trustmontgroup.com/potentially-required-forms> (Trade Approval).

Requests for approval should be sent to [compliance@trustmontgroup.com](mailto:compliance@trustmontgroup.com) or faxed to 724-420-5665. This applies to all securities with the following exceptions:

1. Transactions and holdings in direct obligations of the US Government
2. Money market instruments (banker's acceptances, bank certificates of deposit, commercial paper, re-purchase agreements and other high quality short-term debt instruments).
3. Shares of money markets
4. Transactions and holdings in shares of other types of mutual funds

5. Transactions in units of unit investment trust if the UIT is invested exclusively in unaffiliated mutual funds.

### Required Logs:

Logs are due by the 15th of the month for the month prior. To access the electronic submission form, please visit the Trustmont website the Compliance Requirements or follow the links listed below.

The following are required to be submitted on a monthly basis:

*Correspondence (incoming and outgoing):*  
<https://trustmontgroup.com/correspondence-report>

*Check:*

<https://trustmontgroup.com/check-register> (needs completed for every check that enters your office, you can enter checks as they come in or enter them all at once at the end of the month. Please remember Trustmont needs a copy of all checks and you need to keep a copy of the check and the "submission receipt" in either the client file or a file for all checks.)

The following are required to be submitted on a quarterly basis:

*Gift/Gratuity:*

<https://trustmontgroup.com/gift-gratuity-log> (any gifts you give or receive need to be submitted on this log)



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\*Offering Whole Life and Long Term Care Hybrid Products\*

Trustmont National Account Contact:

Rich Olszewski  
412-562-4441  
[rolszewski@financialguide.com](mailto:rolszewski@financialguide.com)

# NEWS AND ANNOUNCEMENTS




Anti-Money Laundering needs to be completed by September 1, 2019



### Upcoming Webinars

October 10<sup>th</sup>  
 November 14<sup>th</sup>  
 December 12<sup>th</sup>



Annual Conference  
 September 16<sup>th</sup>  
 at Omni Bedford Springs  
 Bedford, PA  
 \*last day to register 8/15  
 \*last day to book room at our rate 8/16



Wish a Happy Belated Birthday to  
*Tony Hladek (August 2)*

Upcoming Birthday wishes to  
*Megan Buzzelli (August 16)*  
*Amanda Filipowski (October 20)*  
*Audrey Zias (October 20)*  
*Alicia Walker (November 22)*  
*Pete Dochinez (November 30)*  
*MaryLynne Hixenbaugh (December 8)*



Check & Correspondence logs  
 for July due 8/15/2019