



The standard in regulatory compliance

Form CRS by CSS: Frequently Asked Questions

1. Who needs to file Form CRS?

Every broker-dealer and investment adviser registered with the U.S. Securities and Exchange Commission is required to deliver to retail investors a relationship summary (Form CRS a/k/a Form ADV Part 3) disclosing summary information about the firm. If you do not have any retail investors, you are not required to prepare or file one.

2. Who is a retail investor?

A "retail investor" is a "natural person, or the legal representative of such natural person, who seeks to receive or receives services primarily for personal, family or household purposes." High net worth individuals are retail investors. The definition does not distinguish based on net worth. Hedge funds, private equity funds and venture capital funds do not meet the definition of "retail investor".

3. When is the filing date?

Investment advisers' initial relationship summaries can be filed on or after May 1, 2020 and by no later than June 30, 2020 on IARD either as: (1) an other-than-annual amendment or (2) part of your initial application or annual updating amendment. Broker-dealers can file Form CRS on CRD beginning May 1, 2020 and also must file no later than June 30, 2020.

4. Is there an SEC or FINRA filing fee?

There is no regulatory fee for filing Form CRS.

5. Do I need to make ongoing filings and deliver changes to retail investors?

You must update your relationship summary and file it in accordance with Form CRS Instruction 7.A. within 30 days whenever any information in the relationship summary becomes materially inaccurate. The filing must include an exhibit highlighting changes required by Instruction 8.C.

You must communicate any changes in the updated relationship summary to retail investors who are existing clients or customers within 60 days after the updates are required to be made and without charge. You can make the communication by delivering the amended relationship summary or by communicating the information through another disclosure that is delivered to the retail investor. Each amended relationship summary that is delivered to a retail investor who is an existing client or customer must highlight the most recent changes by, for example, marking the revised text or including a summary of material changes. The additional disclosure showing revised text or summarizing the material changes must be attached as an exhibit to the unmarked amended relationship summary.

You must deliver the most recent relationship summary to a retail investor who is an existing client or customer before or at the time you: (i) open a new account that is different from the retail investor's existing account(s); (ii) recommend that the retail investor roll over assets from a retirement account into a new or existing account or investment; or (iii) recommend or provide a new brokerage or investment advisory service or investment that does not necessarily involve the opening of a new account and would not be held in an existing account, for example, the first-time purchase of a direct-sold mutual fund or insurance product that is a security through a "check and application" process (i.e., not held directly within an account). You also must deliver the relationship summary to a retail investor within 30 days upon the retail investor's request.

6. How much is the Form CRS Automator tool and how do I purchase it?

Pre-Release pricing: \$1,395

Q1 2020 pricing: \$1,895

Q2 2020 pricing: TBD

Enterprise Pricing Available for firms with multiple affiliates. Email: FormCRS@cssregtech.com

7. Is there a renewal fee?

Yes. This annual Form CRS Automator user license renews automatically unless cancelled within 30 days of the end of the annual license term.

8. What are the key characteristics and benefits of the software?

The Form CRS Automator takes the stress out of drafting Form CRS at your firm. Model language based on our decades of compliance services experience is embedded that meets all Form CRS instruction requirements. The language you receive is tailored precisely to your business. The Form CRS Automator provides you with answers in Form CRS vernacular based on questions you have already answered in a public format. We have uniquely mapped Form CRS requirements to existing information you have already filed to create for you a regulatory document that fulfills the requirements and contributes to the objectives of the SEC's Form CRS adoption.

The Form CRS Automator maps directly to your Form ADV Part 1, or Form BD, to produce the correct descriptions applicable to your business.

9. Is the Form CRS Automator secure?

Yes, the Form CRS Automator is secure for its function. The Form CRS Automator is not designed to store or maintain any sensitive, or personal, non-public information. The Form CRS Automator will include only the content necessary to create a relationship summary as mandated by SEC rules passed June 5, 2019. The Form CRS Automator produces a document designed for public consumption. The Form CRS Automator is built with reasonable security measures to protect the confidential nature of draft Form CRS documents by registered broker-dealers and investment advisers.

10. What software configuration do I need to use the Form CRS Automator tool?

All you need is an internet connection and browser. After completing Form CRS in the Form CRS Automator, you will export it into Microsoft Word for final configuration on your end. Final configuration may include adding a company logo or adjusting design features, for example.

11. Can I make multiple drafts of Form CRS?

Beginning in early February, you can save your edits in the tool. Once you export the Form CRS to Word you will need to save future edits within Word. An Archive in Form CRS Automator is in development and will be available soon after the product's release. It will maintain your most current version and access future changes to Form CRS instructions and model template language.

12. I have other affiliates who are registered with the SEC as investment advisers or broker-dealers. Can I use this software for all of the firms?

Yes, you may use Form CRS for all of your affiliates, by ordering online and paying the fee for each firm's CRD number.

13. Do I need to give new clients or prospective clients a copy of Form CRS?

Yes. You must begin to deliver your relationship summary to new and prospective clients and customers who are retail investors as of the date you are first required to file (June 30, 2020).

14. When is Form CRS delivery due to existing clients and customers?

You must deliver Form CRS to each of your existing clients and customers who are retail clients within 30 days after June 30, 2020 (the date you are first required to electronically file your relationship summary with the SEC or CRD).

Additional Form CRS questions?
Contact us at: FormCRS@cssregtech.com

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CSS uniquely brings together innovative technology-driven solutions to support financial services firms in navigating a clear and strategic path through the complex and overlapping regulatory requirements they face globally. Our services cover a full range of compliance disciplines spanning regulatory reporting, regulatory data management and distribution, post-trade monitoring and analytics, and compliance management and best practice.

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