



Federal Legislative & Regulatory Report

March 2019

Inside this issue

House subcommittee holds hearing on Reg BI.....	Page 1
House Small Business Committee holds hearing on retirement security.....	Page 1
House committee passes SEC disclosure testing bill.....	Page 2
References and source material used in this publication.....	Page 3

House subcommittee holds hearing on Reg BI

On March 14, House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets held a hearing to examine the SEC’s proposed Regulation Best Interest ([Reg BI](#)). The hearing, titled “Putting Investors First? [Examining the SEC’s Best Interest Rule](#)”, followed expected lines of questioning.

- Democrats criticized the rule as ambiguous, a step back from DOL fiduciary, and in need of significant improvement.
- Republicans defended the rule as striking an appropriate balance between increasing the BD standard of care while maintaining access to investment advice for lower income investors.

Despite these disagreements even Democrats, including Chairwoman Carolyn Maloney (D-NY), acknowledged the rule as an improvement over the current standard. Surprisingly, all witnesses other than former SEC Chairman Harvey Pitts believed that Reg BI is potentially weaker than current rules and potentially undermines current common law protections.

House Small Business Committee holds hearing on retirement security

On March 27, the House Committee on Small Business held a hearing titled “[Unlocking Small Business Retirement Security](#).” The hearing explored the challenges that lead many small business owners to forgo offering a retirement plan and examined the options for small employers, the benefits and barriers they face in offering plans, and options for expanding coverage. There was bipartisan support expressed for the Retirement Enhancement and Savings Act ([RESA](#)) and some of its component parts, like open MEPs. RESA is expected to be considered by the Ways and Means Committee in early April.

House committee passes SEC disclosure testing bill

On March 28, the Financial Services Committee marked up and passed [H.R. 1815](#), the SEC Disclosure Effectiveness Testing Act. Introduced by Rep. Sean Casten (D-IL) in response to questions about the efficacy of the SEC's proposed Form CRS, the bill would require the SEC to conduct usability testing of any new disclosure intended for retail investors.

The Act would also require the SEC to review and test the usability of its existing disclosures for retail investors, such as mutual fund disclosures. Such reviews and tests would be required prior to the SEC adopting a final rulemaking, meaning the bill would delay the implementation of Reg BI if enacted prior to finalization.

Enactment remains unlikely as the bill must still be considered by the full House of Representatives and there is little appetite to consider the proposal in the Senate.

[\(Back to the Table of Contents\)](#)

References and source material used in this publication

Page 1

Text of SEC proposed Regulation Best Interest rule

<https://www.sec.gov/rules/proposed/2018/34-83062.pdf>

House Financial Services Subcommittee on Investor Protection, Entrepreneurship and Capital Markets Hearing: Putting Investors First? Examining the SEC's Best Interest Rule

<https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=402388>

House Committee on Small Business Hearing: Unlocking Small Business Retirement Security

<https://smallbusiness.house.gov/calendar/eventsingle.aspx?EventID=478>

Summary and Text of S.321, Retirement Security Act of 2019

<https://www.congress.gov/116/bills/s321/BILLS-116s321is.pdf>

Page 2

SEC Disclosure Effectiveness Testing Act

<https://www.congress.gov/116/bills/hr1815/BILLS-116hr1815ih.pdf>

[\(Back to the Table of Contents\)](#)

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants in the Employer page of our plan website, NRSforu.com. In addition, we report guidance on legislative and regulatory activity relevant to government sector plans through:

- *Federal Legislative and Regulatory Report* – distributed monthly and posted in the Plan Sponsor section of NRSforu.com; it's available online and for download
- *Plan Sponsor Alerts* – published as needed to announce breaking news
- *Governmental 457(b) Guidebook*

About this report

BOB BEASLEY, CRC, Communications Consultant, edits this report. Beasley brings more than 30 years of financial services communications experience to your plan. He has contributed to past editions of the *457(b) Governmental Guidebook*, edits countless newsletters and plan sponsor communications, and in 2001 authored “What you should know about the Economic Growth and Tax Relief Reconciliation Act of 2001.” He often voices Nationwide’s online presentations and telephone greetings.

Beasley has served on the Education and Communication Committee for the Plan Sponsor Council of America and as a member of the National Association of Government Defined Contribution Administrators.

Nationwide, the Nationwide N and Eagle, and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company.
© 2019 Nationwide
NRM-17307AO (05/19)

