Section 1: Suitability and Best Interest Standards

1.1. Core Principle

All registered representatives must have a reasonable basis for believing that any recommended transaction or investment strategy is suitable for the customer. For retail customers, this standard is elevated to the "best interest" standard under Regulation Best Interest (Reg BI).

1.2. Customer-Specific Suitability

To meet suitability obligations, a firm must collect a customer's investment profile. This profile includes, but is not limited to, the following factors:

- Age
- Investment objectives
- Investment experience
- Financial situation and needs
- Tax status
- Investment time horizon
- Liquidity needs
- Risk tolerance

1.3. Quantitative Suitability

A series of transactions, even if each individual one is suitable, must not be excessive in light of the customer's investment profile. Firms must monitor trading patterns to prevent "account churning".

1.4. Regulation Best Interest (Reg BI)

For retail customers, Reg BI imposes four key obligations:

- **Disclosure**: Disclose all material fees, costs, and conflicts of interest.
- **Care**: Exercise reasonable diligence to understand the product and the customer.
- **Conflict of Interest**: Identify and mitigate conflicts that could put the firm's interests ahead of the customer's.
- **Compliance**: Establish and enforce written policies to achieve compliance.

Section 2: Disclosure Requirements

2.1. Material Information

All communications with clients, including marketing and promotional materials, must be candid, truthful, and not misleading. Key risks, rewards, and associated fees must be clearly communicated to the customer.

2.2. Product-Specific Disclosures

For products with specific or complex risks, the firm must provide additional disclosures outlining those risks. This includes, but is not limited to, geopolitical risk, credit risk, and volatility risk, as applicable.

Section 3: Cross-Border Sales and Jurisdictional Rules

3.1. General Principle

Sales of financial products are subject to the regulatory laws of the jurisdiction where the sale occurs. Firms must ensure a product is approved for sale in the customer's country of residence.

3.2. Approved for All Markets
A product with the designation "Approved for all markets" can be sold in any jurisdiction, provided the firm follows all local customer-specific suitability and disclosure obligations.
3.3. Approved for Specific Markets
A product with country-specific approval (e.g., "Approved for US markets only") can only be sold to customers residing in that specific jurisdiction.
3.4. Extra-Jurisdictional Scrutiny
Sales of products outside the customer's home jurisdiction may receive increased regulatory scrutiny. Due diligence must be exercised to ensure all relevant regulations are followed.