I have read your revised proposal and , once again, I am left dumbfounded at the amount of time, energy and resources obviously deployed on behalf of this proposal. While the generic premise behind FINRA and its proposals captures ideals that provide some balance to the industry, this proposal feels like another FINRA “rabbit hole” fueled by scale players like Morgan Stanley and Merrill Lynch to help keep their own business models intact. As a veteran of the industry in many capacities, I have observed , supervised and been a personal target of some of the most ridiculous outdated media policies and generic rules all promulgated by FINRA’s attempts to remain relevant. In most cases, enforcement of these rules is both disjointed and subjectively enforced by the larger firms , depending on their relationship with the employee affected. Rarely , with new proposals I see enacted , can I connect the dot between client advocacy and the rules. This proposal smacks of just that.

Some thoughts:

(1) If this is truly a client disclosure piece, please consider mentioning that while financial incentives are offered, often the advisor leaves behind deferred compensation or even unamortized EFL’s in order to make the change, **often times on behalf of the client exclusively! I have witnessed many FA transitions in the past few years wherein the losing firm retaliates so strongly that financial incentive is nothing more than an attempt to recover lost compensation.**

(2) Disclosure should contain language that mentions “hollow" incentives offered by the losing firm as well. Clients are often enticed with “ come on” incentives to retain the relationships once an advisor has departed. Often those incentives are short term fee adjustments, commission discounts , etc..

(3) Disclosure should also mention that while their relationship is centric to the departing advisor, their new relationship may be with an advisor that does not have their history, suitability or complete financial profit and loss information. The departing advisor often embodies rule 405.

(4) There should be language that adequately explains that client advocacy may have been the rationale for the firm move. Assuming that these moves are purely for financial gain to the advisor is unfair and again, smacks of lobbying by the scale players like MS and ML.

It should be noted that I greatly respect your organization for most of its work. That said, as a multi year advisor and supervisor with two major firms and their predecessors, I personally believe FA free agency is both healthy and necessary for true client advocacy. Creating a potentially intimidating disclosure upon an advisor transition is a slippery slope , and ironically, could prevent many advisors from transitioning on behalf of clients! Finally, while I often witnessed questions about fees and commissions over my many decades in the industry , I never once had a client ask about an advisor’s paycheck compensation or any incentives received by the transitioning advisor. That in itself is why I think this is just another “ rabbit hole” initiative by FINRA that should be scrapped altogether.

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