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Broker Protocol FAQ: Who's out, who's next and what advisors may lose, *Financial Planning, ft. Nancy Hendrickson*

Nancy L. Henrickson, partner in Kaufman Dolowich & Voluck's Chicago office, was quoted in an article written by Andrew Welsch for Financial Planning.

With Morgan Stanley and UBS out of the Broker Protocol, questions are swirling around the future of the accord and its impact on recruiting. Are advisor moves finished? Will breakaways be snuffed out? Should FINRA get involved? On Wall Street reached out to top industry insiders and experts to find out what's at stake for advisors.

WHAT IS THE BROKER PROTOCOL?
It's an industry trade agreement created in 2004 by Merrill Lynch, Smith Barney and UBS, that permits brokers from taking basic client contact information with them when they switch firms. The protocol reduced unnecessary litigation between firms, which used to sue each other to block brokers from taking clients (and their assets) when switching employers.

Approximately 1,700 firms have become signatories. SIFMA, the industry trade group, used to maintain a list of protocol firms, but it transferred responsibilities for this to law firm Bressler, Amery & Ross in 2015. Bressler sends out a weekly update on who has joined and exited the accord.

"I think advisors want to know that if they move to a firm that they are not chained to it for life. They want to know that should they later choose to leave a firm that they can do so amicably," says attorney Nancy Hendrickson, a securities litigation partner at law firm Kaufman Dolowich & Voluck.

Meanwhile, calls are mounting for regulators to get involved.

"I don't think the protocol was enacted with the clients foremost in mind, but it probably served them more than anyone when compared to the previous regime," says Hendrickson, the attorney.

If the protocol collapses, then it will leave a void and many unanswered questions, she says. "Someone should step in, and the logical actor would be the SEC or FINRA."

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