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**Jesse D. Hill**  
Principal

**Edward Jones**

July 14, 2015

FINRA

Attn: Marcia E. Asquith, Office of the Corporate Secretary  
1735 K Street, NW  
Washington, DC 20006-1506



*Re: FINRA Regulatory Notice 15-19 – Recruitment Practices*

Dear Ms. Asquith:

Edward Jones appreciates the opportunity to submit additional comments on FINRA's proposed Rule 2272 to enhance disclosure to investors about the potential implications of transferring assets when a registered representative moves to a new firm. As stated in our previous letter to FINRA dated April 17, 2014 Edward Jones supports the objectives of the proposed rule and agrees it is important for investors to have the information sufficient to allow them to make fully informed decisions about whether to transfer their account to a registered representative's new firm.

Edward Jones is one of the largest financial services firms in the United States, serving the needs of over seven million U.S. investors through personalized service provided by over 13,500 financial advisors. We focus on serving the needs of the long-term individual investor by promoting an investment philosophy that emphasizes quality and diversification.

We provide the following comments for your consideration.

**The Proposed Rule should neither favor nor promote the Protocol for Broker Recruiting**

Edward Jones, like many other financial services firms, is not a member of the Protocol for Broker Recruiting. The Protocol for Broker Recruiting was initially established to create a common understanding among the signatories not to sue each other (or their advisors) as long as certain procedures and conditions were followed. The Protocol permits financial professionals to retain a client list with basic contact information and solicit clients without fear of litigation and despite any terms to the contrary in their employment agreement. As a non-protocol firm, we do not permit registered representatives to take client information when they depart for a new firm.

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When a financial advisor leaves Edward Jones to join another financial services provider, our practice has been to send a written notification to the former clients of the departing financial advisor, providing the contact information of the financial advisor at his or her new firm informing them of how Edward Jones will continue to service their account if they stay with the firm. We also at that time provide those clients with an educational communication from the NYSE titled "If Your Broker Changes Firms, What Do You Do?", which is very similar to the document FINRA is proposing in Attachment B of Regulatory Notice 15-19, for our client's review and consideration.

While we have been advised orally by FINRA staff that proposed Rule 2272 does not require Edward Jones to share client information with the former representative or his or her recruiting firm, we respectfully request that FINRA confirm this understanding in the final rule, and to clarify that the rule does not create a presumption in favor of those practices. We believe sharing the client's information with another broker-dealer without the client's permission is a violation of their privacy rights. We believe such clarification is of importance, as arbitrators and other decision makers in litigation will likely look to this rule, at least in part, in actions involving financial advisors changing brokerage firms.

Edward Jones is also concerned that departing representatives could attempt to utilize the proposed rule to excuse themselves from complying with privacy obligations, as well as post-employment or post-registration contractual obligations to their former firms. Typically, transitioning representatives have obligations to maintain the privacy of client information, obligations not to misappropriate trade secrets, and obligations to refrain from soliciting clients. While we believe nothing in the proposed rule, as drafted, would excuse compliance with those obligations; proposed Rule 2272(a) is triggered when the member or associated person "attempts to induce the former customer of that registered person to transfer assets . . .," and proposed Rule 2272(b) discusses the means and timing of delivery of communications to be made when the registered person or member "attempts to induce the former customer to transfer assets to the member." To avoid any confusion, we recommend the addition of supplementary material clarifying that nothing in the rule excuses compliance with applicable privacy, trade secret, or contractual obligations.

### Delivery of Disclosure

We appreciate FINRA's recommendation to shorten from ten days to three days the time period for delivery of the disclosure document following oral contact by the recruiting firm or representative. However, we continue to believe the disclosure of recruitment compensation should be provided in writing at the time of the first individualized contact with a former client. Given the significance of the decision

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whether or not to follow the registered representative to a new firm and the important questions to be raised, we believe oral disclosure is inadequate. Further, we believe requiring written disclosure within 3 days is too late as many investors will make a determination about the transfer of their account prior to receiving the written notification.

### Conclusion

Edward Jones appreciates the opportunity to provide comments on this rule proposal. We recognize the importance of providing timely, meaningful disclosure to investors so they can make informed decisions about whether to transfer an account to a registered representative's new firm. If you have any questions regarding the comments contained in this letter please contact me at 314-515-9711.

Sincerely,



Jesse Hill  
Principal - Government and Regulatory Relations