

The proposed retail customer notification requirements underlying RN 15-19 may make sense for customers of traditional brokerage firms where recruiting bonuses are commonplace, conflicts of interest abound and firms consider their customers as belonging to the firm. In firms such as these, customers are immediately reassigned to another broker upon a broker's departure for another firm. The firm has great incentive to retain its customers and your proposed communication will give pause to a departing broker's customers to rethink their personal decision as to whether or not to transfer to the new firm. In instances such as these, it may make sense for firms to provide FINRA's proposed communication to affected customers inasmuch as these customers have considerable optionality.

In many independent contractor firms, however, that is simply not the case.

In firms such as ours, firms that employ a financial planning model, customers are not treated as belonging to the firm nor are we subject to the same conflicts of interest associated with large firms that pay recruiting bonuses, manufacture proprietary products, supply leads, provide branding power or advertising support. While our customers are technically customers of the firm from a regulatory standpoint, their relationship is, first and foremost, with the representative/advisor and that relationship is both respected and encouraged. Customers are initially obtained solely through the individual efforts of representatives/advisors. The ensuing relationship is developed and cultivated exclusively by the representative/advisor. Customers are then introduced to the firm by the representative/advisor as business warrants. Quite obviously, there is no "ownership" of customers by the firm in a business model of this nature.

When a representative leaves our firm, not only do we not stand in the way of customer accounts transferring to the departed representative's new firm, we openly encourage and support account transfers as soon as possible. As such, our firm does not provide the customer with the optionality that is typically associated with a more traditional brokerage firm nor is the firm in a position to.

Required delivery of your proposed customer communication could be viewed as interfering with that important advisor/customer relationship and attempting to sabotage it.

Moreover, our registered representative agreement specifically addresses the subject of the firm's willingness to cooperate with the registered representative and his/her new broker-dealer in the orderly transfer of a resigning representative's customer accounts to his/her new firm.

While I suppose I can see some rationale for the proposal set forth in RN 15-19, it is a one-size-fits-all solution that simply is inapplicable to many, many firms.

At a minimum, I think this proposal should be modified to contain carve-out provisions for firms that don't fall within the real purview of and underlying rationale for this proposed rule.