

Transitioning To an Independent Broker-Dealer: Key Considerations

Cover Your Legal Bases

Make sure you meet your obligations to your clients, former employer, new broker-dealer, and the regulators.

- Speak with legal counsel to review employment agreements, restrictive covenants, and receive guidance on the overall transition process
- Central Registration Depository (CRD)
- Review the “Protocol” to ensure you know stay within the guidelines as it relates to clients, records, etc.
- Learn how the automated customer account process (ACAT) process works and fill out ACAT forms
- Submit licensing file for compliance review

Communicate, Communicate, Communicate

Take charge of communications. If you’re the one to initiate the conversation, you can control the message.

- Start the resignation process by informing management; don’t let a nasty surprise spoil relationships
- Address your impending move with clients. Stay positive, answer their questions, and, if your agreements allow you to keep existing relationships, explain how your move benefits them
- Leave with style: send out a professional announcement to your clients on your day of departure

Make Yourself At Home

Learn the terrain at your new broker-dealer in advance, so you can hit the ground running.

- Provide information on 12 months’ production and breakdown of assets under management AUM
- Meet with the home office personnel and marketing department; you’ll be relying on them for critical support

- Schedule technology training, and request a list of the systems, platforms, internal databases you will need to access

Get Ready To Open For Business

Now it's up to you to make sure your practice is ready to go.

- Create a marketing and business plan; now, you're the one responsible for growth
- Locate office space and order office equipment (computers, furniture, phone lines, etc.)
- Create a web site—your clients expect one
- Order your business cards and letterhead, and set up your email address and phone number
- Process insurance appointment forms, if applicable
- Select insurance and variable annuity providers, if applicable
- Review Errors and Omissions (E&O) Insurance requirements
- Determine a transfer date

Contact a senior Pershing associate to discuss your business model recommendation and gain objective information about firms who support your recommended business model.