

WSJ Wealth Adviser Briefing: UBS's Broker Protocol Exit, Adviser Voice on 'Gray Divorces'

By and Brian Hershberg | Nov. 28th, 2017

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With UBS joining Morgan Stanley in pulling out of the broker protocol, observers say the recruiting pact is all but dead.

“I don’t think the protocol is going to make it,” said Ross Intelisano, a New York-based attorney who represents brokers. “Having two major firms leave it is a huge blow.”

A potential unraveling of the 2004 protocol — originally designed to stem lawsuits triggered by broker moves — will make it harder for those looking to jump from Wall Street firms to do so. The threat of litigation over keeping clients will make advisers think twice, observers say, and it may make firms doing the recruiting do the same.

Regardless, many say, a dead protocol is emblematic of trends facing the brokerage industry that its death won’t fix.

Advisers have for years been moving toward independent firms on the offer of more autonomy and a bigger portion of the revenue they produce. Data from research firm Cerulli Associates shows a steady decline in the amount of assets held by brokerage firms while RIAs, or registered investment advisers, continue to grab a bigger share of the roughly \$13 trillion market. Last year, Cerulli said, the share of assets held by the brokerage industry fell below 50%.

But while an abandoned protocol may slow down defections, insiders themselves acknowledge they won’t halt. “People who want to leave are going to leave,” a person familiar with UBS’s decision said.

Below, some of the best analysis and insight from WSJ writers and columnists, and occasionally beyond, on investing, the wealth-management business and more.

TALKING POINTS

The “B” word. The price of bitcoin surged past \$9,000 over the weekend for the first time, a rise of nearly 900% this year. Its rise is only getting faster.

Monday’s markets. Major U.S. stock indexes struggled for traction, even as shares of retailers jumped following the weekend’s holiday sales. The Dow Jones Industrial Average rose 22.79 points, or 0.1%, to 23580.78. The S&P 500 fell less than 0.1% to 2601.42, and the Nasdaq Composite lost 0.2% to 6878.52.

PLANNING AND INVESTING

Streetwise. The U.S. stock market is showing the biggest divergence between cheap and pricey stocks since the aftermath of the dot-com bubble, as investors chase the performance of companies with rising earnings. The surge could mark either a dangerous top-of-the-market froth or a realistic assessment of dismal long-run economic growth prospects, depending on your view.

Making a mint. After years of making pennies and nickels that cost more to produce than they are worth, the Treasury Department is making a mint off a line of pricey American Eagle coins in what is known as proof condition—sheathed in plastic and never touched by human hands. But some investors say it’s a rip-off.

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BUSINESS AND PRACTICE

Adviser Voices. Betterment’s Garrett Oakley says the growing incidence of “gray divorces” means advisers should develop a plan on working with older client couples who decide to end their marriage.

ADVISER CALENDAR

- AICPA Personal Finance Planning Summit / Rancho Palos Verdes, Calif., Jan. 8-10, 2018

- Investments & Wealth Institute / New York, Jan. 16-17

- T3 Advisor Conference / Fort Lauderdale, Fla., Feb. 6-9, 2018

- NAPFA Large Firm Forum / Scottsdale, Ariz., Feb 7-9
- Traffic & Conversion Summit / San Diego, Feb. 26-28, 2018
- FPA Retreat / Phoenix, April 23-26, 2018

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