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STREET MOVES: Financial Adviser Movement Picks Up In February

Article

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By Brett Philbin Of DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--The number of financial advisers who switched major brokerages surged by 30% in February as overall registered representative movement climbed by nearly half, according to research firm Discovery.

The Shrewsbury, N.J.-based researcher, which tracks representative moves each month, said 468 brokers left major firms, known as wirehouses, up from 360 in January. Overall, 3,531 representatives changed broker/dealer firms in February, up 49% from 2,372 in January.

The four major wirehouses are Morgan Stanley Smith Barney, Bank of America Corp.'s (BAC) Merrill Lynch, Wells Fargo Advisors, and UBS Wealth Management Americas.

Recruiting activity at major brokerages had fallen in four of the past five months as many executives noted that the majority of moves took place during the financial crisis and many brokers are now held in place by retention packages at their respective firms.

"A lot of the financial advisers have moved in the past 18 months," said Darin Manis, chief executive of RJ & Makay, a recruiting firm in Colorado Springs, Colo., in an interview on Monday.

"I think [movement] has normalized now," he said.

Discovery noted that advisers from major brokerages accounted for 20% of all representative movement in February. The largest movement came from the independent channel with 1,185 reps, or 34%, that left firms last month.

Of the 468 departing wirehouse brokers, 28% elected to go independent, 23% went to another major brokerage, 14% joined regional firms, 13% chose to join a bank, and 11% changed to an institutional focus.

Discovery's numbers aren't exact because the data aren't reported publicly by the firms. The reports sometimes include moves from the previous month because of the lag time in gathering the information.

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