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SMALL WONDERS

SMALLER BROKER-DEALERS VOW TO RETAIN THEIR
PERSONALIZED SERVICE AS THEY PURSUE AMBITIOUS
GOALS.

BY ELIZABETH O'BRIEN

"PURE" INDEPENDENTS

While many small to midsize broker-dealers remain founder-owned, rising costs have pushed others to sell themselves to parent firms like larger broker-dealers or insurance companies, which began acquiring B-Ds in the 1990s. Small and midsize broker-dealers that are still owned by their founders say their "pure" independent position creates stronger ties with their advisors than if they answered to a corporate parent. To some industry participants, "independent broker-dealer" means a firm whose reps are independent contractors who own their own client books. Founder-owned firms call their ownership status an extra layer of independence.

Executives at small and midsize broker-dealers say the majority of reps who join them come from larger independent B-Ds. They say these reps follow a similar course: Many leave wirehouses to become independent, only to find their independent broker-dealer aligning with a large entity that changes the company's character. So they make the move to a smaller firm ... These reps find themselves caught in *deja-vu*: "**All of a sudden they're back in that world where there are call centers, where no one picks up the phone,**" says Dave Fischer, chief managing officer of 200-rep Independent Financial Group.