

## BROKER PROTOCOL – BROKEN?

*Financial Services Alert*  
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At the end of October 2017, Morgan Stanley announced it was withdrawing from the Protocol for Broker Recruiting. That decision sent shock waves through the financial services industry. Just a few weeks later, UBS has announced that it will be withdrawing from the Protocol effective December 1, 2017. UBS was one of the founding signatories of the Protocol which essentially permitted unrestricted movement of advisors from one member firm to another. The Protocol's 1,500 voluntary members agreed to avoid litigation and enter into a truce if the departing broker followed a set of specific rules. The Protocol has not been without critics however, as some firms utilized the Protocol for both good and ill -- to recruit advisers freely and to punish those who left the firms. Current speculation is that the Protocol may not survive a wave of withdrawals and may lead to an uptick in litigation on non-competition and non-solicitation agreements.

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