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Fred Barstein makes a case for ditching 'retirement plan adviser' for something more accurate.

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B-D ranks fell sharply in the past 10 years: Cerulli



BY BRUCE KELLY

IN YET ANOTHER indication that broker-dealers are losing ground to registered investment advisers, the number of wealth management-focused or retail brokerage firms declined 28% over the decade ending last year, according to Cerulli Associates, with 923 such firms in 2020 compared to 1,284 in 2010.

The tally by Cerulli is one more sign that there's increasingly little room in retail brokerage for small or midsize firms, which are, respectively, those with under 100 or less than 500 registered reps and financial advisers.

The high cost of technology and compliance hurt many firms in the decade after the credit crisis, and persistently record-low interest rates eroded profit margins at many such firms, which formerly relied on interest from cash accounts and margin accounts to boost their income.

Over that same period, many advisers have dropped their brokerage licenses with the Financial Industry Regulatory Authority Inc. and instead opted to become state or Securities and Exchange Commission RIAs, where regulation is regarded by many as far less of a constraint or burden.

For years, *InvestmentNews* has been tracking the steady decline in small and midsize broker-dealers. In May, *InvestmentNews* reported that for the fifth year in a row, the number of registered representatives overseen

by Finra declined, while the number of brokerage firms registered with Finra fell for the seventh consecutive year, according to Finra data.

Finra, of course, counts all firms in its tally, including investment banks and municipal underwriters, while the recent Cerulli analysis focuses on retail or wealth management broker-dealers.

M&A DRIVES GROWTH

Mergers and acquisitions have driven up the share of industry assets and adviser affiliations controlled by the largest firms, Cerulli noted in the report, titled *U.S. Broker-Dealer Marketplace: The Pursuit of Scale*.

The analysis "attributes the decline in the number of registered broker-dealers to smaller firms dropping their registration and joining another broker-dealer or dropping their broker-dealer registration in favor of operating as independent or hybrid registered investment advisor (RIA) firms," according to Cerulli.

"A restrictive regulatory environment for broker-dealer operations, the increasing cost of maintaining the necessary technology infrastructure to operate a broker-dealer, and a recognition by firms of the change in their business focus away from brokerage-based business and toward advisory services are several causes," Cerulli noted.

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Supreme Court decision on fiduciary fee litigation

BY EMILE HALL

IF A FIDUCIARY adviser is sued for apples for apples for that they should but do they have to store, or go to the lowest price were filling they be expected out of the way

Those were Court. justice arguments whose outcome course of litigation plan

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During the Supreme Court hinted at whether the vice to pay too many keepers and invest which a split the best price was also a

Justice S the analogy shopping for Justice John example of street from another, with