

Are You An Informed Investor?

Reassigned Investment Accounts

The relationship you have with your investment professional is a key element to meeting your long-term financial goals.

If your stockbroker or investment adviser representative leaves his or her employer, you should make sure that you understand how and why it happened. It could be as simple as a move to another city or retirement, but there could be other reasons too. It is critical to find out what happened before deciding who will help you with your investments going forward. After all, it's your money and your financial future.

Issued: March 2022

How investment accounts are reassigned

People leave jobs, voluntarily or otherwise, and investment professionals are no different. When an adviser or broker leaves their position with a firm, they may leave client accounts behind. In some cases, the firm may assign the client account to another investment professional at the firm. In other cases, the firm may assign the client account "to the house" or to a general account at the firm without an assigned individual managing the account. In these cases, the investor might not continue to receive the same services they had received before their account was reassigned to the house, even though the firm continues to collect the same fees from the client.

Broker-dealer and investment adviser firms have duties under their respective regulatory structures to ensure that the services they charge you for are actually provided. Keep an eye on your accounts and ask questions. What would happen to my account if you left the firm?

Follow up promptly if you receive notice that the professional you now work with moves on from their job.¹

What to expect if your investment professional leaves

You have choices when the investment professional you work with departs their firm or quits the investment industry entirely.

Ask questions and look into the situation before allowing your account to be reassigned to another professional within their firm or deciding to transfer the account elsewhere.

If you received service from a call center, the expectations are different since the departure of call center staff would not impact your account.

However, if you worked with a specific adviser, broker, or team, you should receive notice from the firm so you can make a timely and informed choice about where to maintain your account and so you do not experience an interruption in service as a result of your adviser's

or broker's departure from the firm.

Find out why your investment professional left

Departures may be voluntary or involuntary. Ask questions to understand what happened to the professional you've worked with.

If asked, the firm may provide you with additional information, including your investment professional's new contact information. Firms may have policies with respect to whether a departing broker or adviser can communicate with you or solicit you to transfer your account to another firm. These expectations usually depend upon whether the departing investment professional was an employee or an independent contractor, and whether there are contractual agreements indicating whether the account is associated with the departing professional or the firm.

Information regarding the reason for the investment professional's departure may be available on

Continued

¹ See, e.g., In the Matter of Regal Investment Advisors LLC et al, Investment Advisers Act of 1940 Release No. 5865 (September 16, 2021).

To learn more, contact:

North Dakota Securities Department

600 E Boulevard Ave, Bismarck, ND 58505

securities.nd.gov | 701-328-2910 | ndsecurities@nd.gov

NORTH
Dakota | Securities
Be Legendary.™

[Investment Adviser Public Disclosure \(IAPD\)](#) and [FINRA BrokerCheck](#). Firms have 30 days (from the date of departure) to report that information and may not initially or always provide complete information. BrokerCheck and IAPD are free tools to research the background and experience of investment brokers, advisers and firms, enabling you to confirm whether a person is registered and view additional information regarding employment history, regulatory actions, customer complaints and other reportable matters. You may also [contact your state securities or provincial regulator](#) who can often help explain or interpret the information found on [IAPD](#) or [BrokerCheck](#).

Establish and understand service expectations

Firms should have policies and procedures designed to ensure that you are aware of how your account(s) will be serviced after your investment professional leaves the firm. The firm should promptly communicate how your account will be serviced, including how and to whom questions and trade instructions should be directed. The timing of correspondence and other communications from the firm can vary greatly, from a matter of days to more than 30 days after the investment professional's departure.

A new investment professional may be assigned to you, or your account may be serviced by a call center on either a temporary or permanent basis. In the absence of a reassignment, you can always request service from the branch manager of the office where your broker or adviser had been located or from the firm's home office. Check your account statement for an assignment to a new investment professional or for home office contact information.

Be proactive when your broker or adviser departs – contact the firm for answers to your questions immediately. Do not assume that your account is being monitored. Once assigned a new investment professional, Check [IAPD](#) or [BrokerCheck](#) to verify registered individuals or firms.

If you are not satisfied with the experience or background of the newly assigned stockbroker or investment adviser representative (e.g., previous customer complaints or regulatory actions), you can request a change or move your account(s) to a new firm.

Things to think about before you transfer an account

Following your investment professional's departure, you may be contacted with a request to consider transferring your account to their new firm. Asking questions about the type of financial firm, the services offered, and the fees for those services will help you decide if the new firm is a good fit for your financial goals and objectives. Always make sure your adviser or broker is properly registered with your state securities or provincial regulator.

The bottom line

If your investment adviser representative or stockbroker leaves their firm, find out why they left, how your account will be serviced at the current firm going forward, and carefully consider whether transferring your account to a new firm to follow your investment professional, or remaining with your current firm and a newly assigned investment professional is the best option for you.

To learn more, contact:

North Dakota Securities Department

600 E Boulevard Ave, Bismarck, ND 58505

securities.nd.gov | 701-328-2910 | ndsecurities@nd.gov