

## Check List / Guidelines

Every successful transition is the result of good planning, preparation and team work. The result is the foundation of well planned, smooth transition process with a minimal disruption of your clients and your staff.

**Below is information gathering and Checklist of guidelines for utilizing a receiving firm with Docupace and the Docupace Transition Assistant Tool.**

Advisor Representative Overview	
Advisor/Representative Name	
Advisor/Representative Office Address	
Joint or split Advisor/Representative Name	
GDC and/or Assets under management	
OSJ	
Target Resignation Date	
Delivering firm (firm leaving)	
Receiving firm (firm joining)	

Product Review	
Total Number of Accounts	
Total Number of Clients	
Number of Brokerage Accounts <ul style="list-style-type: none"> <li>Any special commission structures/ office ranges?</li> </ul>	
Number of Advisory Accounts <ul style="list-style-type: none"> <li>Advisor or client pay ticket charges/ fees</li> <li>Corporate or Independent RIA</li> </ul>	
Number of Direct Business Accounts – Top companies	
Number of Alternative Investment Accounts – Top companies	
Number of Third Party Accounts – Top companies	
Registration types – Qualified plans or unusual accounts?	

### Guidelines and References

Considering the regulatory environment we all live in today, there are many rules and regulations governed by SEC and FINRA that should be considered when making any move from firm to firm. Not exclusive, below are regulations that begin to surface in an advisors mind when considering a move:

#### Rules References:

- ◆ [FINRA](#)
- ◆ [Regulations Reference](#)
- ◆ [U.S. Securities and Exchange Commission](#)
- ◆ [The Broker Protocol](#)

Product Review		
SEC	Regulation S-P	Client Privacy Rules
		Resigning firm employment contract
		Resigning Firm Privacy Policy
		Resigning firm Opt out procedures
		Resigning firm affirmative consent procedures
SEC	SEC Reg. 17a-3 & 17a-4	Make and keep current books and records

Product Review		
SEC	SEC Rule 204-2	Electronic generation and storage of documents
FINRA	FINRA Rule 2140	Non-interference of transferring customers
FINRA	FINRA Rule 2111	Suitability
FINRA	FINRA Rule 2090	Know Your Customer
State	State Specific Rules	Some of the states of the union have specific customer privacy and opt-out policies and procedures
Agreement	Protocol	Legal agreement designed to provide a more uniform set of rules governing what advisors can and cannot do when changing firms

Depending upon the departing firm you are leaving is part of the Protocol or not, the below public information may be retained.

There are two primary considerations when determining what information an individual can take to a new firm. First, there are confidentiality duties. The information held at the previous employer typically belongs to that employer, not the investment advisor representative. Therefore, the investment advisor representative can only take limited information, if any. In addition, there are regulatory concerns regarding the privacy of the information. Regulation S-P requires investment advisors, Broker-Dealers and other financial institutions to protect client information. While a client can give an investment advisor representative certain information that it possesses, the investment advisor representative cannot take client information from the previous employer without consent or there may be a privacy violation. A comprehensive review of the type of information and contractual and regulatory allowances must be done before taking any information to a new firm.

### Procedures for Advisors for Protocol Protection

- ◆ Prior to resigning, the advisor should prepare two lists: the first containing his customers' names, addresses, telephone numbers, email addresses and account types; the second containing all the information in the first, plus client account numbers.
- ◆ The advisor must submit a written resignation letter to someone in management.
- ◆ Along with the resignation letter, the advisor must provide the customer list containing the account numbers to someone in management.
- ◆ Subsequently to the above, the advisor can take the list without account numbers to their new firm and use it to solicit customers to transfer their accounts.

### Advisors can take:

- ◆ Client names
- ◆ Account registrations (but not account numbers)
- ◆ Client addresses
- ◆ Account names (but not account numbers)
- ◆ Telephone and fax numbers
- ◆ E-mail addresses

### Advisors cannot take:

- ◆ Account numbers
- ◆ Financial statements
- ◆ Client files
- ◆ Screen prints
- ◆ Contact management notes or electronic files
- ◆ Financial and estate planning documents (including copies)
- ◆ Confidential information (Social Security numbers and dates of birth)
- ◆ Any information that is deemed to be confidential and/or proprietary

## Procedures for Advisors for Non-Protocol Protection

### ◆ Employment Agreements

Review employment agreement with existing firm – may contain non-solicitation and confidentiality clauses. The confidentiality clause may state that customer lists and contact information were deemed to be trade secrets by departing firm.

### ◆ Announcement vs. Solicitation

Notwithstanding the non-solicitation agreement, the arbitrators noted that some states (like Massachusetts and California) permit a departing rep to "announce" their new employment to their former customers. The arbitrators found a permissible "announcement" to be sending a written "wedding style" announcement card and nothing more. In contradistinction, the arbitrators found the reps conduct to be a "solicitation" because (a) the rep failed to "announce" in writing, instead doing so by telephone; (b) the rep made repeated telephone calls to his former customers; (c) the rep asked certain customers to hide his solicitation from departing firm; and (d) sending ACAT forms to certain clients constituted solicitation in and of itself.

## When considering transitioning, an advisor should:

- ◆ Conduct a thorough assessment of current client base, paying specific attention to the products and services clients both require and desire; examining clients for commonalities such as these, combined with an advisor's particular area(s) of expertise, will help define ideal prospect profile.
- ◆ Assess employment-related agreements is one of the most important steps when planning transition; engage legal counsel to conduct a review of the various agreements between you and your current employer.

### Such as:

- ◆ Employment agreements
- ◆ Deferred compensation agreements
- ◆ Team agreements
- ◆ Any promissory notes or other forgivable loan arrangements
- ◆ Non-solicit, non-compete, and confidentiality provisions

## Roles and Responsibilities for Transition Assistant And On-Boarding

### Advisor:

- ◆ Read and Execute the Docupace Managed Services Agreement
- ◆ Gather client data and populate the Client Data Spreadsheet\*
- ◆ Provide hardware and resources for document scanning
- ◆ Provide resources for Quality Assurance – process for final data validation and testing
- ◆ Distribution of forms to clients and obtaining appropriate signatures
- ◆ Manage updates/status of submission of forms from clients and with Broker-Dealer

\*Only load data that is legally obtained and allowed pursuant to SEC/FINRA regulations and Customers contract with the firm from which it is departing.

### Broker-Dealer/Back Office:

- ◆ Forms Matrix - Provide required forms for product, client, account, and registration type.
- ◆ Provide BD specific forms (if necessary)
- ◆ Provide resources for testing and Quality Assurance of kits, forms and form field validation

### Docupace:

- ◆ Partner with Advisor and new BD to define desired process for transitioning book of business
- ◆ Coordinate and communicate steps to the transition process
- ◆ Setup Transition site to allow for scanning, indexing and retrieving of scanned images
- ◆ Configure & test transition site process flows
- ◆ Configure scanners and Docupace Uploader
- ◆ Coordinate building of forms kits/packets per registration type in Starting Point
- ◆ Mapping of form fields to populate client data on forms
- ◆ Upload Client Data Spreadsheet and create images of form kits with prefilled data
- ◆ Train end users on general use of Docupace and Starting Point
- ◆ Train end users on document validation, printing, and scanning

