

# FINRA Pushes Compensation Proposal Forward

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FINRA is pushing ahead with its proposed rule to [require brokers to provide compensation information](#) their clients. The FINRA board announced earlier this month that it would solicit feedback on the proposal through a forthcoming Regulatory Notice. The SEC must then approve the rule.

As detailed by FINRA, the new rule “would require a member firm that provides, or has agreed to provide, to a registered person enhanced compensation in connection with the transfer of employment (or association) of the registered person from another financial services firm (previous firm), to disclose the details of the enhanced compensation to any former customer of the registered person at the previous firm who is contacted about moving or moves their account to the new firm.”

FINRA clarified that brokers would be required to provide disclosures for one year after changing firms. However, “[t]he proposed rule would not apply to enhanced compensation of less than \$50,000 or to customers that meet the definition of an institutional account,” the notice said.

The proposed rule has elicited strong reactions on the street among recruiters and advisers. The debate continues. It appears that FINRA is inching closer to the fiduciary-based model where disclosure of conflicts of interests is de rigeur.

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