

Investment
Advisor's

2014

Broker-Dealer Reference Guide

By James J. Green | Data Compiled by Liana Roberts

Some observers of the independent broker-dealer universe might be tempted to explain its current state by counting the acquisitions that Nicholas Schorsch's Realty Capital has made over the past year. Acquiring Cetera, Investors Capital, J.P. Turner, Summit Brokerage Services (and Larry Roth) will give Realty Capital about 9,000 reps, roughly \$200 billion in assets and some top-flight management. One might be forgiven in thinking the BD trend is all about consolidation, but conversations with one BD president after another paint a different picture. While margins are thin and compliance

costs are getting higher, 100% of the 58 BD presidents in our poll said they believe in the viability of the IBD model. Large BD networks might provide some scale, and small BDs might not provide all the same services as the big boys, but as SSG President Dan Skiles says, "size doesn't matter anymore." In a world of outsourcing, cloud-based systems and more competition in the advisor technology space, a "smaller firm can actually have better technology" than a larger firm burdened with legacy tech systems. Better technology, smart management, and responsive customer service can make any size broker-dealer successful.

Visit ThinkAdvisor.com to view the 2014 directory of independent broker-dealers.

	2012	2013	2014
Number of companies included in directory	72	67	67
Total number of representatives in directory	84,419	80,671	79,669
Median number of reps per firm	632	605	621
Number of reps added or dropped in 2013	9,948 / 9,805	9,748 / 7,685	6,568 / 5,962
Median annual gross production per rep	\$160,011	\$164,323	\$198,854
Average AUM per representative (\$ mil.)	\$12.98	\$24.54	\$26.41
Median gross revenue per BD (\$ mil.)	\$87.0	\$90.0	\$95.0
Median fee-based revenue per BD (\$mil.)	\$17.5	\$18.0	\$22.0

INVESTMENT ADVISOR'S **TOP 25** INDEPENDENT BROKER-DEALERS

LPL's leaders acknowledged in April that higher costs and low recruiting numbers put a damper on the broker-dealers net income, even as net revenue and adjusted earnings grew. "After a slow start to recruiting to begin the year, our business development team saw improving conditions in March," said Chairman and CEO Mark Casady. "As a result, we finished the quarter with 53 net new advisors and are seeing positive momentum in our pipeline heading into the second quarter."

BY ANNUAL REVENUE

RANK	COMPANY	2013 GROSS REVENUE (\$ MIL.)	2013 BD TOTAL EXPENSES (\$ MIL.)	2013 FEE-BASED REVENUE (\$ MIL.)	2013 AVG. BD CONCESSION PER REP (\$ THOUS.)
1	LPL FINANCIAL LLC	\$4,050.0	\$3,630.0	\$1,180.0	\$234.2
2	RAYMOND JAMES FINANCIAL SERVICES INC.	\$1,352.0	NA	\$540.0	\$458.0
3	COMMONWEALTH FINANCIAL NETWORK	\$822.1	NA	\$440.4	\$464.1
4	NORTHWESTERN MUTUAL	\$654.5	NA	\$308.6	\$86.5
5	CAMBRIDGE INVESTMENT RESEARCH INC.	\$574.4	\$536.1	\$277.7	\$221.3
6	SECURITIES AMERICA INC.	\$475.0	NA	\$191.9	\$271.4
7	ROYAL ALLIANCE ASSOCIATES INC.	\$444.4	NA	\$170.8	\$239.6
8	CETERA ADVISOR NETWORKS LLC	\$436.0	NA	\$162.5	\$189.6
9	WADDELL & REED FINANCIAL ADVISORS	\$426.0	NA	\$159.7	\$199.7
10	NATIONAL PLANNING CORPORATION	\$382.7	NA	\$94.1	\$237.4
11	NFP ADVISOR SERVICES	\$381.0	NA	\$121.6	\$298.8
12	MML INVESTORS SERVICES	\$360.8	\$358.7	\$72.0	\$60.1
13	SECURIAN FINANCIAL SERVICES	\$355.4	NA	\$75.1	\$334.5
14	FSC SECURITIES CORPORATION	\$280.3	NA	\$93.9	\$241.0
15	PRINCOR FINANCIAL SERVICES CORP.	\$279.9	\$272.7	\$38.1	\$114.0
16	SAGEPOINT FINANCIAL INC.	\$278.6	NA	\$76.1	\$162.2
17	INVEST FINANCIAL CORPORATION	\$278.1	NA	\$53.5	\$216.2
18	HD VEST FINANCIAL SERVICES	\$273.2	NA	\$100.1	\$103.6
19	FIRST ALLIED SECURITIES INC.	\$272.3	\$263.4	\$74.4	\$336.1
20	TRANSAMERICA FINANCIAL ADVISORS INC.	\$267.3	\$41.3	\$57.0	NA
21	CETERA ADVISORS	\$261.5	NA	\$89.1	NA
22	SIGNATOR INVESTORS INC.	\$261.2	NA	\$39.7	\$168.8
23	WOODBURY FINANCIAL SERVICES INC.	\$250.8	NA	\$32.2	\$204.2
24	CETERA FINANCIAL INSTITUTIONS LLC	\$248.7	NA	\$14.8	\$140.8
25	SII INVESTMENTS INC.	\$189.6	NA	\$45.7	\$274.2

All data is as of Dec. 31, 2013, and was supplied by the broker-dealers themselves. *Investment Advisor* has not independently confirmed the data.

INVESTMENT ADVISOR'S **TOP 25** INDEPENDENT BROKER-DEALERS

Despite the “slow start to recruiting” LPL CEO and Chairman Mark Casady said the firm had in 2014, LPL was still well ahead of other broker-dealers last year. Proposed regulations could keep recruiting efforts slow, though. A rule proposed by FINRA would require disclosure and reporting of recruitment deals, which some advisors say could stifle competition and keep reps at firms even if leaving would better serve their clients’ interests, *Research* magazine’s Janet Levaux reported in April. The SEC was expected to act on that proposal by mid-May, but as of press time, had not announced its intentions.

BY NUMBER OF REPS

RANK	COMPANY	PRODUCING REPS	REPS ADDED IN 2013	REPS DROPPED IN 2013	FIRM'S YEARS IN BUSINESS
1	LPL FINANCIAL LLC	13,673	NA	NA	46
2	NORTHWESTERN MUTUAL	5,762	NA	NA	46
3	TRANSAMERICA FINANCIAL ADVISORS INC.	5,003	777	NA	30
4	MML INVESTORS SERVICES	3,725	607	894	33
5	RAYMOND JAMES FINANCIAL SERVICES INC.	3,275	NA	NA	40
6	CETERA ADVISOR NETWORKS LLC	2,471	NA	NA	31
7	CAMBRIDGE INVESTMENT RESEARCH INC.	2,465	556	293	33
8	HD VEST FINANCIAL SERVICES	2,196	367	82	30
9	PRINCOR FINANCIAL SERVICES CORP.	2,053	421	367	46
10	SECURITIES AMERICA INC.	1,772	NA	NA	30
11	WADDELL & REED FINANCIAL ADVISORS	1,746	465	416	77
12	ROYAL ALLIANCE ASSOCIATES INC.	1,689	149	162	25
13	CETERA FINANCIAL INSTITUTIONS LLC	1,655	NA	NA	30
14	SAGEPOINT FINANCIAL INC.	1,577	243	192	44
15	SIGNATOR INVESTORS INC.	1,547	284	339	46
16	COMMONWEALTH FINANCIAL NETWORK	1,487	109	67	38
17	CETERA FINANCIAL SPECIALISTS	1,388	NA	NA	33
18	NATIONAL PLANNING CORPORATION	1,359	167	196	16
19	NFP ADVISOR SERVICES	1,275	118	134	17
20	AMERITAS INVESTMENT CORP.	1,265	139	377	29
21	CETERA ADVISORS	1,118	NA	NA	33
22	INVEST FINANCIAL CORPORATION	1,089	143	242	32
23	PROEQUITIES INC.	1,075	NA	NA	30
24	WOODBURY FINANCIAL SERVICES INC.	1,075	72	139	104
25	FSC SECURITIES CORPORATION	1,055	83	91	56

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INVESTMENT ADVISOR'S **TOP 25** INDEPENDENT BROKER-DEALERS

Is it just me or is “production” starting to sound like a vestigial term? Yes and no. Yes, because it remains perhaps the clearest way to measure which rep is most successful at sales, but no, because so much of a broker-dealer (and rep’s) income arises from fees. Here’s another way to look at production: Raymond James Financial Services’ Scott Curtis said that at the recent Tiburon CEO conference, a panel of robo-advisor providers was asked about the size of the accounts on their online platform. The answer: an average of \$17,000 and a median of \$7,000.

BY HIGHEST AVERAGE PRODUCTION

RANK	COMPANY	AVG. ANNUAL GROSS PRODUCTION PER ADVISOR	AVG. AUM PER ADVISOR (\$ MIL.)	AUM IN FEE-BASED PROGRAMS (\$ BIL.)	EXCESS CAPITAL (\$ MIL.)
1	RAYMOND JAMES FINANCIAL SERVICES INC.	\$471,000	\$65.0	\$76.0	\$17.9
2	COMMONWEALTH FINANCIAL NETWORK	\$464,114	\$57.8	\$40.8	\$12.9
3	GENEOS WEALTH MANAGEMENT INC.	\$402,125	\$47.0	\$5.6	\$0.4
4	VSR FINANCIAL SERVICES INC.	\$364,086	\$44.2	\$4.2	\$1.5
5	PROSPERA FINANCIAL SERVICES	\$340,000	\$28.0	\$1.4	\$1.6
6	FIRST ALLIED SECURITIES INC.	\$336,081	\$41.0	\$7.9	\$4.5
7	SECURIAN FINANCIAL SERVICES	\$334,547	NA	\$8.3	NA
8	KALOS CAPITAL	\$301,234	\$40.0	NA	NA
9	THE STRATEGIC FINANCIAL ALLIANCE INC.	\$300,000	\$27.0	\$1.6	\$1.6
10	NFP ADVISOR SERVICES	\$298,791	\$60.5	\$12.7	\$16.4
11	FOUNDERS FINANCIAL SECURITIES LLC	\$286,000	\$26.0	\$0.5	NA
12	TRIAD ADVISORS INC.	\$281,531	\$38.3	\$2.8	\$3.1
13	SII INVESTMENTS INC.	\$274,203	NA	\$5.1	\$13.0
14	INVESTMENT CENTERS OF AMERICA INC.	\$274,048	NA	\$2.5	\$8.9
15	SUMMIT BROKERAGE SERVICES INC.	\$273,000	\$32.0	\$1.7	\$6.5
16	SECURITIES AMERICA INC.	\$271,417	\$29.4	\$18.7	\$9.8
17	SECURITIES SERVICE NETWORK INC.	\$258,141	\$35.6	\$6.5	\$3.5
18	FSC SECURITIES CORPORATION	\$240,990	\$33.4	\$11.6	\$13.3
19	ROYAL ALLIANCE ASSOCIATES INC.	\$239,575	\$31.6	\$19.9	\$24.5
20	NATIONAL PLANNING CORPORATION	\$237,413	NA	\$9.2	\$11.7
21	LPL FINANCIAL LLC	\$234,234	\$32.1	\$151.6	\$150.8
22	CETERA ADVISORS	\$233,906	\$7.3	\$5.8	\$6.1
23	UNITED PLANNERS FINANCIAL SERVICES	\$233,289	\$26.4	\$3.2	\$4.7
24	AMERICAN PORTFOLIOS FINANCIAL SERVICES INC.	\$222,160	\$26.7	\$4.1	\$3.8
25	CAMBRIDGE INVESTMENT RESEARCH INC.	\$221,259	\$25.8	\$32.0	\$21.1

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INVESTMENT ADVISOR'S **TOP 25** INDEPENDENT BROKER-DEALERS

This list shows the percentage of representatives that have their own RIA while also doing work through a broker-dealer, which represents both a defensive (retention) and offensive (attraction) strategy for BDs. This group of dually registered advisors remains the fastest growing segment of the advisor population, though new regulations from the Department of Labor or the SEC might have an effect on that growth. This friendliness to reps having their own RIA may well serve the interests of the broker-dealer as well, who can retain the rep's brokerage business while "allowing" the rep to grow his or her fee business.

BY FRIENDLINESS TO RIAs

RANK	COMPANY	REPS WITH THEIR OWN RIA	CFPs IN TOTAL REP FORCE	AVERAGE YEARS EXPERIENCE (PER ADVISOR)
1	TRIAD ADVISORS, INC.	75.4%	NA	19
2	ROYAL ALLIANCE ASSOCIATES, INC.	39.4%	NA	NA
3	SECURITIES SERVICE NETWORK, INC.	38.6%	NA	10
4	UNITED PLANNERS FINANCIAL SERVICES	32.2%	NA	15
5	M HOLDINGS SECURITIES, INC.	28.2%	12.9%	NA
6	AMERICAN PORTFOLIOS FINANCIAL SERVICES, INC.	22.9%	11.5%	18
7	KALOS CAPITAL	21.0%	6.2%	20
8	FSC SECURITIES CORPORATION	20.1%	NA	NA
9	FIRST ALLIED SECURITIES, INC.	20.1%	20.2%	19
10	LPL FINANCIAL LLC	17.9%	NA	15
11	CAMBRIDGE INVESTMENT RESEARCH, INC.	16.8%	NA	18
12	CAPITAL INVESTMENT COMPANIES	15.8%	11.2%	NA
13	SECURITIES AMERICA, INC.	15.5%	27.8%	NA
14	INDEPENDENT FINANCIAL GROUP	14.2%	14.6%	17
15	CROWN CAPITAL SECURITIES, L.P.	13.8%	22.9%	18
16	GENEOS WEALTH MANAGEMENT, INC.	13.5%	NA	20
17	PROEQUITIES, INC.	12.8%	NA	NA
18	LASALLE ST. SECURITIES, LLC	12.3%	9.0%	15
19	COMMONWEALTH FINANCIAL NETWORK	11.4%	46.6%	NA
20	NATIONAL PLANNING CORPORATION	8.7%	NA	NA
21	GIRARD SECURITIES, INC.	7.9%	32.0%	18
22	THE STRATEGIC FINANCIAL ALLIANCE, INC.	7.7%	NA	15
23	SAGEPOINT FINANCIAL, INC.	7.2%	NA	NA
24	INVESTACORP, INC.	6.7%	31.3%	10
25	HARBOUR INVESTMENTS	6.1%	17.9%	20

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At a time when broker-dealers need differentiation more than ever, the support from the home office is crucial to individual reps. As recruiting pro Jon Henschen pointed out recently to ThinkAdvisor.com, the most valued support can come from the corner office. Among the key ways that he's seen BD presidents make a difference in supporting new and veteran reps is to make their cell phone number available to all advisors, calling 10 to 20 advisors per week to connect and making it a point to spend quality time with prospects visiting the home office and make occasional calls to new reps during their first few years of affiliation.

BY HOME OFFICE SUPPORT

RANK	COMPANY	RATIO OF REPS TO HOME OFFICE STAFF	HOME OFFICE STAFF	STAFF RECRUITERS	COMPLIANCE PROFESSIONALS
1	CENTURY SECURITIES ASSOCIATES INC.	1.0 : 1	150	1	50
2	RAYMOND JAMES FINANCIAL SERVICES INC.	1.3 : 1	2,584	15	120
3	CETERA ADVISORS	2.2 : 1	513	NA	NA
4	COMMONWEALTH FINANCIAL NETWORK	2.5 : 1	604	7	60
5	FIRST ALLIED SECURITIES INC.	2.5 : 1	263	3	49
6	CETERA FINANCIAL INSTITUTIONS LLC	2.7 : 1	621	NA	NA
7	CETERA FINANCIAL SPECIALISTS	2.8 : 1	503	NA	NA
8	KALOS CAPITAL	2.9 : 1	28	1	3
9	PROSPERA FINANCIAL SERVICES	3.2 : 1	42	4	5
10	J.P. TURNER & COMPANY LLC	3.3 : 1	100	2	10
11	PLANMEMBER SECURITIES CORPORATION	3.3 : 1	135	4	6
12	VSR FINANCIAL SERVICES INC.	3.4 : 1	76	1	6
13	INVESTMENT CENTERS OF AMERICA INC.	3.7 : 1	91	3	15
14	SECURITIES AMERICA INC.	3.9 : 1	452	9	36
15	BERTHEL FISHER & CO. FINANCIAL SERVICES INC.	4.1 : 1	79	2	8
16	SUMMIT BROKERAGE SERVICES INC.	4.2 : 1	82	5	12
17	CAMBRIDGE INVESTMENT RESEARCH INC.	4.3 : 1	579	22	51
18	CETERA ADVISOR NETWORKS LLC	4.6 : 1	542	NA	NA
19	LPL FINANCIAL LLC	4.6 : 1	2,991	NA	370
20	THE STRATEGIC FINANCIAL ALLIANCE INC.	4.7 : 1	25	1	5
21	NEXT FINANCIAL GROUP	4.8 : 1	158	6	29
22	FOUNDERS FINANCIAL SECURITIES LLC	4.9 : 1	14	1	3
23	GENEOS WEALTH MANAGEMENT INC.	5.2 : 1	50	2	12
24	SIGMA FINANCIAL CORPORATION	5.7 : 1	103	4	25
25	INVESTACORP INC.	6.0 : 1	75	3	9

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