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WEALTH MANAGEMENT | June 24, 2013, 1:00 p.m. ET

Finra Wins OK for Plan to Publicize More Actions Vs. Brokers

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By CAITLIN NISH

NEW YORK--A plan by Wall Street's self-regulator to more widely publicize the cases it brings against brokers and firms has won approval by the Securities and Exchange Commission.

All disciplinary complaints brought by the Financial Industry Regulatory Authority are now published only in terse summary form on BrokerCheck, its public online database of background information on brokers and firms. That won't change under the new plan, but Finra will be able to publish more full, unredacted complaints in its separate online disciplinary action database, which is also public.

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"those embroiled in arbitration and litigation to discover useful information without having to jump through unnecessary hoops."

Finra proposed the change to fix inconsistencies in the availability of information about disciplinary cases. Until now, summaries of all complaints appeared in BrokerCheck. But only complaints that alleged certain rule violations appeared in Finra's separate disciplinary database, even though they were given a full airing when they did appear there.

Jonathan Uretsky, a securities attorney in New York who often represents broker-dealers, says he expects the change to decrease the number of brokers who opt for a quick settlement rather than fighting Finra's charges.

"My concern is that you're going from what amounts to a blurb that tells you nothing to a lot more information which is almost all one-sided," he said. "Unless we go and fight and either win or negotiate to get our language in there, you'll only hear Finra's side."

The Financial Services Institute, a trade group for independent broker-dealers, opposed the proposal, arguing fully airing more complaints could unfairly damage advisers' reputations in cases where the charges are later dismissed or withdrawn.

In response, Finra noted that how a case is resolved is also made public and attached to the charges. In its approval order Friday, the SEC said the rule change promotes transparency.

In addition to complaints, the plan also increases the amount of information released in disciplinary decisions. For instance, monetary sanctions of less than \$10,000 will now be made public.

Write to Caitlin Nish at caitlin.nish@dowjones.com

"Shedding more light on disciplinary cases will help the public make better informed decisions about who they are dealing with," said Jenice L. Malecki, a New York-based securities lawyer who represents investors. It will also help

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