

Finra's BrokerCheck gets a facelift

Finra makes some information more prominent, but system still doesn't go far enough plaintiffs' attorneys say

By **Mason Braswell** | *March 17, 2015 - 12:18 pm EST*

As more investors use Finra's [BrokerCheck](#) database, the regulator has made its first major change in years to make it easier for investors to find out certain background information about their broker.

The new online layout includes all the old information about the broker's registration history and any customer complaints or disclosure events, but also makes some information about which exams the adviser has passed, for example, more prominent. There's also a link to file a whistleblower complaint and a link directing investors to consult with their state securities regulator for a more detailed broker report, referred to as a CRD — Central Registration Depository — Snapshot.

“The information regarding the reps that is provided hasn't really changed from the last version,” said Gary

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Lisker, director of registration and disclosure at the Financial Industry Regulatory Authority Inc. "It's just presented in, hopefully, a more user-friendly way that's easier to understand."

The changes come as BrokerCheck has grown in popularity, Mr. Lisker said. In 2013, individuals found a broker from a search request almost 16.5 million times, a number that rose to 18.9 million last year. Finra [has also considered](#) making it mandatory for brokers to link back to the BrokerCheck database from their online public profiles.

The new format, which Mr. Lisker said Finra had been considering for the last couple years, seems to represent a compromise with some of its critics. Investor advocates, particularly the Public Investors Arbitration Bar Association, a group of plaintiff's attorneys, have criticized Finra for not disclosing enough information on BrokerCheck and for not including information on BrokerCheck that is readily available through the state's CRD Snapshot report.

PIABA has pushed for disclosure of test scores, and which tests the broker had failed, for example, which is available on the CRD Snapshot but not on BrokerCheck. Those scores still won't be disclosed, but information about which exams the broker has passed are now more prominently displayed.

Before, that information was somewhat hidden in a separate "detailed report," which includes information on a brokers' outside business activities and employment history but must be downloaded as a PDF.

"The PDF is not the easiest way," Mr. Lisker acknowledged. "If someone got this without any background, sometimes it's hard to make sense of it [the PDF]."

But actually increasing what is disclosed isn't likely to happen soon, Mr. Lisker said. He acknowledged that over the years, the trend has been toward including more information, but said that Finra has to ask for approval from the Securities and Exchange Commission for a rule change to disclose anything more.

"The vast majority of the CRD is on BrokerCheck," Mr. Lisker explained. "At this point we have made the determination that we have to [weigh] the investor value of these things [with] privacy for the industry; just how much bang for the buck do you get out of this and is it worth putting out there?"

As for the whistleblower button, Mr. Lisker said that the issue is that many investors still don't look at BrokerCheck until it's too late.

"A lot of times when people go to look at BrokerCheck, they have an issue with a broker," he said. "We'd like them to do it before they have an issue."

PIABA president Joseph Peiffer of Peiffer Rosca Wolf Abdulla Carr & Kane said that while the redesign is nice, BrokerCheck still does not go far enough. He reiterated PIABA's stance that information that is on the CRD Snapshot should be available through BrokerCheck, which, he said, would save investors from having to go to state securities regulators.

"They gave it a facelift, but it's still missing a nose," he said. "Why not just put all the information in one place?"

For now, however, the [link to state securities regulators](#) will have to do.

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