

[Print](#) | [Close Window](#)

Ex-Merrill Exec Builds RIA Platform at Stifel

Article published on December 4, 2009

By Tom Stabile

An executive who left [Merrill Lynch](#)¹'s custody and clearing business last year is now heading up a similar initiative at [Stifel Financial](#)², offering yet another custodial platform for breakaway advisors seeking to anchor a new independent practice. **David Akellian** is leading the plan to expand an existing Stifel independent broker-dealer platform to also serve independent registered investment advisors (RIAs).

Akellian, who joined St Louis-based Stifel on Sept. 1, says the new initiative within the firm's [Century Securities Associates](#)³ broker-dealer business is slated to launch next quarter, and it will offer RIAs access to the broader platforms – including separately managed account and unified managed account programs – of the flagship Stifel, Nicolaus & Co. brokerage. Stifel joins two other large brokerages that are extending their platforms for RIAs to use, after [LPL Financial](#)⁴'s foray in 2008 and [RBC Wealth Management](#)⁵'s September announcement it was expanding a small existing program.

These brokerages are offering RIAs another flavor of relationship beyond the four large custodians that dominate the independent advisor platform business – [Schwab Institutional](#)⁶, [Fidelity Institutional Wealth Services](#)⁷, [TD Ameritrade](#)⁸ and [BNY Mellon](#)⁹'s [Pershing](#)¹⁰ affiliate. And there are probably more brokerages that will follow and lengthen the custodian menu for RIAs, says **John Shields**, a principal of [MainStay Consulting Group](#)¹¹, a consulting firm.

"It's a way for the regional firms to get and keep market share as the independent advisor trend grows," Shields says. "The wirehouses aren't as likely to [take this path]... but I think the regionals are eager to be the service provider for the delivery of intermediary-based investment solutions no matter what the advisor model looks like."

But Shields, whose firm also runs a consulting service for advisors mulling the independent route, says most breakaway candidates don't yet know about the brokerage custody platforms on the market and instead focus on the big four custodians.

For Stifel, the RIA market is a "natural offshoot," says Akellian, who is now CEO of Century Securities and a senior v.p. of Stifel Nicolaus. He works out of Florham Park, N.J.

"It's clearly a growing market, and we've seen many firms be very successful from a financial perspective in this area," he adds. "We feel we have a lot to offer independent investment advisors by leveraging the platforms we have offered to our advisors for years. It's a logical business decision, because we're not drifting from our core mission."

Stifel made a splash earlier this year when it bought 56 branches with nearly 500 advisors from [UBS Financial](#)¹² across more than two dozen states. The acquisition positioned Stifel as one of the larger "regional" brokerages – mid-tier firms below the ranks of the four market-leading wirehouses but bigger than the rest. Stifel now has more than 1,700 advisors in 273 offices while also serving nearly 200 independent contractors on its platform.

Moving into RIA custody gives Stifel the chance to attract advisors who want to leave the wirehouses but not go fully into the fee-based realm of the typical RIA, Akellian says. Stifel can offer a "hybrid" model for advisors to be an RIA for fee-based services but also a licensed broker through Century for commission-based

business.

A few other firms are chasing after hybrid business, including RBC and Fidelity, which has a broker-dealer affiliate. These firms see this as an advantage over rivals like Schwab and TD that don't have internal broker-dealer affiliates.

Akellian left a post as Merrill's head of global clearing and execution services last year in what appeared to be an early round of layoffs as the firm struggled through the sub-prime mortgage crisis before eventually being sold to **Bank of America**¹³. Starting in 2001, Akellian had built up **Broadcort**, a subsidiary that offers access to Merrill's brokerage platforms – including its managed accounts programs and technology tools – to independent advisors, with a focus on those serving institutional clients.

In the past year, Merrill appeared to be gearing up to offer its service to "retail" RIAs serving high-net-worth clients, based on marketing materials from its Web site. But in June, Merrill stopped accepting new RIA clients to the service and put the entire program "under review." It later reorganized and split up the Broadcort business, further clouding what may happen to the RIA custody platform initiative. A Merrill spokeswoman did not respond to a request for comment this week.

Some outside observers believe Merrill may exit the RIA custody market because of friction that business causes with advisors at the main brokerage, some of whom dislike opening up access to the same product and technology platforms that they use to win clients. Shields says that's more of an issue for the wirehouses, which invest considerable sums into their platforms, than it is for regional brokerages, many of which have multiple practice models for their advisors already.

Akellian says he doesn't expect such conflicts, because Stifel has already left it to advisors to decide whether they want to be independent contractors or employees, with the RIA model offering another option. "It's very much a personal and lifestyle decision whether to go independent or be an employee," he adds.

Akellian says the new initiative will expand the Century offering, which has existed for 20 years on the independent broker-dealer side, to instead be a "slightly modified" version of the broader brokerage platforms at Stifel Nicolaus. In addition to the full product lineup, RIAs would have access to research platforms, performance measurement and portfolio accounting systems, financial planning tools, and the typical array of practice support and technology services that brokerages give their advisors. They also will be able to tap into Stifel's investment banking offerings.

Before joining Merrill in 2001, Akellian, 49, had previously worked for the business that today is Pershing, his custody rival.

FundFire

FundFire is a copyrighted publication. FundFire has agreed to make available its content for the sole use of the employees of the subscriber company. Accordingly, it is a violation of the copyright law for anyone to duplicate the content of FundFire for the use of any person, other than the employees of the subscriber company.

An Information Service of **Money-Media**, a Financial Times Company

Links

1. <http://www.ml.com/>
2. <http://www.stifel.com/>
3. <http://www.centurysecurities.com/>
4. <http://www.lpl.com/>
5. <http://www.rbcwealthmanagement.com/>
6. <http://www.schwabinstitutional.com/>
7. <http://fiws.fidelity.com/index.shtml>
8. <http://www.tdameritradeinstitutional.com/>
9. <http://www.bnymellon.com/>
10. <http://www.pershing.com/>
11. <http://www.mainstaycg.com/>
12. <http://www.ubs.com/>
13. <http://www.bankofamerica.com/>