

(reprinted)

By Jennifer Hoyt Cummings  
A DOW JONES NEWSWIRES COLUMN

NEW YORK— March 8<sup>th</sup>, 2011, Morgan Stanley Smith Barney to its brokers: U can text now.

The rule change, delivered in a memo earlier this year, allows brokers with firm-managed BlackBerrys to use them for texting. It was prompted by requests from staff in the field, said a spokeswoman from Morgan Stanley Smith Barney, the brokerage joint venture of Morgan Stanley (**MS 27.84, -0.07, -0.25%**) . It makes the company the only big brokerage to allow the practice.

About 2,000 advisers and managers have firm-managed BlackBerrys and are affected by the policy. Morgan Stanley Smith Barney will keep a record of the texts, to comply with industry regulations that it retain all electronic messages for three years. The company also says it will use the same process it has in place to review its staff's emails.

The move comes at a time of change for the brokerage unit. Morgan Stanley is planning to jettison the Smith Barney name from its masthead and is planning to lay off up to 300 brokers and low-performing advisers to reduce its work force to the 17,500-to-18,500 range. And late last year the firm announced that it plans to eventually purchase the rest of the Smith Barney venture from Citigroup Inc.

A Morgan Stanley Smith Barney broker based in the Midwest said he doesn't expect to start texting with his clients, but since he only carries one phone, he's happy to have an easier way to communicate with his wife. "For me, it's more about how can I be the most productive, and that helps a little bit," said the broker.

Spokeswomen for Bank of America (**BAC 14.14, -0.09, -0.63%**) Corp.'s

Merrill Lynch and UBS (UBS 18.56, -0.02, -0.11%) AG's UBS Wealth Management America said their companies don't allow brokers to use company-issued mobile devices to text. A spokesman for Wells Fargo (WFC 32.02, -0.08, -0.25%) & Co.'s Wells Fargo Advisors said the company doesn't issue mobile devices to its financial advisers, and those who use their own aren't allowed to text clients.

As forms of electronic communication multiply and become more popular, financial-services companies are struggling to keep pace in terms of policies and regulatory compliance issues. With the growing influence of smartphones, as well as social-networking sites like Facebook and Twitter, the industry has been debating how to help brokers expand the ways they can reach out to clients.

"I think there is a very keen interest in the industry right now on how firms can utilize different technology to engage in business communications," said **Joseph Price**, senior vice president of the advertising-regulation division of the Financial Industry Regulatory Authority, Wall Street's self-policing organization.

Morgan Stanley Smith Barney's new policy could put it a step ahead of the curve. **Dan Nemo**, chief operating officer of TextGuard, a company that helps firms monitor and archive communications sent through mobile devices, said he has spoken to brokers who have been frustrated when they have received texts from clients, but couldn't reply.

"The broker wants to communicate with the customer and client the way the customer and client wants to communicate with them," Mr. Nemo said.