

FINANCIAL TIMES, *August 1, 2007*

## **Put the onus on stockbrokers by no longer publishing analysts' buy/sell recommendations**

*From Mr Ray Soifer.*

Sir, The recent reports of corporate favouritism shown to analysts who recommended purchase of a company's shares come as no surprise to this writer, who spent 17 years as a brokerage house equity analyst before retiring in 2000 to start a consultancy ("Study reveals cosy relations between chiefs and analysts", July 27).

However, sell-side analysts mostly serve institutional clients, and to that extent, analyst bias is a victimless crime. Fund managers, after all, have a fiduciary responsibility to make their own investment decisions on their clients' behalf, and good ones will often consult several analysts, bears as well as bulls, before doing so.

The more serious problem involves retail investors, who normally do not have direct access to any analysts and may therefore rely on their written reports, which are typically prepared primarily with institutional clients in mind.

Since it would seem impractical to try to keep such reports out of retail investors' hands, a better solution would be to stop publishing buy/sell recommendations at all.

Institutional clients do not use them anyway, and such a step would place the provision of advice to retail clients squarely in the hands of their individual stockbrokers, who at least know them and are in a position to assess the suitability of any particular investment. Analysts, of course, are not.

**Ray Soifer,  
Soifer Consulting,  
Green Valley, AZ 85614, US**