

March 2, 2021

The Honorable Richard Burr
Senate Committee on Health, Education, Labor, and Pensions
United States Senate
Washington, DC 20515

Re: H.R. 842, "Protecting the Right to Organize (PRO) Act"

Dear Ranking Member Burr:

On behalf of LPL Financial, I am writing to express our strong concerns with H.R. 842, "Protecting the Right to Organize (PRO) Act." I sincerely appreciate the House Committee on Education and Labor's goal of preventing abuses of worker classification laws; unfortunately, this bill would have serious unintended consequences for the independent financial services industry, as well as the clients we serve. Therefore, I ask you and the Senate Committee on Education and Labor to include an exemption for financial professionals in the legislation so that during this time of economic uncertainty we can continue to provide financial advice to our clients without interruption.

LPL Financial is a leading retail investment advisory firm, independent broker-dealer and registered investment advisor custodian. We serve more than 17,000 independent financial professionals and over 700 financial institutions by providing them with the technology, research, clearing and compliance services, and practice management programs they need to create and grow thriving practices focused on Main Street savers and investors. LPL Financial supports financial planning practices across the country, including more than 420 in North Carolina, enabling them to provide objective guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

Our financial professionals are entrepreneurs, small business owners, and linchpins of their communities, and are dedicated to serving the financial needs of hard-working Americans across the country. They help their clients secure their futures by making important savings and investing goals a reality, thereby enabling people to buy a home, pay for college, as well as save for retirement.

Financial professionals have the freedom to choose from many affiliation models and can decide whether or not they wish to engage in an employee model or an independent contractor model. Most of LPL's affiliated financial professionals are small business owners who are dedicated to ensuring that their clients have access to financial advice. They choose to be an independent contractor professional, rather than an employee of LPL or another financial services firm, because it gives them the ability to focus on establishing and growing a small business that is focused on their clients and employees, and to build equity for themselves and their families. Many of them started their careers as employees and then chose to become independent contractors precisely because they wanted to be more entrepreneurial and to leave a legacy for their families.

If passed, the PRO Act will take away our financial professionals' ability to make this critical choice. The bill seeks to change the definition of "independent contractor" and implement a problematic ABC test. If the legislation is enacted without an exemption for financial professionals, it will cause a major disruption not only for financial professionals, but for the clients they serve, impeding their access to financial advice. Please refer to our attached white paper, which provides commentary from LPL financial professionals on the benefits of the independent contractor model.

Thank you for your consideration of this letter. If you have any questions or would like to discuss further, please contact Nicole Petrosino at Nicole.Petrosino@lpl.com.

Sincerely,

A handwritten signature in black ink that reads "Dan Arnold". The signature is written in a cursive style with a large, stylized "D" and "A".

Dan Arnold
President & CEO