

March 17, 2017

Via Electronic Submission

The Office of Regulations and Interpretations,
Employee Benefits Security Administration
Attn: Fiduciary Rule Examination
Room N-5655

U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, DC 20210

Re: RIN 1210-AB79 – Proposed Rule; Extension of Applicability Date

Dear Ladies and Gentlemen:

LPL Financial LLC (“LPL”) appreciates the opportunity to provide comments in support of the Department of Labor’s (the “Department”) proposed delay of the following rules: the new definition of a fiduciary, the new prohibited transaction exemptions, and the modifications of existing exemptions (together referred to here as the “Fiduciary Rule”). We hope that the Department finds our comments helpful, and we look forward to collaborating with the Department during its review of the Fiduciary Rule to ensure both that investors are protected, and that access to brokerage products and services is preserved for the many investors who benefit from them.

I. Overview of LPL

LPL is a leader in the financial advice market, and as of January 31, 2017, served \$517 billion in total brokerage and advisory assets. LPL is registered with the SEC as both an investment adviser and a broker-dealer. As a dual registrant, in addition to Department regulation with respect to services to retirement investors, we are subject to regulation by the SEC for our investment advisory services, and FINRA, the SEC, and the states for our broker-dealer activities. We provide proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to more than 14,000 independent financial professionals and over 700 banks and credit unions. LPL has been the nation’s largest independent broker-dealer since 1996 (based on total revenues, Financial Planning magazine June 1996-2016). Additionally, as of December 31, 2016, LPL supports approximately 4,000 financial professionals licensed with insurance companies by providing customized clearing, advisory platforms, and technology solutions. LPL and its affiliates have more than 3,200 employees.

Unlike traditional broker-dealers, whose registered representatives are typically employees of the broker-dealer, our financial professionals are independent contractors and operate their own businesses. LPL’s mission is to help financial professionals establish successful businesses through which they can offer independent financial guidance and advice. We support our financial professionals with branding, marketing and promotion, as well as regulatory review and compliance. LPL does not sponsor any proprietary products or sell investments from inventory, and we do not have our own recordkeeping platform for employer-sponsored retirement plans.

Our independent financial professionals build long-term relationships with their clients and communities across the U.S. by guiding them through the complexities of investment decisions, retirement solutions, financial planning, and wealth management. The majority of our financial professionals are small business owners and entrepreneurs, and are primarily located in rural and suburban areas. Operating as small businesses, our financial professionals often form personal and long-standing relationships with their clients and communities.

II. Comments on the Proposed Rule

LPL is committed to enhancing access to objective financial advice for all American investors. Studies have shown that individuals advised by a financial advisor are able to save more as compared with non-advised individuals across all age and income levels. Indeed, advised individuals aged 35-54 years making less than \$100,000 per year had 51% more assets than similar non-advised investors.¹

We and our financial advisors believe that our collective success depends upon acting in the investor's best interests. This is because our financial advisors' interests are closely aligned with the investor's interests. Specifically, the better a financial advisor serves an investor, the better positioned the investor will be to achieve his or her investment objectives, and the more likely the investor will be to stay with the financial advisor for the long term.

It is for this reason that LPL supports the establishment of rules creating a harmonized fiduciary standard for broker/dealers and investment advisors, stipulating that any broker/dealers and investment advisors who provide investment advice to retail customers be subject to the same standard, no matter what license the professional holds. LPL recognizes the efforts of the Department to create a fiduciary standard that covers the delivery of all investment advice to retirement accounts. Indeed, throughout the Fiduciary Rule proposal and comment periods, we worked collaboratively with the Department, offering comments that would ensure access to advice and would require that all advisors act in the best interest of investors.

The Fiduciary Rule is requiring major alterations to our business, including to our technology systems and applications, and to the small businesses of our financial advisors. LPL began preparing for compliance with the Fiduciary Rule even before it was finalized, and has dedicated significant time, money, and other resources to implement changes to our business to meet the April 10, 2017 applicability date. Yet even with all of this effort, we have found the implementation period under the Fiduciary Rule to be very short given the complexity and substantial operational and technological changes required. Given the importance of implementing this rule in the best way possible for retirement investors, we believe the proposed delay is warranted.

In addition, in a recent bulletin, the Department itself has acknowledged the possibility of "investor confusion and related marketplace disruptions attributable to uncertainty regarding the timing of its decision" as to whether to delay the applicability date of the rule. In its Field Assistance Bulletin No. 2017-01 (the "Bulletin"), the Department granted temporary enforcement relief in an effort to alleviate such confusion. We share the concern, despite the relief granted by the Department, that investors may be confused by uncertainty around the timing of the rule and potentially disparate practices around implementation. We believe that finalizing the proposed delay by April 10, 2017 will reduce or eliminate this confusion and potential disruption.

Finally, we believe the proposed delay is necessary to allow for a full and thoughtful review of the issues raised in the President's February 3rd directive to further examine the Fiduciary Rule.

¹ Oliver Wyman, *The Role of Financial Advisors in the U.S. Retirement Market*, 2015, p. 2.

For all of these reasons, we ask you to grant the proposed 60-day delay, and we look forward to working collaboratively with the Department to address any questions regarding the Fiduciary Rule.

Sincerely,

A handwritten signature in black ink, reading "David P. Bergers". The signature is written in a cursive style with a long horizontal flourish extending to the right.

David P. Bergers