LPL Financial

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February 14, 2023

Submitted Electronically

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: RIN 33-11130, Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting

Dear Ms. Countryman:

LPL Financial LLC ("LPL") appreciates the opportunity to comment on the U.S. Securities and Exchange Commission (the "Commission" or "SEC") Open-End Fund Liquidity Risk Management Programs and Swing Pricing proposal (the "proposal"). LPL has nearly 8 million customer accounts with a significant number of mutual fund holdings. We are writing to express our concerns with this proposal because of the potential harm that the proposal will cause for retirement savers and challenges it will create for intermediaries to operationalize.

I. Overview of LPL

LPL is a leading retail investment advisory firm, independent broker-dealer and registered investment adviser custodian. We are dually registered with the SEC as a broker-dealer and investment adviser. LPL serves as a trusted partner to more than 21,000 financial professionals across the country, including financial professionals at over 1,100 banks and credit unions and approximately 500 registered investment advisers. LPL provides them with the technology, research, clearing and compliance services and practice management programs they need to create and grow thriving practices. LPL enables affiliated financial professionals to provide personalized financial guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions. LPL financial professionals work on main streets in all 50 states to help individuals save for important life events such as buying a home, paying for college and ultimately retirement.

II. Discussion of Proposal

The Commission's proposal is wide ranging, and seeks to make changes to the existing structure of open-end funds. LPL is not an investment company, however we are commenting in our position as a broker-dealer and intermediary. The proposal would require the firm to make significant operational changes that would disadvantage our clients. We believe that today's market structure serves a wide variety of investors well and does not need to be changed.

For LPL, the most impactful provision of the proposal would be the addition of a hard close for open-end funds at 4:00 p.m. Eastern Time. Currently, LPL accepts orders up until the market closes at 4:00 p.m. ET and we are able to route orders after the market closes so long as the trade request is submitted by 3:59 p.m. This allows all types of investors to take advantage of the current net asset value (NAV) of open-end funds, which are typically set at the end of each day.

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We are concerned that this proposal will disadvantage retirement savers who utilize defined contribution and defined benefit plans, as well as recordkeeping platforms. In order to meet the 4:00 p.m. hard close deadline, plans will need to stop accepting orders as much as six hours[1] in advance. This not only disadvantages plan participants, but it unfairly disadvantages participants by plan location. Retirement savers in Hawaii, for example, already need to place orders by 11:00 a.m. Hawaii-Aleutian Standard Time (HST). If this deadline was moved up by as much as six hours, as the proposal estimates, retirement savers in Hawaii could be required to place orders by 5:00 a.m. HST. Likewise, savers on the West Coast could be required to place orders by 8:00 a.m. PT. Overall, this would significantly shorten the trading day and would put individuals at a significant disadvantage based on their geographic location.

If the hard close is implemented, it will not affect all investors. Rather, institutional investors and individual investors who place orders through brokerage accounts will be able to continue placing trades until 4:00 p.m. ET. This will allow them to take advantage of the NAV price at the end of the day, and possibly front run any large orders from retirement plans. It is unfair, and provides preferential treatment for certain investors. We do not believe that the SEC should approve a proposal that clearly picks winners and losers in the market.

III. Support for Trade Association Comments

LPL is a member of the Securities Industry and Financial Markets Association (SIFMA), The American Securities Association (ASA) and the Insured Retirement Institute (IRI). We support their comments and agree with the issues raised.

IV. Conclusion

Thank you for the opportunity to comment on this proposal. We appreciate your consideration of this letter and are available to discuss its contents. Please contact me at [redacted] with any questions.

Sincerely,

Charles Upchurch
Senior Vice President, Operations

[1] As estimated in the Commission's proposal.