

April 24, 2014

VIA ELECTRONIC MAIL

Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number SR-FINRA-2014-010; Release No. 34-71786

Dear Ms. Murphy:

LPL Financial LLC (“LPL”) appreciates the opportunity to comment on the proposal (“Proposal”) by the Financial Industry Regulatory Authority (“FINRA”) to adopt FINRA Rule 2243, Disclosure and Reporting Obligations Related to Recruitment Practices. We are fully supportive of the efforts of FINRA, the Securities and Exchange Commission (“SEC”) and the industry to increase transparency for investors regarding potential conflicts of interest presented by recruitment compensation and provide investors with important information pertaining to transferring accounts from one broker-dealer firm to another. We believe that the Proposal will achieve these goals.

LPL is one of the nation’s leading diversified financial services companies and is registered with the SEC as both an investment adviser and broker-dealer. LPL currently supports one of the largest independent registered representative bases in the United States, providing financial professionals with the front, middle, and back-office support they need to serve the large and growing market for brokerage services and independent investment advice, particularly in the market of investors with \$100,000 to \$1,000,000 in investable assets. As of December 31, 2013, LPL brokerage and advisory assets totaled \$438 billion, of which \$151.6 billion was in advisory assets. LPL self clears its transactions and maintains custody of its brokerage client customer accounts.

To help member firms fully understand the requirements set forth in the Proposal and comply with the proposed rule, we believe clarification of the following items would be helpful.

1. The Proposal notes that, with respect to a transfer of a group or team of representatives and staff, members can make a reasonable determination regarding the application of recruitment compensation to each individual to make the required disclosures. We believe additional FINRA guidance is needed regarding how to apply the disclosure requirements if the recruitment compensation is paid to one member of the team, rather than to each member of the team.
2. The Proposal does not address, in the case of registered persons (i) of a dual registrant investment adviser and broker dealer firm; or (ii) who are also investment advisor representatives of an affiliated investment advisor of the broker dealer firm, whether the disclosure is required if the former customer was solely an investment advisory client of the registered person. It is also unclear whether disclosure is required when the member or registered person attempts to induce a

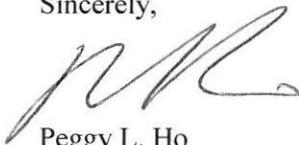
former customer of that registered person to move accounts to the new broker-dealer when no assets of the former customer will “transfer” because the assets are directly held with a mutual fund or other investment sponsor. Additional clarity on these points would be helpful.

3. We also seek further guidance regarding how FINRA defines “individualized contact” that “attempts to induce the former customer to transfer assets to the member,” thus triggering the disclosure requirement. For example, would a letter that states only that the registered person has moved to a new firm and provides the new contact information trigger the disclosure requirement at the time of the letter?
4. Regarding the calculation of upfront and potential future payments, we appreciate that the Proposal permits members to net out costs directly incurred by a registered person in connection with transferring to the new firm. We seek additional guidance from FINRA regarding which transition costs should be subtracted. For example, it seems that the following would generally constitute direct costs of a transfer: costs associated with moving the client accounts, costs of new marketing and branding, as well as new overhead costs, such as moving expenses, office space, supplies, equipment, furniture, software, and staff.

LPL would also welcome engagement with the SEC and FINRA to discuss the specific logistics and operational requirements around implementation of the final rule. We look forward to having these constructive discussions to ensure that the proposed rule achieves its intended result.

We hope that these comments will be helpful for the SEC and FINRA in reviewing the Proposal and clarifying its requirements. We believe FINRA Rule 2243 will promote investor protection, result in meaningful disclosures to customers that will help them make informed decisions, and allow broker-dealer firms to implement the disclosures in a reasonable manner. If you have any questions regarding this letter or would like to discuss any of these points further, please do not hesitate to contact me.

Sincerely,



Peggy L. Ho
Chief of Staff
Legal & Government Relations

cc: Robert Colby, Chief Legal Officer, FINRA