



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

February 17, 2017

Carl Pawsat, CPA
Director, Broker-Dealer Accounting and Reporting
Lincoln Financial Distributors, Inc.
130 N. Radnor-Chester Rd.
Radnor, PA 19087

Re: Exemption from Requirement to Engage Independent Public Accountant

Dear Mr. Pawsat:

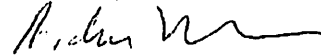
I received your letter dated February 13, 2017 on behalf of Lincoln Financial Distributors, Inc. ("LFD") regarding the applicability of the exemption provided to broker-dealers in paragraph (e)(1)(i)(A) of Rule 17a-5 (17 CFR 240.17a-5). That self-executing provision exempts broker-dealers from the requirement to engage an independent public accountant if, among other things, the securities business of the broker-dealer has been limited to acting as broker (agent) for a single issuer in soliciting subscriptions for securities of the issuer, the broker has promptly transmitted the issuer all funds and promptly delivered to the subscriber all securities received in connection with the transaction, and the broker has not otherwise held funds or securities for or owed money or securities to customers.

I understand from your letter that LFD's business is limited to acting as agent solely on behalf of Lincoln National Life Company ("LNL") and its wholly-owned subsidiary, Lincoln Life and Annuity Company of New York ("LNY"). I further understand that LNY conducts business exclusively in New York state, and that LNL conducts business exclusively outside of New York. In subsequent correspondence, you have represented that structures such as these are designed to avoid the application of the extraterritorial effect of several New York insurance laws to the business that is conducted outside of New York. Based upon your representations, the staff of the Division of Trading and Markets (the "Division") does not believe that LFD is disqualified from applying the exemption provided under paragraph (e)(1)(i)(A) on the basis that LFD is acting on behalf of more than one issuer.

Mr. Carl Pawsat
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You should understand that this letter expresses a staff position and does not purport to state any legal conclusion or factual finding on this matter. The Division's position is confined to the facts as described herein. Any material change in circumstances may warrant a different conclusion and should be brought immediately to the Division's attention.

Sincerely,



Michael A. Macchiaroli

cc: Roberta Devorsky, FINRA



Lincoln Financial Distributors, Inc.
130 N. Radnor-Chester Road
Radnor, PA 19087-5221

Carl R. Pawsat
Direct Line: (336) 691-3486
E-mail: carl.pawsat@lfg.com

February 13, 2017

Thomas K. McGowan
Associate Director
Division of Trading and Markets
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

RE: Confirmation to Not Engage an Independent Public Accountant to Provide Reports under Securities Exchange Act Rule 17a-5

Dear Mr. McGowan:

Lincoln Financial Distributors ("LFD") requests confirmation that the staff of the Division of Trading and Markets ("Division") of the Securities and Exchange Commission ("Commission") would not recommend enforcement action to the Commission if LFD does not engage an independent public accountant to provide the reports required under Rule 17a-5, paragraph (d)(1)(i)(C), of the Securities Exchange Act of 1934 ("Exchange Act").⁽¹⁾

LFD, the wholesale broker-dealer of Lincoln National Corporation ("LNC"), is a Commission-registered broker-dealer under Section 15(b) of the Exchange Act and is a member of the Financial Industry Regulatory Authority, Inc. Pursuant to Exchange Act Rule 17a-5(c)(1)(i)(A),⁽²⁾ LFD is not required to engage an independent public accountant to provide the reports required under Exchange Act Rule 17a-5(d)(1)(i)(C),⁽¹⁾ as LFD, since its inception, has had its securities business limited solely to "acting as broker (agent) for the issuer in soliciting subscriptions for securities of the issuer." The issuer for all non-New York securities business is The Lincoln National Life Company ("LNL"), a subsidiary of LNC, and for all New York securities business is The Lincoln Life and Annuity Company of New York, a subsidiary of LNL.

Furthermore, LFD operates in the business-to-business, not the business-to-consumer, space and is a wholesale, not a retail, broker-dealer. LFD has never had any retail customers or accounts, nor has it ever collected funds from any retail customers. As such, (i) the prompt transmittal of funds to the issuer, (ii) the prompt delivery of securities to the subscriber of all securities received in connection with the transaction, and (iii) not otherwise holding funds or securities for or owing money or securities to customers are inapplicable to LFD.

⁽¹⁾ 17 CFR 240.17a-5(d)

⁽²⁾ 17 CFR 240.17a-5(c)



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Accordingly, we request that the Division not recommend enforcement action to the Commission if LFD does not engage an independent public accountant to provide the reports required under paragraph (d)(1)(i)(C) of Exchange Act Rule 17a-5.⁽¹⁾

We appreciate your assistance with this matter and please contact me at (336) 691-3486 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "C. Pawsat".

Carl Pawsat
Director & Interim Financial and Operations Principal

cc: Timothy C. Fox, SEC
Roberta Devorsky, FINRA
Patrick J. Caulfield, LFD
Kristine H. Toscano, LFD