

November 4, 2021

Submitted electronically to NASAAComments@nasaa.org

Melanie Senter Lubin
President, North American Securities Administrators Association
750 First Street NE, Suite 1140
Washington, DC 20002

RE: Request for Public Comment Regarding a Proposed Model Rule for Unpaid Arbitration Awards Under the Uniform Securities Acts of 1956 and 2002

Dear Ms. Lubin,

On behalf of LPL Financial (“LPL”), I am pleased to offer our support for the North American Securities Administrators Association (“NASAA”) proposed Model Rule for Unpaid Arbitration Awards Under the Uniform Securities Acts of 1956 and 2002 (the “Model Rule”).

LPL is a leading retail investment advisory firm, independent broker-dealer and registered investment advisor (RIA) custodian. We serve as a trusted partner to more than 19,000 independent financial advisors, professionals and over 800 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. LPL enables affiliated financial professionals to provide objective financial guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions. Our affiliated financial professionals operate in all 50 states.

The proposed Model Rule would add certain provisions relating to unpaid FINRA arbitration awards to the dishonest or unethical business practices of broker-dealers and investments advisers, allowing for enforcement actions related to unpaid awards. While the challenge of unpaid arbitration awards is not an issue unique to FINRA and the financial services industry, it is a legitimate concern that should be addressed. LPL appreciates that NASAA is taking steps to enable individual states to reduce the number of unpaid awards.

However, LPL is concerned about the funding source for the unpaid arbitration fund established in each state that adopts this Model Rule. It is critical that the fund be supported by existing revenue sources rather than increasing revenues from firms, like LPL, that pay their arbitration awards in a timely manner. Many states have excess revenues from registration fees. We recommend that the Model Rule explicitly state that excess registration revenues, where present, are used to support the unpaid arbitration fund.

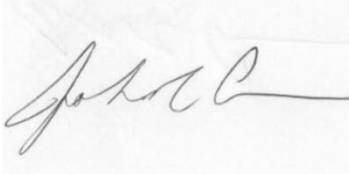
LPL would also recommend that the Model Rule recognize that the process of arbitration is lengthy, and can continue after the final judgement is made. We ask that NASAA include language stating “or the firm continues to pursue legitimate legal remedies” to sections 1 (or x) and 2 (or y) of the Model Rule.

In Section 3 (or z), the Model Rule discusses regulatory actions that can be imposed on a broker-dealer or agent with the intention of capturing all regulatory bodies. In order to clarify the scope, LPL recommends specifying that the self-regulatory organizations must be created through statute, such as FINRA.

Finally, LPL is a member of SIFMA and we support the comments expressed in their letter of November 4, 2021.

Thank you for the opportunity to provide feedback. If you have any questions, I can be reached at John.Cronin@lpl.com.

Sincerely,



John R. Cronin
Head of State Government Relations