Tuesday, March 05, 2013

Marcia Asquith
Senior Vice President & Corporate Secretary
FINRA
1735 K Street, NW
Washington D.C. 20006
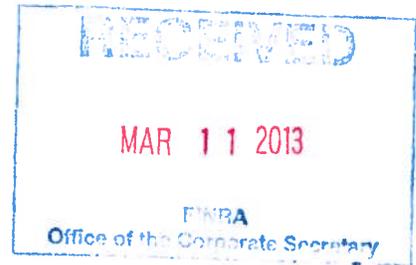
RE: Regulatory Notice 13-02

Dear Dear Ms. Asquith:

I am generally supportive of regulatory proposals that aim to disclose to investors the existence of genuine conflicts of interest. However, FINRA Regulatory Notice 13-02 concerning recruitment compensation is so inherently flawed that I cannot support it. For the following reasons, I strongly urge FINRA to reevaluate Regulatory Notice 13-02 to address its many shortcomings, set forth below:

The Proposed Rule Questions the Motives of All Financial Advisors/u - The added disclosure assumes that all advisors act in bad faith and suggests that clients should not trust their advisor after they have received enhanced compensation as part of being recruited to a new firm. However, many recruitment compensation packages do not raise any conflicts of interest and may, in fact, benefit investors. For example, a recruitment package that covers the clients` ACAT transfer fees, the advisors` moving expenses, or new advertising materials does not create a conflict of interest between clients and advisors. Instead it may allow a financial advisor to move his clients to a firm that can better serve their needs.

Potential Abuses are Already Subject to Regulatory Sanction - Existing regulations already adequately address the potential abuses that may arise from conflicts of interest related to recruitment compensation. If an advisor churns customer accounts or recommends unsuitable investments to maximize the benefits from an enhanced compensation arrangement that would be in clear violation of FINRA and SEC rules. As a result, the Proposed Rule is unnecessary and existing enforcement mechanisms are sufficient to ensure investors are well protected

For these reasons, I urge FINRA to reconsider this proposal. Thank you for considering my comments.

Sincerely,

Mr. Andrew Hugos
LPL Financial Corp
18 Brooklyn Avenue
Cooperstown NY 13326