

# LPL Financial LLC (LPL) Relationship Summary

Effective September 9, 2020

LPL (referred to as “we” or “us”) is registered with the U.S. Securities and Exchange Commission as a broker-dealer and an investment adviser. We have a network of financial professionals (“Professionals”) who offer brokerage and investment advisory services. Brokerage and investment advisory services, and the fees we charge for them, differ, and it’s important that you understand the differences.

This relationship summary will explain the various services we offer, how we charge for those services, and conflicts of interest that exist when we provide our services. To help you research firms and financial professionals, you can access free and simple tools at [Investor.gov/CRS](https://www.investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

## What investment services and advice can you provide me?

Our Professionals offer brokerage services, investment advisory services, or both, depending on their licenses. Each Professional generally provides access to a range of investment products, such as stocks, bonds, exchange-traded funds (ETFs), mutual funds, annuities, and alternative investments. Please note that the range of investment options available to you may be limited depending on the licenses your Professional holds or if he or she is located at a financial institution that does not offer certain options. Your Professional or account program may also have specific

requirements, such as account or investment minimums. We encourage you to ask your Professional whether any investment limitations or account requirements apply.

If your Professional offers you both brokerage and advisory services, your Professional will inform you when he or she offers an investment recommendation or advice, and whether the recommendation or advice is part of a brokerage or advisory service. Some of the key differences between brokerage and investment advisory services are described below.

### Brokerage Services

- Brokerage services include taking your orders and executing your securities transactions; making recommendations for you to buy, sell, or hold securities; and holding your securities for safekeeping (known as having “custody” of your securities).
- In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account. We also have a program available through a limited number of financial institutions in which you make investment decisions on your own without any recommendations from us.
- We don’t monitor brokerage account investments for you, unless we state otherwise in writing.
- We may provide brokerage services (but not investment recommendations) to you if your Professional is providing advisory services through a separate investment advisory firm.

### Investment Advisory Services

- Some of the investment advisory services we offer include wrap fee programs and non-wrap fee programs; mutual fund asset allocation programs; advisory programs offered by third-party investment advisory firms; financial planning services; retirement plan consulting; investment research; digital advice programs; and other custom advisory services.
- You’ll typically grant us discretion to buy and sell investments in your account without asking you in advance. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities. In other investment advisory accounts, you grant investment discretion to another financial institution.
- Some of our investment advisory accounts are nondiscretionary, which means you are required to preapprove each investment transaction that we recommend.
- We’ll typically monitor accounts, and specific investments within accounts, on an ongoing basis to align with your investment goals. However, in limited-scope consulting or advisory relationships, we won’t provide ongoing monitoring.

**More detailed information** about our advisory services can be found in the [Form ADV for your advisory program](#). Detailed information about our brokerage services can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

## ➔ QUESTIONS TO ASK YOUR PROFESSIONAL:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

## What fees will I pay?

Investing is an individual journey, and we want to provide you with options. Below we outline the fees you could be charged for both brokerage and advisory accounts depending on your

investment choices. Fee Schedules for our brokerage and advisory programs can be found on [lpl.com](http://lpl.com).

### Fees Associated with Brokerage Services

- For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. The more trades you make, the more transaction-based fees we earn. This creates an incentive to encourage you to trade often.
- For investments in stocks or ETFs, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).
- For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges.

### Fees Associated with Investment Advisory Accounts

- For investment advisory services, we typically charge an ongoing quarterly fee (sometimes referred to as an asset-based fee). This fee is a percentage of the value of your account. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive to encourage you to increase the size of your account, including by transferring or rolling over assets from other accounts. For some types of accounts, there is a per transaction charge in addition to an asset-based fee. We may also charge an hourly fee or fixed fee for additional services such as financial planning and consulting services that are of limited duration or nature.
- For wrap fee program accounts, you will pay us a single asset-based fee for advisory services. This fee also covers most transaction costs and certain administrative and custodial costs associated with your investments. If you expect to trade infrequently or to pursue a "buy and hold" strategy, a wrap fee program may cost you more than paying for the program's services separately, and you may want to consider a brokerage relationship rather than an advisory relationship.
- The fee you pay to your Professional is generally negotiated with him or her directly, and subject to different maximums, depending on the advisory program selected.

### Other Fees and Costs

If applicable to your account, we'll charge you directly for other fees in addition to brokerage commissions and advisory fees, including: (1) account maintenance fees such as custody, trade confirmation processing, corporate actions, and transfer fees; (2) cash management fees such as cash sweep, checking, and wire fees; and (3) investment specific fees such

as those for administration of alternative investments or for foreign securities. See the Fee Schedules for our brokerage and advisory programs at [lpl.com](http://lpl.com) for more information. You should understand that these fees are not charged by us if your investment is in an account that is held directly with the sponsor, and not in an LPL investment account.

You may also incur fees charged by the particular investment product in which you are invested, including mutual funds, ETFs, and other pooled funds, in addition to brokerage commissions and advisory fees charged by us. Some of these fees may be shared, as described below in [Third-Party Payments](#). Certain investment products have significant fees triggered by particular events, e.g., annuities may include mortality, expense, and administrative fees, and fees for excessive transfers or early withdrawals.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Detailed information on our advisory fees can be found in the [Form ADV for your advisory program](#). Detailed information on our brokerage fees can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#) and, depending on the investment product in which you invest, may be included in the product's prospectus or other offering document. If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

#### **QUESTIONS TO ASK YOUR PROFESSIONAL:**

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

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## What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

*When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means. If you have questions about whether any of these situations could apply to your investments, ask your Professional.*

### **Third-Party Payments**

We receive compensation from third parties related to investments you make in certain products, including mutual funds, ETFs, annuities, alternative investments, and other investments. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us. We also receive fees from investment products and/or their sponsors for recordkeeping and other administrative services we provide in relation to your investments. In some accounts we offer, uninvested cash is automatically placed into interest-bearing federally insured bank accounts. We receive fees for your participation in these "cash sweep" programs from the banks sponsoring the programs. The fees we receive are typically higher than the interest you earn on the cash held in the bank accounts and are in addition to any fees you pay to us. This creates an incentive for LPL if you maintain a cash balance in your account. **Revenue sharing payments** are another type of third-party compensation we receive from sponsors who participate in our marketing programs. These programs support our product marketing to our Professionals and for education and training efforts, and facilitate communications between sponsors and our Professionals. Finally, certain sponsors pay us to make their investment products available on our platform. Because

we receive payments from these third parties, there is an inherent incentive for us to recommend or invest your assets in those investment products. Detailed information regarding third-party payments can be found in the [Third-Party Compensation and Related Conflicts of Interest](#) document on [lpl.com](http://lpl.com).

### **Principal Trading**

In brokerage accounts, we sometimes directly buy from you or sell to you investments including bonds or certain shares of mutual funds, unit investment trusts (UITs), or alternative investments. These are called principal trades. If the principal trade involves a bond, we receive a markup or markdown by either buying the bond from you at a lower price than we will sell it for or by selling the bond to you at a higher price than we bought it for. That creates an incentive for us to either buy the bond from you at the lowest price possible or sell the bond to you at the highest price possible and maximize our profit on the principal trade. In advisory accounts, purchases of mutual funds, UITs, or alternative investments may be processed through our proprietary account, but we do not receive a markup or markdown in these trades. Also, in certain advisory accounts where a third-party investment advisory firm has discretion, we trade as principal and receive a markup or markdown.

Detailed information on our conflicts of interest can be found in the [Form ADV for your advisory program](#) and in [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to these documents.

#### **QUESTIONS TO ASK YOUR PROFESSIONAL:**

How might your conflicts of interest affect me, and how will you address them?

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## How do your financial professionals make money?

Our Professionals are primarily independent contractors, although a portion are employees or employees of an affiliated company. The agreement between each Professional and LPL sets out the payments we make to them. Those who provide investment advisory services receive a portion of the advisory fee you pay. Professionals who provide you brokerage services receive a portion of the commissions or markups/markdowns from your trades. Receiving a portion of the advisory or brokerage fees you pay to us creates an incentive for them to encourage you to increase your investment account size or trade more frequently. We also compensate Professionals based on production, including payments based on the amount of client assets they service and the products they sell. In addition, our Professionals receive different levels of compensation for selling different types of investments or services. This could include, for example, a share of the 12b-1 fees, trail payments, or sales loads paid to us by an investment product. Although your Professional must recommend investment products or manage your account in your best interest, these additional forms of compensation create an incentive for them to recommend specific financial products.

Our Professionals may receive compensation from us in other ways, including:

- Transition assistance if he or she moves to LPL from another company. This assistance can include forgivable loans, advance payment of advisory fees, and/or waving or reducing

other costs associated with transitioning the advisor's business. This assistance creates an incentive to migrate and maintain business on our platform from another investment platform, and to sell or recommend the sale of investments held in an account if we do not offer those investments.

- Waived or reduced costs and fees (e.g., for administrative services that we provide for your accounts, attending our conferences and events, and free or reduced-cost marketing materials). These waived and reduced costs and fees create an incentive for advisors to associate with us instead of other financial firms.
- Equity awards in our parent company, LPL Financial Holdings Inc., which give your Professional an incentive to remain with us during the vesting period applicable to his or her stock holdings (the period of time before the stock is unconditionally owned). This also gives the Professional a financial interest in the success of our business.

Your Professional is legally required to act in your best interest and not put his or her interests ahead of your own. We have systems in place to mitigate the conflicts of interest that arise from the way he or she makes money, including systems to review whether a recommendation is in your best interest. More information on compensation can be found at [Brokerage Compensation Information and Related Conflicts of Interest](#). If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for a hyperlink to this document.

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## Do you or your financial professionals have legal or disciplinary history?

Yes, LPL and some of our Professionals do. You can access the legal and disciplinary histories of LPL and our Professionals using a free and simple search tool at [Investor.gov/CRS](http://Investor.gov/CRS).

### QUESTIONS TO ASK YOUR PROFESSIONAL:

As a financial professional, do you have any disciplinary history? For what type of conduct?

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## Additional Information

Please visit the [Disclosures page on lpl.com](#) for more information, including a copy of the agreement for the account and/or program you are considering, the Form ADV Brochure for any advisory program you are considering, detailed information on our brokerage services under Brokerage Compensation and Related Conflicts of Interest, and more information regarding our brokerage and advisory programs under Third Party Compensation and Related Conflicts of Interest.

Please visit the Investor Regulatory & Educational Resources page on [lpl.com](http://lpl.com) to learn more about how to determine your investment objective and risk tolerance, among other items.

We are affiliated with other investment firms. If your Professional works with Fortigent, LLC or Allen & Company of Florida, LLC, you can find the relationship summaries for those firms at [lpl.com/fortigent.html](http://lpl.com/fortigent.html) and [alleninvestments.com/regulatory-information](http://alleninvestments.com/regulatory-information). More information on our affiliations can be found in the [Form ADV for your advisory program](#).

If viewing a paper version of this form, please visit [lpl.com/CRS](http://lpl.com/CRS) for hyperlinks to cross-referenced documents.

**To request up-to-date information or a copy of this relationship summary, please call us at (800) 558-7567.**

We also encourage you to review the general information provided by the U.S. Securities and Exchange Commission regarding investing, choosing an investment professional, and related considerations, available by visiting [Investor.gov](http://Investor.gov).

### QUESTIONS TO ASK YOUR PROFESSIONAL:

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker dealer? Who can I talk to if I have concerns about how this person is treating me?

## ACCOUNT PACKET – LPL TRADE DIRECT

### LPL MASTER – ACCOUNT AGREEMENT

In consideration of your clearing firm, your broker/dealer, or LPL Financial ("LPL") agreeing to open one or more accounts for you, you hereby understand, acknowledge and agree as follows:

#### THE ROLE OF LPL FINANCIAL

LPL serves in the following capacities depending upon the type of account you are opening with LPL. It is important that you understand the role of LPL as it relates to your account. Please refer to Account Type under Section I of the Account Application.

Brokerage and Optimum Market Portfolios (OMP) Brokerage – LPL acts as the broker/dealer of record and as the custodian of the assets in your account. LPL is responsible for providing the periodic custody statements for your account. By signing the Account Application, you authorize LPL to combine statements as instructed by you through your Representative (as defined below) and understand that such instructions will mean that LPL will share your account information with members of the combined group. LPL will confirm such instructions after receipt of the request.

Direct Business – LPL acts as the broker/dealer of record on your account but is not the custodian of your assets. You are opening an account directly with a product sponsor or issuer. For example, this could be a mutual fund, REIT, or variable annuity sponsor. The custodian selected by the sponsor is responsible for issuing periodic statements for your account.

Direct Advisory – LPL is not acting as the broker/dealer and is not the custodian of your assets. If you selected this Account Type it means you have opened your account through a third-party investment advisor ("TPIA"). Please refer to the agreement between you and your TPIA for an understanding of the roles and responsibilities of your TPIA. The custodian of your account is typically specified in your TPIA agreement or other paperwork needed to establish the account through the TPIA. The custodian is responsible for issuing periodic statements for your account. LPL is acting as a solicitor or referral agent on behalf of the TPIA and may act as a point of contact between you and the TPIA. In certain cases, LPL may also act as an investment adviser on the account along with the TPIA.

#### INVESTMENT RISK DISCLOSURE

1. You understand that investing in securities involves risks and that many variables, including, but not limited to market and economic fluctuations, may have a substantial negative effect on the value of your securities positions. Furthermore, you represent to LPL that you are willing to assume these risks and that you are in fact financially able to bear these risks. You agree to notify LPL in writing should your financial condition materially change, or should your investment objective change from the one shown on the Account Application. You understand that it is your duty to monitor your security and cash positions and to make investment decisions accordingly. Additionally, you are responsible for reviewing confirmations, account statements, disclosures, and other documents and communications that LPL or your registered representative ("Representative") may provide to you from time to time. You are responsible for notifying LPL or your Representative if anything in your account documents are inaccurate or suspicious.
2. You understand that your registered representative ("Representative") is to provide you with current offering documents which fully describe each investment, including potential risks and costs, prior to purchasing an interest in a partnership, mutual fund, variable product, unit investment trust or any new issue. Unless otherwise agreed to in writing, neither LPL nor your Representative will provide ongoing monitoring of your accounts for the purpose of providing investment advice. Absent a written agreement between you and LPL or your Representative otherwise, you understand that LPL and your Representative have no duty to provide ongoing monitor of your investments for the purposes of recommending changes in investments, including but not limited to providing recommendations to buy, hold, or sell securities, increase or decrease cash positions, or to open investment accounts. You acknowledge, however, that LPL and your Representative may monitor your account for the purposes of complying with this agreement and for complying with supervisory obligations under federal and state securities laws, rules, and regulations.
3. For retail accounts, each purchase of class A mutual fund shares, you agree to provide your Representative with information regarding your current holdings within the same fund family, either individually or in related accounts. You also agree to advise your Representative at the time of each mutual fund purchase whether or not you have recently liquidated mutual



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fund shares within the same fund family or a different fund family. This will enable us to provide you with any commission discounts to which you may be entitled.

4. It may not be advisable to exchange from one variable product or mutual fund to another of like objective if such transfer involves payment of an additional up-front or contingent sales charge or surrender charges. However, there may be circumstances in which it is reasonable to do so. Exchanges within the same mutual fund family may be available at no commission and at reduced processing costs.
5. It is usually not advisable to be induced by a pending dividend to purchase or sell securities.

### **UNAUTHORIZED PROHIBITED ACTS**

You should be aware of the following to protect yourself and to prevent unauthorized acts within your control.

1. Please always make payment for the purchase of securities to one of the following parties: LPL for purchases made in your LPL account, a mutual fund or a variable product sponsor as instructed in the prospectus or a partnership escrow agent as instructed in the offering memorandum or your TPIA. Do not make payment to any person or entity not named above including your Representative.
2. Do not pay cash or a cash equivalent for a security purchase; use a traceable instrument.
3. Be aware that Representatives are prohibited from taking personal possession of your securities, stock powers, monies or any other personal or real property in which you may have an interest. Representatives may not lend to you or borrow from you any monies or securities.
4. Do not obtain credit or otherwise borrow money to purchase securities except through a properly approved margin account.
5. Do not accept any commission rebate or any other inducement with respect to your purchase or sale of securities.
6. Do not enter into an understanding whereby you agree to buy securities directly from or sell securities directly to your Representative.
7. Do not agree to enter into any other business relationship with your Representative including, but not limited to, helping to capitalize or finance any business of your Representative.

### **OPERATION OF YOUR CASH ACCOUNT/TERMS**

#### **1. Applicable Rules & Regulations**

All transactions in your account are subject to the rules, customs and usages of the exchanges, markets or clearing houses where the transactions are executed and to all applicable federal and state laws and regulations.

#### **2. Lien**

All securities, commodities and other property which LPL may at any time be carrying for you or which may at any time be in LPL's possession or under LPL's control, shall be subject to a general lien and security interest in LPL's favor for the discharge of all your indebtedness and other obligations to LPL, without regard to LPL having made any advances in connection with such securities and other property and without regard to the number of accounts you may have with LPL. In enforcing LPL's lien, LPL shall have the discretion to determine which securities and property are to be sold and which contracts are to be closed. For purposes of this agreement, "securities, commodities and other property," as used herein shall include, but not be limited to, money, securities, and commodities of every kind and nature and all contracts and options relating thereto, whether for present or future delivery. Notwithstanding any other provision in this agreement to the contrary, any lien or security interest arising out of fees, charges or other obligations owed to LPL by an account of an individual retirement account or other plan subject to the prohibited transaction provisions of section 4975(c) of the Internal Revenue Code ("Plan") shall be limited to and enforceable against only the assets of such Plan account and any lien or security interest arising out of fees, charges or other obligations owed to LPL by a non- Plan account shall not extend to or be enforceable against the assets of any Plan account.

No portion of your account with LPL can be used as collateral without the authorization of LPL, which may only be obtained through the completion of required LPL documentation. In the event that you are authorized by LPL to pledge an account as



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collateral to a lender for a loan or line of credit, you acknowledge that you cannot and will not use the proceeds from any loan or line of credit to purchase securities.

#### 3. Failure to Pay

If upon the purchase or sale of securities by LPL at your direction, you fail to pay for or deliver monies or securities, you authorize LPL to take those steps necessary to pay for/deliver such monies or securities. You further agree to reimburse LPL for any loss it may sustain on your behalf, including reasonable costs of collection of any debit balance and any unpaid deficiency in your account including attorneys' fees.

#### Interest on Debit Balances

Cash accounts may be subject, at LPL's discretion, to interest on any debit balances resulting from failure to make payment in full for securities purchased, failure to timely deliver securities sold, proceeds of sales paid prior to settlement date, or for other charges which may be made to the account.

#### 4. Automatic Cash Sweep Program

By signing the Account Application, you are selecting and agreeing, with respect to assets held at LPL, to have cash balances in your account transferred automatically into a sweep program, depending on the type of account you hold. Below is a summary of the general terms and conditions of the sweep programs offered by LPL.

The applicable sweep program will be implemented upon acceptance of your completed account paperwork at LPL's home office, which generally will occur within 15 business days, but can take longer in certain circumstances, of you providing the paperwork to your Representative. Pending our acceptance, cash balances not otherwise invested at your direction will be held in your account as a free credit balance, as discussed more fully below.

#### Multi-Bank Insured Cash Account ("ICA") Program General Terms and Conditions

If your account is eligible for the ICA program, you hereby authorize and direct LPL to automatically deposit available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) in your account into interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured deposit accounts ("Deposit Accounts") at one or more banks or other depository institutions participating in the ICA Program (each, a "Bank").

Eligibility. The ICA program is available for accounts of individuals, trusts, sole proprietorships and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. LPL may at its discretion deem an eligible person to be an ineligible person if LPL becomes aware that the person is prohibited as a matter of law from holding funds at the Bank. If your IAR is located at a bank that offers a SBICA (as defined below), you are not eligible for the ICA Program. In the future, LPL may at its discretion, deem additional account types eligible for the ICA program. Please consult your Representative for additional details concerning eligibility.

FDIC Insurance. Deposit Accounts available through the ICA program are eligible for insurance by the FDIC up to \$250,000 in principal and accrued interest per depositor for each FDIC-defined ownership category in an individual bank. As your agent, LPL will sweep your assets out of your LPL Account and into the participating banks but not to exceed the maximum levels of insurance as defined by the FDIC per category. To ensure your deposits at any of the participating banks do not exceed the maximum levels of insurance as defined by the FDIC per category, LPL will limit your total deposit at any participating bank to allow for the monthly interest being applied to your Account. Should your assets reach the maximum amount of insurance as defined by the FDIC per category, LPL will continue to place funds to other participating banks to provide the maximum deposit insurance limits established for ICA. To view the current program maximum deposit insurance limits for ICA, see the ICA Current Interest Rate pages on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under "Automatic Cash Sweep Programs and SIPC Coverage" and "FDIC-Insured Bank Deposit Sweep Programs (LPL ICA and DCA)." After that maximum is reached, your additional cash will be deposited into one or more of the Excess Banks (as defined in the ICA Disclosure Booklet) in excess of FDIC coverage limits and will not be eligible for FDIC Insurance. Cash invested in a money market



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mutual fund is not eligible for FDIC deposit insurance. Deposit Accounts are not protected by the Securities Investor Protection Corporation (SIPC).

The ability of the ICA program to sweep your uninvested cash into Bank Deposit Accounts depends, however, on the capacity of the Banks to accept new deposits. In times where Banks have insufficient capacity to accept new deposits, LPL will temporarily deposit into one or more of the Banks in excess of FDIC coverage limits resulting in deposits not being eligible for FDIC insurance. When Bank capacity is restored, your funds are re-allocated to Banks within the program to fully insure your assets up to the program maximum.

**Interest.** You will receive the same interest rates on the funds in your accounts at each Bank. All Banks will use the same interest rate tiers and will pay the same rate of interest on the Deposit Accounts within each interest rate tier, which are described in greater detail in the ICA Disclosure Booklet available from your Representative or on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). The interest rates on the Deposit Accounts are determined by the amount the Banks are willing to pay on the Deposit Accounts minus the fees paid to LPL and other parties, as described in the Booklet. The interest rates paid on Deposit Accounts may change as frequently as daily. You may contact your Representative or access our website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html) to determine the current interest rate on the Deposit Accounts for each interest rate tier.

**Fees.** LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 400 basis points as applied across all ICA deposit accounts taken in the aggregate.

**Tax Information.** For most clients, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax advisor about how the ICA program affects you.

**More Information.** For more specific information about the terms and conditions of the ICA program, please see the ICA Disclosure Booklet available from your Representative or on [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

#### **Single Bank Insured Cash Account Program (“SBICA”) General Terms and Conditions**

If your Representative is located at a bank that offers a SBICA, you hereby authorize and direct LPL to automatically deposit available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) in your account into an interest-bearing bank deposit account at that bank that is insured by the FDIC up to \$250,000 for individuals and \$500,000 for joint accounts. SBICA accounts are not protected by the Securities Investor Protection Corporation (SIPC).

**Fees.** In the case of a SBICA program, LPL receives a fee from the bank of up to 0.50% of the LPL client assets deposited at the bank under the program for its sweep processing services.

**Tax Information.** For most clients, interest earned on deposits in the SBICA accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned on deposits in your SBICA accounts. You should consult with your tax advisor about how the SBICA program affects you.

**More Information.** For additional information on the SBICA, please see the applicable disclosure booklet available from your Representative.

#### **Money Market Mutual Fund Sweep Program General Terms and Conditions**

**Eligibility.** If your Account is not eligible for ICA or SBICA, you hereby authorize and direct LPL to automatically invest available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) in shares of a money market mutual fund. If a specific sweep money market mutual fund is not otherwise directed by you, you hereby authorize LPL to direct the cash balances held in your Account to the J.P. Morgan U.S. Government Money Market Fund (unless you own a foreign account and then it will be the J.P. Morgan U.S. Treasury Liquidity Fund). Contact your Representative to learn about the specific share class you will be invested in or to learn about other sweep money market mutual funds that may be available.





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**No FDIC Insurance.** Investments in money market mutual funds are not guaranteed or insured by the FDIC or any other government agency. Although money market mutual funds seek to preserve a net asset value of \$1.00 per share, there is no guarantee that this will occur. LPL is a member of SIPC. For accounts held at LPL, SIPC provides account protection up to a maximum of \$500,000 per client, of which \$250,000 may be claims for cash. This account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting [www.sipc.org](http://www.sipc.org).

**Fees.** LPL receives compensation of up to 1.00% of LPL customer assets invested in the sweep money market funds from the money market fund sponsor in connection with 12b-1 fees, recordkeeping fees and other compensation.

**More Information.** For more complete information about any of the sweep money market mutual funds available under this sweep program, including all charges and expenses, please contact your Representative for a free prospectus. You may obtain information with respect to the current yields available on the money market mutual funds by contacting your Representative.

#### **Changes to Sweep Programs**

LPL may make changes to the sweep programs, for example, to replace one sweep money market mutual fund with another money market mutual fund. If your account is not eligible for the ICA program, but later becomes eligible for the ICA program, LPL may switch your sweep program from the money market mutual fund sweep program to the ICA program. You will be provided with notice of such change prior to the effective date of the change.

#### **Alternatives to Sweep Programs**

Shares in the money market mutual funds that LPL offers as a non-sweep investment alternative may be purchased by giving specific orders for each purchase to your Representative. Cash balances in your account, however, will not be automatically swept into these money market mutual funds. Debits in your account will be paid automatically from available cash balances in your account and then from funds in the sweep programs. In the event there are no funds available in these accounts to cover debits, you or your Representative would need to liquidate separately purchased money market fund holdings or other securities to cover the required debits.

#### **Free Credit Balances**

Your selection of a sweep program above will not be effected until your account paperwork has been accepted by LPL as being in good order. Until such time, available cash balances (from securities transactions, dividend and interest payments, deposits and other activities) will not be automatically swept and will be held as a free credit balance. A free credit balance is a liability of LPL and payable to the account on demand. Interest will not be paid to the account on free credit balances. Unless we hear from you to the contrary, it is our understanding that any free credit balances held in your account are pending investment.

Free credit balances may be used by LPL in the ordinary course of its business subject to the requirements of Rule 15c3-3 under the Securities Exchange Act of 1934. The use of customer free credit balances generally generates revenue for LPL in the forms of interest and income, which LPL retains as additional compensation for its services to its clients. Under these arrangements, LPL will generally earn interest or a return based on short-term market interest rate prevailing at the time.

If you are acting on behalf of a Plan, you as a Plan fiduciary agree that you have independently determined that holding cash balances, pending LPL's acceptance of the account, as a free credit balance, which does not earn income for the Plan, is both (i) reasonable and in the best interests of the Plan and (ii) that the Plan receives no less, nor pays no more, than adequate consideration with respect to this arrangement. If the Plan fiduciary chooses to avoid holding un-invested cash as a free credit balance, the Plan fiduciary should not fund the account until after your account paperwork has been accepted by LPL as being in good order.

#### **Further Information**

For further information about LPL's sweep programs or your account, please contact your Representative.



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#### 5. Account Credits

For assets held at LPL, LPL credits to your account funds belonging to you such as dividends, interest, redemptions, and proceeds of corporate reorganizations on the day such funds are received by LPL. These funds come to LPL from issuers and various intermediaries in which LPL is a participant, such as the Depository Trust Company. Information regarding when LPL credits your account with funds due you, when those funds are available to you, and/or when you begin earning interest on those funds is available from LPL.

#### 6. Delivery Out of Securities

For assets held at LPL, your periodic customer statement indicated that securities were forwarded to you and you have not received them, you should notify LPL immediately. If notification is received within 120 days after the mailing date, as reflected on your periodic statement, replacement will be made free of charge. Thereafter, a fee for replacement may apply.

#### 7. Callable Securities

For assets held at LPL, securities which are held for your account and which are in "street name," or are being held by a securities depository, are commingled with the same securities being held for other customers of LPL. Your ownership of these securities is reflected in LPL's records. You have the right at any time to require delivery to you of any such securities which are fully paid for or are in excess of margin requirements. The terms of many bonds allow the issuer to partially redeem or "call" the issue prior to maturity date. Certain preferred stocks are also subject to being called by the issuer. Whenever any such security being held by LPL is partially "called," LPL will determine, through a random selection procedure as prescribed by the Depository Trust Co., the ownership of the securities to be submitted for redemption without regard to unsettled sales. In the event that such securities owned by you are selected, your account will be credited with the proceeds. Should you not wish to be subject to this random selection process, you must instruct your Representative to have LPL deliver your securities to you. Delivery will be effected provided, of course, that your position is unencumbered or had not already been called by the issuer as described prior to receipt by LPL of your instructions. Note that if you take delivery of the securities they are still subject to call by the issuer. The probability of one of your securities being called is the same whether they are held by you or by LPL for you. Please refer to the "Marketing & Trading Disclosures" section on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) for LPL's Call Securities Lottery Disclosure. In addition, a detailed description of the random selection procedure is available upon request.

#### 8. Permission to Impose Fees

In connection with servicing your account you may be charged certain incidental fees and charges. These fees and charges are subject to change at the discretion of LPL. You will be notified of these charges and any changes by your Representative or through information provided with your periodic statements. LPL notifies you of certain fees and charges at account opening and makes available a list of these charges on its website at [lpl.com/disclosures.html](http://lpl.com/disclosures.html). These miscellaneous fees are not directly based on the costs of the transaction or service by LPL, may include a profit to LPL, and certain of the fees may be lowered or waived for certain customers.

#### 9. Cost Basis

For assets held at LPL, for any assets purchased within your account, the cost basis is the actual purchase price including commissions. For any assets transferred into your account, original purchase price is used as the cost basis to the extent such information was submitted by you or your previous service provider to LPL. It is your responsibility to advise LPL immediately if the cost basis information is portrayed inaccurately. Statement calculations and figures should not be relied upon for tax purposes. The original trade confirmation customarily should be used for cost basis information.

#### 10. Payment for Order Flow

LPL does not receive any compensation in the form of payment for order flow.



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#### **11. Conflicts of Interest**

LPL's interests may not always be the same as yours. Please ask us questions to make sure you understand your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to act in your best interest. We are paid both by you and, sometimes, by people who compensate us based on what you buy. More information regarding the entities that make these payments and a description of the services provided, can be found at [lpl.com/disclosures.html](http://lpl.com/disclosures.html), or will be sent to you upon your written request.

#### **12. Direction of Orders**

Consistent with the overriding principle of best execution, LPL directs customer orders in equity securities to exchanges and market makers based on an analysis of their ability to provide rapid and quality executions. In an effort to obtain best execution, LPL may consider several factors, including price improvement opportunities (executions at prices superior to the then prevailing inside market on over the counter (OTC) or national best bid or offer for listed securities), whether it will receive cash or non-cash payments for routing order flow and reciprocal business arrangements.

#### **13. SIPC Insurance**

LPL is a member of the Securities Investor Protection Corporation ("SIPC"). For assets held at LPL, SIPC provides protection for the Account for up to \$500,000, including \$250,000 for claims for cash. The account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting [www.sipc.org](http://www.sipc.org).

#### **14. Representations As to Capacity to Enter into Agreement**

If you are an individual, you represent that you are of legal age, that unless otherwise disclosed to LPL in writing, you are not an employee of any securities exchange, or of any corporation of which any exchange owns a majority of the capital stock, or of a member firm or member corporation registered on any exchange or of a bank, trust company, insurance company, or of any corporations, firm or individual engaged in the business of dealing either as broker or as principal in securities, bills of exchange, acceptances or other forms of commercial paper. You further represent that no one except you has an interest in your account or accounts with LPL.

#### **15. Extraordinary Events**

LPL shall not be liable for any loss or loss of profits caused, directly or indirectly, by government restrictions, exchange or market rulings, suspension of trading, lack of access to or latency of trading systems, rioting, mayhem, acts of terrorism, war, outbreak of sickness or disease, strikes, fire, flood, ransomware attack, network failure, system outage or other conditions beyond LPL's control.

#### **16. Governing Law**

This agreement and its enforcement will be governed by the laws of The Commonwealth of Massachusetts.

#### **17. Account Handling**

You acknowledge that LPL reserves the right in its sole discretion to refuse or restrict your orders and that LPL may re-assign your account to a different representative or close your account by giving you written notice.

#### **18. Stop Orders and Stop Limit Orders**

If you place a "stop order" or "stop limit order" with LPL, you acknowledge that you are aware of how the order operates and the risks associated with it. In particular, you are aware of and acknowledge (a) the price you indicate for a "stop order" is not a guaranteed execution price and the price at which the order ultimately is executed may be significantly different from the price you intended or expected, (b) a stop limit order may not execute at all in certain circumstances, such as where



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the order is triggered but then cannot be filled at your limit price, and (c) stop orders and stop limit orders may be triggered by a short-lived, dramatic price change, such as during times of market volatility. Additional information on these topics can be found at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

#### OPERATION OF YOUR MARGIN ACCOUNT/TERMS (For assets held at LPL)

##### 1. Margin

Purchase of securities on credit, commonly known as margin purchases, enable you to increase the buying power of its equity and thus increase the potential for profit -- or loss. A portion of the purchase price is deposited when buying securities on margin and LPL extends credit for the remainder. This loan appears as a debit balance on your monthly statement of account. LPL charges interest on the debit balance and requires margin clients to maintain securities, cash, or other property to secure repayment of funds advanced and interest due. Interest will be charged for any credit extended to you for the purpose of buying, trading or carrying any securities, for any cash withdrawals made against the collateral of securities, or for any other extension of credit. When funds are paid in advance of settlement on the sale of securities, interest will be charged on such amount from date of payment until settlement date. In the event that any other charge is made to the account for any reason, interest may be charged on the resulting debit balances.

##### 2. Deposit of Collateral, Lien On Accounts And Liquidation.

In the event that additional collateral is requested, you may deposit cash or acceptable securities into your margin account. If satisfactory collateral is not promptly deposited after a request is made, LPL may, at its discretion, liquidate securities held in any of your non tax-qualified retirement accounts. In this connection, pursuant to this Agreement, LPL retains a security interest in all securities and other property held in its accounts, including securities held for safekeeping, so long as any credit extended remains outstanding. Notwithstanding any other provision in this agreement to the contrary, any lien or security interest arising out of fees, charges or other obligations owed to LPL by an account of a Plan shall be limited to and enforceable against only the assets of such Plan account and any lien or security interest arising out of fees, charges or other obligations owed to LPL by a non-Plan account shall not extend to or be enforceable against the assets of any Plan account.

##### 3. Liquidation

If, in LPL's discretion, LPL considers it necessary for its protection to require additional collateral or in the event that a petition in bankruptcy, or for appointment of a receiver is filed by or against you, or an attachment is levied against your accounts, or in the event of your death, LPL shall have the right to sell any or all securities, commodities and other property in your accounts with LPL, whether carried individually or jointly with others, to buy any or all securities, commodities and other property which may be short in such accounts, to cancel any open orders and to close any or all outstanding contracts, all without demand for margin or additional margin, notice of sale or purchase or other notice or advertisement. Any such sales or purchases may be made at LPL's discretion on any exchange or other market where such business is usually transacted, or at public auction or private sale, and LPL may be the purchasers for LPL's own account. It is understood that a prior demand, or call, or prior notice of the time and place of such sale or purchase shall not be considered a waiver of LPL's right to sell or buy without demand or notice.

##### 4. Payment of Indebtedness upon Demand and Liability for Costs of Collection

You shall at all times be liable for the payment upon demand of any debit balance or other obligations owing in any of your LPL accounts and you shall be liable to LPL for any deficiency remaining in any such accounts in the event of the liquidation thereof, in whole or in part, by LPL or by you; and, you shall make payments of such obligations and indebtedness upon demand. The reasonable costs and expense of collection of the debit balance, recovery of securities, and any unpaid deficiency in the accounts of the undersigned with LPL, including, but not limited to, attorneys' fees, incurred and payable or paid by LPL shall be payable to LPL by you.



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#### 5. Pledge of Securities

Securities purchased on a cash or margin basis may be hypothecated under circumstances which will permit the co-mingling thereof with securities carried for other customers, but such securities, if hypothecated will be withdrawn from hypothecation as soon as practicable upon receipt of payment there for.

#### 6. Margin Requirements, Credit Charges and Credit Investigation.

You will at all times maintain such securities, commodities and other property in your accounts for margin purposes as LPL shall require from time to time and the monthly debit balances or adjusted balances in your accounts shall be charged, in accordance with LPL's practice, with interest at a rate permitted by the laws of the Commonwealth of Massachusetts. It is understood that the interest charge made to your account at the close of a charge period will be added to the opening balance for the next charge period unless paid.

#### 7. Interest Rates

Interest charged on any debit balances in cash accounts or credit extended in margin accounts will be charged interest at an annual rate ("Schedule Rate") based on the following factors: (1) the LPL Base Lending Rate; and (2) a tiered schedule of premiums or discounts based on a combination of (A) your account or group assets under management and (B) your account or group margin balance. Your Schedule Rate will reflect changes in margin balance and/or assets under management one to two business days after any changes in your group, assets under management, and/or margin balance. The LPL Base Lending Rate will be set with reference to commercially recognized interest rates, industry conditions relating to the extension of credit, and general market conditions. Your Schedule Rate and the LPL Base Lending Rate will change without notice. The Schedule Rate will change based on changes in the LPL Base Lending Rate and/or your assets under management and/or margin balance. When your Schedule Rate changes during an Interest Period due to a change in: the LPL Base Lending Rate, your assets under management, and/or your margin balance; interest will be calculated according to the number of days each Schedule Rate is in effect during that period. If the rate of interest charged to you is increased for any other reason, you will be notified at least 30 days in advance. LPL retains a portion of any interest charged on margin debit balances.

#### 8. Interest Period

Interest charges for the period shown on monthly statements reflect the second to last business day of the previous month through the third to last business day of the current month ("Interest Period"). Accordingly, the interest charges for the period shown on your monthly statement are based only on the daily net debit and credit balances for the Interest Period.

#### 9. Method of Interest Computation

At the close of each Interest Period during which credit was extended to you, an interest charge is computed by multiplying the average daily debit balance by the applicable Schedule Rate and by the number of days during which a debit balance was outstanding and then dividing by 360. If there has been a change in the Schedule Rate, separate computations will be made with respect to each rate of charge for the appropriate number of days at each rate during the Interest Period. The interest charge for credit extended to your account at the close of the Interest Period is added to the opening debit balance for the next Interest Period unless paid.

With the exception of credit balances in your short account, all other credit and debit balances in each portion of your account will be combined daily and interest will be charged on the resulting average daily net debit balances for the Interest Period. If there is a debit in the cash account (type 1) and there is a margin account (type 2), interest will be calculated on the combined debit balance and charged to the margin account. Any credit balance in the short account is disregarded because such credit collateralizes the stock borrowed for delivery against the short sale. Such credit is disregarded even if you should be long the same position in your margin account (i.e., short against the box). If the security that you sold short (or sold against the box) appreciates in market price over the selling price, interest will be charged on



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the appreciation in value. Correspondingly, if the security that you sold short depreciates in market price, the interest charged will be reduced since your average debit balance will decline. This practice is known as "marking to market." The daily closing price is used to determine any appreciation or depreciation of the security sold short.

If your account is short shares of stock on the record date of a dividend or other distribution, however such short position occurs, your account will be charged the amount of dividend or other distribution on the following Business Day.

#### 10. General Margin Policies

The amount of credit that may be extended by LPL and the terms of such extension are governed by rules of the Federal Reserve Board and the Financial Industry Regulatory Authority. Within the guidelines of these rules and subject to adjustment required by changes in such rules and our business judgement, LPL establishes certain policies with respect to margin accounts. If the market value of securities in a margin account declines, LPL may require the deposit of additional collateral. Margin account equity is the current market value of securities and cash deposited as security less the amount owed LPL for credit extended at its discretion. It is LPL's general policy to require margin account holders to maintain equity in its margin accounts of the greater of 30% of the current market value or \$3.00 per share for common stock purchased on margin. LPL applies other standards for other types of securities. For example, securities may be ineligible for margin credit from time to time. For information with respect to general margin maintenance policy as to municipal bonds, corporate bonds, listed United States Treasury notes and bonds, mutual funds, and other securities, as well as information about the eligibility of particular securities for margin credit, please contact your LPL Representative. Notwithstanding the above general policies, LPL reserves the right, at its discretion, to require the deposit of additional collateral and to set required margin at a higher or lower amount with respect to particular accounts or classes of accounts as it deems necessary. In making these determinations, LPL may take into account various factors including the size of the account, liquidity of a position, unusual concentrations of securities in an account, or a decline in credit worthiness. If you fail to meet a margin call in a timely manner, some or all of your positions may be liquidated.

#### 11. Credit Investigation

LPL may exchange credit information about you with others. LPL may request a credit report on you and upon request, LPL will state the name and address of the consumer reporting agency that furnished it. If LPL extends, updates or renews your credit, LPL may request a new credit report without telling you.

### GENERAL TERMS APPLICABLE TO ALL ACCOUNTS

#### 1. Notices and Communications

To the extent permitted by applicable law, notices and communications may be sent to you through mail, overnight express delivery, or electronically, at LPL's discretion. Notices and communications will be sent to the postal or electronic address, which includes a telephone number ("E-Address"), shown on the Account Application or at such other postal or E-Address as you may hereafter provide to LPL in accordance with procedures LPL may establish from time to time. The E-Address may be an e-mail address, telephone number, other Internet address, fax number, or other electronic access address. To the extent permitted by applicable law, notices and communications will be deemed delivered when sent, whether actually received or not, even if LPL has notice of non-delivery. Notices and communications posted to an online location by LPL will be deemed to be delivered to, and received by, you at the time that LPL sends notice to you in accordance with this Agreement that the notice or communication is posted online and available for review.

LPL may, at its option, send notices and communications to you electronically either:

- to your E-Address, or
- by posting the information online and sending you a notice to your postal address or E-Address telling you that the information has been posted and providing instructions on how to view it.

Communications may include text (SMS) messages, which may be informational, transactional or commercial (marketing) in nature and which may be sent using an automatic telephone dialing system, from or on behalf of LPL or your



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Representative. By completing the Account Application and providing a telephone number to LPL and/or your Representative, You provide consent for LPL and/or your Representative to send communications by text (SMS) message. You may stop the receipt of text (SMS) messages by contacting your Representative.

You agree that you will notify LPL and your Representative immediately in the event of a change to your postal address or E-Address. Further, you agree to promptly notify LPL in the event that your country of residence or citizenship status changes, and you acknowledge and agree that such notification may result in the closing of your account by LPL if LPL does not service accounts in the new jurisdiction.

All notices and communications to LPL must be provided in writing at LPL's postal address, and as such address may be updated by notice to you from time to time. Any notice or communication you send LPL or to your Representative will not be effective until actually received. You assume the risk of loss in the mail or otherwise in transit.

#### **2. Scope and Transferability**

This Agreement shall cover individually and collectively all accounts you may open or reopen with LPL, and shall inure to the benefit of LPL's successors whether by merger, consolidation or otherwise, and assigns, and LPL may transfer your accounts to its successors and assigns, and this agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

#### **3. Non-Investment Advice**

You acknowledge that LPL will not provide you with any legal, tax or accounting advice, that LPL's employees are not authorized to give any such advice and that you will not solicit or rely upon any such advice from LPL or its employees whether in connection with transactions in or for any of your accounts or otherwise. In making legal, tax or accounting decisions with respect to transactions in or for your accounts or any other matter, you will consult with and rely upon your own advisors and not LPL, and LPL shall have no liability therefor.

#### **4. Account Registration**

You have chosen your account registration based on your personal requirements. You certify that the titling of your account is allowed under pertinent state laws. LPL has no obligation to verify the legality of any registration under the probate, estate, or transfer laws of the state where this account is being opened or to determine which state laws are applicable.

#### **5. Joint and Several Liability; Joint Account**

If more than one individual is establishing an account with LPL, the obligations of all persons establishing such account under this Agreement shall be joint and several. If this is a joint account, each of you signing the New Account Application and Agreement (each a "joint owner") agrees that each joint owner shall have authority to (I) buy, sell (including short sales, if the account is approved for short selling), and otherwise deal in, through LPL as a broker, securities and/or other property on margin or otherwise, (II) to receive confirmations, statements and communications of every kind related to the account, (III) to receive and dispose of money, securities and/or other property in the account, (IV) to make, terminate, or modify this Agreement and any other written agreement relating to the account or waive any of the provisions of such agreements, and (V) generally to deal with LPL as if each of you alone was the sole owner of the account, all without notice to the other joint owner(s). Each of you agrees that notice to any joint owner shall be deemed to be notice to all joint owners. LPL may follow the instructions of any of the joint owners concerning the account and make delivery to any of the joint owners of any and all securities and/or other property in the account, and make payments to any of the joint owners, of any or all moneys in the account as any of the joint owners may order and direct, even if such deliveries and/or payments shall be made to one of the joint owners personally. LPL shall be under no obligation to inquire into the purpose of any such demand for such deliveries and/or payments.

In the event of the death of any of the joint owners, the surviving joint owner(s) shall immediately give LPL written notice thereof. The estate of any deceased joint owner shall be liable and each survivor will be liable, jointly and severally, to LPL for any debt or loss in the account resulting from the completion of transactions initiated prior to LPL's receipt of a written



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notice of such death or debt or loss incurred in the liquidation of the account or the adjustment of the interests of the joint owners. LPL reserves the right to require written instructions from all account holders, at its discretion.

#### **6. Separability**

If any provision or condition of this agreement shall be held to be invalid or unenforceable by any court, or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby and this agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

#### **7. Headings are Descriptive**

The heading of each provision hereof is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such provision.

#### **8. Recording Conversations**

You acknowledge, understand, and agree that for our mutual protection, LPL may electronically record any of our telephone conversations. You agree not to record any telephone conversation without express written authorization of LPL and the individual(s) engaged in the conversation.

#### **9. Delivery of Account Information**

To the extent permissible by state and federal law, LPL may elect to deliver account information to you electronically.

#### **10. Entire Agreement**

This Agreement represents the entire agreement between the parties with respect to the subject matter between the parties with respect to the subject matter contained herein. This Agreement may be amended upon thirty (30) days' notice to all parties. To access the most current version of this Agreement, please reference [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

#### **11. Reports**

Reports of the execution of orders and statements of your accounts shall be conclusive if not objected to in writing at once.

#### **12. Right to Advocate and Refusal to Accept Orders**

LPL shall have the right at its sole discretion to advocate administratively or judicially on your behalf where LPL suspects exploitation of any kind, dementia and/or undue influence.

Further, LPL shall have at its sole discretion the authority to pause or refuse to obey any instructions or orders for, including but not limited to, transactions, disbursements, or account transfers. For UTMA or UGMA accounts in which the beneficiary reaches the age of majority, LPL reserves the right to refuse orders or instructions and to terminate or deactivate the account.

In addition, LPL shall not be liable for refusing to obey any transaction orders given by you with respect to an account(s) which has or have been the subject of attachment or sequestration in any legal proceeding against you, and LPL shall be under no obligation to contest the validity of any such attachment or sequestration.

#### **13. Trusted Contact Person Disclosure**

You understand by providing a trusted contact person, you give permission to LPL and its associated persons, including your Representative, to use their discretion to contact the trusted contact person and disclose information about you and your account in order to:

- address concerns that you might be a victim of financial exploitation which could include fraud, coercion, or unauthorized transactions,
- address a temporary hold on a disbursement of funds or securities pertaining to possible financial exploitation or other concerns,
- confirm your current contact information,





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- confirm and address your whereabouts and health status, and/or
- confirm the identity of any legal guardian, executor, trustee, holder of a power or attorney, or other person who may be acting on your behalf (such as an attorney or accountant).

#### 14. Complaints

Kindly direct any complaints regarding the handling of your account to your Representative(s) and to LPL's Legal Department at:  
75 State Street, 22nd Floor  
Boston, MA 02109  
or (800) 775-4575 extension 4445

LPL will respond to you as promptly as possible.

#### 15. Important Information About Procedures for Opening This Account

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. You are required to provide the following information, among other items, on new account forms; name, address, date of birth and other information that will allow LPL to confirm your identity. In addition, your Representative may also ask to see a valid driver's license or other identifying documents.

#### 16. Limitation of Liability

Neither LPL nor your Representative, nor any of their officers, directors, employees, or affiliates shall be liable for any loss incurred with respect to the account, except where such loss directly results from such party's negligence or misconduct. You acknowledge that none of LPL, your Representative or their employees are agents of each other or of any of their affiliates, and that no party shall be liable for any act or omission of another party or their agents or employees. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which you may have under federal or state securities laws. You further understand that there is no guarantee that your investment objectives will be achieved. Neither LPL nor your Representative shall have any liability for your failure to inform your Representative in a timely manner of any material change in your financial circumstances, or to provide your Representative with any information as to your financial status as may be reasonably requested.

#### 17. Arbitration Agreement

##### Disclosures

By signing this Arbitration Agreement the parties agree as follows:

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first hearing date.
- The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.



## ACCOUNT PACKET – LPL TRADE DIRECT

### LPL MASTER – ACCOUNT AGREEMENT

In consideration of opening one or more accounts for you, you agree that any controversy between you and LPL and/or your Representative(s) (whether or not a signatory(ies) to this Master Account Agreement or Arbitration Agreement), arising out of or relating to your account, transactions with or for you, or the construction, performance, or breach of this agreement whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration in accordance with the rules, then in effect of the Financial Industry Regulatory Authority (FINRA). If the claim is not arbitrable before FINRA, then arbitration will be conducted by, and in accordance with the rules and procedures of Judicial Arbitration and Mediation Services, Inc. (JAMS). If arbitration before JAMS is unavailable or impossible for any reason, then you agree to arbitrate in another forum to which the parties otherwise agree. This agreement does not prohibit or restrict you from requesting arbitration of a dispute in the FINRA arbitration forum as specified in FINRA rules. Notwithstanding any provision of JAMS Rules (or other applicable arbitration forum rules), any such arbitration shall occur on an individual basis only, and not on a class or collective basis, and you waive the right to initiate, participate in, or recover through, any class or collective action in any claims that are not arbitrable before FINRA. To the extent any claim on a class or collective or representative basis is nonarbitrable under the law, then such claims shall be filed and adjudicated in a court of competent jurisdiction, and not in arbitration. A court of competent jurisdiction (and not an arbitrator) shall resolve any dispute about the formation, validity, or enforceability of any provision of this Agreement. Any arbitration award hereunder shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. Nothing in this Agreement requires arbitration of any claim that under the law cannot be made subject to a pre-dispute agreement to arbitrate claims, including any dispute or controversy nonarbitrable under federal law.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.



## ACCOUNT PACKET – LPL TRADE DIRECT

# SUPPLEMENTAL TERMS AND CONDITIONS REGARDING SELF-DIRECTED ON-LINE ACCOUNTS AND THE LPL FINANCIAL TRADE DIRECT WEBSITE

These terms and conditions (“Terms and Conditions”) are made between LPL Financial (“LPL”) and you and govern your use of the LPL Trade Direct (self-directed) online account (“Account”) as made available to you through the LPL website along with any information, content, tools, products and services available through the LPL website (“LPL Website”). “You” and “your” refers to each account holder, who signs an enrollment form to open an Account. In the case of an entity, “you” and “your” refers to the entity, and by enrolling, the entity agrees that access to the Account shall be restricted to authorized representatives identified by you for such entity and that the entity will be liable for all acts or omissions of such authorized representatives in violation of these Terms and Conditions.

By using or accessing your Account and the LPL Website, you accept and agree to be bound by these Terms and Conditions and the Account Application, Account Agreement and other account documentation. Your use of the LPL Website is governed by the version of the Terms and Conditions in effect on the date the LPL Website is accessed by you. Such Terms and Conditions shall be made available on the LPL Website. LPL may modify these Terms and Conditions and the use of the LPL Website at any time upon notice, delivered to you by regular mail, e-mail, or through the LPL Website. These Terms and Conditions are in addition to any other agreements between you and LPL, including any customer or account agreements, and any other agreements that govern your use of information, content, tools, products and services available on and through the LPL Websites. To the extent there is any conflict between the Terms and Conditions and any other agreement, the Terms and Conditions shall prevail.

The Account is designed for U. S. investors who wish to self-direct their own investments. Neither LPL, nor any LPL representative, will provide any tax, legal or investment advice nor give any advice or offer any opinion regarding the suitability of any security, order, strategy or transaction in the Account. No Third Party Content, as defined below, nor any information regarding any security provided to LPL clients in general constitutes a recommendation to a specific client to purchase or sell any investment or effect any investment strategy. You agree that any investments you make through the Account, whether based on information obtained from LPL or otherwise, will be solely your own decisions and based on your own evaluation of your personal investment risk profile and your investment objectives. You also understand that it is solely your responsibility to monitor your investments in the Account and the Account’s market value on a regular basis and that LPL is not responsible for this monitoring.

### 1. APPLICABLE RULES & REGULATIONS

All transactions in your Account are subject to the rules, customs and usages of the exchanges, markets or clearing houses where the transactions are executed and to all applicable federal and state laws and regulations and the rules and regulations of all applicable self-regulatory organizations (“Applicable Law”).

The Financial Industry Regulatory Authority (FINRA) requires that we provide the following information concerning its BrokerCheck program. An investor brochure that includes information describing FINRA BrokerCheck may be obtained from FINRA. The FINRA BrokerCheck hotline number is (800) 289-9999. The FINRA website address is [www.finra.org](http://www.finra.org). Any complaints regarding the handling of your account may be directed to your Representative and/or to LPL Financial at 800-558-7567.

### 2. ACKNOWLEDGEMENTS

You understand that trading in volatile markets can present increased challenges and risks, which may include, among other things, the risk of market orders being executed at unexpectedly high prices. If you have limited assets to pay for a transaction, such as in a retirement account with contribution restrictions, you should consider placing a limit order. If you cannot pay for a transaction, LPL may be required to liquidate account assets at your risk.

Delays in quotes, order execution and reporting. In volatile markets, transmission of quotes, orders, and execution reports may be delayed, even for information which appears to be real time. Security prices can change dramatically during such delays. In addition, it may not be possible to cancel an order previously submitted, even if you have received a confirmation that LPL has received your cancellation order. Access to the LPL Website and your Account can be delayed by factors such as high telephone volume or systems capacity limitations.



## **ACCOUNT PACKET – LPL TRADE DIRECT**

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#### **3. ACCOUNT ACCESS; SECURITY**

The Account and LPL Website are made available to you via the internet using commercially available third-party web browsers. The Account and the Website permit you to view account data for your Account. By accessing the Account, you represent on a continuing basis that you are authorized to have viewing access to the Account. LPL will provide you with a user ID and password when you open your Account. You agree to safeguard the initial and any and all subsequent versions of your user ID and password. LPL shall not be responsible for any breach of security caused by your failure to maintain the confidentiality of your user ID and password. You agree to notify LPL immediately if you become aware of any loss, theft or unauthorized use of your user ID, password or account number; or any unauthorized use of the services or the market data. If you fail to notify LPL when any of the above conditions occur, neither LPL nor any of its directors, officers, employees, agents and affiliates (collectively, "Affiliates") shall have any responsibility or liability to any account holder or any other person claiming through any account holder for any claims with respect to the handling, mishandling or loss of any order or information. You agree to accept full responsibility for the monitoring of your Account with respect to all transactions entered in your Account.

If you allow third parties to access your Account using your user ID and password, you agree to hold LPL, its Affiliates harmless and to indemnify LPL and Affiliates against any liability, costs or damages arising out of claims or suits by any account holder, including yourself, or such third parties based upon or relating to such access.

#### **4. ORDER-ENTRY**

Your Account allows you to place orders and obtain market data and other information via computer or other electronic means. You agree to accept full responsibility for all transactions entered through your Account and the monitoring of your account with respect to such transactions. LPL may, in its sole discretion, remove particular securities from the list of securities that can be purchased using electronic services for any reason including, but not limited to, volatility or other market factors. Any orders communicated through your Account will be considered to have been sent and authorized by you. You agree to notify LPL immediately if you (i) fail to receive a message that an order you initiated through your Account has been received or executed, (ii) fail to receive an accurate written confirmation of an order or its execution with ten (10) business days, or (iii) receive confirmation of an order that you did not place. If you fail to notify LPL when any of the foregoing conditions occur, neither LPL nor any of its Affiliates shall have any responsibility or liability to any account holder or any other person claiming through any account holder for any claims with respect to the handling, mishandling or loss of any order or information.

The order entry functionality is not designed to be a brokerage service for pattern day traders or for investors who trade in: (i) low-priced stocks that trade on either the OTC Bulletin Board (OTCBB) or Pink Sheets. These securities do not trade on any exchange (unlisted) and typically trade below \$5.00 per shares and in many cases under \$1.00; or (ii) foreign securities. Your Account is intended to be available for order entry seven (7) days a week, twenty four (24) hours a day, except for brief maintenance periods; however, LPL does not warrant that the order-entry functionality will be uninterrupted. Orders sent outside of regular U.S. market hours will be held and entered during market hours on the next trading day. Certain orders may be blocked or subject to pre-review by LPL which may take up to several minutes to process.

All orders entered in your Account shall be subject to any limitations or restrictions that may be imposed by Applicable Law including any rules or regulations requiring the suspension or cancellation of orders in certain circumstances. Whether or not funds are available in your Account on trade date, you agree to pay by settlement date for any trade placed in your Account. LPL reserves the right to place restrictions on your Account in its sole discretion, and to cancel any order that we believe may violate LPL policies and procedures and/or Applicable Law; however, LPL will have no responsibility or liability for failing to cancel any order.

#### **5. THIRD PARTY CONTENT**

The LPL Website may provide access to general news and information, commentary, interactive tools, quotes, research reports and data concerning the financial markets, securities and other topics ("Third Party Content"). Some of this content is provided by



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If you download any information from the LPL Website for your personal reference, including, but not limited to, Third Party Content, you agree that you will not remove or obscure any copyright or other notices contained in any such information. Except as provided in the preceding sentence, you agree not to copy, reproduce, modify, sell, distribute, transmit, display, perform, circulate, transfer, broadcast, create derivative works from, publish, or use for any commercial or unlawful purpose any quotes, news, research, text, images, audio, video or other information you receive through the LPL Website. You acknowledge that any securities prices, quotations, research, ratings, news and other information provided by Third Party Content Providers is and shall remain the property of the respective Third Party Content Providers or of the market on which a reported transaction took place or a reported quotation was entered and you acknowledge that the Third Party Content Providers are third-party beneficiaries under these provisions and may enforce these provisions against you. LPL and its licensors and Third Party Content Providers may change or discontinue any Third Party Content at any time provided through the LPL Website.

LPL, AFFILIATES AND THE THIRD PARTY CONTENT PROVIDERS AND THEIR RESPECTIVE PARENTS, SUBSIDIARIES, AFFILIATES, SERVICE PROVIDERS, LICENSORS, OFFICERS, DIRECTORS OR EMPLOYEES SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THE USE OR THE INABILITY TO USE THE THIRD PARTY CONTENT, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE DAMAGES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE THIRD PARTY CONTENT IS PROVIDED ON AN "AS-IS" BASIS. LPL, AFFILIATES, THE THIRD PARTY CONTENT PROVIDERS AND THEIR RESPECTIVE PARENTS, SUBSIDIARIES, AFFILIATES, SERVICE PROVIDERS, LICENSORS, OFFICERS, DIRECTORS OR EMPLOYEES EXPRESSLY DISCLAIM ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT

#### 6. INVESTMENT TOOLS

The LPL Website may also provide you with financial planning tools and educational content, including investment calculators. The tools and calculators may allow you to model "what-if" scenarios for various financial goals, the results of which are illustrative and are based on the information and assumptions identified. There is no guarantee that the results shown will be achieved and changes in tax laws, financial markets or your financial situation may cause actual results to deviate substantially from those reflected in these tools. In addition, these tools and calculators are not part of any financial planning report for which you may have paid a fee, even if the tools and calculators include information derived from or contained in the financial planning report.

#### 7. EMAIL

Due to inherent limitations of e-mail and voice-mail (such as reliability of delivery, timeliness, security, etc.), you agree that you will not use e-mail or voice-mail to request, authorize or effect the purchase or sale of any securities or other investments, to



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send funds transfers instructions, or for any other financial transactions that require real-time communication or more formal written authorization in accordance with Applicable Law or LPL policies and procedures. Any such requests, orders, or instructions that you send in contravention of the foregoing agreement will not be accepted and will not be processed. LPL will not be responsible for any loss or damage that could result from your requests, orders or instructions not being accepted or processed in accordance with the preceding sentence.

For security reasons, you should not send any personal or identifying information, such as account numbers, credit card numbers, Social Security numbers, passwords, etc., via e-mail. LPL will not be responsible for any loss or damage that could result from interception by third parties of any information you send via email. All e-mail messages sent by you to LPL or to you from LPL will be recorded and archived and are available for review by LPL's managers and compliance personnel as well as by LPL's regulatory examiners. If you provide us with your e-mail address, you grant us the permission to communicate with you by e-mail on occasion to transmit information about LPL products and services. You acknowledge and agree that LPL makes no representations or warranties regarding the security of information transmitted to you or from you through electronic means.

#### **8. THIRD PARTY LINKS**

LPL may make available links from the LPL Website to other, third-party websites or electronic services providers that are not affiliated with LPL. LPL does not control these other websites or services, and LPL makes no representations or endorsements whatsoever concerning those websites or services. The fact that LPL has provided a link to a website is not an endorsement, authorization, sponsorship, or affiliation with respect to such website, its owners, or its providers. There are risks in using any information, software, service or product found on the Internet, and LPL cautions you to make sure you understand these risks before retrieving, using, or relying upon anything via the Internet. You agree that LPL will not be liable for any loss or damage caused by use of or reliance on any content, goods or services available on such other websites.

#### **9. ACCOUNT ACTIVITY**

All daily account data is provided as a convenience and for your information, but it is not the official record of your account activity with LPL; your LPL account statement provided to you either in paper format or online each month is such official record. Account data provided through the LPL Website is generally updated as of the prior business day's close of business, but is subject to adjustment and correction.

In addition to retaining the sole responsibility for investment decisions, you understand and agree that you are responsible for knowing the rights and terms of all securities in your Account, specifically including valuable rights that expire unless the holder takes action. This includes, but is not limited to, warrants, stock rights, convertible securities, bonds, and securities subject to a tender or exchange offer. You understand and agree that LPL accepts no obligation to notify you of any upcoming expiration or redemption dates, or, except as required by Applicable Law or regulation, to take any action on your behalf without specific instructions from you. You also agree that all dividends and interest payments credited to your Account shall accumulate rather than be paid to you upon receipt, but shall be subject to your withdrawal from time to time upon request for a check or other funds transfer.

#### **10. FEES**

You agree to be liable for any and all fees, charges or expenses that LPL may charge or you may incur in connection with your Account by you or any other person through use of your user ID and password. You understand that the rates, fees, billing and terms governing services provided by mobile device providers may be determined solely by such third party.

#### **11. LIABILITY**

LPL DOES NOT WARRANT THE LPL WEBSITE FOR ANY PARTICULAR PURPOSE. LPL, AFFILIATES, AND THIRD PARTY CONTENT PROVIDERS WILL NOT BE LIABLE OR HAVE ANY RESPONSIBILITY OF ANY KIND FOR ANY LOSS OR DAMAGE THAT YOU MAY INCUR IN THE EVENT OF ANY FAILURE OR INTERRUPTION OF THE LPL WEBSITE, OR RESULTING FROM



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THE ACT OR OMISSION OF ANY OTHER PARTY INVOLVED IN MAKING THE LPL WEBSITE AVAILABLE TO YOU, OR FROM ANY OTHER CAUSE RELATING TO YOUR ACCESS TO OR USE OF THE LPL WEBSITE, WHETHER OR NOT THE CIRCUMSTANCES GIVING RISE TO SUCH CAUSE MAY HAVE BEEN WITHIN THE CONTROL OF LPL OR OF ANY THIRD PARTY PROVIDING SOFTWARE OR SERVICES SUPPORT FOR THE LPL WEBSITE INCLUDING, AMONG OTHER THINGS, FAILURE OF ELECTRONIC OR MECHANICAL EQUIPMENT OR COMMUNICATIONS LINES (INCLUDING TELEPHONE, CABLE AND INTERNET), UNAUTHORIZED ACCESS, VIRUSES, THEFT, OPERATOR ERRORS, SEVERE OR EXTRAORDINARY WEATHER (INCLUDING FLOOD, EARTHQUAKE, OR OTHER ACT OF GOD), FIRE, WAR, INSURRECTION, TERRORIST ACT, RIOT, LABOR DISPUTE AND OTHER LABOR PROBLEMS, ACCIDENT, EMERGENCY OR ACTION OF GOVERNMENT. YOU UNDERSTAND AND AGREE THAT THE LPL WEBSITE UTILIZES THE INTERNET TO TRANSPORT DATA AND COMMUNICATIONS, AND, WHILE LPL TAKES REASONABLE SECURITY PRECAUTIONS TO SAFEGUARD DATA AND COMMUNICATIONS, LPL, AFFILIATES AND THIRD PARTY CONTENT PROVIDERS DISCLAIMS ANY LIABILITY FOR INTERCEPTION AND/OR SUBSEQUENT USE OF ANY SUCH DATA OR COMMUNICATIONS.

TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, LPL, AFFILIATES AND THIRD PARTY CONTENT PROVIDERS WILL NOT BE LIABLE TO YOU OR ANYONE ELSE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, DIRECT, OR INDIRECT DAMAGES (INCLUDING BUT NOT LIMITED TO LOST PROFITS, TRADING LOSSES OR DAMAGES THAT RESULT FROM USE OR LOSS OF USE OF THE LPL WEBSITE AND THIRD PARTY CONTENT, INCONVENIENCE OR DELAY). THIS IS TRUE EVEN IF LPL, AFFILIATES AND/OR THIRD PARTY CONTENT PROVIDERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

**12. INDEMNITY**

As a condition of your use of your Account and the LPL Website, you agree to indemnify and hold LPL, Affiliates and any Third Party Content Provider harmless from and against any and all claims, losses, liability, costs and expenses (including but not limited to attorneys' fees) arising from your use of the Account and the LPL Website, or from your violation of these Terms and Conditions.

1055 LPL Way, Fort Mill, South Carolina 29715



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

[www.lpl.com](http://www.lpl.com)

This disclosure provides information about the business practices, compensation and conflicts of interest related to the brokerage business of LPL Financial LLC (referred to as “we,” “us,” or “LPL”). Additional information about LPL and its financial professionals is available on FINRA’s website at <http://brokercheck.finra.org>.

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## ITEM 1 INTRODUCTION

LPL is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). LPL is also registered as an investment adviser with the SEC and introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts (REITs) and other investment products.

LPL maintains a network of individuals, referred to as “financial professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of LPL’s financial professionals are investment adviser representatives (IARs) of LPL or a non-affiliated third party investment adviser. LPL sometimes refers to these specific financial professionals as “financial advisors” or “advisors.” LPL’s financial professionals are primarily independent contractors though there are some who are employees. In other cases our financial professionals may be employees of unaffiliated financial institutions, like banks and credit unions, at which LPL’s services are offered. LPL financial professionals are dispersed throughout the U.S. and often market services under their own business name.

Although most financial professionals offer both brokerage and investment advisory services, some only offer brokerage services and others only offer investment advisory services. **When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an IAR – when providing services to you.** This disclosure discusses important information regarding financial professionals who act as registered representatives of LPL’s broker-dealer. For more information about LPL and the services financial professionals provide when they act as IARs, please see LPL’s Form ADV disclosure brochures available on [lpl.com/disclosures.html](http://lpl.com/disclosures.html) or, in the case of a financial professional who is associated with a third party investment adviser, please refer to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or contact that investment adviser for a copy of its Form ADV. For additional information on which type of investment account is right for you, please see LPL’s Form CRS (Customer Relationship Summary) that will soon be on [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

Like all financial services providers, LPL and its financial professionals have **conflicts of interest**. LPL and its financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically get paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that we are paid more the more transactions a customer makes. When we are paid indirectly from the investments made by customers, we receive ongoing compensation, typically called a “trail” payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the particular type of investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment, before subtraction of our expenses.

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, his/her services or all the products we sell. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.





# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## ITEM 2 COMMISSIONS, FEES AND OTHER TYPES OF SALES COMPENSATION

### Commissions and Sales Charges

LPL receives upfront commissions when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. LPL receives the sales charge or commission and shares it with your financial professional. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are listed below. For more information about other commissions that apply to a particular transaction, please refer to the applicable investment's prospectus or other offering document.

- **Equities and Other Exchange Traded Securities.** The maximum commission charged by LPL in an agency capacity on an exchange-traded security transaction, such as an equity, option, ETF, exchange traded note (ETN) or closed-end fund (CEF), is 1.5% of the transaction amount. The commission amount decreases from 1.5% as the size of the transaction amount increases according to a schedule. In addition, the financial professional can decide to discount the commission amount to a minimum of \$30 per transaction.
- **Mutual Funds and 529s.** The maximum commission or sales charge permitted under applicable rules is 8.5%, although the maximum is typically 5.75%.
- **Annuities.** The maximum upfront commission paid for new sales of annuities is typically 5.5%, but varies depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and investment-only variable annuities.
- **Alternative Investments.** For alternative investment products, such as hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements, or real estate investment trusts (REITs), the upfront sales load is as high as 5.5%.
- **Unit Investment Trusts (UITs).** The maximum upfront sales charge paid typically ranges from 1.85% to 3.95%, and can depend on the length of the term of the UIT.

### Markups and Markdowns – Principal or Dealer Transactions

When LPL buys from or sells a security to you in a principal capacity, LPL buys or sells the security directly from you, rather than acting as your agent to buy or sell the security from a third party. These transactions are also known as "dealer transactions." In these circumstances, if we sell a security at a price higher than what we paid for it, we will earn a markup. Conversely, if we buy a security from you at a price lower than what we sell it for, we will earn a markdown. Transactions in bonds and other fixed-income securities such as structured products often occur as dealer transactions.

The maximum markup/markdown on a transaction with a customer that we receive when acting in a principal capacity typically does not exceed 2.5% of the value of the security. On rare occasions, a markup/markdown may exceed 2.5% on a deeply discounted security. In many cases, the actual markup/markdown percentage is lower based on factors such as quantity, price, type of security, rating, maturity, etc.

### Direct Fees and Charges

If you hold an account at LPL, LPL charges miscellaneous fees directly to your account such as fees for transaction processing, account transfers, and retirement account maintenance. For direct fees that apply per transaction, LPL receives more fees the more transactions that result from a financial professional's recommendation. These direct fees and charges are set out in the Miscellaneous Account and Service Fee Schedule at [lpl.com/disclosures.html](http://lpl.com/disclosures.html), are not shared with financial professionals, and are not charged by LPL if you hold an account directly with a product sponsor rather than with LPL.

## ITEM 3 THIRD PARTY COMPENSATION

LPL and financial professionals receive compensation from investment product sponsors and other third parties in connection with investments that LPL customers make in securities such as mutual funds, annuities, and alternative investments. Some types of third party compensation are received by LPL and shared with financial professionals, and other types are retained only by LPL. For more information about the third party compensation LPL receives, the investment product sponsors and other third parties that pay LPL the compensation, and related conflicts of interest, please see the Third Party Compensation and Related Conflicts of Interest on [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

### Third Party Compensation Shared by LPL and Financial Professionals

#### Trail Compensation

LPL and its financial professionals receive ongoing compensation from certain investment products such as mutual funds, annuities and alternative investments. This compensation (commonly known as trails or Rule 12b-1 fees) is typically paid from the assets of the investment product under a distribution or servicing arrangement with the investment sponsor and is calculated as an annual percentage of assets invested by LPL customers. The more assets you invest in the product, the more we will be paid in these fees. Therefore, we have an incentive



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

to encourage you to increase the size of your investment. The amount of trails received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. We also have an incentive to recommend a product that pays trails (regardless of amount) rather than products that do not pay trails. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering document for the investment.

- **Mutual Funds and 529s.** The ongoing payment depends on the class of shares but is typically between 0.25% and 1% of assets annually.
- **Annuities.** LPL receives a trail payment from an annuity issuer for the promotion, sale and servicing of a policy. The amount and timing of trail payments vary depending on the agreement between LPL and the issuer, and the type of policy purchased. The maximum trail payment for annuities is typically 1.5%, and varies depending on the type of annuity.
- **Alternative Investments.** For alternative investment products, such as private funds, trail payments may be as high as 1.25% on an annual basis. Trail payments for managed futures funds can be as high as 2% annually.

### Concessions and Mutual Fund Finder's Fee

In certain cases, LPL and financial professionals receive compensation from a mutual fund sponsor in connection with transactions for which sales charges are waived or under other circumstances and as described in a fund's offering documents. This compensation is generally referred to as a finder's fee or concession and typically ranges between 0.25% and 1% of the transaction amount. LPL also receives concessions from investment sponsors for other types of investments. These concessions vary from product to product, and are generally shared between LPL and the financial professional. Concessions can be as high as 0.25% of the transaction amount for new issues of certificates of deposit, municipal bonds and other short-term dated bonds, up to 3% of the transaction amount for structured products, and up to 4% of the transaction amount for CEFs.

### Life Insurance

LPL receives compensation from issuers of life insurance (universal, variable universal, whole life, and term) and other insurance contracts that are available to brokerage customers. The compensation includes commissions and trails, and may include payments for administrative services that LPL provides and/or payments made in connection with LPL's marketing and sales-force education and training efforts, including LPL's annual national sales and education conference and other conferences. LPL and/or its affiliated insurance agency, LPL Insurance Associates, Inc. (LPLIA), receive commissions in the range of 4% to 140% of first-year commissionable premiums. LPL may also receive a trail payment in the range of 1% to 25% of subsequent premiums, if any. The amount of commission varies depending on the issuer, coverage and the premium amount. For business placed through LPLIA, LPLIA typically retains between 10% and 25% of first-year commissionable premiums to support the additional case-management services that LPLIA provides for products offered through LPLIA. Financial professionals receive a percentage of the commissions and trailing commissions the insurance company pays to LPL and/or LPLIA. LPL, LPLIA, and financial professionals also receive additional compensation from certain insurance companies when LPL's sales of the companies' products exceed premium thresholds specified in selling agreements with LPL and/or LPLIA.

### Bonus Payments from Investment Sponsors

Certain insurance companies offer financial professionals bonus payments, oftentimes called persistency or retention bonuses, based on the amount of customer assets that the financial professional has placed in the insurance company's products. Although LPL does not participate in these bonus programs, LPL may from time to time accept and share these payments on a one-time basis with a financial professional who recently joined LPL and was entitled to such payments through the financial professional's former brokerage firm.

### Non-Cash Compensation

LPL, LPL employees and financial professionals receive non-cash compensation from investment sponsors that is not in connection with any particular customer or investment. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, customer workshops or events, or marketing or advertising initiatives, including services for identifying prospective customers. Investment sponsors also pay, or reimburse LPL and/or its financial professionals, for the costs associated with education or training events that may be attended by LPL employees and financial professionals and for LPL sponsored conferences and events.

### Third Party Compensation Retained by LPL

#### Cash Sweep

If a customer holds an account with LPL, LPL offers a service to sweep cash held within accounts into an interest-bearing FDIC insured cash account (ICA) or, in limited circumstances, money market funds. For ICA, under its agreement with each bank in which LPL deposits customer cash, LPL receives a fee from the banks equal to a percentage of the average daily deposit balance in the ICA. For additional information on the ICA, please see the ICA disclosures booklet available on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). The fee paid to LPL is at an annual rate of up to an average of 4% as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this average percentage amount.



## **LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE**

LPL also makes available single-bank insured cash account programs (SBICA). The banks participating in the SBICA have an agreement with LPL for financial professionals to offer brokerage and advisory services on their premises. This presents a conflict of interest because the financial professional is an employee of the bank that is also used for the sweep, and the bank benefits financially from the deposits. In the case of these single-bank programs, LPL receives a fee from the bank of up to 0.50% annually of the LPL customer assets deposited at the bank under the program for its sweep processing services.

For accounts held at LPL that are not eligible for the ICA or that do not participate in SBICA, uninvested cash balances are automatically invested in a money market sweep fund. LPL receives compensation for marketing support from the sponsors to these funds, ranging between 0.16% and 0.35% of the assets invested in the money market funds. These payments are in addition to other fees (e.g., recordkeeping and 12b-1 fees) received by LPL.

Depending on interest rates and other market factors, the yields on the ICA, SBICA and money market sweep fund have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for a customer's participation in the cash sweep programs. This may result in a customer experiencing a negative overall investment return with respect to cash balances in the cash sweep programs. Interest rates under ICA or SBICA may be lower than the interest rates available if customers make deposits directly with a bank or other depository institution outside of LPL's brokerage platform or invests in a money market fund or other cash equivalent. Customers should compare the terms, interest rates, required minimum amounts and other features of the sweep program with other types of accounts and investments for cash.

### **Non-Sweep Money Market Mutual Funds**

Customers are able to invest cash balances in a limited number of money market mutual funds other than as part of a sweep arrangement (Non-Sweep Money Market Funds). Depending on interest rates and other market factors, investment returns of money market mutual funds have been, and may continue in the future to be, lower than the aggregate fees and expenses charged by LPL in connection with the transaction. This may result in a customer experiencing a negative overall investment return with respect to cash reserves invested in the Non-Sweep Money Market Funds. Customers should understand that the share class offered for a particular Non-Sweep Money Market Fund charges higher fees and expenses than other share classes that are offered by the same Non-Sweep Money Market Fund but are not available on LPL's platform. LPL receives compensation for the LPL customer assets invested in the Non-Sweep Money Market Funds for distribution, recordkeeping, shareholder servicing and administrative services it provides for the funds and in connection with marketing support services LPL provides to the fund sponsors as described in this disclosure.

Unlike other types of mutual funds available on LPL's platform, LPL makes available Non-Sweep Money Market Funds from only a limited number of mutual fund sponsors. By making available a limited number of Non-Sweep Money Market Funds, LPL is able to negotiate greater compensation from the fund companies for services it provides to the funds. Because of the limited number of Non-Sweep Money Market Funds available on the platform and the fees paid by those funds, other money market mutual funds not available through LPL's brokerage platform are likely to have higher returns than the Non-Sweep Money Market Funds.

### **Recordkeeping Fees**

In the case of accounts held at LPL, LPL performs recordkeeping and administrative services on behalf of mutual funds and receives fees for performing such services. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of mutual fund shares by each account. For certain mutual funds LPL processes transactions on an omnibus basis, which means that LPL consolidates customer trades into one daily trade with a fund, and maintains all pertinent underlying shareholder information for the fund. The compensation LPL receives for these services can be paid based on customer assets in the fund (0% to 0.30% on an annual basis) or based on the number of positions held by customers in the fund (\$0 to \$25 per position). Because these fees vary, LPL has an incentive to recommend a fund that pays more in recordkeeping fees than a fund that pays a lower amount.

### **Networking Fees**

If LPL does not provide recordkeeping services to a mutual fund on an omnibus basis, then fund shares are traded on a networked basis, which means LPL submits a separate order to the fund for each individual customer trade. In that case, LPL maintains only certain elements of the fund's shareholder information. LPL also receives networking fees in the case of accounts held directly with an investment sponsor like a mutual fund or annuity company. In such cases, the investment sponsor pays LPL networking fees to link accounts with the investment sponsor to systems and accounts at LPL. The fees, which vary product by product, are typically based on the number of LPL customer positions in the investment product or assets. For mutual funds, LPL receives compensation that is based on the number of LPL customer positions held with the fund (up to \$12 per position per year) or based on the amount of customer assets in the fund (up to 0.15% on an annual basis). For annuities, LPL receives compensation that is based on the number of customer positions or contracts held with each annuity carrier (up to \$6 per position per year).



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Product Onboarding Fees

LPL charges a setup fee to product sponsors when adding new investment products or share classes of an investment product to its investment platforms. When a new mutual fund family joins LPL's platform, LPL typically charges up to \$40,000 to add the family to LPL's recordkeeping platform. LPL typically charges annuity product sponsors a one-time onboarding/networking setup fee of up to \$75,000 to reimburse LPL for associated technology-related costs. LPL typically charges alternative investment sponsors up to \$30,000 for initial products that are added to its platforms and \$15,000 for follow-on offerings. LPL typically charges as a setup fee exchange traded product (ETPs) sponsors up to \$7,500 per fund, and UITs up to \$5,000.

## Revenue Sharing Payments

LPL receives revenue sharing payments from investment sponsors who participate in LPL's sponsorship programs. Investment sponsors make these payments to incentivize LPL to promote their products, and the sponsors receive preferential treatment as a result of the payment. Those preferences include supporting LPL's product marketing, education and training efforts for financial professionals so that investment sponsors can communicate with financial professionals and employees and promote their products. The arrangements also allow the investment sponsor's products in certain cases to benefit from lower ticket charges that are typically paid by a financial professional and/or customer. These payments are typically calculated as a fixed fee, as an annual percentage of the amount of assets invested, as a percentage of annual new sales, or as a combination.

- **Mutual Funds.** LPL receives compensation of up to 0.25% on an annual basis of customer assets invested with certain mutual fund families. LPL also receives flat annual payments at the discretion of certain fund sponsors as support for LPL's product marketing and the education and training efforts for financial professionals in connection with the sale of their products. In addition, LPL also receives from mutual fund sponsors up to \$10 per ticket charge for mutual fund purchases.
- **Variable Annuities.** LPL receives compensation that is based on customer assets (up to 0.15% annually), based on sales of such products (up to 0.35% annually) or based on a formula that is a combination of a fixed fee, customer assets and/or product sales.
- **Fixed Annuities.** LPL receives payments of up to 0.50% annually on sales or up to 0.25% annually on customer assets.
- **Alternative Investments.** For certain alternative investments, LPL receives a marketing allowance fee directly from the investment sponsor, and not as a portion of the upfront commission or trail. These fees can be paid on an annual basis of up to 0.35% of customer assets invested and up to 1.50% of sales in alternative investments, such as managed futures funds, REITs, hedge funds and private equity.
- **UITs.** LPL receives fees, often referred to as volume concessions, from UIT sponsors that are based on a percentage of sales volume. These fees are set by the UIT sponsor and vary. The UIT prospectus contains detailed descriptions of these additional payments.
- **Retirement Plan Products.** LPL receives marketing and educational support payments of up to \$260,000 per year from certain retirement plan product sponsors to assist with training and educating financial professionals.

Investment sponsors pay LPL different amounts of revenue sharing, and receive different levels of benefits for such payments. Because these fees can vary by fund and share class of a fund, LPL has an incentive to recommend a fund or share class that pays more in revenue sharing than a fund or share class that pays a lower amount. LPL generally does not share these revenue sharing payments with financial professionals.

## Technology Funding

When LPL incurs technology development-related costs associated with the launch or maintenance of a platform, tool or service, LPL sometimes receives reimbursements from product sponsors for such costs. Because LPL benefits from product sponsors' reimbursements of technology development-related costs, LPL's financial interests are conflicted with its ability to use strictly objective factors when selecting product sponsors to make available on the applicable platforms.

## Ad Hoc Reporting

LPL receives up to \$300,000 annually from various mutual fund, ETF and annuity investment sponsors in exchange for access to business intelligence and ad hoc reporting relating to financial professionals.

## Reimbursement for Shareholder Materials

When LPL delivers mutual fund shareholder reports and proxies to you, LPL is reimbursed by the mutual fund for the delivery costs. The maximum fee that can be charged for delivery is set by New York Stock Exchange (NYSE) rules. If LPL uses a vendor to perform the delivery, the vendor seeks reimbursement from the mutual fund on LPL's behalf and in certain cases remits a portion of the reimbursement to LPL.

## Optimum Funds

LPL provides investment consulting services to the investment adviser to the Optimum mutual fund family, including, but not limited to assisting the adviser in determining whether to engage sub-advisers for the Optimum Funds. As compensation for these services, LPL receives investment consulting fees of up to 0.22% of fund assets from the adviser to the Optimum Funds. Because LPL receives an asset-based fee from the Optimum Funds, it has an incentive to recommend investments in the Optimum Funds.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Collateralized Lending Arrangements

LPL offers a program that enables customers to collateralize certain investment accounts to obtain secured loans through banking institutions that participate in the program. LPL receives compensation from these participant banks based on the amount of the outstanding loans. Compensation can be up to 0.75% of the outstanding loan amount. This compensation to LPL varies, and, therefore, LPL can earn more or less depending on the bank selected by the customer. This compensation is a conflict of interest to LPL because LPL has a financial incentive for the customer to select a bank in the program, and a participating bank that pays LPL more. However, LPL does not share this compensation with financial professionals, and therefore, a financial professional does not have a financial incentive to recommend one bank over another. LPL and its financial professionals do have an incentive to recommend that customers borrow money rather than liquidating some of their account assets so that LPL and the financial professional can continue to receive brokerage commissions and fees on those assets.

When a customer pledges assets in an account, the customer is a borrower and uses the cash and securities in the account as collateral for a loan and pays interest to the bank. Because of LPL's arrangements with the banks participating in the program, customers may be limited in their ability to negotiate the most favorable loan terms. However, customers are not required to use the banks in LPL's program, and can work directly with other banks to negotiate loan terms or obtain other financing arrangements. If a customer obtains a loan from a non-partner bank, he/she should notify financial professional of the amount of the line of credit. Customers should be aware that LPL's collateralized loan program is one way, among many, to obtain a secured loan.

## Credit Cards

As part of its cash management services, LPL makes available credit cards for its customers through a partner bank. LPL receives a flat fee for each new activated credit card that is used by the cardholder in the first 90 days. LPL also receives a portion of the transaction volume of the cardholder's account. LPL's portion of the transaction volume varies depending on the number of LPL active cardholder accounts.

## ITEM 4 PRODUCT COSTS AND RELATED CONFLICTS

Financial professionals provide recommendations with respect to a broad range of investment products, including stocks, bonds, ETFs, mutual funds, annuities and alternative investments. Each type of investment product carries unique risks, and many investment products charge fees and costs that are separate from and in addition to the commissions and fees that LPL and financial professionals receive. You can learn more about these risks and the fees and costs charged by an investment product by reviewing the investment product's prospectus, offering memorandum, or other disclosure documents.

Set out below is the typical range of expenses of the various investment products we sell. In most cases, these expenses are in addition to the commissions and fees that LPL receives for its brokerage services.

- **ETFs.** The expense ratios range from 0.05% to 1.0%, with an average expense ratio of around 0.44%.
- **Mutual Funds.** Expense ratios can vary based on the type of mutual fund purchased. The average expense ratio for actively managed funds is 0.5% to 1.0%, for passive index mutual funds the average is 0.2%.
- **Annuities.** The typical range of annual expenses associated with annuities is 0.60% to 5.00% dependent upon the combination of options selected by the investor including type of annuity (variable annuities have a mortality and expense fee whereas fixed index annuities do not), optional riders elected (living and/or death benefits) and investment options where applicable (subaccounts or models for variable annuities).
- **Alternative Investments.** The typical range of annual expenses, excluding any commissions or dealer manager fees, is 0.80% to 6.00% which may include management fees, acquisition fees, disposition fees, performance participation fees, organization and offering fees, acquired fund fees and expenses, or interest payments on borrowed funds.
- **UITs.** Typical annual operating expenses for UITs range from 0.20% to 4.00%. Equity UITs usually comprise the low end of the range while UITs whose trust consist of a basket of CEFs typically comprise the high end of the range.

## Share Class and Fund Selection

LPL offers various share classes of mutual funds and 529s. As an example, certain mutual fund share classes, often referred to as Class A shares, charge an upfront sales charge and an ongoing trail. For other mutual fund share classes, often titled Class C shares, there is no upfront sale charge paid, however, there is an ongoing trail payment and a contingent deferred sales charge to the investor if there is a redemption within a certain period of time after purchase. Depending on the length of the holding period for the mutual fund or 529, and other factors, one share class may be less expensive to the investor than another, and LPL and the financial professional may earn more or less in compensation for one share class than another. Because of their characteristics and sales load structure, mutual funds generally are longer term investments. Frequent purchases and sales of mutual funds can result in significant sales charges unless the transactions are limited to exchanges among mutual funds offered by a sponsor that permits exchanges without additional sales charges. LPL maintains policies and procedures that are designed to detect and prevent excessive mutual fund switching, but you should monitor your account and discuss with your financial professional any frequent mutual fund purchases and sales.



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

Some share classes or funds we offer do not charge or pay to us an upfront sales charge, and pay us ongoing trails of 0.25% or less annually ("no-load funds"). LPL makes no-load funds available only to certain customers or through certain of our programs. We may be compensated in other ways by sponsors of no-load funds, such as through revenue sharing payments. Because of the limited compensation from no-load funds, we have an incentive to limit the availability of no-load funds we offer and to recommend you invest in funds that impose sales charges and trails.

LPL also offers various mutual funds and ETFs, some of which have similar or identical investment strategies but differing fee structures. For example, a mutual fund that is designed to track an index of securities, such as the S&P 500 Index, may have higher or different types of fees than an ETF that is designed to track the same index. Whether a fund or ETF is more expensive than another fund or ETF with a similar or identical investment strategy may depend on factors such as length of holding, size of the initial investment and other factors. LPL and a financial professional may earn more compensation for one fund or ETF than another, giving LPL and the financial professional an incentive to recommend the product that pays more compensation to us.

### ITEM 5 CUSTOMER REFERRALS, OTHER COMPENSATION AND OTHER CONFLICTS

#### Payment for Referrals

LPL offers programs where LPL pays professionals, such as attorneys or accountants, for referrals. In one such program, LPL pays such professionals for referrals exclusively to its advisory business, and customers must acknowledge the referral payment to the professional. In another program, the professionals become registered as representatives of LPL and share in brokerage commissions and advisory fees in connection with the referral. In addition, some financial professionals offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. In some of those cases, the financial institution pays an employee (e.g., a teller) a "nominal" fee for referrals to a financial professional in accordance with applicable banking regulations.

LPL and financial professionals may enter into lead generation, marketing and/or referral arrangements with third parties and other financial intermediaries, including for the purpose of introducing new customers. The fees paid for these services can be structured in various ways, including an ongoing flat fee.

#### Margin

LPL offers customers the ability to purchase securities on credit, also known as margin purchases. When a customer purchases securities on margin, LPL extends a line of credit to the customer and charges interest on the margin balance. LPL has a financial incentive to encourage margin borrowing because LPL earns compensation in the form of interest, transaction charges and other fees on investments made with borrowed amounts. That financial incentive creates a conflict of interest insofar as LPL and financial professionals benefit from your decision to borrow and incur the various fees and interest described above. If contemplating use of margin, please consult the LPL Margin Agreement and related disclosures for additional details.

#### Float

If a customer holds an account at LPL, LPL maintains the assets in a segregated account and receives compensation in the form of earnings on its investment of uninvested cash. These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account before that cash is credited to a specific customer accounts. LPL also receives float on outstanding checks after they are issued by LPL to the customer and before they are presented for payment. LPL does not share this compensation with financial professionals.

#### Error Correction

If a customer holds an account at LPL and a trade error caused by LPL occurs in the account, LPL will cancel the trade and remove the resulting monetary loss to a customer from the account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for purchases or fails to deliver negotiable securities for liquidations before trade settlement), LPL will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to LPL.

#### Rollovers

If a customer decides to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with LPL, because we will be paid on those assets, for example, through commissions, fees and/or third party payments. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. For more information about rollovers, see [lpl.com/disclosures.html](http://lpl.com/disclosures.html) under IRA Rollover Information.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Limitations on Investment Recommendations

LPL and financial professionals offer and recommend investment products only from investment sponsors with which LPL has entered into selling and distribution agreements. Other firms may offer products and services not available through LPL, or the same or similar investment products and services at lower cost. In addition, LPL may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa.

The scope of products and services offered by certain financial professionals may also be more limited than what is available through other financial professionals. A financial professional's ability to offer individual products and services depends on his/her licensing, training or branch office policy restrictions. For example, a financial professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A financial professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a financial professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. To provide investment advisory services, a financial professional is often required to be registered as an IAR with the state in which he/she has a place of business.

You should ask your financial professional about the securities or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to LPL from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

## Compensation of Certain LPL Employees

Certain LPL employees provide sales support resources to financial professionals who offer various types of brokerage and advisory products, programs, platforms and services. The compensation that LPL pays to these employees varies based on a number of factors, including assets in the program and compensation earned by LPL from the sales of these products and services. These sales employees have an incentive to promote certain LPL programs and platforms to financial professionals over others or those available through third parties.

## ITEM 6 FINANCIAL PROFESSIONAL COMPENSATION, FEES AND RELATED CONFLICTS

LPL generally compensates financial professionals pursuant to an independent contractor agreement, and not as employees. However, some financial professionals are employees of LPL. Described below are the compensation and other benefits that independent contractor financial professionals receive from LPL.

### Cash Compensation

LPL typically pays a financial professional a percentage of the revenue he/she generates from sales of products and services. The percentage received can vary (typically between 90% to 100%) depending on his or her agreements with LPL and the investment product or service recommended, and can be more or less than what he/she would receive at another brokerage firm. The payments can include a bonus that is based on the amount of assets serviced or revenue generated by the financial professional. When compensation is based on the level of production or assets, the financial professional has a financial incentive to meet those production or asset levels. In addition, LPL pays compensation to branch managers based on sales of products and services in the branch. In some cases, financial professionals pay a portion of their compensation to their branch manager or another financial professional for supervision and/or administrative or sales support. There is a conflict of interest because the compensation affects the branch manager's ability to provide objective supervision of the financial professional. LPL and branch managers have an obligation to supervise financial professionals and may decide to terminate a financial professional's association with LPL based on performance, a disciplinary event or other factors. The amount of revenue a financial professional generates creates a conflict of interest when considering whether to terminate a financial professional.

### Other Benefits

Financial professionals are eligible to receive other benefits based on the revenue he/she generates from sales of products and services. These benefits present a conflict of interest because the financial professional has an incentive to remain a registered representative of LPL in order to maintain these benefits. These benefits include eligibility for practice management support and enhanced service support levels that confer a variety of benefits, conferences (e.g., for education, networking, training, and personal and professional development), and other non-cash compensation. Such benefits also include equity awards from LPL's parent company, LPL Financial Holdings Inc. ("LPL Holdings"), free or reduced-cost marketing materials, reimbursement or credits of fees that financial professionals pay to LPL for items such as administrative services or technology, and payments that can be in the form of repayable or forgivable loans (e.g., for retention purposes or to assist a financial professional grow his/her securities practice). If LPL makes a loan to a new or existing financial professional, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise the financial professional.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Fees Charged to Financial Professionals

LPL charges financial professionals various fees under its independent contractor agreement for, among other things, trade execution, administrative services, insurance, certain outside business activity related supervision, technology and licensing. Depending on the situation, these fees make it more or less profitable for the financial professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the financial professional's overall business production or the amount of assets serviced by the financial professional, which gives the financial professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your financial professional can also vary depending on the specific security that the financial professional recommends. As an example, the transaction fees a financial professional must pay to LPL to purchase or sell a mutual fund for your account may differ between funds, which creates an incentive for your financial professional to recommend the fund that carries the lowest transaction charge.

## Recruitment Compensation and Operational Assistance

If a financial professional recently became associated with LPL after working with another financial services firm, he/she received recruitment compensation from LPL in connection with the transition. In many cases, this transition assistance includes payments from LPL that are commonly intended to assist a financial professional with costs associated with the transition; however, LPL does not verify that any payments made are actually used for transition costs. These payments can be in the form of repayable or forgivable loans, and are subject to favorable interest rate terms, as compared to other lenders. In the case of forgivable loans, the loans are generally subject to repayment if the financial professional leaves LPL before a certain period of time or other conditions are not met. In addition, for certain situations involving the transfer of customer accounts from a third party platform to LPL's platform, existing financial professionals are eligible to receive a flat-dollar amount of up to \$350 per transferred account to assist with offsetting the estimated time and expense he/she incurs to complete the account transfer process.

The amount of recruitment compensation is often significant in relation to the overall revenue earned or compensation received by the financial professional at his or her prior firm. Such payments are generally based on the size of the financial professional's business established at his/her prior firm, for example, a percentage of the revenue earned or assets serviced at the prior firm, or on the size of the assets that transition to LPL. The receipt of this compensation creates a conflict of interest in that the financial professional has a financial incentive to recommend that a customer open and maintain an account with LPL for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a customer's current investment options are not available through LPL, in order to receive the this type of benefit or payment.

## Arrangements with Banks and Credit Unions

Some financial professionals offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. LPL typically shares compensation with the financial institution, including a portion of the brokerage commissions and fees the financial professional generates. In such case, the financial institution typically pays part of that amount to the financial professional. Such compensation can vary depending on the investment product or service recommended. The financial institution can limit the types of products that may be sold by a financial professional. LPL typically shares with the financial institution between 75% to 100% (depending on the type of investment product) of the commissions and ongoing trail payments that LPL receives in connection with the investment. In such case, the financial professional (an employee of the financial institution) will be compensated (e.g., in the form of salary, bonus, compensation based on commissions, etc.) by the financial institution in accordance with the terms agreed upon between the financial institution and the financial professional and approved by LPL (which vary depending on each financial institution and employee). Some of these financial institutions are affiliated with investment product sponsors (such as mutual fund sponsors) which presents a conflict of interest for a financial professional employed by a financial institution to encourage customers to invest in that financial institution's proprietary investment products. If the financial professional is not an employee of the financial institution where he/she provides services to a customer, LPL typically shares with the financial professional between 25% to 100% and with the financial institution between 0% to 75% (depending on the type of investment product) of the commissions and ongoing trail payments that LPL receives in connection with the investment. LPL or its affiliates employ directly a limited population of financial professionals located in financial institutions. Such financial professionals are compensated in a manner consistent with financial professionals employed by financial institutions.

## Financial Professional's Outside Business Activities

Financial professionals are permitted to engage in certain LPL-approved business activities other than the provision of brokerage and advisory services through LPL, and in certain cases, a financial professional receives more compensation, benefits and non-cash compensation through the outside business than through LPL. Some financial professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some financial professionals refer customers to other service providers and receive referral fees. As an example, a financial professional could provide advisory or financial planning services through an unaffiliated investment advisory firm, sell insurance through a separate business, or provide third party administration to retirement plans through a separate firm. If a financial professional provides investment services to a retirement plan as a representative of LPL and also provides administration services to the plan through a separate firm, this typically means the financial professional is compensated from the plan for the two services. In addition, a financial professional may





## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

sell insurance through an insurance agency not affiliated with LPL. In those circumstances, the financial professional would be subject to the policies and procedures of the third party insurance agency related to the sale of insurance products, and would have different conflicts of interest than when acting on behalf of LPL. A financial professional may earn compensation, benefits and non-cash compensation through the third party insurance agency and may have an incentive to recommend you purchase insurance products away from LPL. If you engage with a financial professional for services separate from LPL, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your financial professionals outside business activities is available on FINRA's website at <http://brokercheck.finra.org>.

### Compensation for Other Services

LPL and financial professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a financial professional to recommend services, programs or platforms that generate more compensation for LPL and the financial professional than others. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your financial professional than an advisory account that generates compensation in the form of investment advisory fees.

### ITEM 7 OTHER FINANCIAL INDUSTRY AFFILIATIONS

LPL is affiliated with other financial services companies. LPL and The Private Trust Company, N.A. (PTC), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related companies. PTC serves as IRA custodian for customer accounts set up as IRAs through LPL and receives an annual maintenance fee for this service. PTC also provides personal trustee services to customers for a variety of administrative fiduciary services, including services that may relate to a brokerage account. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the customer and PTC.

Fortigent, LLC is a registered investment adviser and related person of LPL. From time to time, LPL registered representatives enter into agreements with Fortigent for research and reporting services.

LPL and Allen & Company of Florida, LLC (Allen & Co.), an investment adviser firm, are affiliated companies. In addition, IARs of Allen & Co. are typically brokerage registered representatives of LPL. Allen & Co. recommends LPL's advisory programs. Because of the affiliation, Allen & Co. has an incentive to recommend LPL advisory programs over other programs and services.

LPL's parent company, LPL Holdings, is a publicly traded company. LPL does not permit its financial professionals to recommend or solicit orders of LPL Holdings stock in customer brokerage accounts.

Please consult the Disclosures page on LPL's website for the current information about LPL's brokerage compensation and related conflicts of interest. LPL posts changes to this disclosure on its website [lpl.com/disclosures.html](http://lpl.com/disclosures.html) from time to time. LPL may not notify you when these changes are made, so you should consult the website to learn about any changes that have been made. If you are unable to access the website or require paper copies of any documents referenced here, please contact a financial professional.

75 State Street, 22nd Floor, Boston, Massachusetts 02109  
4707 Executive Drive, San Diego, California 92121



Facts	What Does LPL Do with Your Personal Information?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect can include: <ul style="list-style-type: none"> <li>▪ Social Security number</li> <li>▪ Investment experience</li> <li>▪ Income</li> <li>▪ Account transactions</li> <li>▪ Assets</li> <li>▪ Retirement assets</li> </ul> When you are <i>no longer</i> our customer, we will continue to hold your information and share it as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons why financial companies can share their customers' personal information, the reasons LPL chooses to share personal information and whether you can limit this sharing.

Reasons We Can Share Your Personal Information	Does LPL Share?	Can You Limit This Sharing?
For our everyday business purposes, such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For non-affiliates to market to you—for clients with accounts established with LPL representatives at banks or credit unions	No	We don't share
For non-affiliates to market to you—for clients with accounts established with LPL independent representatives  • If your independent financial professional terminates his or her relationship with us and moves to another brokerage or investment advisory firm, we or your independent financial professional may disclose your personal information to the new firm, unless you instruct us not to by returning the completed Departing Financial Professional Privacy Choice form attached to this notice.	Yes*	Yes

**Questions?**

 Go to [www.lpl.com](http://www.lpl.com)

## Who We Are

Who is providing this notice?	LPL Financial LLC and its affiliates (collectively, LPL). Our affiliates include the following: <ul style="list-style-type: none"><li>▪ Fortigent LLC</li><li>▪ LPL Insurance Associates, Inc.</li><li>▪ PTC Holdings, Inc.</li><li>▪ Allen &amp; Company of Florida, LLC, DBA Allen &amp; Company</li><li>▪ The Private Trust Company, N.A</li></ul>
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## What We Do

How does LPL protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.  Our online environment uses security technologies, including layered security and access controls over personal information. For further information, please visit the page <a href="#">How LPL Financial Secures Your Information</a> .
How does LPL collect my personal information?	We collect your personal information, for example, when you: <ul style="list-style-type: none"><li>▪ Open an account</li><li>▪ Apply for insurance</li><li>▪ Seek advice about your investments</li><li>▪ Enter into an investment advisory account</li><li>▪ Tell us about your investment or retirement portfolio</li></ul> We also collect your personal information from others such as credit bureaus, affiliates or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: <ul style="list-style-type: none"><li>▪ Sharing for affiliates' everyday business purposes—information about your creditworthiness</li><li>▪ Affiliates from using your information to market to you</li><li>▪ Sharing for non-affiliates to market to you</li></ul> State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account.

## Definitions

Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"><li>▪ Our affiliates include companies with an LPL Financial name; financial companies such as The Private Trust Company, N.A; non-financial companies and others.</li></ul>
Non-Affiliates	Companies not related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"><li>▪ Non-affiliates we may share information with include an independent representative's new brokerage or an investment advisory firm.</li></ul>
Joint marketing	A formal agreement between non-affiliates financial companies that together market financial products or services to you: <ul style="list-style-type: none"><li>▪ This may include banks, credit unions or other financial institutions with which we have a joint marketing agreement</li></ul>

## Other Important Information

### Information for California, North Dakota, and Vermont Customers

In response to applicable state law, if the mailing address provided for your account is in California, North Dakota, or Vermont, we will automatically treat your account as if you do not want us to disclose your personal information to non-affiliated third parties for purposes of them marketing to you, except as permitted by the applicable state law.



### Additional Information Regarding the LPL Privacy Notice

#### For clients of LPL financial professionals also affiliated with a bank, credit union or other financial institution

If your account was opened in our offices located at a financial institution, such as a bank or credit union; and that financial institution decides to enter into a relationship with a new financial services provider, we may share your information with that new financial services provider so that your account can continue to be serviced.

#### For clients of independent investment advisor firms

If your account is managed by an independent investment advisor firm, we may share your information with that investment advisor firm and your information is subject to the privacy notice of the investment advisor firm.

### Mail-In Form

#### Departing Financial Professional Privacy Choice

(To be used by clients of LPL **independent financial professionals only**—not clients of financial professionals associated with a bank or credit union)

If you would like to limit the personal information that your financial professional could disclose or take if he or she moved to another brokerage or investment advisory firm and terminated the relationship with LPL, please complete and mail the following form to:

LPL Financial  
Attn: Privacy Office  
1055 LPL Way  
Fort Mill, SC 29715

You can withdraw your opt-out choice at any time by contacting your financial professional or LPL in writing at the address provided above.

If your primary address is in a state that requires your affirmative consent to share your personal information with the New Firm, then you must give your written consent before we will allow your financial professional to take your personal information to that New Firm. Please contact your financial professional for more information about providing your written consent.

Please be aware that LPL Financial entered into the Protocol for Broker Recruiting (Protocol) on September 4, 2008, with certain other brokerage firms, and if LPL remains a signatory to the Protocol as of the effective date of your financial professional's termination from LPL, then LPL will permit your financial professional to take your name, address, phone number, email address and the account title of the accounts serviced (or additional information as permitted if the Protocol is amended) while your financial professional was associated with LPL if your financial professional joins one of these Protocol firms. The retention of this limited information by your financial professional under the Protocol may occur even if you have exercised your rights to limit information sharing as described above.

By completing and returning this form as described, I am instructing LPL to limit the personal information about me that my financial professional could disclose or take if he or she moves to another brokerage or investment advisory firm and terminates the relationship with LPL. However, I understand that LPL may disclose my name, address, telephone number, email and the account title of the accounts serviced by my financial professional to the new brokerage or investment advisory firm as allowed under federal and certain state laws and the Protocol.

Please note that for accounts held jointly by two or more persons, the privacy choices made by any account holder apply to all joint holders with respect to the account. **In order for your opt-out election to be effective, you must complete ALL of the following information:**

Name (please print clearly)

Address

City

State/Zip

Phone Number

Name of LPL Financial Professional

Signature

Date