

# LPL FINANCIAL LLC (LPL) RELATIONSHIP SUMMARY

Effective March 31, 2022

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://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 [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 on 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?*

## 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 waiving or reducing other

costs associated with transitioning the Professional'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 Professionals 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.

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

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research LPL and our Professionals.

### ❏ **Questions to ask your Professional:**

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

## 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, you can find the relationship summary for that firm at [lpl.com/fortigent.html](http://lpl.com/fortigent.html). 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 MASTER – ACCOUNT AGREEMENT

In consideration of LPL Financial LLC (“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.

TAMP– 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 asset management program (“TAMP”). Please refer to the agreement between you and your TAMP for an understanding of the roles and responsibilities of your TAMP. The custodian of your account is typically specified in your TAMP agreement or other paperwork needed to establish the account through the TAMP. The custodian is responsible for issuing periodic statements for your account. For certain TAMP accounts, LPL is acting as a solicitor or referral agent on behalf of the TAMP and may act as a point of contact between you and the TAMP. In other cases, LPL may act as an investment adviser on the account along with the TAMP investor advisor.

#### 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 LPL or your Representative is to provide you with current offering documents which fully describe each investment, including potential risks and costs, in connection with a purchase of 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 monitoring 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 applicable law. For more information about the risks and features of certain investment products, please refer to the section of this Agreement entitled “Investment Product Disclosure and Relationship Guide.”
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 the TAMP sponsor. 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. 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, or for other charges which may be made to the account.

#### 2. 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").



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**Eligibility.** The ICA program is available only to individuals, trusts (so long as all beneficiaries of the trust accounts are natural persons), and sole proprietorships. Custodial accounts are eligible for the ICA program if each beneficiary is an eligible person. In the future, LPL may, at its sole discretion, make additional account types eligible for the ICA program or may choose to treat an otherwise eligible person as ineligible if LPL becomes aware that the person is prohibited as a matter of law from holding balances at any Bank. Entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations (other than sole proprietorships) are not eligible for the ICA program. If your Representative is located at a bank that offers a SBICA (as defined below), you are not eligible for the ICA Program. Please consult your Representative for additional details concerning eligibility.

**FDIC Insurance.** Cash balances deposited 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 cash out of your LPL Account and into the participating banks, subject to certain capacity limits, but not to 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 in an effort to maintain deposit levels that do not exceed the maximum levels of insurance (as defined by the FDIC per category). Should your assets reach the maximum amount of insurance as defined by the FDIC per category, LPL will continue to place funds with other participating banks to provide the maximum deposit insurance limits established for ICA. To view the current program maximum deposit insurance limits for ICA, which assumes that you hold no FDIC-insured deposits at a bank other than through ICA and that all banks have capacity to accept additional deposits, see the ICA Current Interest Rate pages on [lpl.com/disclosures.html](https://www.lpl.com/disclosures.html) under "Automatic Cash Sweep Programs and SIPC Coverage" and "FDIC-Insured Bank Deposit Sweep Programs (LPL ICA and DCA)." After you reach the ICA program's maximum insurance coverage for you, which is subject to bank capacity limits and your decision to opt out of one or more banks, any additional cash will be deposited into one or more of the Excess Banks (as defined in the applicable ICA Disclosure Booklet) and will not be eligible for FDIC deposit insurance. Cash held uninvested or invested in a money market mutual fund is not eligible for FDIC deposit insurance, but is eligible for protection by the Securities Investor Protection Corporation ("SIPC"). Deposit Accounts are not protected by the SIPC. LPL itself is not an FDIC-insured depository institution. The FDIC's deposit insurance coverage only protects against the failure of an FDIC-insured depository institution. Pass-through insurance coverage is subject to conditions. Please see the applicable the ICA Disclosure Booklet for more information. A list of applicable banks into which your cash may be deposited is available by visiting <https://www.lpl.com/disclosures/lpl-financial-fdic-insured-bank-deposit-sweep-programs.html> and following the links for the applicable bank lists based upon your account type, or ask your financial professional for this information. The ability of the ICA program to sweep your uninvested cash into Bank Deposit Accounts and to provide access to FDIC Insurance depends, however, on the capacity of the Banks to accept new deposits. "Overflow Balances" are cash in the ICA in excess of the applicable program maximum FDIC insurance limits or cash for which there is insufficient deposit capacity in the ICA banks. When Overflow Balances exist, 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 or will use the overflow mechanisms described below. 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.

**Lack of Deposit Availability or FDIC Insurance; Overflow Mechanisms.** If there are Overflow Balances in ICA, such balances may be placed into an "overflow" Client Cash Account; such balances are considered to be "free credit balances" and represent a direct liability of LPL to you. LPL will pay you interest on such balances in an amount equal to the rate otherwise payable on cash balances in ICA. Please see the disclosures below regarding Free Credit Balances.

**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](https://www.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



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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.** In the ICA program, LPL receives a fee equal to a percentage of the average daily deposit balance in each ICA Deposit Account. The fee paid to LPL will be at an annual rate of up to an average of 600 basis points as applied across all ICA Deposit Accounts taken in the aggregate.

**Tax Information.** In the ICA program, 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"). LPL itself is not an FDIC-insured depository institution. The FDIC's deposit insurance coverage only protects against the failure of an FDIC-insured depository institution. Pass-through insurance coverage is subject to conditions. Please see the applicable the SBICA Disclosure Booklet for more information.

**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, or you have been notified that your Account will be eligible for money market sweep through a negative consent letter in connection with a transfer of your Account to LPL from another firm, 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.

**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).



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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 or SBICA programs, but later becomes eligible for one of the programs, LPL may switch your sweep program from the money market mutual fund sweep program to the ICA or SBICA 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, or in the case of an account converting via negative consent to LPL, at the time your Account transfers to LPL. 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 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.

### 3. 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



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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.

#### 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 periodic 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 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 your account or group margin balance. The Schedule Rate will change, without notice, based on changes in the LPL Base Lending Rate and account or group margin balance. Your Schedule Rate will reflect changes in margin balance one to two business days after any changes in your account or group 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. If the Schedule Rate charged to you is increased for any other reason, you will be notified at least 30 days in advance. When your Schedule Rate changes during an Interest Period due to a change in: the LPL Base Lending Rate or your margin balance; interest will be calculated according to the number of days each Schedule Rate is in effect during that period. The actual margin interest rate charged may be a customized rate. LPL may, without prior notice, change (increase or decrease) a customized rate to the Schedule Rate. LPL retains a portion of any interest charged on margin debit balances. The LPL Base Lending rate and tiered schedule of premiums and discounts can be found at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).

Interest on trading-related debit balances in brokerage cash accounts will be charged the Cash Due Interest Rate, beginning three days after settlement, and only charged if accrued interest exceeds a minimum dollar amount for the Interest Period. Please reference the attached Miscellaneous Account and Service Fees Schedule, which is also available at [LPL.com/disclosures.html](http://LPL.com/disclosures.html).

#### 8. Interest Period

Interest charges for the period shown on periodic statements reflect the second to last business day of the month prior to the period covered by the statement through the third to last business day of the last month shown on the statement ("Interest Period"). Accordingly, the interest charges for the month(s) shown on your periodic 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



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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 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.



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#### GENERAL TERMS APPLICABLE TO ALL ACCOUNTS

##### 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. You agree that your actions under this agreement will be consistent with 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. Communications

To the extent permitted by applicable law, communications may be sent to you through mail, overnight express delivery, or electronically, at LPL's discretion. 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, communications will be deemed delivered when sent, whether actually received or not, even if LPL has notice of non-delivery. 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 Communication is posted online and available for review.

LPL may, at its option, send 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 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 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 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.

##### 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.



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#### 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 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 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. 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.

#### 7. Failure to Pay

In the event that your account generates outstanding fees or costs associated with account maintenance, LPL is authorized to take those steps necessary to cover such fees, including but not limited to liquidating securities or other assets held in your account, whether carried individually or jointed with others, for the purpose of maintaining your account. 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.

#### 8. 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



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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 (each 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.

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 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.

#### 9. 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.

#### 10. Delivery of Account Information

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

#### 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. 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. Payment for Order Flow

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

#### 14. 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 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).

#### 15. Explicit Hold Recommendations

A Representative's explicit recommendation to hold a particular securities position in a customer's brokerage account, including but not limited to any long or short equity, fixed income or mutual fund position, any options or futures position, positions held on margin, shall be effective only for the duration of the market trading day in which the recommendation



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was made and shall automatically expire at the close of trading on such day. In the event the explicit hold recommendation is made other than during regular market hours, such recommendation shall automatically expire at the close of trading of the next market trading day.

#### 16. Account Handling, Term, and Termination

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, freeze services to an open account, or close your account upon written notice. The services, rights, and obligations described in this agreement shall exist for as long as your account is open with LPL. You may close your account(s) with LPL at any time by completing the appropriate account closing procedures. Upon such closing of your account(s) by LPL, you are responsible for transferring any of your assets. If upon terminating services to your account or closing your account(s) you do not transfer your assets within sixty (60) days, LPL may at its discretion either: a) send you certificates of each outstanding security from your closed account(s); b) notify the transfer agent that we no longer custody or service your assets and they will thereafter remain at the transfer agent until you instruct them otherwise; or c) liquidate the account(s) at prevailing marketing rates and disburse the funds to you by check, subject to applicable law. Upon termination of services and/or account closing by either party, you will remain responsible for any outstanding fees or other obligations prior to account(s) closing.

#### 17. 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.

#### 18. 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.

#### 19. 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.



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#### 20. Foreign Language Customer Disclosure and Acknowledgment

You understand that all written materials arising from your relationship with LPL are provided in English, including but not limited to service agreements, forms, account statements, trade confirmations, disclosure documents, and product materials. We encourage you to review all materials carefully and engage an interpreter of your choice (who may not be your Representative) if English is not your first or preferred language.

You should conduct business with LPL only if you are comfortable transacting in English and are able to understand all products and services offered. By conducting business with us and signing the Account Application, you acknowledge your ability to understand the materials provided and that the English documents control over any available translation.

You also acknowledge that if English is not your first or preferred language, then you have read and understand the disclosure made in your preferred language in Exhibit A.

#### 21. 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 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.

#### 22. 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,
- 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).

#### 23. Complaints

Kindly direct any complaints regarding the handling of your account to your Representative(s) and/or to LPL Financial at:

1055 LPL Way  
Fort Mill, SC 29715  
or (800) 558-7567

LPL will respond to you as promptly as possible.

#### 24. 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



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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.

#### 25. SIPC Insurance

LPL is a member of the Securities Investor Protection Corporation ("SIPC"). For assets held at LPL, SIPC provides combined protection for all Accounts 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).

#### 26. Conflicts of Interest and Rollovers and IRA to IRA Transfers

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 material conflicts of interest, 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 by contacting your Representative or LPL Client Services at (800) 558-7567. This information will be sent to you upon your request.

**Plan to IRA Rollovers.** LPL does not provide recommendations about whether to roll assets out of an employer-sponsored retirement plan. If you are a participant in an employer-sponsored retirement plan such as a 401(k) plan, and decide to roll assets out of the plan into the account, LPL and your Representative have a financial incentive to encourage you to invest those assets in the account, because LPL will be paid on those assets, for example, through commissions, fees and third party payments. You should be aware that such fees likely will be higher than those a participant pays through an employer-sponsored plan, and there can be maintenance and other miscellaneous fees. As securities held in an employer-sponsored plan are generally not transferrable to the account, 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. However, this conflict of interest is mitigated by LPL's policy prohibiting its Representatives from recommending clients roll out of employer-sponsored plan accounts into an LPL individual retirement account ("IRA"), though Representatives may assist by educating clients on their options as well as various pros and cons of initiating a roll out of a plan and may recommend how assets be invested after the client has determined to roll out of a plan.

LPL may provide general investment education to assist plan participants in making informed investment decisions about the distribution options available to them. LPL's educational services are intended to be consistent with the Department of Labor's Interpretive Bulletin 96-1 and we will not provide employer-sponsored plan-related "investment advice" as generally understood under ERISA. LPL is not acting in a fiduciary capacity under ERISA when providing such educational services. The general investment education provided is not intended to be viewed or construed as a suggestion for you to take a particular course of action with respect to your employer-sponsored plan assets (including, a distribution therefrom). With respect to such plan rollovers, LPL makes a brochure available that outlines the many factors you should consider (including the types of fees and costs of an IRA and IRA investments) before making a decision.

**IRA to IRA Transfers.** If LPL or your Representative recommends that you move assets from an advisory account at LPL or from an account at another financial institution into the account, he or she is required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in your best interest because of (1) greater services and/or other benefits (including access to certain investment products and the ability to maintain concentrated and illiquid positions; (2) access to your chosen financial professional and asset consolidation (in the case of a transfer from another financial institution); and (3) the transaction-based costs associated with the account are justified by these services and features.



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Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to move into the account, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with the account; (3) recognize that higher net fees (if applicable) will reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to LPL and its Representatives resulting from your decision to move assets into the account.

#### 27. Limitation of Liability

To the fullest extent permitted under applicable law, neither LPL, 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.

#### 28. Required Arbitration Agreement Disclosures

This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- (A) 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.
- (B) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- (C) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- (D) 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.
- (E) The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (F) 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.
- (G) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

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.

#### 29. Arbitration Agreement

In consideration of opening one or more accounts for you, you agree that any claims or controversy arising between you and LPL and/or your Representative(s), and their parents, subsidiaries, affiliates, officers, directors, employees, agents, and Third-Party Service Providers (whether or not a signatory to this Master Account Agreement or Arbitration Agreement), arising out of or relating in whole or in part to your account, transactions with or for you, this agreement or any other agreement you have entered into with the parties hereto, or the construction, performance, or breach of this agreement, or



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any other agreement you have entered with the parties hereto, whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration to be filed at and to be conducted in accordance with the rules, then in effect of FINRA. If the claim or controversy is not arbitrable before FINRA, then such claims shall be filed and adjudicated in a court of competent jurisdiction. 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 arbitration agreement. Further, in the event of a forum dispute, a court of competent jurisdiction shall determine whether such claim is arbitrable. 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.

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns, and any other persons having or claiming to have a legal or beneficial interest in any account you maintain at LPL, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist or enable LPL to provide services hereunder including investment and investment product manufacturers and insurance and annuity carriers ("Third-Party Service Providers"), and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

#### 30. Representations as to Capacity to Enter into Agreement / Retirement Accounts

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. If English is not your first or preferred language, I acknowledge and understand the foreign language customer disclosure is attached (Exhibit A).

If this Agreement is entered into by a trustee or other fiduciary, including but not limited to someone meeting the definition of fiduciary under the Employee Retirement Income Security Act of 1974 ("ERISA"), of (i) an employee benefit plan subject to the fiduciary provisions of ERISA (an "ERISA Plan"), (ii) a "plan" within the meaning of Section 4975(e) of the Internal Revenue Code of 1986 (the "Code"), (iii) any entity whose assets are treated as "plan assets" for purposes of ERISA or Section 4975 of the Code (a "Plan Assets Entity"), or (iv) a plan, trust or entity subject to laws similar to the fiduciary duty provisions of ERISA or the prohibited transaction rules under Section 4975 of the Code (each of the foregoing, including any related trust or funding vehicle, a "Plan" and, collectively, "Plans"), such trustee or other fiduciary ("Responsible Plan Fiduciary") represents and warrants that this brokerage account relationship is permitted by the relevant governing instrument of such Plan and laws applicable to such Plan, and that the Plan is duly authorized to enter into this Agreement on behalf of such Plan.

If the account is established for a particular participant in a Plan (a "Self-Directed Account"), both the Responsible Plan Fiduciary and participant must sign the Account Application. In the case of a Self-Directed Account, you represent to LPL that the Plan's governing documents (including any applicable adoption agreement) and laws governing the Plan permit the participant to self-direct his or her investment of all assets in the account. If LPL or Representative receives trade instructions from participant, rather than from the Responsible Plan Fiduciary or its designee, such as a trustee, plan administrator or other delegate, you represent that the Plan's governing documents, including any procedures established by the Responsible Plan Fiduciary, and laws governing the Plan permit the participant to provide trade instructions directly to LPL and Representative.

In the case of a Self-Directed Account, although the Plan's governing documents allow participant to direct investments of the account, the Plan trustee(s) remains the legal owner of the assets in the account, and the rules regarding withdrawals,



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contributions and other actions are primarily governed by the Plan documents, including any related trust agreement. If participant is entitled to a distribution or withdrawal from the account, and the Responsible Plan Fiduciary directs us accordingly, you are aware that an LPL distribution/withdrawal request will need to be authorized by the Responsible Plan Fiduciary in addition to participant's authorization requesting the transaction. If participant invests through this account, in place of designated investment options as may be provided by the Responsible Plan Fiduciary under the Plan, if applicable, you acknowledge that the product and services (including investments) under this Agreement may be different, and the costs and fees may be higher, than if participant invested through those designated Plan investment options. You understand that the investment objective for this account will be based on the investment objective of the participant as provided in the Account Application, and generally will be different from the investment objectives of other Plan accounts for different participants of the same or different Plans.

When LPL and your Representative provide non-discretionary "investment advice" within the meaning of ERISA and/or the Code to you regarding your ERISA Plan account or IRA (IRAs and ERISA Plans are collectively referred to as "Retirement Accounts"), we are fiduciaries under ERISA and/or the Code with respect to such investment advice. This acknowledgment of status under ERISA is not intended to create or expand any "fiduciary" relationship, capacity, or obligations of LPL and your Representative under applicable law. You understand and agree that LPL is not a fiduciary with respect to many communications, services and recommendations as they are not considered "investment advice," under ERISA and the Code, including:

- recommendations regarding taxable or other accounts that are not subject to the ERISA or the Code;
- educational materials, which are not intended to be viewed as individualized suggestions for you to take a particular course of action (i.e., investment performance data);
- general information about our services, products, fees, and financial professionals and the reasons we think you should engage us to provide services to you, (i.e., areas to consider when deciding whether to leave another financial firm for LPL);
- information about alternatives you have when deciding whether to roll out of an ERISA Plan or transfer assets from an IRA;
- transactions you execute without a recommendation from us; and
- episodic or sporadic recommendations and interactions that are not provided as part of an ongoing or regular basis advice relationship, or recommendations made when there is no mutual understanding that our investment advice will serve as a primary basis for your investment decisions.

You understand that when engaging in a brokerage relationship with us, LPL and your Representative do not agree to, and therefore you should not expect that we will, provide investment advice or securities recommendations for your account on an ongoing basis, or provide ongoing account monitoring. If you want these services, please contact your Representative to learn more about establishing an advisory relationship with LPL.

#### 31. 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.

#### 32. 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).



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#### 33. Governing Law

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

#### 34. 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, cyber attack (except to the extent covered by the LPL Cyber Fraud Guarantee, which can be viewed at LPL.com), sabotage, network failure, system outage, computer viruses, or other conditions beyond LPL's control.

#### 35. 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.

#### 36. 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.



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#### INVESTMENT PRODUCT DISCLOSURE AND RELATIONSHIP GUIDE

In connection with all investments you may consider and purchase, it is important to read, review and understand all related information, including but not limited to, all features, risks, benefits, terms and conditions, as well as the other factors associated with those products and services, before making any financial decisions. In particular, it is your responsibility to read thoroughly the specific product materials you receive from the product sponsor (including prospectuses, offering materials, and product and sales literature) and to understand the product offerings presented by your Representative prior to investing.

By signing the Account Application, with respect to all investments you may consider and purchase, you are acknowledging as follows:

You have paid particular attention to the contents of the following sections of each product's prospectus as they apply to your investment:

- Risk Factors
- Fund's Objective Factors
- Sales Charges and Expenses
- Performance History
- Suitability Requirements
- Tax Aspects
- Liquidity Restrictions
- Surrender Charges
- Penalties for Early Withdrawal
- Administrative Fees/Mortality Expenses

You also acknowledge that you have not received, read or relied upon any other material concerning the investment(s) and no representations have been made to you that are different from those contained in the prospectus, offering materials or the sales literature provided by the investment sponsor.

#### Important Information about Mutual Funds

In addition to the above information, to the extent you are purchasing a mutual fund, you also acknowledge that for each transaction you have provided your Representative with all relevant information, including but not limited to, your mutual fund holdings, either individually or in related accounts, so that you may receive any commission discount to which you may be entitled.

You understand that in the following circumstances you may be eligible for a sales charge reduction:

- If you commit to invest additional funds with this fund family within a specified time frame, you may qualify for a reduction in sales charges through a Letter of Intent ("LOI").
- Any existing positions in the same fund family in your personal or related accounts may be aggregated to potentially meet a breakpoint and thereby reduce your sales charge through Rights of Accumulation ("ROA"). Eligibility varies per fund family as described in the prospectus.
- If you have previously held shares of this fund family that were liquidated, you may be able to make this purchase at net asset value (no up-front sales charge).

You understand and agree, with respect to a commission discount offered by a mutual fund for certain types of customers or accounts, that LPL's policy is to apply the commission discount only where (i) the mutual fund's offering documents mandate such discount, and (ii) you have notified your Representative of your eligibility for it.

You also acknowledge that your Representative has provided a complete and balanced disclosure to you regarding the distinctions between all share classes and their fee structures that may include:

**Class A** (front-end sales charge)

**Class B** (deferred sales charge)

**Class C** (level load)



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(Please refer to the prospectus for detailed information on the specific fee structure charges and, if applicable, additional administrative or miscellaneous charges).

#### Important Information about Structured Products

In addition to the above information, to the extent you are purchasing a structured product, you also understand that these products may involve a high degree of risk. In addition to the risks disclosed to you in the Structured Products Agreement, the following risks have been fully disclosed and explained to you.

- **Credit Risk.** Investors purchasing securities will assume the credit risk of the issuer. This credit risk exists whether or not the structured product offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations.
- **Principal Risk.** Some structured products will not be fully principal-protected and some may offer no principal protection. Investors may face risk of full loss of principal on their investment. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond or option.
- **Liquidity and Market Risk.** There may be little or no secondary market for the securities and information regarding independent market pricing since the securities may be limited.
- **Opportunity Cost.** Even though some structured products pay interest, it may be less than conventional bond securities. Some structured products may have higher risks than the underlying securities, stocks or bonds. The derivative component of structured products and the potential for loss of principal may make them unsuitable for investors seeking higher yields or alternatives to debt securities.
- **Capped/Callable Returns.** Due to cap or call features, some structured products may not earn more than a specified amount, even though the underlying securities may have appreciated by more than that amount.
- **Tax Treatment.** Tax treatment of structured products may be different from other investments held in the portfolio (e.g., income may be taxed as ordinary income even though payment is not received until maturity).
- **Limitations on FDIC Insurance.** Some structured products are in the form of a certificate of deposit (“CD”). CDs are insured by the FDIC only within the limits and to the extent described in the prospectus. The FDIC may take the position that the interest component of CDs is not insured until the final observation date.

#### Important Information about Exchange Traded Funds (“ETFs”), and Exchange Traded Notes (“ETNs”)

- If purchasing an ETF, you understand that certain ETFs may be organized as partnerships and will report distributions to investors on Form K-1, and certain other ETFs may generate collectible income. Consult with your tax professional prior to investing.
- If purchasing an ETN, an ETN is a senior, unsecured, unsubordinated debt security. ETNs have a maturity date and are backed only by the credit of the issuer.
- To accomplish their objectives, ETNs use a range of strategies, including swaps, futures contracts and other derivatives.
- ETNs may not be diversified and can be based on commodities or currencies. ETFs and ETNs may be closed and liquidated at the discretion of the issuing company.

#### Important Information about Unit Investment Trusts (“UITs”)

In addition to the above information, to the extent you are purchasing a UIT, you also understand the following:

- UITs may offer sales charge discounts (a.k.a. price breaks) based on either the dollar amount or number of units purchased. Purchases within multiple related accounts, rolling maturing units to another trust or applying proceeds from a maturing UIT to another within the same sponsor may also be entitled to a sales charge discount if purchased on the same day. UITs may include initial and deferred sales charges.
- The value of your investment may fluctuate over time. Therefore, your trust may be worth either more or less than originally invested at maturity or if sold prior to maturity.



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- An entity of a security within a trust may be unwilling or unable to declare dividends/interest in the future, or may reduce the level of dividends declared, which may affect the value and income produced within a UIT.
- The financial condition and/or credit rating(s) of a security within a UIT may fluctuate, which may affect the market value.
- UITs are not actively managed investments. Therefore, securities in a portfolio may be delisted from an exchange or an over-the-counter market. As a result, liquidity may vary. The value of the securities may fluctuate if trading markets are limited or absent.
- Sector or specialty trusts may accompany greater risks based on various factors which include but not limited to industry or product concentration and limited diversification.
- You have also read and reviewed the product prospectus with respect to the rollover, exchange and conversion features of the UIT, and understand that information and those provisions. You also understand that UITs are designed to be held until maturity.

#### Important Information about Closed-End Funds (“CEFs”)

In addition to the above information, to the extent you are purchasing a CEF, you also understand the following:

- **Premium/Discount Risk:** Premium or discount pricing can widen or narrow relative to NAV. CEFs purchased at a premium to NAV result in a lower current yield than if purchased at or below the NAV price.
- **Interest Rate Fluctuation:** Interest rate movements will typically have an inverse impact to market value on CEF containing fixed income investments.
- **Call Risk:** If a security is called within a CEF, proceeds may reinvest at a lower yield/rate, reducing the earnings rate resulting in possible reduction in divided income.
- **Liquidity:** Illiquidity of securities within a CEF may have an adverse impact to the NAV.
- **Leverage (Borrowed funds to purchase additional assets):** Increases yield and potential return while generally increasing the risk (when cost exceeds earnings) and volatility of both the NAV and market value.
- **Credit/Ranking Risk:** Ability for the issuer to meet payment of dividends, interest and/or principle obligations. Lower rated or non-rated securities carry higher risk.
- **Investing Abroad/Currency Fluctuation:** NAV of a non-U.S. denominated currency security may lose value as a result of currency exchange decline relative to U.S. dollar.
- **Sales Charge:** New Issue (IPO) CEFs will contain a sales charge/concession built into the price. A "penalty bid" will incur if liquidated during an initial specified period, noted in the prospectus. CEFs purchased in the secondary market will be subject to standard equity commission charges.
- **Tax Implications:** Tax reporting may vary based on CEFs. It's strongly recommended to consult with a tax advisor prior to investing.

#### Important Information about Fractional Share Transactions

Reinvesting mutual fund or stock cash dividends into additional shares of the security may result in holding an investment position with both whole and fractional shares (i.e. 100.25 shares). When necessary, the reinvestment and liquidation of stand-alone fractional shares (less than 1 whole share of a security) will be processed without a client confirmation generated. All fractional share transactions will be included in periodic LPL account statements. Fractional shares that are not transacted with a whole share receive the previous market session's closing price from the date processed.

#### Important Information about Products and Services Offered to Municipal Entities and Certain Obligated Persons

**For state or local governments and agencies, or other entities that borrow or raise money through municipal bond issuances:** Except as otherwise disclosed to and acknowledged in writing by LPL, you certify that (1) the owner of the account has not invested and will not invest any funds in this account that constitute “proceeds of municipal securities” or “municipal escrow investments” for purposes of Section 15B of the Securities Exchange Act of 1934; and (2) you are a knowledgeable official representative of the owner of the account who is authorized to provide this certification.



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#### Important Information about Product and Services Offered on the Premises of a Financial Institution ("FI"), Credit Union ("CU") or Credit Union Service Organization ("CUSO")

In addition to the above information, although LPL offers services on the premises of a Financial Institution ("FI"), Credit Union, ("CU"), or Credit Union Service Organization ("CUSO"), LPL is a separate company and is not affiliated with the FI or CU/CUSO. Except for certain CDs and cash sweep deposits, the investment products, including all insurance and annuity products, offered through LPL are not insured bank deposits. With respect to these investment products and services, you understand that:

- The products offered are not insured by the Federal Deposit Insurance Corporation ("FDIC"), National Credit Union Administration ("NCUA") or any other agency of the U.S. or the FI, CU/CUSO, or any affiliate with the exception of structured products in the form of CDs.
- The products offered are not a deposit or obligation of the FI, CU/CUSO or any affiliate.
- The products offered are not endorsed, recommended or guaranteed by the FI, CU/CUSO or any affiliate.
- The value of the investment may fluctuate, the return on the investment is not guaranteed and loss of principal is possible.
- The extension of credit by your FI or CU/CUSO may not be conditioned on a purchase of an insurance product or annuity from LPL, the FI, CU/CUSO or any affiliate and you, the customer, are free to obtain an insurance product or annuity from another party.
- FI or CU/CUSO has entered into an agreement with LPL which provides for compensation, including advisory fees, to be shared between LPL (and its affiliates) and the FI or CU/CUSO.
- LPL is a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). SIPC covers losses in investment accounts of up to \$500,000 (of which up to \$250,000 may be uninvested cash) due to member firm failures and does not cover a decline in the market value of securities. Additional information about SIPC and asset protection may also be found at [www.sipc.org](http://www.sipc.org).
- FI or CU/CUSO has entered into a marketing agreement which may allow financial institution employees who accept deposits on behalf of the financial institution to be registered and appointed with LPL for the purpose of offering investment and insurance products. The marketing agreement also provides for LPL to compensate the FI or CU/CUSO for use of its facilities.

#### Prospectus Delivery for Accounts with more than one owner/trustee/officer:

For accounts with more than one owner (e.g. joint, community property, tenants in common, partnership, LLC, corporate, institutional, sponsor level plans), one prospectus for each prospectus product will be delivered to the primary owner listed on the account. The primary owner designation is based on how the Account Application was completed under "Section III: Account Holder Information". The primary owner is the individual listed in the first section under "Primary Account Holder/Trustee/Minor/Decedent/529 Owner". For accounts with more than one trustee requiring more than one trustee's authorization to execute transactions, one prospectus will be delivered for each product to all trustees listed on the account. For additional questions, please contact your Representative.



1055 LPL Way  
Fort Mill, South Carolina 29715



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## FOREIGN LANGUAGE CUSTOMER DISCLOSURE AND ACKNOWLEDGMENT (EXHIBIT A)

Disclosures are made in the following languages: Arabic, Chinese, Farsi, French, Korean, Russian, Spanish, Tagalog, and Vietnamese.

الإفصاح والإقرار للعملاء الناطقين باللغات الأجنبية

تقدم كل المواد الناشئة عن علاقتك مع LPL باللغة الإنجليزية بما في ذلك وبدون الحصر، اتفاقيات الخدمات والاستثمارات وكشوف الحسابات والإثباتات التجارية ووثائق الإفصاح والكشف والمواد المتعلقة بالمنتجات. نشجعك على مراجعة كل المواد بغية وتوظيف مترجم من اختيارك (قد لا يكون مستشارك المالي) إذا لم تكن الإنجليزية لغتك الأم أو لغتك المفضلة. سنضيف إلى حد معقول، أي مترجم تريد اصطحابه عند الحديث عن منتجاتنا وخدماتنا.

يجب التعامل مع LPL فقط إذا كنت تشعر بالراحة عند إجراء صفقات باللغة الإنجليزية وكنت قادراً على فهم كل الخدمات والمنتجات الموفرة. عندما تقوم بمعاملات تجارية معنا وتوقع على استثماره طلب الحساب فإنك تقر بقدرتك على فهم المواد المقدمة وتقر بأولوية الوثائق باللغة الإنجليزية بالنسبة لأي ترجمة متوفرة.

外语客户披露与确认

您了解基于您与 LPL 关系的所有书面材料均将以英语书写，包括但不限于服务协议、表格、会计财务报表、交易确认书、披露文件和产品材料。我们支持您仔细审阅所有材料，如果英语并非您的母语或首选语言，您可以自行选择聘用一名翻译（可能并非您的财务顾问）。当您需要翻译讨论产品及服务时，我们将适当地为翻译提供帮助。

只有当您能够以英语轻松地谈判并了解我们提供的所有产品和服务之后，您才能够与 LPL 开展业务。在与我们开展业务并签署开户申请后，您即承认您能够理解我们所提供的材料，且任何现有翻译文件都应以英语文件为准。

تأييد وافشای اطلاعات برای مشتریان خارجی زبان

شما متوجه هستید که تمامی مطالب کتبی حاصل از ارتباط شما با LPL به زبان انگلیسی ارائه می شود؛ این مورد شامل، اما نه فقط محدود به موافقتنامه های خدماتی، فرم ها، صورتحساب های مربوط به حساب، تاییدیه های بازرگانی، مدارک مربوط به افشای اطلاعات، و اسناد مربوط به محصولات است. از شما دعوت می شود تا تمامی مطالب را به دقت بررسی نمایید و در صورتی که انگلیسی زبان اصلی یا زبان مورد ترجیح شما نیست، از خدمات یک مترجم شفاهی منتخب خود (که نباید مشاور مالی شما باشد) استفاده نمایید. ما می توانیم در حد معقول یک مترجم شفاهی در دسترس شما قرار دهیم تا هنگام گفتگو در مورد خدمات و محصولات مان شما را همراهی نماید.

شما فقط زمانی باید با LPL وارد دادوستد شوید که انجام معامله به زبان انگلیسی برای شما راحت باشد، و قادر به درک تمامی محصولات و خدمات ارائه شده باشید. با انجام معامله با ما و امضاء فرم تقاضای حساب، شما تایید می کنید که قادر به درک تمامی مدارک ارائه شده هستید و اینکه مدارک ارائه شده به زبان انگلیسی برهر ترجمه موجود ارجحیت دارد.

Divulgation et reconnaissance pour le client de langue étrangère

Vous comprenez que toute la documentation écrite émanant de votre relation avec LPL est fournie en anglais, y compris mais sans s'y limiter, les contrats de service, formulaires, relevés de compte, confirmations de transactions, documents de divulgation et documents techniques. Nous vous encourageons à examiner attentivement toute la documentation et à engager les services d'un interprète de votre choix (qui peut ne pas être votre conseiller financier) si l'anglais n'est pas votre langue maternelle ou votre langue de préférence. Nous accommoderons raisonnablement la présence d'un interprète si vous souhaitez qu'il vous accompagne lorsque vous discutez de nos produits et services.

Vous ne devriez mener vos affaires avec LPL que si effectuer des transactions en anglais ne vous dérange pas et que vous pouvez comprendre tous les produits

et services offerts. En faisant affaire avec nous et en signant la Demande d'ouverture de compte, vous reconnaissez votre capacité à comprendre les documents fournis et que les documents rédigés en anglais priment sur toute traduction disponible.

영어 이외의 외국어 사용 고객 대상 고지문

귀하는 LPL과의 관계에서 발생한 모든 서면 자료가 영문으로 제공된다는 것을 알고 있습니다. 이러한 서면 자료에는 서비스 계약서, 양식, 계정 명세서, 거래 확인서, 공시 문서 및 제품 관련 자료가 포함되며, 이들 문서에만 국한하지 않습니다. 모든 자료를 주의 깊게 검토하고, 영어가 모국어 또는 귀하가 원하는 언어가 아닌 경우 직접 선택한 통역자(재정 자문가가 아니어도 됨)를 둘 것을 권장합니다. 저희 제품과 서비스에 대해 논의할 때 귀하가 동반하고자 하는 통역자에 대해서는 해당한 편의를 제공할 것입니다.

귀하는 영어로 업무 처리를 하는 데 불편함이 없고 제안된 모든 제품과 서비스에 대해 이해할 수 있는 경우에만 LPL과 거래를 해야 합니다. 저희와 거래를 하고 계정 신청서(Account Application)에 서명을 함으로써, 귀하는 제공된 자료를 이해할 수 있으며 유효한 모든 번역 서류는 영문 서류에 의해 좌우됨을 인정하는 것입니다.

О порядке разглашения информации и подтверждения для клиентов, говорящих на иностранном языке

Вы понимаете, что все письменные материалы, являющиеся результатом ваших отношений с LPL, предоставляются на английском языке (к ним относятся, помимо прочего, соглашения о предоставлении услуг, формы, выписки по счетам, подтверждения сделок, документы о разглашении информации и материалы о продуктах). Если английский не является вашим первым или предпочтительным языком, рекомендуем вам внимательно изучать все материалы с привлечением переводчика на ваш выбор (который не может быть вашим финансовым консультантом). Мы предпримем разумные усилия, чтобы предоставить вам переводчика в соответствии с вашими желаниями, который будет сопровождать вас при обсуждении наших продуктов и услуг.

Вести дела с LPL следует, только если вы комфортно себя чувствуете при заключении сделок на английском языке и можете понять материалы об всех предлагаемых продуктах и услугах. Вступая с нами в деловые отношения и подписывая заявление об открытии счета, вы подтверждаете, что способны понять предоставляемые материалы и что версии документов на английском языке имеют приоритет над любыми переведенными версиями.

Divulgación y aceptación del cliente de idioma extranjero

Entiende que todos los materiales por escrito que surjan de su relación con LPL se proporcionan en inglés, incluso, entre otros, acuerdos de servicio, formularios, estados de cuenta, confirmaciones de operaciones, documentos de divulgación y materiales del producto. Le instamos a que revise todos los materiales cuidadosamente y contrate un intérprete de su elección (que no puede ser su asesor financiero) si el inglés no es su lenguaje principal o preferido. Acomodaremos razonablemente a un intérprete que usted desee que lo acompañe al discutir nuestros productos o servicios.

Solo debe hacer negocios con LPL si se siente cómodo haciendo las transacciones en inglés y si puede entender todos los productos y servicios ofrecidos. Al hacer negocios con nosotros y al firmar la solicitud de la cuenta, usted reconoce su habilidad de entender los materiales proporcionados y que los documentos en inglés tienen mayor validez que cualquier traducción.

Pagsisawal at Pagtanggap ng Paroklyano na Kaugnay ng Banyagang Wika

Naiintindihan mo na ang lahat ng nakasulat na mga materyal na mula sa iyong relasyon sa LPL ay ipinagkakaloob sa Ingles, kabilang ang pero hindi limitado sa mga kasunduan sa serbisyo, mga porma, pahayag ng kuwenta, kumpirmasyon ng pagbili, dokumento ng pagsisawalat, at materyal ng produkto. Hinihimok ka namin na suriing mabuti ang lahat ng mga materyal at kumuha ng gustong tagasalin ng wika (na hindi maaring ang iyong tagapayo sa pananalapi) kung ang Ingles ay hindi ang iyong una o mas gustong wika. Makatwiran naming bibigyang-daan ang isang tagasalin ng wika na nais mong sumama sa iyo kapag tinalakay ang aming mga produkto at serbisyo.

Dapat ka lamang makipagtransaksiyon sa LPL kung ikaw ay komportableng gumawa ng transaksiyon sa Ingles at naiintindihan ang lahat ng mga produkto at serbisyonang iniaalok. Sa pakikipagtransaksiyon sa amin at pagpirma sa Aplikasyon Para sa Kuwenta, tinatanggap mo ang iyong kakayahang maintindihan ang mga ibinigay na materyal at ang mga Ingles na dokumento ay namamayani sa anumang makukuhang pagsasalin.

Tiết Lộ và Xác Nhận Đối Với Khách Hàng Sử Dụng Ngoại Ngữ Ngoài Tiếng Anh

Quý vị hiểu rằng tất cả các văn bản tạo ra từ mối quan hệ của quý vị với LPL được cung cấp bằng tiếng Anh, bao gồm nhưng không chỉ giới hạn vào các hợp đồng dịch vụ, đơn từ, bản báo cáo tương mục, xác nhận thương mại, tài liệu tiết lộ, và sản phẩm. Chúng tôi khuyến khích quý vị nên xem lại tất cả các tài liệu cần thận và tìm người thông dịch giúp theo sự chọn lựa của quý vị (người không phải là cố vấn tài chính của quý vị) nếu ngôn ngữ chính của quý vị không phải tiếng Anh hoặc ngôn ngữ mà quý vị muốn. Chúng tôi sẽ có thông dịch viên thích hợp nếu quý vị muốn có người đó trong lúc thảo luận về các sản phẩm và dịch vụ của chúng tôi.

Quý vị chỉ nên hợp tác việc kinh doanh với LPL nếu quý vị cảm thấy thoải mái để giao thiệp bằng tiếng Anh và có thể hiểu được tất cả các sản phẩm và dịch vụ được cung cấp. Khi hợp tác kinh doanh với chúng tôi và ký tên vào Đơn Xin Mở Trương Mục, quý vị xác nhận rằng quý vị có khả năng thông hiểu những tài liệu cung cấp và những giấy tờ bằng tiếng Anh được quyền ưu tiên hơn bất cứ bản dịch nào khác hiện có.



# 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 and annuities in all 50 states. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, 529 plans, 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. You should ask your financial professional about what capacity they are acting or will be acting on your behalf, as a broker-dealer registered representative and/or an IAR. Unless stated otherwise, your financial professional is acting in the capacity, brokerage or advisory, required by the account type for which the respective transaction takes place. 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 when acting in a brokerage capacity. LPL and its financial professionals are compensated directly by customers and indirectly from the investments made by customers. When customers pay us, we typically are 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, the financial professional’s 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 529 plans.** 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 7%, 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 Transactions

When LPL buys from you or sells to you a security in a principal capacity, LPL and the LPL financial professional receive a markup or markdown on the transaction. 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. Markups and markdowns typically apply to transactions in bonds or other fixed-income securities such as structured products.

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, 529 plans, 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, 529 plans, 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 to encourage you to increase the size of your investment. The amount of trails received varies from product to product. This creates



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

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 529 plans.** 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% 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 2.00% of the transaction amount for new issues of certificates of deposit, 0.50% of the transaction amount for new issues of municipal bonds, as high as 2.00% of the transaction amount for other new issue bonds, up to 3.625% 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, such as long term care insurance and disability insurance. 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 0.5% to 15% 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 35% 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. LPL further receives payments generated from the successful facilitation of life insurance settlements placed through referral partnerships. These payments consist of 5% of the lower of the value created subject to reimbursements for transactional costs, or 4% of the death benefit subject to transactional costs.

### 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 may receive non-cash compensation from investment sponsors. 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 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, money market funds, depending on account type. In addition, accounts otherwise eligible for ICA may be swept into money market funds if there is not adequate deposit capacity in ICA. "Overflow balances" are cash in the ICA in excess of the applicable program maximum FDIC insurance limits or cash for which there is insufficient deposit capacity in the ICA or DCA Banks. When Overflow Balances exist, 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



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

insurance or will otherwise use the overflow mechanisms described below. 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. If there are Overflow Balances in ICA, such balances may be placed into an "overflow" Client Cash Account; such balances are considered to be "free credit balances" and represent a direct liability of LPL to Customer. LPL will pay you interest on such balances in an amount equal to the rate otherwise payable on cash balances in ICA. Please see the disclosures below regarding Free Credit Balances. See below for further information about Third Party Compensation generated by cash balances maintained in Client Cash Accounts. 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 6% as applied across all deposit accounts taken in the aggregate; therefore, depending on interest rates and other market factors, on some accounts, fees to LPL may be higher or lower than this average percentage amount.

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 where ICA deposit capacity is not available) or that do not participate in SBICA, uninvested cash balances are automatically invested in a Client Cash Account and are considered "free credit balances" and represent a direct liability of LPL to the customer. LPL receives compensation for service and administrative fees relating to support of the sweep program from the sponsors to these funds, ranging between 0.25% and 0.45% of the assets invested in the money market funds, which such fees may be waived by the fund companies in their sole discretion. These payments are in addition to other fees (e.g., recordkeeping and 12b-1 fees) received by LPL, where applicable.

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 fund 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.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## 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).

## Product Onboarding and Maintenance 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 platforms, which is comprised of up to \$15,000 as a due diligence fee and up to \$5,000 per fund to a maximum of \$25,000. 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 \$35,000 for products, follow-on product offerings or new share classes that are added to its platforms. For individual product setup, LPL typically charges exchange traded product (ETPs) sponsors a setup fee of up to \$7,500 per fund and up to an additional \$15,000 per product for complex ETPs. For UITs LPL charges up to \$5,000 per fund. Additionally, LPL charges sponsors up to \$25,000 per CUSIP for certain corporate action events.

## 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 and Fixed Index Annuities.** LPL receives payments of up to 0.50% annually on new 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.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Data, Analytics and Reporting

LPL receives up to \$600,000 annually from various mutual fund, ETF, annuity and insurance investment sponsors in exchange for access to analytical data, business intelligence and ad hoc reporting relating to financial professionals. LPL has an incentive to recommend products associated with sponsors that pay for these services.

## 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. LPL assists the adviser in determining whether to engage sub-advisers for the Optimum Funds, along with providing other services. 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.

## 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, the customer 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%.
- **529 plans.** Expense ratios for the 529 plans will vary based on the plan offered in your particular state but can range from as low as 0.0% to 1.75%.
- **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).



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

- **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 529 plans. 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 plan, 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.

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 its financial professionals may enter into lead generation, marketing and/or referral arrangements with third parties and other financial intermediaries, for the purpose of introducing LPL customers to new service providers for various needs. The fees paid for these services can be structured in various ways, including as an ongoing flat fee or as one-time referral fees. Such compensation would be paid to LPL in cash, and a percentage of that compensation would be remitted to the financial professional servicing the referred client subject to the terms of the referral agreement.

### 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



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

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.

If your financial professional makes a recommendation that you move assets from an IRA at another financial institution to LPL Financial, he or she is required to consider, based on the information you provide, whether you will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints, rights of accumulation, and index annuity caps, and has determined that the recommendation is in your best interest for these reasons:

- Greater services and/or other benefits (including asset consolidation and holistic advice and planning) can be achieved with the LPL Financial IRA; and
- The costs associated with the LPL Financial IRA are justified by these services and benefits.

Notwithstanding whether a recommendation has been made, you understand and agree that with respect to any assets you decide to transfer/roll over from a qualified plan or move from an IRA at another financial institution now or in the future, you must: (1) evaluate the investment and non-investment considerations important to you in making the decision; (2) review and understand the fees and costs associated with a LPL Financial IRA; (3) recognize that higher net fees (if applicable) will substantially reduce your investment returns and ultimate retirement assets; and (4) understand the conflicts of interest raised by the financial benefits to LPL Financial and its employees resulting from your decision to roll or transfer assets to a LPL Financial IRA.

### 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 the financial professional's 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 the financial professional has a place of business.

You should ask your financial professional about the securities or services your financial professional is licensed or qualified to sell, and your professional's 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.



# LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

## Customized Products

Some financial professionals work with UIT sponsors to create customized UITs. For customized UITs, IARs provide the UIT sponsor with input regarding the portfolio composition of the UIT, and in exchange may be paid a consulting fee. The UIT sponsor retains sole responsibility for creating and implementing the investment portfolio of the UIT. LPL has policies and procedures in place for customized UITs that are designed to prevent conflicts of interest and to ensure that financial professionals act in clients' best interest. Among other things, these policies prevent financial professionals from receiving consulting fees for assets that any LPL client invests in customized UITs. Depending on the securities held by the UIT and on whether a client separately pays transaction charges a customized UIT's sales charges and sponsor fees could be more expensive than separately purchasing the basket of securities in the UIT's portfolio. Before investing in a customized UIT, you may wish to ask your financial professional questions about compensation received from the UIT and about the UIT's fees and expenses.

## 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 financial professionals a percentage of the revenue they generate from the sales of products and services. The percentage received can vary (typically between 90% to 100%) depending on your financial professional's 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 they generate 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 in growing a 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.

### 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

LPL typically pays financial professionals recruitment compensation in connection with the financial professional joining LPL if they become associated with LPL after working with another financial services firm. In many cases, this assistance includes payments from LPL that are commonly intended to assist a financial professional with costs associated with the transition or business development; however, LPL does not verify that any payments made are actually used for those purposes. 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



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

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 incurred 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 the financial professional's 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 or certificates of deposit) 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 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 your financial professional any questions you have about the compensation they receive 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. Certain LPL financial professionals receive a higher payout rate for selling advisory/insurance products, which can incentivize these financial professionals to sell advisory/insurance products rather than brokerage products. As another 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.



## LPL FINANCIAL BROKERAGE COMPENSATION AND CONFLICTS DISCLOSURE

Please also note that not all of the conflicts described in this disclosure apply to a particular financial professional, the financial professional's services or all of 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 or conflicts of interest.

### 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, are related companies. LPL is also a related company to Fiduciary Trust Company of New Hampshire, a state chartered non-depository trust company ("FTC"). PTC and FTC serve as custodians for customer retirement accounts, including IRAs, and receives an annual maintenance fee for these services. PTC also provides personal trustee services to customers for a variety of administrative fiduciary services, including services that may relate to a brokerage account. Because LPL, PTC and FTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC or FTC as a custodian or for personal trustee services, or if a PTC or FTC client uses LPL a broker-dealer or investment advisor. PTC and FTC custodian and trustee services and related fees are established under a separate engagement between customers and the two firms.

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.

A subsidiary of LPL Holdings, Inc. (LPL Holdings) has acquired LPL Enterprise, a broker-dealer; and Financial Resources Investment Group Investment Services, LLC, a broker-dealer and registered investment advisor. Each of the entities are affiliated with LPL.

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.**

201 Washington Street, Suite 300, Boston, Massachusetts 02108  
4707 Executive Drive, San Diego, California 92121  
1055 LPL Way, Fort Mill, SC 29715  
13620 N FM 620, Building C, Suite 200, Austin, TX 78717



| Facts        | What Does LPL Do with Your Personal Information?   |
|--------------|--|
| <b>Why?</b>  | 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.  |
| <b>What?</b> | <p>The types of personal information we collect can include:</p> <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> <p>When you are <i>no longer</i> our customer, we will continue to hold your information and share it as described in this notice.</p> |
| <b>How?</b>  | 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  | Yes             | Yes                         |
| <p>For non-affiliates to market to you—for clients with accounts established with LPL independent representatives</p> <p>· 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.</p> | Yes*            | Yes                         |

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

| Who We Are                    |   |
|-------------------------------|---|
| Who is providing this notice? | <p>LPL Financial LLC and its affiliates (collectively, LPL). Our affiliates include the following:</p> <ul style="list-style-type: none"> <li>▪ Fortigent LLC</li> <li>▪ LPL Insurance Associates, Inc.</li> <li>▪ Fiduciary Trust Company of New Hampshire</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> |

| What We Do   |   |
|--|---|
| How does LPL protect my personal information?                                      | <p>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.</p> <p>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>.</p>               |
| How does LPL collect my personal information?                                      | <p>We collect your personal information, for example, when you:</p> <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> <p>We also collect your personal information from others such as credit bureaus, affiliates or other companies.</p>                |
| Why can't I limit all sharing?   | <p>Federal law gives you the right to limit only:</p> <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> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p> |
| What happens when I limit sharing for an account I hold jointly with someone else? | <p>Your choices will apply to everyone on your account.</p>   |

| Definitions     |  |
|-----------------|--|
| Affiliates      | <p>Companies related by common ownership or control. They can be financial and non-financial companies.</p> <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  | <p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <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 | <p>A formal agreement between non-affiliates financial companies that together market financial products or services to you:</p> <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  |  |
|--|--|
| <p><b>Information for California, North Dakota, and Vermont Customers</b></p> <p>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.</p> |  |

**Additional Information about Information Sharing and How to Opt-Out**
**For clients of LPL financial professionals also affiliated with a bank, credit union or other financial institution ("Institution")**

If your account was opened in our offices located at an Institution and that 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.

We may also share your information with the Institution so that they may inform you about their products and services that may be of interest to you. You may exercise your right to opt-out or opt-in from this type of sharing by visiting <https://privacy.lpl.com> or by calling (855) 804-3041.

**For clients of independent investment advisor firms or independent financial professionals**

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. As described below, if you work with a financial professional who is moving to another brokerage or investment advisory firm, we also may share your information with the professional's new firm. Please use the mail in form below if you wish to opt-out from this sharing.

**Mail-In Form for 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

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, or opt in, before we will allow your financial professional to take your personal information to that New Firm. Please contact your financial professional or LPL to obtain the Privacy Choice Consent Form (F809) to opt in or withdraw your previous opt out.

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