

OPTIMUM MARKET PORTFOLIOS (OMP) ACCOUNT PACKET – ACCOUNT AGREEMENT

This Account Agreement (“Agreement”) is entered into by and among LPL Financial Corporation (“LPL”), a registered investment advisor and broker/dealer, the LPL Investment Advisor Representative indicated in Section V of the Account Application attached hereto (“IAR”), and the client indicated in Section I of the Account Application (“Client”), pursuant to which Client will open an account (“Account”) with LPL and IAR for the purpose of participating in the Optimum Market Portfolios Program (“Program”) through which IAR and LPL as an investment advisor will purchase and manage specified assets of the Client. A description of the services to be provided and the parties providing the services are set forth below.

1. LPL OPTIMUM MARKET PORTFOLIOS PROGRAM

The Program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares.

The Account will be opened through which Client will authorize LPL and IAR on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the Client. Client understands that the investment objective selected for the Account in the Account Application is an overall objective for the entire Account and may be inconsistent with a particular holding and the Account’s performance at any time. Client understands that achievement of the stated investment objective is a long-term goal for the Account. There are up to six Optimum Funds that may be purchased within the Account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small-Mid Cap Growth Fund, Optimum Small-Mid Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund. Checks for funds to be invested in a Program account should be made payable to LPL Financial Corporation.

IAR will obtain the necessary financial data from Client, assist Client in determining the suitability of the Program and assist Client in setting an appropriate investment objective. IAR will initiate the steps necessary to open the Account and select a portfolio consistent with the Client’s stated investment objective. Once the IAR has selected a portfolio and the Program minimum has been reached, LPL will purchase Optimum Funds in amounts appropriate for the portfolio selected. LPL will rebalance the account on the frequency selected by the Client at account opening or as altered by the IAR from time to time. The choices for frequency of rebalancing are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The Account will be reviewed on the frequency selected based on the anniversary date of the account opening or as altered by the IAR, or the next business day closest to the anniversary date to determine if rebalancing is necessary. Although the Account is not considered tax efficient or tax managed, LPL may delay placing transactions on non-qualified accounts by one day for any rebalancing scheduled to occur on the first one year anniversary date of the account opening in an attempt to limit short-term tax treatment for any position being sold. At each potential rebalancing date, the Account will be rebalanced only if there is a 5% or greater deviation from LPL’s targeted allocation percentage for the portfolio, subject to a minimum transaction amount of \$250. The preference for rebalancing frequency may not be applicable if IAR selects a portfolio that is dynamically rebalanced by LPL. In this instance, LPL will determine if rebalancing is necessary on at least a quarterly basis, or more frequently if deemed appropriate.

LPL follows a strategic asset allocation investment style in constructing portfolios for the Program. Asset allocation methodology is implemented by combining investments representing various asset classes that react differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. As with any investment strategy, there is no guarantee that the use of an asset allocation strategy will produce favorable results.

The IAR is responsible for educating the Client about this investment style in advance of opening the Account by explaining the various asset classes (e.g., large cap growth, large cap value, etc.) being used within the selected portfolio. This educational

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

process continues throughout the time that the Client maintains the Account. During any month that there is activity in the Account, Client will receive a monthly account statement showing account activity as well as positions held in the Account at month-end. Additionally, the Client will receive a confirmation of each transaction that occurs within the Account unless the transaction is the result of a systematic purchase or systematic redemption. The Client will also receive from LPL detailed quarterly performance reports describing account performance and positions. An additional year-end report will be provided for accounts not established on a calendar quarter basis. To the extent permissible by state and federal law, LPL may elect to deliver account information electronically.

The minimum account size is \$15,000. Client may make cash additions to the Account at any time and may withdraw account assets on notice to IAR, subject to Section 7 below. Additional deposits will be invested into Optimum Funds consistent with the current LPL target allocation for the portfolio once the holdings reach a 5% or greater deviation from LPL's targeted allocation percentage for cash, subject to a minimum amount to be allocated of \$2,500 (an "Allocation Event"). Prior to an Allocation Event, additional deposits will be treated as follows: For clients with a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of a client's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured cash account ("ICA") as described in the Insured Cash Account Program Disclosure Booklet, which is available from IAR, FDIC insurance is subject to FDIC limits. LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. If Client does not want to have the cash balance automatically invested in an ICA, Client may speak to IAR to have the cash balance automatically invested in a tax exempt money market fund if the account meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.

Activity with respect to Client's ICA will appear on account statements. For each statement period, account statements will reflect deposits to and withdrawals from the ICA, the closing balance of the ICA at each bank at which funds are held, and the interest earned on ICA balances. For additional information on the ICA, Client should see the Disclosure Booklet available from IAR.

If the Account is a retirement (or non-retirement but ineligible) account, the cash balance will be invested in a money market fund. The money market fund utilized in the Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with LPL marketing support programs. The IAR does not receive any portion of this payment.

In the event Client withdrawals cause the Account asset value to fall below the required minimum, Client understands this Agreement may be subject to immediate termination under the provisions of Section 7. Client understands that the Program is designed as a long-term investment vehicle and that asset withdrawals may impair the achievement of Client's investment objectives.

Client retains the right to pledge Optimum Funds in the Account. To effect the pledge, Optimum Fund positions designated by the Client will be withdrawn from the Account and delivered to the Optimum Funds where upon the Client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any Optimum Funds that have been withdrawn. Following the withdrawal, unless directed by the Client to terminate the Account under the provisions of Section 7, LPL will rebalance the Account at the next regularly scheduled rebalancing date.

LPL reserves the right to accept, reject or renew this Agreement in its sole discretion and for any reason.

2. TRADING AUTHORIZATION AND REBALANCING INSTRUCTIONS

Client hereby grants LPL and IAR complete and unlimited discretionary trading authorization with respect to the purchase and sale of Optimum Fund Class I shares in the Account. Client hereby appoints LPL and IAR as Client's agents and attorneys-in-fact with respect to this trading authorization. Client also authorizes IAR to select the portfolio in which Program assets will be invested and

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

LPL to affect the rebalancing instructions on the frequency selected by the Client or IAR, or as determined by LPL if the IAR has selected a portfolio that is dynamically rebalanced by LPL. Client also authorizes IAR to alter the rebalancing frequency from time to time. Other than as described in Section 16 and 17, LPL and IAR are not authorized to withdraw or transfer any money, securities or property either in the name of Client or otherwise.

Client understands that IAR is prohibited from taking personal possession of Client securities, stock powers, monies or any other personal or real property in which Client may have an interest. In addition, Client understands that IAR may not lend to or borrow from Client any monies or securities. Client further agrees not to enter into any other business relationship with IAR including, but not limited to, helping to capitalize or finance any business of IAR.

Client understands that LPL, IAR and their affiliates may perform advisory and/or brokerage services for various other clients, and that IAR may give advice or take actions for those clients that differ from the advice given or the timing or the nature of any action taken for the Account. In addition, LPL and IAR may, but are not obligated to, purchase or sell or recommend for purchase or sale any security which LPL or IAR or any of their affiliates may purchase or sell for their own accounts or the account of any other client.

Client acknowledges that all dividends paid by the Optimum Funds in the Account will be automatically reinvested unless Client provides written instructions to LPL that all such dividends shall be paid out to Client. In no event will LPL or IAR be obligated to effect any transaction for Client which it believes would violate any applicable state or federal law, rule or regulation, or the rules or regulations of any regulatory or self-regulatory body.

This trading authorization is a continuing one and shall remain in full force and effect and be relied upon until LPL and IAR have received a copy of a written termination notice, which writing will be deemed to terminate this Agreement effective upon receipt.

3. PROXIES AND OTHER SHAREHOLDER INFORMATION

Client understands and agrees that Client retains the right to vote all proxies that are solicited for securities held in the Account. LPL and IAR are hereby expressly precluded from voting proxies for securities held in the Account and will not be required to take any action or render any advice with respect to the voting of proxies. LPL will provide Client with proxy materials prepared by the Optimum Funds held in the Account.

LPL and IAR shall not be obligated to render any advice or take any action on behalf of Client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the Account, or the issuers thereof. Client hereby retains the right and obligation to take action with respect to legal proceedings relating to securities held in the Account.

Client hereby designates LPL, as a broker/dealer and investment adviser, to receive all updated prospectuses, annual reports and disclosure statements for Optimum Funds held in the Account. Client retains the right to rescind this designation by notifying LPL in writing.

4. CLIENT AUTHORITY

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 an employee benefit plan subject to ERISA (an “ERISA Plan”), such trustee or other fiduciary represents and warrants that Client’s participation in the Program is permitted by the relevant governing instrument of such plan, and that Client is duly authorized to enter into this Agreement. Client agrees to furnish IAR and LPL with such document, as they shall reasonably request with respect to the foregoing. Client further agrees to advise LPL and IAR of any event that might affect this authority or the validity of the Agreement. If Client is an ERISA Plan, Client additionally represents and warrants that the person executing and delivering this Agreement on behalf of Client is a “named

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

fiduciary” (as defined under ERISA) who has power under the ERISA Plan to appoint LPL and IAR to provide their respective services under this Agreement. If Client is an ERISA Plan, Client shall obtain and maintain during the term of this Agreement any bond required by ERISA or other applicable law with respect to fiduciaries and shall include LPL within the coverage of such bond. If Client is a corporation, the party executing this Agreement on behalf of Client represents that execution of this Agreement has been duly authorized by appropriate corporate action.

5. CONFLICTS OF INTEREST

LPL is appointed by Client as custodian of the Account assets and as the sole and exclusive broker/dealer with respect to processing securities transactions for the Account. LPL and IAR will make every attempt to obtain the best execution possible. LPL may aggregate transactions for Client with other clients to improve the quality of execution.

The Account Fee set forth in Schedule A represents compensation for the asset management and quarterly reporting services provided. The Confirmation Charges set forth in Schedule B represent a reimbursement of expenses associated with printing and mailing confirmations and may be higher or lower than commissions otherwise payable in the absence of the Account Fee.

LPL serves as a sub-services agent with respect to Program accounts. As such, LPL will provide all sub-accounting and shareholder recordkeeping with respect to Optimum Fund shares, and will provide the following administrative services among others: 1) establishing and maintaining sub-account records reflecting the issuance, transfer or redemption of shares, 2) assisting shareholders in designating and changing account designations and addresses, and 3) responding to inquiries for shareholders with respect to the status of sub-accounts, fund performance, sub-account histories and making adjustments to sub-accounts to correct sub-account files. As compensation for these services, LPL receives administrative servicing fees from the service agent of the Optimum Funds.

LPL provides investment consulting services to the adviser to the Optimum Funds including, but not limited to: 1) assist the adviser in determining whether to employ, maintain or terminate sub-advisers for the Optimum Funds, 2) provide monthly fact sheets describing the performance of the Optimum Funds, 3) provide quarterly analysis consisting of statistical information and analysis regarding the Optimum Funds and sub-adviser performance, 4) meet with sub-advisers selected by the adviser to the Optimum Funds to discuss their performance and prepare reports regarding their evaluations, and 5) help the adviser make recommendations on sub-advisers to the Board of Trustees by providing the adviser to the Optimum Funds with potential sub-adviser options. As compensation for these services, LPL receives investment consulting compensation from the adviser to the Optimum Funds.

Although Client will not be charged a commission for transactions in Optimum Funds, Client should be aware that the Optimum Funds charge internal management fees and administrative expenses. The amount of the Optimum Funds’ management fees and administrative expenses are included among mutual fund expenses and are reflected on the Optimum Fund financial statements.

The IAR recommending the Account to the client receives compensation as a result of the client’s participation in the Program. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may or may not have a financial incentive to recommend a Program account over other programs and services.

No agency cross transaction (as such term is defined in Rule 206(3)-2(b) under the Investment Advisers Act of 1940 (the “Advisers Act”) for the Account shall be effected by LPL.

LPL does not receive compensation for directing orders in the Optimum Funds for execution.

The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.

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

6. LIMITATION OF LIABILITY

Neither LPL, IAR 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.

Client acknowledges that neither LPL, IAR nor 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 Client may have under federal or state securities laws (or ERISA, if Client is a qualified plan under ERISA).

Client further understands that there is no guarantee that Client's investment objectives will be achieved. Neither LPL nor IAR shall have any liability for Client's failure to inform IAR in a timely manner of any material change in Client's financial circumstances which might affect the manner in which Client's assets are allocated, or to provide IAR with any information as to Client's financial status as IAR may reasonably request.

LPL is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC provides protection for the Account for up to \$500,000, including \$100,000 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.

TO CONNECTICUT, MARYLAND AND NEBRASKA RESIDENTS:

Because the standard of conduct imposed on investment advisers under the Connecticut, Maryland and Nebraska securities laws may differ from the standard imposed under other state securities laws, Connecticut, Maryland and Nebraska residents may be provided additional rights of action in circumstances other than those described in this Section.

7. ASSIGNMENT/TERMINATION

This Agreement may not be assigned or transferred in any manner by any party without the written consent of all parties receiving or rendering services hereunder; provided that LPL or IAR may assign this Agreement upon consent of the Client in accordance with the Advisers Act.

This Agreement may be terminated by any party effective upon receipt of written notice to the other parties ("Termination Date"). LPL will deliver securities and funds held in the Account as instructed by Client unless Client requests that the Account be liquidated. LPL will initiate instructions to deliver funds and/or securities within two weeks of Client's written request. If an account is liquidated as a result of a termination notice, LPL will have a period of 72 hours to begin liquidations unless special circumstances

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

apply. Proceeds will be payable to Client upon settlement of all transactions in the Account. The Client will be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the Termination Date.

Client understands and agrees that after the Termination Date, the Account may be converted to a brokerage account at LPL. In a brokerage account, Client is charged a commission for each transaction and the IAR has no responsibility to provide ongoing investment advice.

If the Account is closed within the first six months by Client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the Account which may include costs to transfer positions into and out of the Account, data entry costs to open the Account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

Client understands and agrees that, in the event of Client's death or incapacity during the term of this Agreement, the authority of LPL and IAR under this Agreement shall remain in full force and effect until such time as LPL and IAR have been notified otherwise in writing by the authorized representative of Client or Client's estate.

Termination of the Agreement will not affect the liabilities or obligations of the parties from transactions initiated prior to termination.

8. CONFIDENTIALITY

LPL and IAR will keep Client information confidential and will not use or disclose it to others without Client's prior consent except as described in LPL's privacy policy below.

Client acknowledges, understands and agrees that for our mutual protection, LPL may electronically record telephone conversations. Client agrees not to record any telephone conversation without express written authorization of LPL and the individual(s) engaged in the conversation.

9. SEVERABILITY

If any provision of this Agreement shall be held or made non-enforceable by a statute, rule, regulation, decision of a tribunal or otherwise, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the maximum extent permitted by law or equity while most nearly preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement and, to that extent, the provision of this Agreement shall be deemed to be severable.

10. VALUATION

Securities shall be valued in a manner determined in good faith by LPL to reflect fair market value. For any assets purchased within the Account, the cost basis is the actual purchase price including transaction charges. For any assets transferred into the Account, original purchase price is used as the cost basis to the extent such information was submitted to LPL by Client or a former service provider. It is Client's 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.

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

11. GOVERNING LAW

This Agreement shall be construed under the laws of the Commonwealth of Massachusetts in a manner consistent with the Advisers Act and the rules and regulations of the Securities and Exchange Commission thereunder.

12. ARBITRATION

Client agrees to direct any complaints regarding the handling of Client's account to IAR and the LPL Legal Department in writing.

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

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

In consideration of opening one or more accounts for you, you agree that any controversy between you and LPL and/or your IAR arising out of or relating to your account, transactions with or for you, or the construction, performance, or breach of this agreement whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration in accordance with the rules, then in effect, of the Financial Industry Regulatory Authority. Any arbitration award hereunder shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. You understand that you cannot be required to arbitrate any dispute or controversy nonarbitrable under federal law.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute 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.

13. RECEIPT OF LPL'S FORM ADV PART II

Client acknowledges receipt of LPL's Form ADV Part II as required by Rule 204-3 under the Advisers Act. Unless Client received said Form ADV Part II at least forty-eight (48) hours prior to execution of this Agreement, Client may cancel this Agreement within five (5) days of execution by giving written notice of such cancellation to IAR. In such case, Client shall be responsible for any transactions executed prior to receipt of written notice of cancellation. Client understands the investment approach, related risk factors, and the fees associated with investing in the Account. This Agreement will not take effect until at least forty-eight (48) hours after Client has received LPL's Form ADV Part II and LPL has accepted the Account. The Form, including any amendments or information related to the Form, may be sent to Client at Client's postal or electronic mail address of record. Client agrees to receive such disclosure documents and related information electronically, including through web access.

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

14. ENTIRE AGREEMENT/AMENDMENT

This Agreement represents the entire agreement between the parties with respect to the subject matter contained herein. This Agreement may be amended by LPL upon thirty days notice to all parties.

15. ACCOUNT APPLICATION

The Account Application, incorporated herein by reference and made a part of this Agreement, must be completed in full by Client and the accuracy of its contents is hereby acknowledged by Client. By signing the Account Application, Client agrees to the terms and conditions of this Agreement. LPL may accept the Account electronically. Client further acknowledges that it is Client's responsibility to provide LPL and IAR with updated information as necessary and that LPL and IAR have the right to rely on this information.

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. Client is required to provide the following information, among other items, on the Account Application: name, address, date of birth and other information that will allow LPL to confirm Client's identity. In addition, IAR may also ask to see a valid driver's license or other identifying documents.

16. AUTHORIZATION TO DEBIT ACCOUNT

Client hereby authorizes LPL to debit all Account Fees payable pursuant to Section 17 directly from the Account. It is agreed by Client and LPL that the Account Fee will be payable, first, from free credit balances, if any, in the Account, and second, from the liquidation or withdrawal (which the Client hereby authorizes) by LPL of the Client's shares of the money market fund or ICA, as the case may be. LPL reserves the right to liquidate at any time a portion of the other assets in the Account to cover the Account Fee or other charges. Certain accounts may establish procedures to pay the Account Fee directly rather than through a debit to the Account. Any different method of billing Account Fees may result in the imposition of additional charges to cover the administrative costs of billing.

17. FEES AND CHARGES

As a participant in the Program, Client will pay an annualized fee (Account Fee). The maximum Account Fee is set forth in Schedule A attached hereto. The Account Fee is negotiable, is based on the value of the assets in the Account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing quarterly performance reports as described in Section 1, the account quarter will begin on the first day of the month in which the Account is accepted by LPL unless Client chooses a different quarterly cycle. The Account Fee will be as stated on the Account Application.

If IAR has earned commissions on the assets (cash or securities) within the past two years, client may be entitled to a credit for a portion of the Account Fee by indicating in the Account Application.

The initial Account Fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on Client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the Account. All Account Fees will be deducted from the Account pursuant to the authorization granted under Section 16.

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

In addition to the Account Fee stated in Schedule A, the Account will be assessed a confirmation charge (“Confirmation Charge”) as stated in Schedule B. Although the Confirmation Charge may be identified under the commission column on the confirmations, it represents a reimbursement of expenses associated with printing and mailing confirmations and not commissions. IAR will not receive any portion of the Confirmation Charge. Client authorizes LPL to deduct all Account Fees and Confirmation Charges from the Account unless other arrangements have been made for the Account pursuant to Section 16. All such fees and charges will be noted on Client’s statements or confirmations.

Client may also incur certain charges imposed by LPL or third parties other than IAR in connection with investments made through the Account, including among others, the following types of charges: mutual fund sub-transfer agent, networking and omnibus processing fees, mutual fund management fees and administrative servicing fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a portion of these third party fees. Further information regarding charges and fees assessed by the Optimum Funds is available in the appropriate prospectus.

Client understands that LPL and IAR, in connection with the performance of their respective services, shall be entitled to and will share in the Account Fees payable hereunder. LPL shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Client. Client acknowledges and agrees that the Fee Schedule and Confirmation Charges set forth in Schedules A and B and in effect for the Account shall continue until thirty (30) days after LPL has notified the Client in writing of any change in the amount of the fees or charges applicable to the Account, at which time the new fees or charges will become effective unless the Client notifies LPL in writing that the Account is to be closed.

18. NOTICES

All written notices to any party under this Agreement shall be sent to such party by first class mail or facsimile transmission at the address set forth on the Account Application or such other address as such party may designate in writing to the other.

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

LPL PRIVACY NOTICE

Facts	What Does LPL Financial Do With Your Personal Information?	
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.	
What?	The types of personal information we collect can include: <ul style="list-style-type: none"> • Social Security number • Income • Assets • Investment experience • Account transactions • Retirement assets When you are <i>no longer</i> our customer, we will continue to hold your information and share it as described in this notice	
How?	All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons LPL Financial chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does LPL Financial 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	No	No
For joint marketing with other financial companies	Yes	No
For our affiliates’ everyday business purposes Information about your transactions and experiences	No	No
For our affiliates’ everyday business purposes Information about your creditworthiness	No	No
For affiliates to market to you	No	No
For nonaffiliates to market to you	No	No
Questions?	Go to www.lpl.com	
Who We Are		
Who is providing this notice?	LPL Financial Corporation (“LPL Financial”) and its Affiliates	

OMP ACCOUNT PACKET – ACCOUNT AGREEMENT

What We Do	
How does LPL Financial 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>We train our employees in the proper handling of personal information. We require companies that help provide our services to you to protect the confidentiality of personal information they receive.</p>
How does LPL Financial collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • Open an account • Apply for insurance • Seek advice about your investments • Enter into an investment advisory account • Tell us about your investment or retirement portfolio <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"> • Sharing for affiliates' everyday business purposes – information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you <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>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliates include the following entities:</p> <ul style="list-style-type: none"> • LPL Independent Advisor Services Group, LLC • Independent Advisers Group Corporation • LPL Insurance Associates, Inc. • PTC Holdings, Inc. • The Private Trust Company, N.A. • UVEST Financial Services Group, Inc. <p>We do not share information with our affiliates.</p>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies. <i>LPL Financial does not share with nonaffiliates so that they can market to you.</i></p>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <i>Our joint marketing partners include banks, credit unions, retirement plans, and other financial institution programs.</i></p>
Other Important Information	
<p>Information for Vermont and California Customers</p> <p>In response to a Vermont regulation, if we disclose personal information about you to nonaffiliated third parties with whom we have joint marketing agreements, we will only disclose your name, address, other contact information, and information about our transactions or experiences with you.</p> <p>In response to a California law, we automatically treat accounts with California billing addresses as if you do not want to disclose personal information about you to nonaffiliated third parties except as permitted by the applicable California law. We will also limit the sharing of personal information about you with our affiliates to comply with all California privacy laws that apply to us.</p>	

The LPL Financial family of affiliated companies include LPL Financial and UVEST Financial Services Group, Inc., each of which is a member of FINRA/SIPC

Not FDIC/NCJA Insured	Not Bank/Credit Union Guaranteed	May Lose Value	Not Guaranteed by any Government Agency	Not a Bank/Credit Union Deposit
-----------------------	----------------------------------	----------------	---	---------------------------------

OMP ACCOUNT PACKET - ACCOUNT AGREEMENT

OMP Schedule A - Fees

\$ VALUE OF ASSETS UNDER MANAGEMENT

MAXIMUM FEE (ANNUALLY)

\$15,000 + 2.50%

OMP Schedule B - Confirmation Changes

MUTUAL FUNDS

PURCHASE OR LIQUIDATION \$5.00

One Beacon Street, 22nd Floor, Boston, Massachusetts 02108-3106
9785 Towne Centre Drive, San Diego, California 92121

*Investment
Advisor
Disclosure Document*

*Form ADV • Part II
August 16, 2010*



FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	February 28, 2011
Estimated average burden hours per response:	4.07

Name of Investment Adviser: LPL Financial Corporation					
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone number:
One Beacon Steet, 22nd Floor	Boston	MA	02108-3106	(617)	423-3644

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant: LPL Financial Corporation	SEC File Number: 801- 10970	Date: 08/16/10
---	--------------------------------	-------------------

1. A. Advisory Services and Fees. (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

<input checked="" type="checkbox"/>	(1) Provides investment supervisory services	88	%
<input checked="" type="checkbox"/>	(2) Manages investment advisory accounts not involving investment supervisory services	< 1	%
<input checked="" type="checkbox"/>	(3) Furnishes investment advice through consultations not included in either service described above	12	%
<input type="checkbox"/>	(4) Issues periodicals about securities by subscription		%
<input checked="" type="checkbox"/>	(5) Issues special reports about securities not included in any service described above	< 1	%
<input type="checkbox"/>	(6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities		%
<input type="checkbox"/>	(7) On more than an occasional basis, furnishes advice to clients on matters not involving securities		%
<input type="checkbox"/>	(8) Provides a timing service		%
<input checked="" type="checkbox"/>	(9) Furnishes advice about securities in any manner not described above	< 1	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input checked="" type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input checked="" type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input checked="" type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input checked="" type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input checked="" type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input checked="" type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input checked="" type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input checked="" type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input checked="" type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> G. Investment company securities: | <input checked="" type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> (1) variable life insurance | <input checked="" type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (2) variable annuities | <input checked="" type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input checked="" type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No
(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.
(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

<input checked="" type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (3) other investment adviser	<input checked="" type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input checked="" type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)
- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . Yes No
(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services <i>and</i> impose a minimum dollar value of assets or other conditions for starting or maintaining an account?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
(If yes, describe on Schedule F)		

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F

B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II - Page 6

Applicant: LPL Financial Corporation	SEC File Number: 801- 10970	Date: 08/16/10
---	--------------------------------	-------------------

12. Investment or Brokerage Discretion.

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|-----------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236				
Item of Form (identify)	Answer					
ITEM 1D	<p>ADVISORY SERVICES AND FEES</p> <p>LPL Financial Corporation ("LPL"), formerly known as Linsco/Private Ledger Corp., is a broker-dealer registered with the Financial Industry Regulatory Authority and the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934. The Company is also an investment advisor registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. LPL transacts business in mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is licensed to operate in all 50 states and has an independent-contractor sales force of registered representatives dispersed throughout the United States. Listed below is a description of the various investment advisory services offered by LPL, which are made available primarily through individuals associated with LPL as Investment Adviser Representatives ("IAR").</p>					
1D-1A (1) and (9)	<p><u>1. Strategic Asset Management Program ("SAM")</u></p> <p>The SAM Program offers clients an asset management account in which LPL in its capacity as a registered investment advisor and its IARs direct and manage specified assets of clients.</p> <p>The SAM account permits clients to authorize LPL IARs to purchase and sell on a discretionary basis no load and load waived mutual funds pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, and to purchase and sell separate accounts within variable annuities. Other securities approved by LPL for investment in the SAM account, including equities, fixed income, options, hedge funds, structured products, and managed futures, may be purchased and sold at the client's direction. In some cases, the client may provide discretionary authorization to the IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no load and load waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940, including exchange traded funds, unit investment trusts and closed-end funds, and other pooled investment vehicles which are not registered.</p> <p>The SAM Program may also be offered through a separately registered third party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. The Advisor may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the third party investment advisor. LPL and IAR may also utilize the services of cash solicitors in establishing client accounts.</p> <p>In opening a SAM account, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the SAM Program and assists the client in setting appropriate investment objectives.</p> <p>During any month that there is activity in the SAM account, the client receives a monthly account statement showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.</p> <p>SAM accounts pay an annualized fee ("Account Fee") as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Maximum Fee</u></td> </tr> <tr> <td>\$25,000 +</td> <td>3.00%</td> </tr> </table> <p>The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in which the account is accepted by LPL. The initial Account Fee is due at the beginning of the quarter following execution of the SAM Client Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value</p>		<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$25,000 +	3.00%
<u>Portfolio Value</u>	<u>Maximum Fee</u>					
\$25,000 +	3.00%					

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer													
	<p>of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the SAM Client Agreement unless other arrangements have been made in writing.</p> <p>Although expressed as a percentage, in certain situations where agreed to by the Client, the Account Fee may be calculated as a flat fee for the first annual period. One fourth of the annual fee will be assessed to the account on a quarterly basis in advance. The amount of flat fee will be adjusted annually thereafter based on the stated percentage.</p> <p>Unless otherwise stated in the applicable Client Agreement, for Retirement Accounts, the Account Fee shown above will be reduced by 12b-1 fees paid to LPL by mutual funds which are held in the account. The reduction will appear as an offset against the Account Fee assessed on client's quarterly SAM statement. LPL may apply the reduction net of the LPL IRA maintenance fee. The fee offset will be paid quarterly based on the three month average balance of mutual funds in client account which pay 12b-1 fees. The fee offset may not exceed the Account Fee in any given quarterly period. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR.</p> <p>Accounts with assets valued at less than \$100,000 at the end of the quarter will be assessed an additional \$10.00.</p> <p>Accounts with hedge funds and managed futures will be assessed an annual Alternative Investment Administrative fee of \$35.00 per position, subject to a maximum of \$100.00 per account per year.</p> <p>In addition to the Account Fee stated above, the account is assessed a transaction charge ("Transaction Charge") to defray the costs associated with trade execution. Although the Transaction Charge may be identified under the commission column on the confirmation, it represents a reimbursement of transaction costs and not commissions. The IAR does not receive any portion of the Transaction Charge. The Transaction Charges may vary for clients of a third-party investment advisor that has been authorized by LPL to offer the SAM Program to the Advisor's clients. The Transaction Charges are set out in the Client Agreement.</p> <p>The Transaction Charges are:</p> <p><u>Mutual Funds</u> Purchase or Liquidation</p> <table style="margin-left: 40px;"> <tr> <td>Full Participating Fund*</td> <td>\$0.00</td> </tr> <tr> <td>Partial Participating Fund*</td> <td>\$4.50</td> </tr> <tr> <td>Non-Participating Fund</td> <td>\$26.50</td> </tr> <tr> <td>Systematic Purchases and Redemptions (only certain funds are eligible)</td> <td>No Charge to Client</td> </tr> <tr> <td>Exchanges (only certain funds are eligible)</td> <td>No Charge to Client</td> </tr> <tr> <td>Wire Purchase and Redemption Fees (if applicable)</td> <td>varies</td> </tr> </table> <p>* A Full Participating Fund is one that pays 12b-1 fees and/or subtransfer agent fees which are retained by LPL in amounts sufficient to cover the majority of LPL trading costs. A Partial Participating Fund is one that pays either 12b-1 fees or subtransfer agent fees which are used to reduce LPL trading costs.</p> <p><u>Fixed Income</u> Purchase or Liquidation</p>	Full Participating Fund*	\$0.00	Partial Participating Fund*	\$4.50	Non-Participating Fund	\$26.50	Systematic Purchases and Redemptions (only certain funds are eligible)	No Charge to Client	Exchanges (only certain funds are eligible)	No Charge to Client	Wire Purchase and Redemption Fees (if applicable)	varies	\$50.00
Full Participating Fund*	\$0.00													
Partial Participating Fund*	\$4.50													
Non-Participating Fund	\$26.50													
Systematic Purchases and Redemptions (only certain funds are eligible)	No Charge to Client													
Exchanges (only certain funds are eligible)	No Charge to Client													
Wire Purchase and Redemption Fees (if applicable)	varies													
UIT Purchase or Liquidation	\$35.00													
<u>Equities (including exchange traded and closed-end mutual funds and other exchange traded instruments)</u> Purchase or Liquidation	\$15.00													
<u>Options</u> Purchase or Liquidation	\$25.00													

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>The SAM Program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the SAM account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, the percentage of Participating Funds held in the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>The Account Fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a SAM account.</p> <p>In SAM, the Account Fee and Transaction Charges (if applicable) are deducted from the client's account and are noted on client statements or confirmations. The Fee Schedule and Transaction Charges continue until thirty (30) days after client has been notified in writing of any change in the amount of the Fee or Charges applicable to client's account, at which time the new Fee or Charges will become effective unless the client notifies LPL.</p> <p>In addition to the Account Fees and Transaction Charges noted previously, Client may also incur certain charges imposed by third parties or LPL in connection with investments made through Program accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1, subtransfer agent fees, omnibus processing fees, networking fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund and managed future investment management fees, managed futures investor servicing fees, participation fees from Auction Rate Preferred fixed income securities, fees related to American Depository Receipts, and other charges required by law. LPL and IAR may receive all or a portion of certain of these fees. Further information regarding charges and fees assessed by a mutual fund or the variable annuity are available in the appropriate prospectus.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares in an account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.</p> <p>LPL serves as a sub-services agent with respect to the Optimum Funds, which are available in a Program account. As such, LPL will provide all sub-accounting and shareholder recordkeeping with respect to Optimum Fund shares, and will provide the following administrative services among others: 1) establishing and maintaining sub-account records reflecting the issuance, transfer or redemption of shares, 2) assisting shareholders in designating and changing account designations and addresses, and 3) responding to inquiries for shareholders with respect to the status of sub-accounts, fund performance, sub-account histories and making adjustments to sub-accounts to correct sub-account files. As compensation for these services, LPL receives administrative servicing fees from the service agent of the Optimum Funds.</p> <p>LPL provides investment consulting services to the advisor to the Optimum Funds including, but not limited to: 1) assist the advisor in determining whether to employ, maintain or terminate sub-advisors for the Optimum Funds, 2) provide quarterly fact sheets describing the performance of the Optimum Funds, 3) provide quarterly</p>	

Schedule F of Form ADV
Continuation Sheet for Form ADV Part II

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>analysis consisting of statistical information and analysis regarding the Optimum Funds and sub-advisor performance, 4) meet with sub-advisors selected by the advisor to the Optimum Funds to discuss their performance and prepare reports regarding their evaluations, and 5) help the advisor make recommendations on sub-advisors to the Board of Trustees by providing the advisor to the Optimum Funds with potential sub-advisor options. As compensation for these services, LPL receives investment consulting compensation from the advisor to the Optimum Funds. The Chief Financial Officer of LPL serves as a Trustee of the Optimum Funds.</p> <p>In addition, client should be aware that hedge funds and managed futures products may share a portion of the investment management fee charged by the hedge fund and managed futures with LPL. A portion of this compensation may be retained by LPL and a portion of this compensation may be paid to IAR. The amount of the investment management fee is described in the prospectus for the hedge fund or managed futures.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>The IAR recommending the Program account to the client receives compensation as a result of the client's participation in the Program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in programs offered by unaffiliated firms or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a Program account over other programs and services. In addition, if the Program is offered through an Advisor affiliated with LPL, the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>Certain of the mutual funds available for investment in the program may be affiliated with a third-party investment advisor that has been authorized by LPL to offer the SAM program ("Advisor"). As a consequence, investment in an affiliated mutual fund generates additional compensation to the Advisor or its affiliates, including, among other types of compensation, fund-level management fees.</p> <p>If you have a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of your cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA information brochure available from your IAR.</p> <p>If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the SAM Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (1) and (9)	<p>If an account is approved for trading on margin and the client has entered into a margin agreement with LPL, the client will be charged margin interest on any credit extended to or maintained by the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports. LPL will retain a portion of any interest charged on margin debit balances. This interest charge is in addition to the annual investment advisory fee charged in connection with the SAM account. The annual investment advisory fee will not be charged on any margin debit balance, rather only on the net equity of the account.</p> <p>Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account go down. LPL, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client.</p> <p>For more information about certain types of investments that are available for purchase in the SAM Program, please see the response to Item 3.</p> <p>Clients may make additions to, or withdrawals from, the SAM account upon notice to the IAR subject to the terms of the Client Agreement. If at any time account assets are less than the minimum account size originally specified, client understands that the Client Agreement may be subject to termination. The SAM account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of a client's investment objectives.</p> <p>The SAM Client Agreement may be terminated by either party effective upon written notice to the other party or parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date. The Transaction Charges remain in effect for 30 days from the Termination Date. Thereafter, transactions in a SAM account are processed at normal brokerage rates.</p> <p>If a SAM account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter or cancel and rebill all transactions in the account at normal and customary brokerage commission rates in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.</p> <p>LPL and IAR make every attempt to obtain the best execution possible. LPL may aggregate client transactions to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in SAM accounts, the Trading Department works with the IAR to determine an appropriate breakdown.</p> <p>The Account Fee and the quarterly charge for accounts with assets valued at less than \$100,000 represent compensation for the asset management and quarterly or, in some cases, semi-annual reporting services. The Transaction Charges represent the brokerage component of compensation paid by the client for the account and may be higher or lower than commissions otherwise payable in the absence of the Account Fee. A portion of the 12b-1 fees may be reallocated to lower the LPL administrative charges assessed by LPL to the IAR.</p> <p><u>2. Strategic Asset Management II Program ("SAM II")</u> The SAM II Program offers clients an asset management account in which LPL in its capacity as a registered investment advisor and its IARs direct and manage specified assets of clients.</p> <p>The SAM II account permits clients to authorize LPL IARs to purchase and sell on a discretionary basis no load and load waived mutual funds pursuant to investment objectives chosen by the client, to liquidate previously purchased load mutual funds, and to purchase and sell separate accounts within variable annuities. Other</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer				
	<p>securities approved by LPL for investment in the SAM II account, including equities, fixed income, options, hedge funds, structured products, and managed futures, may be purchased and sold at the client's direction. In some cases, the client may provide discretionary authorization to the IAR for equities, fixed income and options. Clients may also elect to direct the purchase and sale of no load and load waived mutual funds. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940, including exchange traded funds, unit investment trusts and closed-end funds, and other pooled investment vehicles which are not registered.</p> <p>The SAM II Program may also be offered through a separately registered third party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. The Advisor may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the third party investment advisor. LPL and IAR may also utilize the services of cash solicitors in establishing client accounts.</p> <p>In opening a SAM II account, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the SAM II Program and assists the client in setting appropriate investment objectives.</p> <p>During any month that there is activity in the SAM II account, the client receives a monthly account statement showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the SAM II account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive detailed quarterly reports describing performance, positions and activity.</p> <p>SAM II accounts pay an annualized fee ("Account Fee") as follows:</p> <table data-bbox="422 1165 1136 1228"> <thead> <tr> <th><u>Portfolio Value</u></th> <th><u>Maximum Fee</u></th> </tr> </thead> <tbody> <tr> <td>\$25,000 +</td> <td>3.00%</td> </tr> </tbody> </table> <p>The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in which the account is accepted by LPL. The initial Account Fee is due at the beginning of the quarter following execution of the SAM II Client Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the SAM II Client Agreement unless other arrangements have been made in writing.</p> <p>Although expressed as a percentage, in certain situations where agreed to by the Client, the Account Fee may be calculated as a flat fee for the first annual period. One fourth of the annual fee will be assessed to the account on a quarterly basis in advance. The amount of flat fee will be adjusted annually thereafter based on the stated percentage.</p> <p>Unless otherwise stated in the applicable Client Agreement, Retirement Accounts, the Account Fee shown above will be reduced by 12b-1 fees paid to LPL by mutual funds which are held in the account. The reduction will appear as an offset against the Account Fee assessed on client's quarterly SAM II statement. LPL may apply the reduction net of the LPL IRA maintenance fee. The fee offset will be paid quarterly based on the three month average balance of mutual funds in client account which pay 12b-1 fees. The fee offset may not exceed the Account Fee in any given quarterly period. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR.</p>	<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$25,000 +	3.00%
<u>Portfolio Value</u>	<u>Maximum Fee</u>				
\$25,000 +	3.00%				

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>Accounts with assets valued at less than \$100,000 at the end of the quarter will be assessed an additional \$10.00.</p> <p>Accounts with hedge funds and managed futures will be assessed an annual Alternative Investment Administrative fee of \$35.00 per position, subject to a maximum of \$100.00 per account per year.</p> <p>The Transaction Charges are:</p> <p><u>Mutual Funds</u> Purchase or Liquidation No Charge to Client Systematic Purchases and Redemptions (only certain funds are eligible) No Charge to Client Exchanges (only certain funds are eligible) No Charge to Client Wire Purchase and Redemption Fees (if applicable) varies</p> <p><u>Fixed Income</u> Purchase or Liquidation No Charge to Client UIT Purchase or Liquidation No Charge to Client</p> <p><u>Equities and Options</u> Purchase or Liquidation No Charge to Client</p> <p>Although Client will not be charged a Transaction Charge for transactions, Client should be aware that IAR will be required to pay for transactions. The transaction charges borne by IAR vary based on the type of transaction (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or subtransfer agent fees that are retained by LPL in amounts sufficient to cover the majority of LPL's trading costs. Client should understand that the cost to IAR of transaction charges may be a factor the IAR considers when deciding which securities to select and whether or not to place transactions in a SAM II account.</p> <p>The SAM II program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the SAM II account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>The Account Fee is an ongoing fee for investment advisory services and may cost the client more than if the assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a SAM II account.</p> <p>In SAM II, the Account Fee and Transaction Charges (if applicable) are deducted from the client's account and are noted on client statements or confirmations. The Fee Schedule and Transaction Charges continue until thirty (30) days after client has been notified in writing of any change in the amount of the Fee or Charges applicable to client's account, at which time the new Fee or Charges will become effective unless the client notifies LPL.</p> <p>In addition to the Account Fees and Transaction Charges (if applicable) noted previously, Client may also incur certain charges imposed by third parties or LPL in connection with investments made through Program accounts. These may include, but are not limited to, the following: mutual fund or money market 12b-1, subtransfer agent fees, omnibus processing fees, networking fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, variable annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, creation and development fees or similar fees imposed by unit investment trust sponsors,</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>hedge fund and managed future investment management fees, managed futures investor servicing fees, participation fees from Action Rate Preferred fixed income securities, fees related to American Depository Receipts, and other charges required by law. LPL and IAR may receive all or a portion of certain of these fees. Further information regarding charges and fees assessed by a mutual fund or the variable annuity are available in the appropriate prospectus.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Transactions in mutual fund shares in an account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.</p> <p>LPL serves as a sub-services agent with respect to the Optimum Funds, which are available in a Program account. As such, LPL will provide all sub-accounting and shareholder recordkeeping with respect to Optimum Fund shares, and will provide the following administrative services among others: 1) establishing and maintaining sub-account records reflecting the issuance, transfer or redemption of shares, 2) assisting shareholders in designating and changing account designations and addresses, and 3) responding to inquiries for shareholders with respect to the status of sub-accounts, fund performance, sub-account histories and making adjustments to sub-accounts to correct sub-account files. As compensation for these services, LPL receives administrative servicing fees from the service agent of the Optimum Funds.</p> <p>LPL provides investment consulting services to the advisor to the Optimum Funds including, but not limited to: 1) assist the advisor in determining whether to employ, maintain or terminate sub-advisors for the Optimum Funds, 2) provide quarterly fact sheets describing the performance of the Optimum Funds, 3) provide quarterly analysis consisting of statistical information and analysis regarding the Optimum Funds and sub-advisor performance, 4) meet with sub-advisors selected by the advisor to the Optimum Funds to discuss their performance and prepare reports regarding their evaluations, and 5) help the advisor make recommendations on sub-advisors to the Board of Trustees by providing the advisor to the Optimum Funds with potential sub-advisor options. As compensation for these services, LPL receives investment consulting compensation from the advisor to the Optimum Funds. The Chief Financial Officer of LPL serves as a Trustee of the Optimum Funds.</p> <p>In addition, client should be aware that hedge funds and managed futures products may share a portion of the investment management fee charged by the hedge fund and managed futures with LPL. A portion of this compensation may be retained by LPL and a portion of this compensation may be paid to IAR. The amount of the investment management fee is described in the prospectus for the hedge fund or managed futures.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>The IAR recommending the Program account to the client receives compensation as a result of the client's participation in the Program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in programs offered by unaffiliated firms or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a Program account over other programs and services. In addition, if the Program is offered through an Advisor affiliated with LPL,</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>Certain of the mutual funds available for investment in the program may be affiliated with a third-party investment advisor that has been authorized by LPL to offer the SAM II program ("Advisor"). As a consequence, investment in an affiliated mutual fund generates additional compensation to the Advisor or its affiliates, including, among other types of compensation, fund-level management fees.</p> <p>If you have a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of your cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA information brochure available from your IAR.</p> <p>If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the SAM II Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.</p> <p>If an account is approved for trading on margin and the client has entered into a margin agreement with LPL, the client will be charged margin interest on any credit extended to or maintained by the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports. LPL will retain a portion of any interest charged on margin debit balances. This interest charge is in addition to the annual investment advisory fee charged in connection with the SAM II account. The annual investment advisory fee will not be charged on any margin debit balance, rather only on the net equity of the account.</p> <p>Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. LPL, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client.</p> <p>For more information about certain types of investments that are available for purchase in the SAM II Program, please see the response to Item 3.</p> <p>Clients may make additions to, or withdrawals from, the SAM II account upon notice to the IAR subject to the terms of the Client Agreement. If at any time account assets are less than the minimum account size originally specified, client understands that the Client Agreement may be subject to termination. The SAM II account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of a client's investment objectives.</p> <p>The SAM II Client Agreement may be terminated by either party effective upon written notice to the other party or parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date. The Transaction</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
1D-1A(1) and (2)	<p>Charges remain in effect for 30 days from the Termination Date. Thereafter, transactions in a SAM II account are processed at normal brokerage rates.</p> <p>If a SAM II account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter, cancel and rebill all Equity and Fixed Income transactions in the account at normal and customary brokerage commission rates, or charge a Transaction Charge of \$20.00 for each mutual fund transaction which occurred in the account in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.</p> <p>LPL and IAR make every attempt to obtain the best execution possible. LPL may aggregate client transactions to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in SAM II accounts, the Trading Department works with the IAR to determine an appropriate breakdown.</p> <p>The Account Fee and the quarterly charge for accounts with assets valued at less than \$100,000 represent compensation for the asset management and quarterly or, in some cases, semi-annual reporting services. A portion of the 12b-1 fees may be reallocated to lower the LPL administrative charges assessed by LPL to the IAR.</p> <p><u>3. Optimum Market Portfolios ("Optimum")</u> The Optimum Program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares.</p> <p>An Optimum Program account will be opened through which client will authorize LPL and IAR on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. There are up to six Optimum Funds that may be purchased within a Program account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small-Mid Cap Growth Fund, Optimum Small-Mid Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund. Checks for funds to be invested in a Program account should be made payable to LPL Financial Corporation.</p> <p>IAR will obtain the necessary financial data from client, assist client in determining the suitability of the Program and assist client in setting an appropriate investment objective. IAR will initiate the steps necessary to open a Program account and select a portfolio consistent with the client's stated investment objective. Once the IAR has selected a portfolio and the Program minimum has been reached, LPL will purchase Optimum Funds in amounts appropriate for the portfolio selected. LPL will rebalance the account on the frequency selected by the client at account opening or as altered by the IAR from time to time. The choices for frequency of rebalancing are quarterly (four times per year), semi-annually (two times per year) or annually (once per year). Program account will be reviewed on the frequency selected based on the anniversary date of the account opening or as altered by the IAR, or the next business day closest to the anniversary date to determine if rebalancing is necessary. Though Program account is not considered tax efficient or tax managed, LPL may delay placing transactions on non-qualified accounts by one day for any rebalancing scheduled to occur on the first one year anniversary date of the account opening in an attempt to limit short-term tax treatment for any position being sold. At each potential rebalancing date, program accounts will be rebalanced only if there is a 5% or greater deviation from LPL's targeted allocation percentage for the portfolio, subject to a minimum transaction amount of \$250. The preference for rebalancing frequency may not be applicable if IAR selects a portfolio that is dynamically rebalanced by LPL. In this instance, LPL will determine if rebalancing is necessary on at least a quarterly basis, or more frequently if deemed appropriate.</p> <p>LPL will aggregate rebalancing transactions for a Program account with other Program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236				
Item of Form (identify)	Answer					
	<p>In constructing portfolios for the Program, LPL follows either a strategic or tactical asset allocation investment style. Asset allocation methodology is implemented by combining investments representing various asset classes that react differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. As with any investment strategy, there is no guarantee that the use of an asset allocation strategy will produce favorable results. The IAR is responsible for providing the client with information about this investment style in advance of opening a Program account by explaining the various asset classes (e.g., large cap growth, large cap value, etc.) being used within the selected portfolio. This responsibility continues throughout the time that the client maintains a Program account.</p> <p>When the client opens an Optimum account, the client selects an investment objective in the confidential client profile portion of the Optimum client agreement. The investment objectives available in the Optimum program are overall objectives for the entire Optimum account. Note that a particular holding and/or the account's performance may be inconsistent with the investment objective at any time. The allocation between fixed income and equity positions in an account may vary from those described in the profile due to short term market fluctuations, special market situations, or other unique circumstances that may apply. Please note that achievement of the selected investment objective is a long-term goal for the account.</p> <p>The Optimum Program may also be offered through a separately registered third party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, is responsible for the duties described above that are carried out by an LPL IAR when the program is offered through LPL IARs. The Advisor may limit its discretion with respect to the client account. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the Advisor. LPL and IAR may use the services of cash solicitors in establishing client accounts.</p> <p>During any month that there is activity in the account, client will receive a monthly account statement showing account activity as well as positions held in the account at month-end. Additionally, the client will receive a confirmation of each transaction that occurs within the account unless the transaction is the result of a systematic purchase or systematic redemption. The client will also receive from LPL detailed quarterly performance reports describing account performance and positions. An additional year-end report will be provided for accounts not established on a calendar quarter basis. To the extent permissible by state and federal law, LPL may elect to deliver account information electronically.</p> <p>Optimum accounts pay an annualized fee ("Account Fee") as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Maximum Fee</u></td> </tr> <tr> <td>\$15,000 +</td> <td>2.5%</td> </tr> </table> <p>The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. The initial Account Fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees are deducted from the account pursuant to the Optimum Market Portfolios Client Agreement unless other arrangements have been made in writing.</p> <p>In addition to the Account Fee, the account will be assessed a confirmation charge ("Confirmation Charge"). The Confirmation Charge is identified under the service charge column on the confirmations and it represents a reimbursement of expenses associated with printing and mailing confirmations. IAR will not receive any portion of the Confirmation Charge.</p>		<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$15,000 +	2.5%
<u>Portfolio Value</u>	<u>Maximum Fee</u>					
\$15,000 +	2.5%					

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>The Confirmation Charges are:</p> <p><u>Mutual Funds</u> Purchase or Liquidation\$5.00</p> <p>The Optimum Program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the Optimum account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>The IAR recommending the Program account to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other</p> <p>LPL programs or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a Program account over other programs and services. In addition, if the Program is offered through an Advisor affiliated with LPL, the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>Client may also incur certain charges imposed by LPL or third parties other than IAR in connection with investments made through a Program account, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, subtransfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a portion of certain of these third party fees. Further information regarding charges and fees assessed by the Optimum Funds are available in the appropriate prospectus.</p> <p>Client retains the right to pledge Optimum Funds in the Program account. To effect the pledge, Optimum Fund positions designated by the client will be withdrawn from the account and delivered to the Optimum Funds where upon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any Optimum Funds that have been withdrawn. Following the withdrawal, unless directed by the client to terminate the Program, LPL will rebalance the Program account at the next regularly scheduled rebalancing date.</p> <p>Client may make cash additions to the account at any time and may withdraw account assets on notice to IAR, subject to the conditions outlined herein and the Optimum Market Portfolios Client Agreement. Unless other instructions are received, these funds will be invested into Optimum Funds consistent with the current LPL target allocation for the portfolio once the holdings reach a 5% or greater deviation from LPL's targeted allocation percentage for the cash allocation subject to a minimum amount to be allocated of \$2,500 (the "Allocation Event"). Until the Allocation Event occurs, deposits will be treated as follows: If you have a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of your cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") -insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options. If you do not want to</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>have your cash balance automatically invested in an ICA, you may speak to your IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA information brochure available from your IAR.</p> <p>If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the Optimum Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.</p> <p>In the event client withdrawals cause the account asset value to fall below the required minimum, the client understands the Optimum Market Portfolios Client Agreement may be subject to termination. The Program is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.</p> <p>The client may terminate an Optimum account by providing written notice to LPL. Upon termination, the client is be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after termination. If the account is closed within the first six months by client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the Program account which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.</p> <p>The Account Fee represents compensation for the asset management and quarterly reporting services provided. The Confirmation Charges represent a reimbursement of expenses associated with printing and mailing confirmations and may be higher or lower than commissions otherwise payable in the absence of the Account Fee.</p> <p>LPL serves as a sub-services agent with respect to Program accounts. As such, LPL will provide all sub-accounting and shareholder recordkeeping with respect to Optimum Fund shares, and will provide the following administrative services among others: 1) establishing and maintaining sub-account records reflecting the issuance, transfer or redemption of shares, 2) assisting shareholders in designating and changing account designations and addresses, and 3) responding to inquiries for shareholders with respect to the status of sub-accounts, fund performance, sub-account histories and making adjustments to sub-accounts to correct sub-account files. As compensation for these services, LPL receives administrative servicing fees from the service agent of the Optimum Funds.</p> <p>LPL provides investment consulting services to the advisor to the Optimum Funds including, but not limited to: 1) assist the advisor in determining whether to employ, maintain or terminate sub-advisors for the Optimum Funds, 2) provide quarterly fact sheets describing the performance of the Optimum Funds, 3) provide quarterly analysis consisting of statistical information and analysis regarding the Optimum Funds and sub-advisor performance, 4) meet with sub-advisors selected by the advisor to the Optimum Funds to discuss their performance and prepare reports regarding their evaluations, and 5) help the advisor make recommendations on sub-advisors to the Board of Trustees by providing the advisor to the Optimum Funds with potential sub-advisor options. As compensation for these services, LPL receives investment consulting compensation from the advisor to the Optimum Funds. The Chief Financial Officer of LPL serves as a Trustee of the Optimum Funds.</p> <p>Although client will not be charged a commission for transactions in Optimum Funds, client should be aware that the Optimum Funds charge internal management fees and administrative expenses. LPL will also receive administrative servicing fees from the insured deposit account paid out of that fund's internal management</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A(1)	<p>fees and administrative expenses, and thus may have a conflict of interest in recommending the Program account. In addition, fees received by LPL from the insured deposit account may offset costs incurred from servicing client investment in other funds. The amount of the Optimum Funds management fees and administrative expenses are included among normal mutual fund expenses and are reflected on the Optimum Fund financial statements.</p> <p><u>4. Customized Asset Management Programs</u> LPL may offer asset management services to clients through customized programs not described above. In such customized programs, clients may authorize LPL IARs to purchase and sell mutual funds, ETFs, equities, fixed income securities and other securities authorized by LPL on a discretionary or non-discretionary basis pursuant to investment objectives chosen by the client. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles that are not registered.</p> <p>In opening a customized program account, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of asset management and assists the client in setting the appropriate investment objective.</p> <p>LPL will not generally custody assets in customized program accounts, rather assets will be custodied at another broker/dealer or financial institution. Therefore, LPL will not provide periodic brokerage statements unless LPL acts as broker/dealer and custody's assets. In some cases, LPL and/or IAR may provide periodic performance reports. The details of the account relationship will be clearly stated in the client agreement for any customized program account.</p> <p>Asset management fees will be based on the value of assets under management by LPL and will vary by customized program. The amount of the fee will be outlined in the client agreement executed by the client at the time the relationship is established. The asset management fee is negotiable and is payable either in advance or in arrears as described in the program client agreement.</p> <p>Transaction charges may be imposed by LPL in connection with trade execution through LPL in certain customized program accounts where LPL serves as the broker/dealer of record. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established.</p> <p>Client may also incur certain charges imposed by third parties other than LPL and IAR in connection with investments made through a custom account, including among others, the following types of charges: mutual fund or money market 12b-1 and subtransfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, administrative servicing fees for trust accounts, other transaction charges and service fees, IRA and qualified retirement plan servicing fees and other charges required by law. LPL and IAR do not receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund are available in the appropriate prospectus.</p> <p>A customized program account may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the account in relation to the cost of the same services purchases separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>A custom program account may be terminated by any party effective upon receipt of written notice to the other parties.</p> <p>For more information about certain types of investments that may be available for purchase in customized advisory programs, please see the response to Item 3.</p>	
1D-1A (1) and (2)	<p><u>5. Personal Wealth Portfolios (PWP)</u> In the Personal Wealth Portfolios ("PWP") program, clients authorize their LPL IAR to select a model portfolio from asset allocation model portfolios designed by LPL. The IAR will then select third-party investment advisors ("PWP Advisors") or mutual funds and exchange-traded funds ("ETFs") within each asset class in</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>which to invest. LPL will act as the Overlay Portfolio Manager (“OPM”) on all PWP client accounts. The PWP program is designed to provide execution, money management, asset allocation, custodial and recordkeeping services to LPL clients for an all-inclusive fee.</p> <p>The PWP program permits clients to authorize an LPL IAR to select model portfolios, mutual funds, ETFs, and PWP Advisors suitable for their financial goals and risk tolerances. The PWP program also permits a client to authorize LPL, acting as OPM, to purchase and sell on a discretionary basis mutual funds and ETFs and equity and fixed income securities. The client selects the IAR who will manage the client account.</p> <p>Clients, in consultation with LPL IARs, provide detailed financial and other pertinent data by completing a Confidential Client Profile. The Confidential Client Profile enables clients to determine appropriate investment guidelines, risk tolerance and other factors which assist in ascertaining the suitability of the PWP account and appropriate PWP Advisors and mutual funds/ETFs to utilize. Based on the account value and asset allocations, IARs will be able to select PWP Advisors or mutual funds/ETFs for each asset class.</p> <p>Information may be provided concerning the PWP Advisors’ and mutual funds’ past performance, management style, location, size of accounts and similar matters. Because LPL (and not the PWP Advisor) has discretion over PWP accounts, performance data of a PWP Advisor will be different than performance in a PWP account. The IAR chooses a combination of PWP Advisors or mutual funds/ETFs based on his/her own review of available PWP Advisors and mutual funds/ETFs to meet the client’s investment objectives as set forth in the Confidential Client Profile.</p> <p>The PWP program may also be offered through a separately registered third party investment advisor (“Advisor”) and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. The Advisor may limit its discretion with respect to the client account. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the Advisor. LPL and IAR may use the services of cash solicitors in establishing client accounts.</p> <p>The PWP program also permits clients to select an LPL representative who offers services through his/her affiliated investment advisor in lieu of an IAR to assist client in selecting PWP Advisors and mutual funds/ETFs.</p> <p>The PWP Advisors and mutual funds/ETFs that are available to the IAR to select from are determined by LPL’s Research Department based on quantitative and qualitative criteria. When LPL’s Research Department determines that a PWP Advisor or mutual fund/ETF is no longer acceptable for the PWP program, LPL will notify the IAR of the change in status and provide alternatives for selection by the IAR, which may include the selection of (1) an ETF until a replacement PWP Advisor or mutual fund has been selected by LPL’s Research Department, (2) the replacement PWP Advisor or mutual fund/ETF, or (3) one of the remaining choices within the asset class.</p> <p>LPL has contracted with participating PWP Advisors to provide investment advice regarding the construction and maintenance of portfolios (“Models”) for the PWP program. LPL, as the OPM, and not the PWP Advisors, will construct and manage all PWP client accounts within the PWP program, and the PWP Advisors’ responsibilities are limited as set forth in the terms and conditions of the Advisor Agreement between the PWP Advisor and LPL. Due to certain limitations described below, client accounts will vary from the Models submitted to LPL by the PWP Advisor, and will be adjusted periodically as determined by LPL. Models may include investment company securities, in addition to equity and fixed-income securities.</p> <p>INVESTMENT OVERVIEW</p> <p>PWP Advisors will provide Models to the OPM for trade execution in client accounts. All Models submitted by PWP Advisors will represent activity that has already been implemented on behalf of other clients of that PWP Advisor.</p>	

Schedule F of Form ADV
Continuation Sheet for Form ADV Part II

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>Transactions in PWP accounts will be executed by LPL. During the normal course of business, LPL will review transactions for all PWP accounts on a daily basis and execute trades as needed. LPL may aggregate trades for a client with other clients to improve the quality of execution. When trades are so aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client account will be deemed to have purchased or sold their proportionate shares of the securities involved at the average price obtained. For partially filled orders in PWP accounts, the OPM will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.</p> <p>As OPM, LPL has discretion on PWP accounts. The OPM intends to limit small trades (defined by minimum dollar amounts, share amounts, percentage of account, or percentage of individual asset class), but will otherwise attempt to invest as the Models indicate. Due to market conditions or the illiquid nature of certain issues, there may be times when the OPM will not be able to invest in specific taxable fixed income securities that appear in the Model, and it is expected that there will be times when the OPM will not be able to invest in specific tax-free fixed income securities. This may occur more frequently for clients in California and New York since the OPM will attempt to invest only in state-specific tax free fixed income securities for these clients, unless otherwise requested by the client. In those circumstances the OPM will attempt to invest in fixed income securities with similar characteristics as those in the PWP Advisor's Model. Characteristics that the OPM may try to match include coupon, maturity, rating, price, yield, and region.</p> <p>At the request of IAR or the Client, the OPM may perform tax harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate ETFs for a client account. These ETFs will be held in the Account until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested in the Model. During a period specified by the OPM, the IAR may direct the OPM to purchase an ETF in lieu of a mutual fund selected for the client account in order to avoid capital gain distributions. If an ETF is purchased for this purpose, the account will be reallocated into the selected mutual fund after the distribution, at a time determined by the OPM. The sale of the ETF will be a taxable event.</p> <p>The OPM may accommodate client requests to restrict holdings of specific securities, specific industries, specific sectors, and certain pre-defined categories (e.g. 'sin' stocks). In the event that client restrictions prevent the investment in certain securities otherwise recommended by a PWP Advisor, assets will be invested pro-rata across the remaining securities in the affected Model. Restrictions placed on the account may affect the performance of the account. The OPM may choose not to accept an account with restrictions that are inconsistent with the investments chosen by the OPM or as recommended by the PWP Advisor.</p> <p>Upon selection of mutual funds/ETFs and Models and the deposit of funds by the client, the OPM will invest the client's funds on a discretionary basis. It will generally take a minimum of up to five business days from the date the account is fully funded for all funds to be fully allocated. In certain cases, it may take longer to allocate funds to fixed income securities because of market conditions or the illiquid nature of certain issues. Subsequent deposits will accumulate and will not be invested in mutual funds/ETFs or Models until certain conditions are met, including conditions related to trade size and position deviation from the target allocation. The OPM may accommodate requests for an account to remain unallocated for a period of time.</p> <p>Each year on the anniversary date of the account asset allocation the OPM may examine if any particular asset class in the account has drifted beyond a tolerance limit determined by the OPM and determine if the account should be rebalanced to within acceptable asset allocation tolerances.</p> <p>Transactions in mutual fund shares in a PWP account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.</p> <p>For more information about certain types of investments that are available for purchase in the PWP Program, please see the response to Item 3.</p> <p>PROXY VOTES AND CORPORATE ACTIONS</p> <p>Unless a client instructs otherwise, LPL will vote proxies on the client's behalf. LPL has adopted policies and procedures to ensure that LPL votes securities in the best interest of clients. LPL has contracted with a third party vendor to make proxy voting recommendations and handle the administrative functions of voting proxies.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236				
Item of Form (identify)	Answer					
	<p>Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of the third party vendor. Any exceptions to this general policy are referred to LPL's Research Department, which makes the determination as to how to vote the proxy in accordance with the best interest of the client. A copy of LPL's proxy voting policies is available upon request to your IAR. A client may obtain information about how LPL voted with respect to securities held in the client's PWP account by contacting your IAR.</p> <p>In the case of voluntary corporate actions, LPL intends to follow the instructions provided by the PWP Advisors unless, in the determination of the OPM, such instructions are overtly contrary to a client's best interest or instructions. Prior to making such determination, however, LPL will first determine if it has a conflict of interest with any of the companies involved in the corporate action. If LPL does have a conflict of interest, LPL will follow the instructions provided by the PWP Advisors without reviewing individual client interests.</p> <p>Neither LPL nor IAR shall be obligated to render any advice or take any action on behalf of a client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the PWP account, or the issuers thereof. The client retains the right and obligation to take action with respect to legal proceedings relating to securities held in the PWP account.</p> <p>REPORTING</p> <p>Clients will not receive a confirmation of the transactions that occur within the PWP account, but confirmation details for the transactions will be displayed on the monthly brokerage statement. The client will also receive a detailed quarterly performance report.</p> <p>FEES</p> <p>The PWP Account fee schedule is as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Maximum Advisory Fee</u></td> </tr> <tr> <td>\$250,000 +</td> <td>2.50%</td> </tr> </table> <p>The mutual funds/ETFs in which the account invests may charge certain additional fees described below.</p> <p>The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is agreed upon by each client in connection with execution of the PWP Client Agreement. Account Fees are payable quarterly in advance based on portfolio assets under management and are assessed on a pro rata basis.</p> <p>The portion of the Account Fee paid to PWP Advisors ranges from 15 to 35 basis points of account assets per annum. To the extent that fee rates charged by PWP Advisors within the same asset class vary, an IAR may have a financial incentive to select one PWP Advisor over another. PWP Advisors may pay LPL a portion of the costs associated with the use of technology necessary for a PWP Advisor to perform its services under the PWP program. For its role as OPM on the account, LPL receives a fee equal to 10 basis points of account assets per annum. The fees paid to PWP Advisors in the PWP program are generally less than a PWP Advisor would charge a client seeking to establish a direct relationship with the manager outside of the PWP program. LPL is absorbing many of the billing, administrative, and marketing expenses that would otherwise be borne by the PWP Advisor and the role of the PWP Advisor is limited to providing Models to LPL each day. PWP Advisors generally have higher minimum account size requirements when managing direct accounts and higher fees when the PWP Advisor bears the noted expenses.</p> <p>In addition to the Account Fee noted above, Clients may also incur certain charges imposed by third parties or LPL in connection with investments made through PWP accounts. These may include, but are not limited to, the following: fund 12b-1, subtransfer agent, networking and omnibus processing fees, fund management fees and administrative expenses, and service fees described more fully below; IRA and qualified retirement plan fees; administrative servicing fees for trust accounts; fees related to American Depository Receipts; and other charges required by law. LPL may receive all or a portion of certain of these fees. Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The</p>		<u>Portfolio Value</u>	<u>Maximum Advisory Fee</u>	\$250,000 +	2.50%
<u>Portfolio Value</u>	<u>Maximum Advisory Fee</u>					
\$250,000 +	2.50%					

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>terms of any redemption fee are disclosed in the fund’s prospectus. Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>Unless otherwise stated in the applicable Client Agreement, for Retirement Accounts, the Advisory Fee shown above will be reduced by 12b-1 fees paid to LPL by mutual funds which are held in the account. The fee offset will be paid quarterly based on the three month average balance of mutual funds in client account which pay 12b-1 fees. The fee offset may not exceed the Account Fee in any given quarterly period. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR.</p> <p>ACCOUNT TERMINATION</p> <p>The PWP Client Agreement may be terminated by either party effective upon written notice to the other parties (“Termination Date”). The client is entitled to a pro rata refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the Termination Date.</p> <p>If the PWP account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly fee for the current quarter and cancel and rebill all transaction in the account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.</p> <p>If you have a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of your cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation (“FDIC”) -insured cash account (an “ICA”) (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA information brochure available from your IAR.</p> <p>If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the PWP Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>CONFLICTS OF INTEREST</p> <p>LPL IARs receive compensation as a result of a client’s participation in the PWP program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the IAR would receive if the client participated in other programs through LPL, or paid separately for investment advice, brokerage, and other services. Therefore, while account compensation cannot be determined in advance, the IAR may have an incentive to recommend the PWP program over other programs or services. In addition, if the Program is offered through an Advisor affiliated with LPL, the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>In seeking to defray a portion of the technology development costs of the PWP program, LPL approached certain PWP Advisors to provide funds for the technology development. LPL entered into agreements with certain PWP Advisors who agreed to contribute cash to LPL to pay for nearly one-third of the costs of the development of software applications and other technology necessary to operate the PWP program (referred to as “Technology Funding Advisers”). Individual Technology Funding Advisers each contributed up to \$500,000. As a result of this co-development effort, the Technology Funding Advisers were offered an opportunity to enter into an option agreement with the technology vendor who built the PWP program platform. The option agreement allows the Technology Funding Advisers to deploy this same technology internally for business purposes unrelated to the PWP program. As part of this opportunity, these firms were granted preferred pricing for implementation and ongoing use of this platform. The following firms are Technology Funding Advisers: Columbia Management Advisors; Delaware Capital Management; Deutsche Investment Management Americas; Natixis (formerly known as IXIS Asset Management Advisors Group); J.P. Morgan Investment Management; and Managers Investment Group. Because LPL benefited from the financial contributions to the co-development of technology, LPL’s financial interests may have conflicted with its ability to use strictly objective factors in making the initial selection of PWP Advisors for the Program.</p> <p>LPL’s financial interests may also conflict with its ability to use strictly objective factors in deciding which PWP Advisors may remain in the Program. This conflict arises because LPL agreed to refund a portion of the contributions received from certain of the Technology Funding Advisers if LPL terminates that Technology Funding Adviser’s participation in the Program within the first 60 months (five years) of the Program.</p> <p>In addition, the LPL Research Department has reviewed and evaluated mutual funds that are affiliated with the Technology Funding Advisers to determine if such funds are eligible for inclusion in the PWP program. Because LPL benefited from the financial contributions of the Technology Funding Advisers, LPL’s financial interests may conflict with its ability to use strictly objective factors in reviewing and evaluating mutual funds for the Program.</p> <p>Notwithstanding the above, LPL has not agreed to guarantee that any Technology Funding Adviser’s services will be used for any client account in the Program. Each Technology Funding Adviser, and any affiliated mutual funds available in the Program, is required to satisfy the same due diligence requirements as all other PWP Advisors and mutual funds. The determination of the PWP Advisors and the mutual funds eligible for the PWP program is made entirely and solely by LPL’s Research Department.</p> <p>LPL generally receives a fee for providing sub-transfer agency services to any mutual funds that are offered in its advisory platforms (“STA Fees”). To the extent that an affiliated mutual fund of a Technology Funding Adviser is used in the PWP program, LPL may alternatively receive networking fees in a lesser amount than STA Fees.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (1) and (2)	<p>Certain mutual funds charge fees such as 12b-1 fees, which are received by LPL. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL may retain the entire amount received.</p> <p>In addition, certain of the mutual funds available for investment in the PWP program may be affiliated with a third-party investment advisor that has been authorized by LPL to offer the program ("Advisor"). As a consequence, investment in an affiliated mutual fund generates additional compensation to the Advisor or its affiliates, including, among other types of compensation, fund-level management fees.</p> <p><u>6. Model Wealth Portfolios ("MWP")</u></p> <p>SERVICES PROVIDED</p> <p>The MWP Program offers clients a professionally managed asset allocation program in which LPL, in its capacity as a registered investment advisor, and its IARs direct and manage specified client assets. Clients who invest through the MWP Program will authorize LPL and IAR on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF"), pursuant to an investment objective chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes ("ETN") and closed end funds may also be purchased in an MWP account.</p> <p>The MWP Program may also be offered through a separately registered third party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, directs and manages specified client assets. The Advisor may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the third party investment advisor. LPL and IAR may also utilize the services of cash solicitors in establishing client accounts.</p> <p>The IAR will obtain the necessary financial data from his or her client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The IAR will initiate the steps necessary to open a MWP account and select a model portfolio ("Portfolio") designed by LPL's Research Department or third party investment strategist ("Outside Strategist") consistent with the Client's stated investment objective. LPL's Research Department or the Outside Strategist is responsible for selecting the securities within a Portfolio and for making changes to the securities selected. In the case of Portfolios of Outside Strategists, the Outside Strategist provides the Portfolio to LPL and LPL makes the decisions on how to implement the Portfolio. Client grants IAR discretion to choose among the available Portfolios designed by LPL and Outside Strategists.</p> <p>The client will appoint LPL as the sole and exclusive broker/dealer with respect to securities transactions in MWP accounts. The client will also appoint LPL to act as Overlay Portfolio Manager ("OPM"). The client will authorize LPL as OPM to act on a discretionary basis to purchase and sell securities and to liquidate previously purchased securities. The client will also authorize the IAR to select the Portfolio in which MWP program assets will be invested and LPL to affect the rebalancing instructions on the frequency selected by the client or the IAR or as determined by LPL. The OPM may accommodate requests for all or a portion of an account to remain uninvested for a period of time.</p> <p>LPL will review the client account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The client account will be reviewed on the frequency selected to determine if rebalancing is necessary. At each rebalancing review date, the account will be rebalanced if at least one of the account positions is outside a range determined by the OPM, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL may review the account for rebalancing in the event that LPL's Research Department or the Outside Strategist changes the Portfolio. LPL may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by the OPM, in an attempt to limit short-term</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>tax treatment for any position being sold. Transactions in securities in the client account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to the issuer's frequent trading policy.</p> <p>LPL will aggregate rebalancing transactions for a Program account with other Program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.</p> <p>The client will authorize LPL, at the request of the IAR, to perform tax harvesting, which may include using the proceeds of tax-related transactions to purchase appropriate securities for an account. These securities will be held in the account until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the Portfolio.</p> <p>Transactions in mutual fund shares in an account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to a fund's frequent trading policy.</p> <p>If a client has a retirement (or non-retirement but ineligible) account, the account's cash balance will be invested in a money market fund. If a client has a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if the account is held jointly) of the account's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options.</p> <p>If a client does not want to have cash balances automatically invested in the ICA, the client may speak to his or her IAR to have the cash balance automatically invested in a tax exempt money market fund if the account meets the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to a client's ICA will appear on the client account statement. For each statement period, the account statement will reflect deposits to and withdrawals from the ICA, the closing balance of the ICA at each bank at which funds are held, and the interest earned on ICA balances. For additional information on the ICA, a client should see the ICA information brochure available from his or her IAR.</p> <p>Clients retain the right to pledge securities held in an MWP account. To effect the pledge, positions designated by the client will be withdrawn from the account whereupon the client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any mutual fund positions that have been withdrawn. Following the withdrawal, unless directed by the client to suspend trading or terminate the account, LPL will review for rebalancing the account.</p> <p>For more information about certain types of investments that are available for purchase in the MWP Program, please see the response to Item 3.</p> <p>PROXY VOTES AND OTHER SHAREHOLDER INFORMATION</p> <p>Clients retain the right to vote all proxies that are solicited for securities held in a MWP account. LPL and the IAR are expressly precluded from voting proxies for securities held in an account and will not be required to take any action or render any advice with respect to the voting of proxies. LPL will provide clients with proxy materials prepared by the mutual funds held in an account.</p> <p>Neither LPL nor the IAR are obligated to render any advice or take any action on behalf of client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in an account, or</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer				
	<p>the issuers thereof. Clients retain the right and obligation to take action with respect to legal proceedings relating to securities held in the account.</p> <p>Clients designate LPL, as a broker/dealer and investment advisor, to receive all prospectuses, annual reports and disclosure statements for securities held in a MWP account. Clients retain the right to rescind this designation by notifying LPL in writing. A client may request prospectuses and reports from his or her IAR.</p> <p>FEE SCHEDULE</p> <p>Clients that participate in the MWP program pay an annualized fee ("Account Fee"). The Account Fee schedule for the MWP program is described below:</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>Account Value</u></td> <td style="text-align: right;"><u>Maximum Fee</u></td> </tr> <tr> <td>\$100,000 +</td> <td style="text-align: right;">2.50%</td> </tr> </table> <p>The Account Fee is negotiable, is based on the value of the assets in the account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing performance reports, the account quarter begins on the first day of the month in which the account is accepted by LPL. The initial Account Fee is due at the beginning of the quarter following execution of the MWP program Client Agreement and includes a prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and assessed at the beginning of each quarter based on the value of the assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on client's quarterly portfolio evaluation report.</p> <p>Additional deposits and withdrawals will be added or subtracted from account assets, as the case may be, which may lead to an adjustment of the Account Fee. All Account Fees are deducted from the account pursuant to the MWP Client Agreement unless other arrangements have been made in writing.</p> <p>If a MWP account is terminated, the client will be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the date of termination. However, if an account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the account which may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.</p> <p>Unless otherwise stated in Client Agreement, for Retirement Accounts, the Account Fee shown above will be reduced by 12b-1 fees paid to LPL by mutual funds that are held in the account. The reduction will appear as an offset against the Account Fee assessed on your quarterly statement. The fee offset will be paid quarterly based on the three month average balance of mutual funds in your account which pay 12b-1 fees. The fee offset may not exceed the Account Fee in any given quarterly period. No portion of the 12b-1 fees for retirement accounts may be utilized for the benefit of LPL or the IAR.</p> <p>There are no transaction charges in addition to the Account Fee. The Account Fee is paid to and retained by LPL and the IAR in connection with their respective services. If a model portfolio of an Outside Strategist is selected, a portion of the Account Fee is paid to the Outside Strategist. Outside Strategists may pay LPL a portion of the costs associated with the use of technology necessary for an Outside Strategist to perform its services under the Program.</p> <p>In addition to the Account Fee, clients may incur certain charges imposed by LPL or third parties in connection with investments made through a MWP account, including among others, the following types of charges: mutual fund 12b-1 fees, subtransfer agent fees, networking fees, omnibus processing fees, mutual fund management fees and administrative servicing fees, certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive all or a</p>	<u>Account Value</u>	<u>Maximum Fee</u>	\$100,000 +	2.50%
<u>Account Value</u>	<u>Maximum Fee</u>				
\$100,000 +	2.50%				

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>portion of certain of these third party fees. Further information regarding charges and fees assessed by the mutual funds held in an account are available in the appropriate prospectus.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee.</p> <p>LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with LPL's marketing support programs. The IAR does not receive any portion of this payment. For accounts invested in the ICA, LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate.</p> <p>CONFLICTS OF INTEREST</p> <p>The MWP program may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the MWP account in relation to the cost of the same services purchased separately include: the type and size of the account, the historical and or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>IARs receive compensation as a result of a client's participation in the MWP program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. Depending on, among other things, the size of the account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the IAR would receive if the client participated in other programs through LPL, or paid separately for investment advice, brokerage, and other services. Therefore, while account compensation cannot be determined in advance, the IAR may have an incentive to recommend the MWP program over other programs or services. In addition, if the Program is offered through an Advisor affiliated with LPL, the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>The Account Fee represents compensation for asset management and reporting services. LPL is appointed by client as the sole and exclusive broker/dealer with respect to processing securities transactions for accounts.</p> <p>Securities transactions for accounts are effected through LPL without commissions being paid to LPL. While LPL makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of LPL as the sole broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through LPL, LPL considered its capabilities to execute, clear and settle transactions.</p> <p>LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For partially filled orders, the OPM will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.</p> <p>No agency cross transactions or principal transactions may be effected in MWP accounts.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (3)	<p>LPL may receive compensation for directing orders in equity securities, ETFs and ETNs to particular broker/dealers or market centers for execution (for example, when liquidating previously purchased securities). The source and nature of compensation, if any, received in conjunction with trades for the client account will be furnished upon written request to LPL.</p> <p>Although clients will not be charged a commission for transactions in the MWP account, clients should be aware that certain mutual funds charge fees such as 12b-1 fees, subtransfer agent fees, omnibus processing fees and/or networking fees, a portion of which may be received by LPL and the IAR. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL and IAR may retain the entire amount received.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>In certain cases a model portfolio may consist only of mutual funds or ETFs within the same fund family or within affiliated fund families. In such a model portfolio, LPL's Research Department or the Outside Strategist (as applicable) will select only those funds within the fund family or affiliated fund families. Because mutual funds or ETFs in a model portfolio may be affiliated with the Outside Strategist that designs the model portfolio, an investment in the affiliated fund generates compensation to the Outside Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to the portion of the Account Fee it receives.</p> <p>In seeking to defray technology development costs of launching and operating ETF Portfolios on the Program, LPL and BlackRock Advisors, LLC ("BlackRock") entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for upfront and ongoing technology costs incurred by LPL for the development involved in launching and operating ETF model portfolios on the Program. Blackrock Investment Management, LLC, an affiliate of BlackRock, is one of the Strategists with model portfolios that are available in the Program. BlackRock is also affiliated with mutual funds and ETFs that may be included in the model portfolios it designs and those model portfolios designed by the other Strategists.</p> <p>Because LPL benefited from BlackRock's financial contribution to the technology development, the amount of which is significant to LPL, LPL's financial interests may conflict with its ability to use strictly objective factors in making the selection of a BlackRock affiliate as an Outside Strategist. LPL's financial interests may also conflict with its ability to use strictly objective factors in selecting Outside Strategists (other than BlackRock) that have proprietary ETFs.</p> <p>Notwithstanding the above, LPL has not agreed to guarantee that BlackRock's model portfolios will be used for any client account in the Program. In addition, neither LPL nor the other Outside Strategists are required to include BlackRock-affiliated funds or ETFs in their model portfolios. The BlackRock affiliate is required to satisfy the same due diligence requirements as all other Outside Strategists. Although BlackRock has the right to consult with LPL about the identity of the other Outside Strategists, LPL has sole discretion to select Strategists that are made available on MWP. None of LPL, BlackRock, or any other Outside Strategist is an affiliate of the other.</p> <p><u>1. Financial Planning Services</u></p> <p>LPL, through its IARs, provides personal financial plans consistent with a client's financial status, investment objectives, and tax status. The financial plan may include information regarding retirement planning, education planning, and planning for major purchases, life and disability insurance needs, long-term care needs and estate planning issues. The financial plan will not include information or analysis with respect to liability risks or tax planning.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (3)	<p>There are two methods of charging fees, on an hourly basis or a per plan basis (flat rate fee). The hourly charge for financial planning is a maximum of \$400 per hour as negotiated between the LPL IAR and client. The amount of the fee is as stated in the Financial Planning Agreement and includes an estimate of the number of hours expected to complete the financial plan.</p> <p>The flat rate fee for financial planning services range from \$0 to \$15,000.00. On a case-by-case basis, LPL may also charge a higher fee depending upon the complexity of the plan. The fee is negotiated between the LPL IAR and client and is as stated in the Financial Planning Agreement.</p> <p>The client may elect to pay the fee upon execution of the Financial Planning Agreement, upon delivery of the written financial plan, or a combination of up front and in arrears.</p> <p>The client may terminate the Financial Planning Agreement without penalty (full refund) within five days of execution. After the five day period, the client may terminate the Financial Planning Agreement at any time and a refund of unearned fees, if any, will be made based upon the time and effort completed prior to termination of the Agreement. The Financial Planning Agreement terminates upon delivery of the plan. No refunds will be made after completion of the plan, except when the number of actual hours to complete the financial plan is less than the estimated number of hours quoted in the Financial Planning Agreement.</p> <p>The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the client to purchase given his/her financial situation and objectives. The client is under no obligation to purchase such securities through LPL and the IAR. However, if the client desires to purchase securities or advisory services in order to implement his/her financial plan, LPL may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to LPL and the IAR. Depending on the type of LPL account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory program wrap fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the IAR. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to LPL and the IAR, this presents a conflict of interest. This compensation to IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service. Please review Item 8 of this ADV for a discussion of the conflicts of interest that the provision of brokerage services may present.</p> <p><u>2. Consulting Services</u> LPL, through its IARs, provides consulting services consistent with a client's financial status, investment objectives, and tax status. The consulting services may include providing advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. Client may or may not receive a written analysis or report from LPL and IAR.</p> <p>The hourly charge for consulting services is a maximum of \$400 per hour as negotiated between the LPL IAR and client. The amount of the fee is as stated in the Consulting Services Agreement. The client may elect to pay the fee upon execution of the Consulting Services Agreement or at the time of consultation with the IAR.</p> <p>The client may terminate the Consulting Services Agreement without penalty (full refund) within five days of execution. After the five day period, the client may terminate the Consulting Services Agreement at any time and a refund of unearned fees, if any, will be made based upon the time and effort completed prior to termination of the Agreement. The Consulting Services Agreement terminates upon final consultation with the client. No refunds will be made after delivery of the consulting services, except when the number of actual hours is less than the estimated number of hours quoted in the Consulting Services Agreement.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A(3)	<p>The consulting services may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the client to purchase given his/her financial situation and objectives. The client is under no obligation to purchase such securities through LPL and the IAR. However, if the client desires to purchase securities or advisory services in order to implement the consulting/planning advice, LPL may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to LPL and the IAR. Depending on the type of LPL account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory program wrap fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL's insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by LPL to the IAR. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to LPL and the IAR, this presents a conflict of interest. This compensation to IAR and LPL may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that the consulting/planning advice be implemented using a certain product or service over another product or service. Please review Item 8 of this ADV for a discussion of the conflicts of interest that the provision of brokerage services may present.</p> <p><u>3. Money Management Program ("Manager Select")</u></p> <p>In the Manager Select Program, LPL and its IARs assist clients in identifying a third party investment advisor ("Portfolio Manager") from a list of available advisors to assist client with respect to investment of their funds. LPL may also act as a Portfolio Manager on a Manager Select account at the client's election. Portfolio Managers may hire one or more sub-advisors to manage all or a portion of the client's Manager Select account. The Manager Select program is designed to provide execution, money management, custodial and recordkeeping services to LPL clients for an all-inclusive fee.</p> <p>Clients, in consultation with LPL IARs, provide detailed financial and other pertinent data in completing a Confidential Client Profile. The Confidential Client Profile enables clients to determine appropriate investment guidelines, risk tolerance and other factors which assist in ascertaining the suitability of the Manager Select account and appropriate Portfolio Managers to utilize.</p> <p>Clients may be provided with data concerning the Portfolio Manager's past performance, management style, location, size of accounts and similar information. In consultation with LPL IARs, the client chooses a Portfolio Manager based on either his/her own review of available Portfolio Managers or based on the investment objectives as set forth in the Confidential Client Profile.</p> <p>The Manager Select program may also be offered through a separately registered third party investment advisor ("Advisor") and IARs of the Advisor. In that case, the Advisor, through its designated IARs, and not an LPL IAR, assists the client in selecting a Portfolio Manager. The Advisor receives a portion of the Account Fee described below. The portion received by the Advisor is negotiable. Certain Advisors may be affiliated entities of LPL. In some cases, associated persons of Advisor may also be broker/dealer registered representatives of LPL. In some instances, LPL IARs may be associated persons licensed with the Advisor. LPL and IAR may use the services of cash solicitors in establishing client accounts.</p> <p>Upon selection of a Portfolio Manager, deposit of funds by the client, and acceptance of the account by the Portfolio Manager, the Portfolio Manager invests the client's funds on a discretionary basis. The Portfolio Manager will have discretion to invest among a broad variety of security types, including equities, fixed income securities, open-end mutual funds, closed-end funds, exchange-traded funds ("ETFs") and exchange-traded notes ("ETNs"). For more information about certain of the investments available in the Program, see response to Item 3. Certain portfolio managers have developed mutual funds to access fixed income securities through managed account programs. If such a portfolio manager is selected, mutual funds may be held in the account.</p> <p>Portfolio Managers manage the investment and reinvestment of account assets in accordance with the investment objectives, restrictions and guidelines set forth in the Client Profile. Portfolio Managers also</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236				
Item of Form (identify)	Answer					
	<p>determine the securities to be purchased, sold or exchanged and which portion, if any, of the assets shall be held uninvested with respect to each account. Unless a client directs otherwise in writing, Portfolio Managers are responsible for voting proxies solicited by, or with respect to, issuers held in an account. Portfolio Managers are reasonably available to consult with IARs and clients regarding accounts.</p> <p>During any month that there is activity in the Manager Select account, the client receives a monthly brokerage statement from LPL showing account activity as well as positions held in the account at month end. Clients will not receive a confirmation of the transactions that occur within the Manager Select account, but confirmation details for the transactions will be displayed on the monthly brokerage statement. Clients may request to receive confirmation statements by contacting their IAR. The client will also receive a detailed quarterly performance report.</p> <p>The Manager Select fee schedule is as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Maximum Fee</u></td> </tr> <tr> <td>\$100,000 +</td> <td>3.00%</td> </tr> </table> <p>The fee is negotiable, is based on the values of the assets in the account, including cash holdings, and is agreed upon by each client in connection with execution of the Manager Select Client Agreement. Fees are payable quarterly in advance based on portfolio assets under management and are assessed on a pro rata basis.</p> <p>The Portfolio Manager receives a portion of the fee. The portion of the fee paid to Portfolio Managers ranges from 25 to 150 basis points of account assets per annum. Because the fee rates charged by the Portfolio Managers vary, an IAR may have a financial incentive to recommend one Portfolio Manager over another. The Portfolio Manager may pay LPL a portion of the costs associated with the use of technology necessary for the Portfolio Manager to perform its services under the Manager Select program.</p> <p>In the Manager Select Program, Portfolio Manager, in its capacity as an investment advisor, will generally execute transactions through LPL. Portfolio Manager will seek to obtain the best execution possible given the direction to trade through LPL. In some cases, Portfolio Manager, in connection with the Portfolio Manager's duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.</p> <p>In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If the Portfolio Manager chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the Portfolio Manager will consider the fact that the account will not be charged a commission if it is effected through LPL.</p> <p>Clients should consider whether or not the appointment of LPL as the broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In particular, clients should understand that their Manager Select account may not be able to participate in block trades effected by a Portfolio Manager for its other accounts, which may result in a difference between prices charged to a Manager Select account and Portfolio Manager's other accounts. Clients should read and understand the disclosure in Form ADV Part II of each Portfolio Manager selected by the client.</p> <p>Transactions in fixed income securities may involve mark-ups or mark-downs or other charges in addition to the Account Fee. LPL may act as a principal on fixed income trades in Manager Select accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what it paid. This may result in higher costs and lower performance than a client would have otherwise received.</p> <p>LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged,</p>		<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$100,000 +	3.00%
<u>Portfolio Value</u>	<u>Maximum Fee</u>					
\$100,000 +	3.00%					

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.</p> <p>In addition to the Account Fee and other fees and charges noted previously, Client may incur certain charges imposed by third parties or LPL in connection with investments made through Manager Select accounts. These may include, but are not limited to, the following: mutual fund 12b-1, sub-transfer agent, networking and/or omnibus processing fees, mutual fund management fees and administrative expenses, fees related to American Depository Receipts, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other taxes and charges required by law or imposed by exchanges or regulatory bodies. LPL and IAR may receive all or a portion of certain of these fees.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>The IAR recommending the Program account to the client receives compensation as a result of the client's participation in the Program. This compensation includes a portion of the Account Fee and may also include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a Program account over other programs and services. In addition, if the Program is offered through an Advisor affiliated with LPL, the Advisor or its IAR may have an incentive to recommend an LPL advisory program over programs offered by unaffiliated firms.</p> <p>If you have a non-retirement (and otherwise eligible) account, up to \$1 million (\$2 million if your account is held jointly) of your cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). LPL receives a fee equal to a percentage of the average daily deposit balance in your ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if you participate in the ICA program than if you invest in other sweep investment options. If you do not want to have your cash balance automatically invested in an ICA, you may speak to your IAR to have your cash balance automatically invested in a tax exempt money market fund if you meet the account minimum, or purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to your ICA will appear on your account statement. For each statement period, your account statement will reflect deposits to and withdrawals from your ICA, the closing balance of the ICA at each bank at which your funds are held, and the interest earned on ICA balances. For additional information on your ICA, please see the ICA information brochure available from your IAR.</p> <p>If you have a retirement (or non-retirement but ineligible) account, your cash balance will be invested in a money market fund. The money market fund utilized in the Manager Select Program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with our marketing support programs. The IAR does not receive any portion of this payment.</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer																		
1D-1A(3)	<p>The money market fund used in the Program (the "Sweep Fund") may be managed by the same Portfolio Manager that Client has appointed to manage its Account. If that is the case, Client hereby acknowledges and agrees that such Portfolio Manager and its affiliates may earn fees from the Sweep Fund for managing and performing other services for the Sweep Fund which will be in addition to the fees charged to Client under this Agreement.</p> <p>The Manager Select Client Agreement may be terminated by any party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date.</p> <p>If the Manager Select account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly fee for the current quarter and cancel and rebill all transaction in the account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the account which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.</p> <p>4. Managed Account Program ("SEI Managed Account") The SEI Managed Account Program offers clients a managed account in which LPL, through its IARs, will assist client in establishing an account with SEI Investment Management Corporation ("SIMCO"). The Program seeks to manage taxes within individual separate accounts using U.S. equity and/or municipal bond components in order to meet client's long-term goals of managing taxes while controlling risk. The Program may include the services of an integration manager that seeks to manage a consolidated portfolio of individual equity securities. The Program may include a percentage of assets allocated to a portfolio of mutual funds sponsored by SIMCO or its affiliates. Physical custody will be maintained by SEI Trust Company.</p> <p>The LPL IAR assists the client in selecting an asset allocation strategy appropriate for the client by discussing the various levels of risk and helping the client complete a client questionnaire which details the client's annual income, net worth, and long-term goals and objectives. The IAR explains to the client the various investing alternatives that are available in the SEI Managed Account, provides the client with the prospectuses for any applicable SEI mutual funds and explains the re-balancing guidelines utilized in the management of the portfolio.</p> <p>SIMCO is appointed by the client to manage assets within the individual separate accounts and re-balance SEI mutual funds pursuant to the client's goals and objectives. SIMCO may delegate its responsibility for management to one or more portfolio managers, including an integration manager.</p> <p>Client will receive monthly account statements from SIMCO showing account activity and the market value of positions. Additionally, the client will receive a quarterly performance report from SIMCO.</p> <p>As a participant in the Program, client will pay an annualized fee ("Account Fee") as follows:</p> <p>The fees payable to SIMCO for the individually managed large cap U.S. equity component are as follows:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Portfolio Value</u></th> <th style="text-align: left;"><u>Account Fee</u></th> <th style="text-align: left;"><u>Core/Transition*</u></th> </tr> </thead> <tbody> <tr> <td>\$0 - \$1,000,000</td> <td>0.90%</td> <td>0.85%</td> </tr> <tr> <td>Next \$2,000,000</td> <td>0.90%</td> <td>0.80%</td> </tr> <tr> <td>Next \$2,000,000</td> <td>0.85%</td> <td>0.75%</td> </tr> </tbody> </table> <p>* Assets defined by SIMCO as core/transition assets will be charged the reduced fee.</p> <p>The fees payable to SIMCO for the individually managed international and small cap U.S. equity components are as follows:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Portfolio Value</u></th> <th style="text-align: left;"><u>Account Fee</u></th> </tr> </thead> <tbody> <tr> <td>\$0 - \$1,000,000</td> <td>1.20%</td> </tr> <tr> <td>Next \$2,000,000</td> <td>1.10%</td> </tr> </tbody> </table>	<u>Portfolio Value</u>	<u>Account Fee</u>	<u>Core/Transition*</u>	\$0 - \$1,000,000	0.90%	0.85%	Next \$2,000,000	0.90%	0.80%	Next \$2,000,000	0.85%	0.75%	<u>Portfolio Value</u>	<u>Account Fee</u>	\$0 - \$1,000,000	1.20%	Next \$2,000,000	1.10%
<u>Portfolio Value</u>	<u>Account Fee</u>	<u>Core/Transition*</u>																	
\$0 - \$1,000,000	0.90%	0.85%																	
Next \$2,000,000	0.90%	0.80%																	
Next \$2,000,000	0.85%	0.75%																	
<u>Portfolio Value</u>	<u>Account Fee</u>																		
\$0 - \$1,000,000	1.20%																		
Next \$2,000,000	1.10%																		

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236														
Item of Form (identify)	Answer															
1D-1A(3)	<p>Next \$2,000,000 1.00%</p> <p>The fees payable to SIMCO for the integration manager services with respect to individual equity holdings only are as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Account Fee</u></td> </tr> <tr> <td>\$0 - \$499,999</td> <td>0.15%</td> </tr> <tr> <td>Amounts above \$500,000</td> <td>0.05%</td> </tr> </table> <p>The fees payable to SIMCO for the individually managed fixed income component are as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Account Fee*</u></td> </tr> <tr> <td>\$0 - \$1,000,000</td> <td>0.70%</td> </tr> <tr> <td>Next \$2,000,000</td> <td>0.65%</td> </tr> <tr> <td>Next \$2,000,000</td> <td>0.60%</td> </tr> </table> <p>* Laddered municipal bond assets will be charged a reduced Account Fee of 0.30%</p> <p>The fees payable to LPL for the full value of the SEI Managed Account assets are as follows:</p> <p>1.80% maximum fee</p> <p>The Account Fee is payable quarterly, in arrears. The LPL portion of the Account Fee will be charged based on the number of days during the quarter during which the Program account was open. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees will be deducted from the account pursuant to the SEI Managed Account Investment Management Agreement unless other arrangements have been made in writing. All such fees and charges will be clearly noted on client's statements issued by SIMCO.</p> <p>Client may also incur charges imposed by third parties other than LPL and IAR, such as SIMCO, in connection with investments made through a Program account, including among others, the following types of charges: SEI mutual fund management fees and administrative servicing fees, other fees charged by SIMCO, and IRA and Qualified Retirement Plan fees. LPL and IAR do not receive any portion of these third party fees. Further information regarding charges and fees assessed by an SEI mutual fund are available in the appropriate prospectus. A list of charges which may be imposed by SIMCO are described in the SEI Managed Account Investment Management Agreement and related SEI account paperwork.</p> <p>Client understands that LPL and IAR, in connection with the performance of their respective services, shall be entitled to and will share in the Account fees payable hereunder. LPL shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the account or any portion of the account of the client.</p> <p>SEI may restrict access to the SEI Managed Account to those IARs who commit to reaching certain aggregate program level asset minimums. This may present a conflict of interest in that IAR may be inclined to recommend an SEI account rather than another advisory account in order to reach the minimum asset levels.</p> <p>Client may make additions to, or withdrawals from, the SEI Managed Account upon notice to the IAR and subject to the terms of the SEI Agreement. If at any time account assets are less than the minimum account size originally specified, client understands that the SEI Agreement may be subject to termination. The SEI Managed Account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.</p> <p><u>5. SEI Asset Management Program</u></p> <p>The SEI Program offers clients an asset management account in which LPL, through its IARs, will assist client in selecting a portfolio which will be managed in accordance with instructions provided by the client. A Program account will be opened through which client will authorize LPL and IAR to transmit client instructions to SEI Trust Company ("SEI") to purchase and sell no-load SEI mutual funds ("SEI Funds") pursuant to investment objectives and rebalancing parameters selected by the client. Physical custody of SEI Funds will be maintained by SEI.</p>		<u>Portfolio Value</u>	<u>Account Fee</u>	\$0 - \$499,999	0.15%	Amounts above \$500,000	0.05%	<u>Portfolio Value</u>	<u>Account Fee*</u>	\$0 - \$1,000,000	0.70%	Next \$2,000,000	0.65%	Next \$2,000,000	0.60%
<u>Portfolio Value</u>	<u>Account Fee</u>															
\$0 - \$499,999	0.15%															
Amounts above \$500,000	0.05%															
<u>Portfolio Value</u>	<u>Account Fee*</u>															
\$0 - \$1,000,000	0.70%															
Next \$2,000,000	0.65%															
Next \$2,000,000	0.60%															

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236																
Item of Form (identify)	Answer																	
	<p>The LPL IAR assists the client in selecting an asset allocation portfolio, or SEI Funds for qualified plans, appropriate for the client by discussing the various levels of risk and helping client complete a client questionnaire which details the client’s annual income, net worth, and long-term goals and objectives. The IAR explains to the client the SEI Funds which are available within the SEI account, provides the client with the prospectuses for each of the SEI Funds selected for investment by the client and explains the rebalancing guidelines utilized in the management of the portfolio. SEI is responsible for rebalancing the SEI account pursuant to the standard variances established by SEI. Client retains the authority to change the portfolio selected. All dividends paid by SEI Funds in client’s SEI account will automatically reinvested unless client provides written instructions to SEI to pay out dividends to client.</p> <p>The SEI Asset Management program also permits client to select a third party investment advisor (“Portfolio Manager”), in lieu of IAR, to assist client in selecting an asset allocation portfolio.</p> <p>Client will receive monthly consolidated statements from SEI showing account activity and the market value of SEI Fund positions. Additionally, the client will receive a quarterly performance report from SEI beginning one full quarter after the account has been opened.</p> <p>As a participant in the Program, client will pay an annualized fee (“Account Fee”) as follows:</p> <table border="0"> <thead> <tr> <th><u>Portfolio Value</u></th> <th><u>Maximum Fee</u></th> </tr> </thead> <tbody> <tr> <td>\$ 0 - \$ 249,999</td> <td>2.00%</td> </tr> <tr> <td>\$ 250,000 - \$ 499,999</td> <td>1.75%</td> </tr> <tr> <td>\$ 500,000 - \$ 749,999</td> <td>1.65%</td> </tr> <tr> <td>\$ 750,000 - \$1,249,999</td> <td>1.40%</td> </tr> <tr> <td>\$1,250,000 - \$1,999,999</td> <td>1.25%</td> </tr> <tr> <td>\$2,000,000 - \$4,999,999</td> <td>1.15%</td> </tr> <tr> <td>\$5,000,000+</td> <td>1.00%</td> </tr> </tbody> </table> <p>The Account Fee is negotiable and is payable quarterly, in arrears. The initial Account Fee will be charged based on the number of days during the quarter during which the Program account was open unless the account is opened during the last ten (10) days of the quarter, in which case the Account Fee for the pro-rated number of days for which the account was opened will be charged at the end of the next full quarter. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee. All Account Fees will be deducted from the account pursuant to the Third Party Asset Management Program Consulting Agreement (“Agreement”) and the SEI account paperwork unless other arrangements have been made in writing. All such fees and charges will be clearly noted on client’s statements issued by SEI.</p> <p>Client may also incur certain charges imposed by third parties other than LPL and IAR, such as SEI, in connection with investments made through a Program account, including among others, the following types of charges: SEI Fund management fees and administrative servicing fees, SEI Account Maintenance Fees, other fees charged by SEI, and IRA and Qualified Retirement Plan fees. LPL and IAR do not receive any portion of these third party fees. Further information regarding charges and fees assessed by an SEI Fund are available in the appropriate prospectus. A list of charges which may be imposed by SEI are described in the SEI account paperwork.</p> <p>Client understands that LPL and IAR, in connection with the performance of their respective services, shall be entitled to and will share in the Account Fees payable hereunder. LPL shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the account or any portion of the account of the client.</p> <p>SEI may restrict access to the SEI account to LPL IARs who commit to reaching certain aggregate program level asset minimums. This may present a conflict of interest in that IAR may be inclined to recommend an SEI account rather than another advisory account in order to reach the minimum asset levels.</p> <p>Client may make additions to, or withdrawals from, the SEI account upon notice to the IAR and subject to the terms of the Agreement and SEI account paperwork. If at any time account assets are less than the minimum</p>		<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$ 0 - \$ 249,999	2.00%	\$ 250,000 - \$ 499,999	1.75%	\$ 500,000 - \$ 749,999	1.65%	\$ 750,000 - \$1,249,999	1.40%	\$1,250,000 - \$1,999,999	1.25%	\$2,000,000 - \$4,999,999	1.15%	\$5,000,000+	1.00%
<u>Portfolio Value</u>	<u>Maximum Fee</u>																	
\$ 0 - \$ 249,999	2.00%																	
\$ 250,000 - \$ 499,999	1.75%																	
\$ 500,000 - \$ 749,999	1.65%																	
\$ 750,000 - \$1,249,999	1.40%																	
\$1,250,000 - \$1,999,999	1.25%																	
\$2,000,000 - \$4,999,999	1.15%																	
\$5,000,000+	1.00%																	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (3)	<p>account size originally specified, client understands that the Agreement and SEI account paperwork may be subject to termination. The SEI account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of client's investment objectives.</p> <p><u>6. Third Party Investment Adviser Asset Management Programs</u> LPL may offer asset management services to clients through programs available through third party investment advisors not described above. In such third party programs, clients may authorize the third party investment advisors to purchase and sell mutual funds, equities, fixed income securities and other securities authorized by the third party investment advisor on a discretionary or non-discretionary basis pursuant to investment objectives chosen by the client. In some limited situations, client may authorize LPL IAR to purchase and sell securities on a discretionary or non-discretionary basis pursuant to investment objectives chosen by the client. For purposes of this document, the term mutual fund includes both investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles that are not registered.</p> <p>In opening a program account through a third party investment advisor, the IAR obtains the necessary financial data from the client, assists the client in determining the suitability of asset management, and assists the client in setting the appropriate investment objective.</p> <p>LPL will not custody assets in third party investment advisor program accounts, rather assets will be custodied at another broker/dealer or financial institution selected by the third party investment advisor. Therefore, LPL will not provide periodic brokerage statements. Periodic performance reports may be provided to client by the third party investment advisor. The details of the account relationship will be clearly stated in the third party investment advisor's Form ADV and the client agreement for any third party investment advisor program account.</p> <p>Asset management fees will be based on the value of assets under management through the third party investment advisor and will vary by program. The amount of the fee will be outlined in the client agreement executed by the client at the time the relationship is established. The asset management fee may be negotiable and may be payable quarterly in arrears or in advance. Fees will be based on the value of the account assets under management as valued by the custodian of the assets for the account.</p> <p>Transaction charges may be imposed by the third party investment advisor or the custodian of assets for the program account. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established.</p> <p>Client may also incur certain charges imposed by third parties other than LPL and IAR in connection with investments made through a custom account, including among others, the following types of charges: mutual fund or money market 12b-1 and subtransfer agent fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, administrative servicing fees for trust accounts, other transaction charges and service fees, IRA and qualified retirement plan servicing fees and other charges required by law. LPL and IAR do not receive a portion of these fees. Further information regarding charges and fees assessed by a mutual fund are available in the appropriate prospectus.</p> <p>A third party investment advisor program account may cost the client more or less than purchasing program services separately. Factors that bear upon the cost of the account in relation to the cost of the same services purchases separately include: the type and size of the account, the historical and/or expected size or number of trades for the account, and the number and range of supplementary advisory and client related services provided to the account.</p> <p>A third party investment advisor program account may be terminated by any party pursuant to the terms outlined in the program account client agreement.</p>	
1D-1A (3)	<p><u>7. Genworth Financial Wealth Management Program</u> The Genworth Financial Wealth Management ("GFWM") Program offers clients access through the LPL IAR to GFWM investment services. The GFWM Program offers clients access to GFWM's mutual fund and exchange-traded fund ("ETF") programs as well as GFWM's privately managed accounts and unified managed accounts. These programs are more fully described in GFWM's Schedule H- Platform Disclosure Brochure.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p><u>Mutual Funds and ETFs.</u> In GFWM’s mutual fund and ETF asset allocation programs, asset allocations composed by a group of independent investment strategists (“Portfolio Strategists”) are offered, with the different model allocations designed to satisfy a gradient of risk/return objectives. The Portfolio Strategists have no direct relationship with LPL or the client, make no analysis of and do not consider the clients’ individual circumstances or objectives, and do not tailor the model asset allocation to any specific client’s needs, circumstances or objectives, but only to the stated risk/return objectives. The IAR assists the client in selecting the risk/return objective and Portfolio Strategist that best suit the client’s objectives. The client then specifically directs the account to be invested in accordance with the chosen asset allocation. When the client selects the asset allocation, the client further directs that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected Portfolio Strategist. This client authorization results in the purchase and sale of certain mutual funds or ETFs without further authorization by the client or any other party at such time as the Portfolio Strategist changes the composition of the selected model asset allocation.</p> <p>The client receives confirmation of all transactions in the account and is free to terminate participation in the program and retain or dispose of any assets in the account at any time. LPL and the IAR have no authority to cause any purchase or sale of securities in any client account, or change the selected model asset allocation or to direct the account to be invested in any manner other than as previously authorized by the client.</p> <p>In advising clients investing in the GFWM mutual fund and ETF programs, the IAR will use model portfolios of mutual funds and ETFs provided by a number of Portfolio Strategists. The IAR will provide advice based on the information, research, asset allocation methodology and investment strategies of these Portfolio Strategists.</p> <p>LPL and the IAR do not take any discretionary authority over client accounts.</p> <p>The minimum account size is generally \$50,000 for Mutual Fund and \$100,000 for ETF accounts.</p> <p><u>Privately Managed Accounts and Unified Managed Accounts.</u> Additionally, GFWM may offer, through the LPL IAR, Privately Managed Accounts and Unified Managed Accounts. Under these Accounts, the IAR will introduce clients to, and advise on the selection of, independent investment managers who provide discretionary management of individual portfolios using a variety of different securities analysis methods, sources of information and investment strategies. Clients will receive separate disclosure from such investment managers regarding any such investment manager’s advisory services.</p> <p>The client will give investment discretion on any Privately Managed Accounts to the specific investment managers designated by the client for the management of such accounts. The client will give investment discretion to Genworth Financial Asset Management, a division of GFWM, on Unified Managed Accounts. LPL and the IAR do not have discretionary authority for Privately Managed Accounts or Unified Managed Accounts.</p> <p>The minimum account size is generally from \$50,000 to \$500,000 for Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account, as described in more detail in the GFWM Schedule H Platform Disclosure Brochure.</p> <p><u>Fees.</u> Clients in the GFWM Program will pay an Advisory Fee, as well as an Investment Manager Fee for clients investing in Privately Managed Accounts and Unified Managed Accounts. A portion of this fee will be used to pay GFWM a fee. Clients will also pay a custodian fee plus transaction charges, depending on the custodian selected. The custodian on an account may also receive a shareholder servicing fee from mutual funds in the account. Client assets in the GFWM program will not be custodied at LPL. There may also be additional fees of the underlying investments, such as mutual funds or ETFs, which will result in a reduction of that product’s net asset value.</p> <p>For clients in the GFWM Program, a portion of their advisory fee paid to their IAR will be a Program fee re-allowed to GFWM for participation in the GFWM Program. Clients enrolled in a Privately Managed Account or Unified Management Account will also have a portion of their overall fee re-allowed to the Investment Manager/ Sub-Manager that is designated as the manager on their account. A portion of the Program fee may</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A (3)	<p>also be retained by LPL, and GFWM may also pay a portion of the fee it receives as compensation to Strategists and others.</p> <p>Client fees are payable quarterly in advance based on assets under management using the fee schedules set out in the GFWM Schedule H Platform Disclosure Brochure.</p> <p><u>Conflicts.</u> GFWM and Capital Brokerage Corporation ("CBC") receive compensation as the Investment Advisor and Distributor, respectively, of the Assetmark Funds, which are utilized within certain Strategist's Models, and GFWM waives its Program Fee to the IAR on client accounts to the extent they are invested in Models comprised solely of the GFWM Funds. The IAR will therefore pay a lower percentage of the client's assets invested in the Program to GFWM as the Program Fee and may retain a greater percentage than if another Strategist's Model were used. Accordingly, the IAR may have a financial incentive to recommend the client account be invested in a Model which is comprised solely of the Assetmark Funds. To the extent that a client establishes a mutual fund account and selects a Model designed by a "proprietary" Strategist (one who includes funds from its affiliated fund family), the Strategist will generally derive additional benefit through compensation payable to its affiliates from the funds.</p> <p><u>Termination.</u> Participation in the GFWM Program may be terminated by either the client, LPL, or GFWM immediately upon written notice. If an account must be liquidated upon termination it may take up to five (5) trading days to effect such transactions.</p> <p>If an account is terminated after the quarterly fee has been paid a pro-rata portion will be returned to the client.</p> <p><u>8. Retirement Plan Consulting Program</u> LPL IARs may assist clients that are trustees or other fiduciaries for a retirement plan in designing and implementing retirement plans consistent with their needs. The IAR may perform one or more of the following consulting services: plan design, needs assessment, and vendor evaluation; design or review of investment guidelines in an investment policy statement; provide an asset allocation review to assist the plan with developing an asset allocation strategy; analyzing and recommending mutual funds and other securities for the plan to offer its participants on a self-directed basis; reviewing periodic reports prepared by the plan's vendor; analyze performance of specified funds, securities or managers over various time periods; and conducting educational presentations and enrollment meetings for plan participants, which may include general asset allocation and investment guidance.</p> <p>When performing such consulting services, IARs may not take discretion, provide trade execution services with respect to plan assets, or provide individual investment advice to plan participants regarding plan assets. In cases of a plan that makes available publicly traded employer stock ("company stock") as an investment option under the plan, LPL and IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option.</p> <p>The charge for consulting may be based on a percentage of assets held in the plan (up to 1.00%) or on an hourly (up to \$400 per hour) or flat rate basis as negotiated between the plan and the IAR. The consulting fee is negotiable between the IAR and the plan client. LPL and IAR share in the consulting fee.</p> <p>The plan may also incur certain charges imposed by third parties other than LPL in connection with the consulting services, including among others, the following types of charges: mutual fund management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping fees, and other service fees. Further information regarding charges and fees assessed by a mutual fund are available in the fund's prospectus.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236				
Item of Form (identify)	Answer					
1D-1A(3)	<p><u>9. Manager Access Select ("MAS")</u> LPL sponsors MAS, an advisory services program available to retail and institutional clients of separately registered investment advisors (each, an "Advisor"). The MAS program is designed to provide execution, money management, custodial and recordkeeping services to Advisors' clients for an all-inclusive fee. Each Advisor is an investment advisor registered under either the Advisers Act or the laws of any states in which registration is required.</p> <p>The Advisor, through its designated IARs, and not an LPL IAR, assists clients in identifying a third party investment advisor ("Portfolio Manager") from a list of available advisors to assist client with respect to investment of their funds. Clients receive initial and ongoing assistance from their Advisor with regard to the suitability of the MAS program and the MAS Portfolio Manager selection process. Clients are provided with data concerning the Portfolio Manager's past performance, management style, location, size of accounts and similar information.</p> <p>A MAS Confidential Client Profile ("Client Profile") is available to aid in analysis of each client's investment objectives and risk/return preferences, leading to a determination of investment style(s). Each Advisor assists its clients in the ultimate selection of Portfolio Manager(s). Each Advisor monitors its clients' accounts and is available on an ongoing basis to receive deposit and withdrawal instructions. A copy of the Client Profile is forwarded to the selected Portfolio Manager(s) and the Portfolio Manager(s) independently determine whether to accept the client account based on the content of the Client Profile, suitability and whatever other factors they deem appropriate.</p> <p>Upon selection of a Portfolio Manager, deposit of funds by the client, and acceptance of the account by the Advisor and the Portfolio Manager, the Portfolio Manager invests the client's funds on a discretionary basis. LPL acts as broker and custodian and does not act on a discretionary basis for any account. The Portfolio Manager will have discretion to invest among a broad variety of security types, including equities, fixed income securities, open-end mutual funds, closed-end funds, exchange-traded funds ("ETFs") and exchange-traded notes ("ETNs"). For more information about certain of the investments available in the Program, see response to Item 3. Certain portfolio managers have developed mutual funds to access fixed income securities through managed account programs. If such a portfolio manager is selected, mutual funds may be held in the account.</p> <p>Portfolio Managers manage the investment and reinvestment of account assets in accordance with the investment objectives, restrictions and guidelines set forth in the Client Profile. Portfolio Managers also determine the securities to be purchased, sold or exchanged and which portion, if any, of the assets shall be held uninvested with respect to each account. Unless a client directs otherwise in writing, Portfolio Managers are responsible for voting proxies solicited by, or with respect to, issuers held in an account. Portfolio Managers are reasonably available to consult with Advisors and clients regarding accounts.</p> <p>During any month that there is activity in a MAS account, the client receives a monthly brokerage statement from LPL showing account activity as well as positions held in the account at month end. Clients will not receive a confirmation of the transactions that occur within a MAS account, but confirmation details for the transactions are displayed on the monthly brokerage statement. Clients may request to receive individual confirmation statements by contacting their Advisor. The client will also receive a detailed quarterly performance report describing account performance, positions and activity.</p> <p>The MAS fee schedule is as follows:</p> <table border="0"> <tr> <td><u>Portfolio Value</u></td> <td><u>Maximum Fee</u></td> </tr> <tr> <td>\$100,000 +</td> <td>3.00%</td> </tr> </table> <p>The fee is negotiable, is based on the value of assets in the account, including cash holdings, and is agreed upon by each client in connection with execution of the MAS Client Agreement. Fees are payable quarterly in advance based on portfolio assets under management and are assessed on a pro rata basis.</p> <p>Portfolio Managers, Advisors and LPL share in the fee in connection with the performance of their respective services. The portion of the fee paid to Portfolio Managers ranges from 25 to 150 basis points of account</p>		<u>Portfolio Value</u>	<u>Maximum Fee</u>	\$100,000 +	3.00%
<u>Portfolio Value</u>	<u>Maximum Fee</u>					
\$100,000 +	3.00%					

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>assets per annum. Because the fee rates charged by Portfolio Managers vary, an Advisor may have a financial incentive to recommend one Portfolio Manager over another. A Portfolio Manager may pay LPL a portion of the costs associated with the use of technology necessary for the Portfolio Manager to perform its services under the MAS program.</p> <p>In MAS, a Portfolio Manager, in its capacity as an investment advisor, will generally execute transactions through LPL. Portfolio Managers will seek to obtain the best execution possible given the direction to trade through LPL. In some cases, a Portfolio Manager, in connection with the Portfolio Manager's duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.</p> <p>In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions. When securities transactions are effected through LPL, no brokerage commissions are charged to the MAS account. If the Portfolio Manager chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the Portfolio Manager will consider the fact that the MAS account will not be charged a commission if the trade is effected through LPL.</p> <p>Clients should consider whether or not the appointment of LPL as the broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In particular, clients should understand that their MAS account may not be able to participate in block trades effected by a Portfolio Manager for its other accounts, which may result in a difference between prices charged to a MAS account and Portfolio Manager's other accounts. Clients should read and understand the disclosure in Form ADV Part II of each Portfolio Manager selected by the client.</p> <p>Transactions in fixed income securities may involve mark-ups or mark-downs or other charges in addition to the account fee. LPL may act as a principal on fixed income trades in MAS accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what it paid. This may result in higher costs and lower performance than a client would have otherwise received.</p> <p>LPL may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.</p> <p>In addition to the account fee and other fees and charges noted previously, clients also may incur certain charges imposed by Advisors, LPL and/or third parties in connection with investments made through MAS accounts. These may include, but are not limited to, the following: mutual fund 12b-1, sub-transfer agent, networking and/or omnibus processing fees, mutual fund management fees and administrative expenses, fees related to American Depository Receipts, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees for trust accounts, and other taxes and charges required by law or imposed by exchanges or regulatory bodies. LPL and Advisor may receive all or a portion of certain of these fees.</p> <p>If Program account assets are invested in mutual funds, Client should be aware that there will be two layers of advisory fees with respect to those assets. Client will pay the mutual fund manager an advisory fee as a shareholder of the fund. Client will also pay LPL and IAR the Account Fee with respect to those assets. Most of the mutual funds available in the Program may be purchased directly. Therefore, Client could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making his or her own decisions regarding the mutual fund investment.</p> <p>Advisors receive compensation as a result of clients' participation in the MAS program. Depending on, among other things, the size of a client's account, changes in its value over time, ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, or paid separately for investment</p>

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>advice, brokerage, and other services. Therefore, while wrap account compensation cannot be determined in advance, Advisors may have an incentive to recommend the MAS program over other programs or services.</p> <p>LPL, LPL employees, Advisor and associated persons of Advisor may receive additional non-cash compensation from advisory product sponsors. Compensation may include such items as gifts valued at nominal amounts, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees or associated persons of Advisor.</p> <p>Cash awaiting allocation shall be treated as follows: For clients with an eligible account, up to \$1 million (\$2 million if the account is held jointly) of a client's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC") insured cash account (an "ICA") (cash above this amount will be deposited in a money market account designated by LPL or in one bank participating in the ICA program). FDIC insurance on such accounts shall be subject to FDIC limits. LPL receives a fee equal to a percentage of the average daily deposit balance in a client's ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The fee LPL receives may be higher if a client participates in the ICA program than if the client invests in other sweep investment options. If a client does not wish to have its cash balance automatically invested in an ICA, the client may instruct Advisor (i) to arrange for the client's cash balance to automatically invest in a tax exempt money market fund if the cash balance in the MAS account meets the account minimum, or (ii) to purchase a money market fund as an investment and not automatically as a sweep investment.</p> <p>Activity with respect to a client's ICA will appear on account statements. For each statement period, the account statement will reflect deposits to and withdrawals from the ICA, the closing balance of the ICA at each bank at which funds are held, and the interest earned on ICA balances. For additional information regarding an ICA, clients may request an ICA information brochure from Advisor.</p> <p>If the MAS account is ineligible for the ICA program, the cash balance will be invested in a money market fund. The money market fund used in the MAS program may pay 12b-1 fees higher than other money market funds. LPL may receive compensation of up to 0.15 percent of the assets invested in a money market fund in connection with LPL's marketing support programs. Advisor does not receive any portion of this payment.</p> <p>The money market fund used in the Program (the "Sweep Fund") may be managed by the same Portfolio Manager that Client has appointed to manage its Account. If that is the case, Client hereby acknowledges and agrees that such Portfolio Manager and its affiliates may earn fees from the Sweep Fund for managing and performing other services for the Sweep Fund which will be in addition to the fees charged to Client under this Agreement.</p> <p>Associated persons of an Advisor may also be broker/dealer registered representatives of LPL. If an associated person of an Advisor also is a broker/dealer registered representative of LPL, that person is not acting in a brokerage capacity or on behalf of LPL in any way with respect to the services provided under MAS. To the extent that such person acts in a brokerage capacity outside MAS, the associated person may sell securities through LPL and receive normal and customary commissions as a result of such purchases and sales. To the extent that such associated person recommends that a client invest in a security which results in a commission being paid to the associated person, this presents a conflict of interest.</p> <p>The MAS Client Agreement may be terminated by any party effective upon written notice to the other parties ("Termination Date"). The client is entitled to a pro rata refund of any pre-paid quarterly account fee based upon the number of days remaining in the quarter after the Termination Date. Advisor is responsible for refunding any portion of the account fee remitted by Advisor to LPL. If the MAS account is closed within the first six months by a client or as a result of withdrawals which bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly fee for the current quarter or cancel and rebill all transaction in the account at normal and customary brokerage commission rates, in order to cover the administrative cost of establishing the account, which may include costs of transferring positions into and out of the account, data entry costs in opening the account, costs associated with reconciliation of positions in order to issue quarterly performance reports, and the costs of re-registration of positions.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
1D-1A(5)	<p>From time to time, LPL may provide other portfolio review services through its Research Department at the request of the clients or prospective clients. Portfolio Review services are provided pursuant to a written agreement between LPL and the client.</p> <p>The client may be billed at a rate of \$50.00 per hour and will receive a written report at the completion of the analysis. The client may terminate the Portfolio Review Agreement without penalty (full refund) within five days of execution. After the five day period, the Portfolio Review Agreement may be terminated at any time and a refund of unearned fees, if any, will be made based upon the portion of the review that was completed prior to the termination of services. The Portfolio Review Agreement terminates upon delivery of the written report. No refunds will be made after completion of the review.</p> <p>The written report may include generic recommendations as to the general types of investment products which may be appropriate for the client to purchase given his/her stated investment objectives. The client is under no obligation to purchase such securities or investment advisory services through LPL and the IAR. However, if the client desires to open a brokerage or an advisory account, LPL may make a variety of products and services available through its IARs who are also LPL registered representatives. Please review Item 8 of this ADV for a discussion of the conflicts of interest that the provision of brokerage and advisory services may present.</p> <p>LPL's Research Department may make its research materials available to third party investment advisers as part of a bundled service offering to such advisers. The advice provided by the third party investment advisers may or may not be based on the LPL research materials. In providing these research materials to third party investment advisers, LPL makes no analysis of and does not consider clients' individual circumstances or objectives, and does not tailor any model asset allocation to any specific client's needs, circumstances or objectives.</p>	
ITEM 2	LPL also provides investment advice to state or municipal government entities.	
ITEM 3	<p><u>Alternative Strategy Mutual Funds.</u> Certain mutual funds available in the SAM, SAM II, MWP and PWP Programs and other customized or third party programs invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.</p> <p><u>Closed-End Funds.</u> Client should be aware that closed-end funds, such as the Eaton Vance Senior Floating Rate Fund, available within the SAM, SAM II, Manager Select and Manager Access Select programs are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.</p> <p><u>Exchange Traded Funds (ETFs).</u> ETFs may be purchased in the SAM, SAM II, Manager Select, Manager Access Select, PWP and MWP Programs, and other customized or third party advisory programs offered through LPL. ETFs are typically investment companies that are legally classified as open end mutual funds or a unit investment trusts. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company under the Investment</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>Company Act of 1940. Certain ETFs may be subject to unique tax consequences such as K-1 tax reporting and tax treatment for collectibles.</p> <p><u>Exchange Traded Notes (ETNs).</u> ETNs also may be purchased in the SAM, SAM II, Manager Select, Manager Access Select, PWP and MWP Programs, and other customized or third party advisory programs offered through LPL. An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. The risks associated with a particular ETN are set forth in the prospectus for the ETN. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.</p> <p><u>Leveraged and Inverse ETFs, ETNs and Mutual Funds.</u> Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and are generally not appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.</p> <p><u>Structured Products.</u> Structured products are available for purchase in the SAM and SAM II accounts. Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The credit worthiness 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. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Investing in structured products involves risks. Some structured products offer full protection of the principal invested, others offer only partial or no protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. Any principal protection that is offered is subject to the credit worthiness of the issuer. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC will be subject to applicable FDIC limits.</p> <p><u>Hedge Funds.</u></p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 4	<p>Hedge funds are available for purchase in the SAM and SAM II accounts by clients meeting certain qualification standards. Investing in hedge funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity. In addition, hedge funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that hedge funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the hedge fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the hedge fund during the repurchase offer.</p> <p><u>Managed Futures Funds.</u> Managed futures are available for purchase in the SAM and SAM II accounts by clients meeting certain qualification standards. Investing in managed futures involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices, the lack of liquidity and performance volatility. Client should be aware that managed futures are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the managed futures fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the managed futures during the repurchase offer.</p> <p>METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES</p> <p><u>Manager Select and Institutional Manager Select Accounts.</u> IARs obtain detailed financial and other pertinent data from client on a Client Questionnaire. This assists portfolio manager in determining the appropriate investment strategy for the account. All security analysis methods, sources of information with respect to securities, and investment strategies are determined by the portfolio manager selected by clients to manage their accounts.</p> <p><u>SAM, SAM II, and Customized Program Accounts.</u> Each IAR managing a SAM, SAM II or customized program account chooses his/her own research methods, investment style and management philosophy. The IAR has access to various research reports and model portfolios to which he/she may refer in determining which securities to purchase or sell.</p> <p><u>Optimum Accounts.</u> IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the IAR in selecting an appropriate portfolio for the client based on client's investment objective and goals. The IAR has access to a variety of research information from LPL. The percentage allocation of Optimum Funds within the various available portfolios is determined by LPL.</p> <p><u>Personal Wealth Portfolio Accounts.</u> IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the IAR in selecting an appropriate portfolio, as well as selecting mutual funds or PWP advisors, for the client based on client's investment objective and goals. The percentage allocation of asset classes within the various available portfolios is determined by LPL.</p> <p><u>Model Wealth Portfolios Accounts.</u> IARs obtain detailed financial and other pertinent data from client on a client questionnaire. This assists the IAR in selecting an appropriate portfolio for the client based on client's investment objective and goals. The percentage allocation of asset classes within the various available portfolios is determined by LPL.</p> <p><u>SEI Asset Management Accounts.</u> LPL performs research to determine which SEI portfolios will be made available for client investment. The IAR assists the client in selecting an appropriate asset allocation portfolio and rebalancing guidelines based on detailed financial and other pertinent data from the client.</p> <p><u>SEI Managed Accounts.</u> LPL performs research to determine which SEI mutual fund portfolios will be made available for client investment to complete the tax strategy implemented by SIMCO. The IAR assists the client in selecting an</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 5	<p>appropriate asset allocation strategy and re-balancing guidelines based on detailed financial and other pertinent data from the client.</p> <p><u>Manager Access Select Accounts.</u> Advisors obtain detailed personal, financial and other pertinent data from clients on a client questionnaire. This assists the Portfolio Manager in determining the appropriate investment strategy for the account. All security analysis methods, sources of information with respect to securities, and investment strategies are determined by the Portfolio Manager selected by clients to manage their accounts.</p> <p>EDUCATION AND BUSINESS STANDARDS</p> <p>LPL generally requires that individuals involved in determining or giving investment advice have at least two years financial planning, advisory or brokerage related, or equivalent experience that LPL deems appropriate. Each IAR is also required to possess a FINRA Series 6, 7, 65 or 66 license.</p>	
ITEM 6	<p>EDUCATION AND BUSINESS BACKGROUND</p> <p>The education and business background for the preceding five years of key management personnel involved with investment advisory services are as follows:</p> <p>MARK S. CASADY, born September 21, 1960; Indiana University, BS; DePaul University, MBA; Managing Director- Americas at Zurich Scudder Investments, Inc. from 1994 to 2002; Chief Operating Officer of LPL from May 2002 to June 2004; President of LPL from 2003 to March 2007; Director of LPL from August 2004 to present; Interim CEO of LPL from August 2004 to December 2004; CEO of LPL from December 2004 to present; Chairman of LPL from January 2006 to present; member of Board of Governors of FINRA from June 2009 to present.</p> <p>ESTHER M. STEARNS, born June 11, 1960; University of Chicago, BA; Chief Information Officer of LPL from 1996 to 1998; Managing Director and Chief Information Officer of LPL from 1998 to June 2004; Chief Financial Officer of LPL from December 2004 to April 2005 and from September 2008 to March 2009; Chief Operating Officer of LPL from June 2004 to present; Director of LPL from February 2006 to present; President of LPL from March 2007 to present.</p> <p>ROBERT J. MOORE, born October 23, 1961; University of Texas, BBA; Kellogg Graduate School of Management, Northwestern University, MM; CFO, Europe and Great Britain of Diageo PLC from January 2001 to August 2006; Chief Executive Officer and Chief Financial Officer of ABN AMRO North America and LaSalle Bank Corporation from Sept 2006 to March 2008; Managing Director, Finance of LPL from September 2008 to present; Chief Financial Officer of LPL from March 2009 to present.</p> <p>STEPHANIE L. BROWN, born February 1, 1953; Bryn Mawr College, BA; Catholic University of America, JD; Managing Director of Compliance and General Counsel of LPL from 1991 to March 2004; Managing Director and General Counsel of LPL from March 2004 to present.</p> <p>WILLIAM E. DWYER III, born December 5, 1957; Boston College, BA; Vice President of LPL from 1992 to 1997; Senior Vice President of LPL from 1998 to 2001; Executive Director, Branch Development of LPL from 2002 to 2003; Managing Director, Branch Development of LPL from 2004 to July 2005; Managing Director, National Sales of LPL from July 2005 to 2007; Managing Director, President of National Sales and Marketing of LPL from 2007 to present.</p> <p>JONATHAN EATON, born February 14, 1959; University of Maine, BA; Executive Vice President, Product Marketing of LPL from 2004 to 2006; Executive Vice President, Head of Institutional Business Services of LPL from January 2007 to July 2007; Executive Vice President, Head of National Sales, Custom Clearing Services August 2007 to December 2007; Managing Director, Custom Clearing Services of LPL from January 2008 to present; Director and Chief Executive Officer of The Private Trust Company from December 2008 to present.</p>	

Schedule F of Form ADV
Continuation Sheet for Form ADV Part II

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>CHRISTOPHER F. FEENEY, born December 3, 1955; State University of New York, Oneonta, BA; President and COO of Multex, Inc. from April 2000 to March 2003; CEO of Telerate, Inc. from July 2003 to December 2004; Managing Director of Wealth Management at Thomson Financial from December 2005 to November 2007; Managing Director and Chief Information Officer of LPL from January 2008 to present.</p> <p>ALAN VALENZUELA, born March 24, 1966; California State University Los Angeles, BS; Vice President of Advisory Compliance at Financial Network Investment Corporation from 2001 to 2004; Vice President of Advisory Compliance at LPL Financial from 2005 to 2009; Vice President and Chief Compliance Officer – Advisory at LPL Financial from May 2009 to present.</p> <p>THOMAS D. LUX, born July 1, 1957; University of Notre Dame, BA; Senior Vice President of Finance at Wachovia Securities from 1999-2005; Chief Financial Officer at National Financial Services, LLC from 2005 to 2009; Executive Vice President, Chief Accounting Officer of LPL from June 2009 to present.</p> <p>JOHN MCDERMOTT, born December 31, 1956; Wesleyan University, BA; Rutgers University Law School, JD; Director, General Counsel, Merrill Lynch Japan from 1991 to 1997; Director, General Counsel, Merrill Lynch Europe, Asia, Middle East and Africa from 1996 to 1997; Global Head of Capital Markets Compliance of Merrill Lynch from 1998 to 2000; Managing Director, Corporate Audit of Merrill Lynch from 2000 to 2007; Managing Director of Corporate Audit and Compliance of Merrill Lynch from 2004 to 2007; Senior Vice President and Global Head of Compliance from 2007 to 2009; Managing Director and Chief Enterprise Risk Management Officer from July 2009 to present.</p> <p>G. BURTON WHITE, born April 18, 1969; College of William and Mary, BBA; Research Liaison at Thompson, Siegel and Walmsley from 1991 to 1995; Investment Analyst at Mercer Investment Consulting from 1995 to 1998; Senior Vice President and Director of Mutual Fund Investments at Wheat First (later to become Wachovia Securities) from 1998 to 2000; Managing Director and Director of Research at Wachovia Securities from 2000 to 2007; Managing Director and Director of Research of LPL from November 2007 to present; Chief Investment Officer of LPL from February 2009 to present.</p> <p>DANIEL ARNOLD, JR., born December 31, 1964; Auburn University, BS; Georgia State University, MBA; CEO and President of UVEST Financial Services Group, Inc. from 1996 to present; Managing Director and Divisional President of Financial Institution Services of LPL from August 2007 to present.</p> <p>DENISE ABOOD, born October 7, 1961; Wittenberg University, BA; CFO of UVEST Financial Services Group, Inc. from January 2004 to January 2007; Executive Vice President, Human Capital of LPL from January 2007 to December 2007; Managing Director, Human Capital of LPL from January 2008 to present.</p> <p>KATHLEEN VANNOY-PINEDA, born October 20, 1957; Central University of Iowa, BA; St. John's University School of Law, JD; Chief Compliance Officer, Teachers Personal Investors Services, Inc. from 1994 to 2003; Director of Client Complaints, Citigroup Global Markets Inc. from 2004 to 2008; Executive Vice President and Chief Compliance Officer of UVEST Financial Services Group, Inc. from June 2008 to present; Chief Compliance Officer – Brokerage Institutional Services of LPL from July 2008 to June 2009; Executive Vice President and Chief Compliance Officer of Brokerage of LPL from June 2009 to present.</p> <p>MARK HELLIKER, born May 15, 1963; University of Portsmouth (UK), BA; San Diego State University, MBA; Vice President of Charles Schwab Institutional from 2001 to 2005; Senior Vice President of Charles Schwab Institutional from 2005 to 2008; Managing Director, Head of Broker/Dealer Support Services of LPL from August 2008 to present.</p> <p>STEPHEN LANGLOIS, born December 30, 1962; Colby College, AB; Dartmouth College, MBA; Director, Strategy and Business Development of Columbia Management Group from September 2002 to September 2004; Senior Vice President, Research of LPL from September 2004 to December 2007; Executive Vice President, Strategic Development of LPL from December 2007 to present.</p> <p>BRADFORD L. CORNELL, born April 20, 1954; Denison University, BA; Vice President of Product Marketing of UVEST Financial Services, Inc. from January 2000 to January 2007; Vice President, Product Marketing of LPL / Institution Services from January 2007 to January 2008; Senior Vice President, Product Marketing of LPL /</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 7	<p>Institution Services from January 2008 to June 2008; Senior Vice President, Sponsor Relations of LPL from June 2008 to present.</p> <p>DEREK J. BRUTON, born June 14, 1967; Stanford University, BA; Director of money manager services, Merrill Lynch from 2001 to 2005; Managing Director and National Sales Manager, TD Ameritrade, Inc. from 2005 to 2007; Executive Vice President of LPL from 2007 to 2010; Managing Director and National Sales Manager of LPL from March 2010 to present.</p> <p>OTHER BUSINESS ACTIVITIES</p> <p>LPL is an SEC registered broker-dealer and is a member of FINRA and NASDAQ. This is the primary business of LPL. LPL is also registered as a transfer agent with the SEC. In addition, LPL is qualified to sell insurance products in all 50 states.</p>	
ITEM 8	OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS	
8C(1)	<p>IARs may also be registered representatives with LPL. In such capacity, he/she may sell securities through LPL and receive normal and customary commissions as a result of such purchases and sales. To the extent that</p> <p>IAR recommends that a client invest in a security which results in a commission being paid to the IAR, this presents a conflict of interest. Certain IARs may be registered representatives of broker/dealers which are not affiliated with LPL.</p>	
8C(1) and 8C(3)	<p>LPL has an agreement with UVEST Financial Services Group, Inc. ("UVEST"), a registered broker-dealer and registered investment advisor. Under this agreement, UVEST registered representatives that are licensed as investment advisor representatives of LPL are authorized to offer LPL advisory programs to clients. UVEST and LPL are related persons as defined by Form ADV.</p> <p>LPL is also a related person of Mutual Service Corporation ("MSC"), a registered broker-dealer; (ii) Waterstone Financial Group, Inc. ("WFG"), a registered broker-dealer; and (iii) Associated Securities Corp. ("ASC"), a registered broker-dealer. These entities were formerly registered as investment advisors with the Securities and Exchange Commission. In September of 2009, a number of representatives from these entities transferred their licenses to become registered representatives and investment advisor representatives of LPL.</p>	
8C(3)	<p>IARs may also offer advisory services through LPL as discussed throughout this Form ADV. To the extent that IAR recommends that a client open an account in which compensation is received by the IAR, this presents a conflict of interest.</p> <p>LPL has an arrangement with Independent Advisers Group Corporation ("IAG"), a registered investment advisor. LPL and IAG are related persons as defined by Form ADV. LPL has been retained by IAG to provide research and model portfolio management services for certain accounts offered through IAG.</p> <p>LPL representatives may also be registered separately from LPL as investment advisors. In certain circumstances, depending on the type of services offered, LPL may receive a portion of the fee paid by the client as compensation for LPL's services in overseeing and administering accounts.</p>	
8C(6)	<p>LPL and The Private Trust Company ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons as defined by Form ADV. PTC provides personal trustee services to IARs and their clients for a variety of administrative fiduciary services.</p>	
8C(9)	<p>LPL and its associated persons, respectively, may also act as insurance agencies or agents. LPL is a related person of LPL Insurance Associates, Inc., a life insurance agency that offers fixed and variable life insurance products.</p>	
ITEM 9	PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
9A, B	<p>As a broker/dealer, LPL effects transactions on a principal and agency basis for non-investment advisory clients.</p> <p><u>SAM, SAM II, Optimum, Model Wealth Portfolios and SEI Asset Management Accounts.</u> In the SAM, SAM II, Optimum, MWP, and SEI Asset Management Programs, LPL is appointed by client as the sole and exclusive broker/dealer with respect to handling of securities transactions for client accounts.</p> <p>While securities transactions for these accounts do not result in commissions being paid to LPL, LPL will receive all transaction charges in connection with the SAM, SAM II, Optimum, and MWP accounts. These charges are not commissions. While LPL makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of LPL as the sole broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions.</p> <p><u>Customized Program Accounts.</u> While securities transactions for customized program accounts do not result in commissions being paid to LPL, LPL will receive all transaction charges in connection with customized program accounts. These charges are not commissions. While LPL makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of LPL as the broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions.</p> <p><u>Manager Select and Manager Select Access (MAS) Accounts.</u> In the Manager Select and MAS Programs, Portfolio Manager, in its capacity as an investment advisor, will generally execute transactions through LPL. Portfolio Manager will seek to obtain the best execution possible given the direction to trade through LPL. In some cases, Portfolio Manager, in connection with the Portfolio Manager's duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.</p> <p>In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If the Portfolio Manager chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the Portfolio Manager will consider the fact that the account will not be charged a commission if it is effected through LPL.</p> <p>Clients should consider whether or not the appointment of LPL as the broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In particular, clients should understand that their Manager Select/MAS account may not be able to participate in block trades effected by a Portfolio Manager for its other accounts, which may result in a difference between prices charged to a Manager Select/MAS account and Portfolio Manager's other accounts. Clients should read and understand the disclosure in Form ADV Part II of each Portfolio Manager selected by the client.</p> <p>Transactions in fixed income securities may involve mark-ups or mark-downs or other charges in addition to the Account Fee. LPL may act as a principal on fixed income trades in Manager Select and MAS accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what it paid. This may result in higher costs and lower performance than a client would have otherwise received.</p> <p><u>PWP Accounts.</u> In the PWP Program, LPL, in its capacity as an Overlay Portfolio Manager, will only execute transactions through LPL. Securities transactions for PWP accounts are effected by LPL without commissions. LPL will seek to obtain the best execution possible given that trades are done exclusively through LPL. Clients should consider whether or not the appointment of LPL as the broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
9D,E	<p>restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions.</p> <p>No agency cross transactions will be effected in SAM or SAM II accounts. In the Manager Select Program, the portfolio manager selected by the client is solely responsible for effecting securities transactions. In the PWP program, LPL is responsible for effecting securities transactions. In the SEI Managed Account program, SIMCO is responsible for effecting securities transactions. Such transactions may be effected through affiliates of SIMCO or the portfolio managers, including SEI Investments Distribution Company ("SIDCO"), a registered broker/dealer.</p> <p>LPL receives compensation for directing order flow. The source and nature of compensation, if any, received in connection with trades for client accounts will be furnished upon written request.</p> <p>On occasion, Registered Representatives of LPL, unrelated to LPL's investment advisor activity, may during the normal course of business recommend a security in which they or LPL own shares or have some other financial interest. The financial interest is typically in the form of brokerage commission, disclosed to the client. If the Registered Representative recommends a security, LPL's procedures require the Registered Representative to forward to the Compliance Department a memorandum describing the basis for the recommendation if the security is recommended to five or more persons and is low-priced.</p> <p>Registered Representatives of LPL may also be insurance agents or brokers of various insurance companies and are able to purchase insurance for clients. However, clients are not under any obligation to engage these individuals when considering the purchase of insurance products. The purchase of insurance products will allow a separate and customary commission to be earned.</p> <p>In the event a Registered Representative wishes to buy or sell for himself/herself a security that has also been recommended to clients, the client's order(s) is given priority.</p> <p>CODE OF ETHICS</p> <p>LPL has adopted a Code of Ethics (the "Code") that covers persons including its employees, registered representatives and IARs ("Covered Persons"). The Code requires that Covered Persons conduct all business dealings in an ethical fashion, and encourages Covered Persons to meet not only the technical requirements of the Code but also its spirit. Under the Code, Covered Persons have an affirmative duty of care, loyalty, and honesty and must act in the best interests of their clients.</p> <p>LPL's Code requires Covered Persons to comply with all federal securities laws. In addition, Covered Persons are prohibited from defrauding, misleading, or manipulating a client in any way in connection with the purchase or sale of a security. Further, Covered Persons may not favor the interests of one client over another client.</p> <p>The Code has guidelines regarding personal securities transactions, designed to prevent Covered Persons from profiting personally, directly or indirectly, as a result of knowledge about a security or transactions. Covered Persons are prohibited from acquiring securities in an initial public offering without prior written approval. Additionally, LPL Research Department employees are required to obtain pre-clearance authorization prior to placing certain transactions.</p> <p>A copy of the Code is available to clients or prospective clients upon request.</p>	
ITEM 10	<p>CONDITIONS FOR MANAGING ACCOUNTS</p> <p>A minimum account value of \$ 25,000 generally is required for SAM and SAM II A minimum account value of \$15,000 generally is required for Optimum Market Portfolios A minimum account value of \$50,000 generally is required for a customized program account A minimum account value of \$100,000 generally is required for Manager Select, Manager Access Select, and Model Wealth Portfolios A minimum account value of \$250,000 generally is required for Personal Wealth Portfolios</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 11 11A	<p>A minimum account value of \$150,000 generally is required for SEI Asset Management accounts, although accounts valued at \$50,000 and above will be accepted if the IAR is participating in the SEI asset conversion program.</p> <p>A minimum account value of \$250,000 generally is required for SEI Managed Account Program accounts.</p> <p>A minimum account value of \$50,000 generally is required for GFWM mutual fund accounts and a minimum account value of \$100,000 generally is required for GFWM ETF accounts.</p> <p>A minimum account value from \$50,000 to \$500,000 generally is required for GFWM Privately Managed and Unified Managed Accounts, depending on the investment strategy selected for the account.</p> <p>REVIEW OF ACCOUNTS</p> <p><u>SAM and SAM II.</u> For accounts of LPL IARs, LPL reviews SAM and SAM II accounts using exception reports. Certain exceptions are reviewed by members of the Advisory Compliance Department on a quarterly basis. LPL has not assigned a fixed number of exceptions to members of the Advisory Compliance Department.</p> <p>Members of the Advisory Compliance Department are expected to participate in the reviews as needed. IARs also review monthly or quarterly accounts statements as well as quarterly performance reports, copies of which are also provided to the client. The number of client accounts handled by each IAR varies.</p> <p><u>Optimum, Manager Select, MAS, PWP, MWP and Customized Program Accounts.</u> For accounts of LPL IARs, IARs review monthly or quarterly accounts statements as well as quarterly performance reports, copies of which are also provided to the client. The number of client accounts handled by each IAR varies.</p> <p>The LPL Investment Policy Committee is responsible for oversight of LPL’s investment selection process and for reviewing and approving certain products to be offered in the Program Accounts, including, but not limited to, alternative investments. The members of the Investment Policy Committee are G. Burton White, John McDermott, Stephanie Brown, Kathleen Vannoy-Pineda, Bradford Cornell, Stephen Langlois, Mark Helliker, and Thomas Lux.</p> <p>For accounts of a third party advisor (“Advisor”) that is authorized by LPL to offer SAM, SAM II, OMP, PWP, MWP, MAS, and Manager Select to clients of the Advisor, accounts are reviewed by the Advisor according to procedures developed by the Advisor.</p> <p><u>SEI and GFWM Programs.</u> LPL reviews the performance of the SEI and GFWM portfolios periodically. The IAR reviews monthly statements and quarterly performance reports.</p> <p><u>Financial Planning.</u> Although the Financial Planning Agreement terminates upon delivery of the plan, clients are encouraged to update their financial plans annually. Such annual review may be conducted at the election of the client and a new agreement for services between LPL, the client and the IAR will be required.</p> <p>The review may consist of a new personal financial plan if the client’s circumstances and/or goals have changed in any way (updated financial plan). Alternatively, the review may be a comparison of the client’s current assets and his/her goals as stated in the personal financial plan (progress report).</p>	
11B	<p><u>SAM, SAM II, and Optimum Programs.</u> In addition to the portfolio reports described in ITEMS 1D-1A(1) and 1D-1A(3) LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month. For SAM and SAM II, trade confirmations and account statements for the variable annuities, hedge funds, and managed futures are provided by a third party.</p> <p><u>Manager Select, MAS, MWP and PWP Programs.</u></p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
	<p>In addition to the portfolio reports described in ITEMS 1D-1A(1) and 1D-1A(3), LPL will transmit to clients account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month.</p> <p><u>Customized Program Accounts.</u> To the extent LPL acts as broker/dealer and has custody of assets in a customized program account, LPL will transmit to clients: (1) trade confirmations unless the trade is the result of a systematic purchase, systematic redemption or systematic exchange; and (2) account statements, showing all transactions in cash and securities and all deposits and withdrawals of principal and income during the preceding calendar month or quarter depending upon activity.</p> <p><u>SEI Asset Management Program.</u> SEI will transmit to clients monthly account statements showing account activity and the market value of each SEI Fund position. Additionally, the client will receive a quarterly performance report from SEI beginning four months after the account has been opened.</p> <p><u>SEI Managed Accounts.</u> SIMCO will transmit to clients monthly account statements showing account activity and the market value of each position. Additionally, the client will receive a quarterly performance report from SIMCO.</p> <p>In the SEI Asset Management and Managed Accounts Programs clients elect not to receive trade confirmations for transactions effected in an SEI account. Clients are waiving a legal right to receive information through trade confirmations that they would otherwise be entitled to receive.</p> <p>Investors participating in the GFWM Programs will receive periodic custodial account statements (not less frequently than quarterly) and quarterly reports showing the investment performance of their account.</p>	
ITEM 12	INVESTMENT OR BROKERAGE DISCRETION	
12A(1)(2)	<p>As part of its primary business as a broker-dealer, LPL effects securities transactions for its brokerage and advisory clients. With respect to SAM, SAM II, MWP and Optimum accounts, the IAR or LPL may be granted the discretionary authority to select for investment the security and the amount to be bought or sold pursuant to a written authorization. With respect to PWP accounts, the IAR and LPL will be granted the discretionary authority to select for investment the investment model, PWP Advisor, mutual funds, and securities (including the amount to be bought or sold) pursuant to a written client authorization. Upon opening a SAM, SAM II or PWP account, the client designates LPL as the broker/dealer to execute trades.</p>	
12B	<p>LPL is an SEC registered broker/dealer and a member of FINRA.</p> <p>In the SAM, SAM II, Optimum, PWP, MWP and SEI Asset Management Programs, LPL is appointed by client as the sole and exclusive broker/dealer with respect to handling of securities transactions for client accounts.</p> <p>Securities transactions for SAM, SAM II, Optimum, PWP, MWP and SEI Asset Management accounts are effected through LPL without commissions being paid to LPL. LPL will receive all transaction charges in connection with the SAM, SAM II, PWP, and Optimum accounts. These charges are not commissions. In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capabilities to execute, clear and settle transactions.</p> <p><u>Manager Select and Manager Select Access Accounts.</u> In the Manager Select and Manager Access Select Programs, the Portfolio Manager has the authority to determine the securities and the amount of securities to be bought or sold. LPL is generally appointed by client as broker/dealer with respect to the handling of securities transactions for client accounts. Portfolio Manager will seek to obtain the best execution possible given the direction to trade through LPL. In some cases, Portfolio Manager, in connection with the Portfolio Manager's duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL. When securities transactions are</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 13	<p>effected through LPL, there are no brokerage commissions charged to the account. If the Portfolio Manager chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer.</p> <p>Transactions in fixed income securities may involve mark-ups or mark-downs or other charges in addition to the Account Fee. LPL may act as a principal on fixed income trades in Manager Select accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what it paid. This may result in higher costs and lower performance than a client would have otherwise received.</p> <p>LPL may aggregate transactions for a client with other clients to improve the quality of the execution. When trades are so aggregated, the actual prices applicable to the aggregated trades will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For orders that are only partially filled in SAM and SAM II accounts, the Trading Department works with the IAR to determine an appropriate breakdown. Details of the allocation must be provided to the Trading Department concurrent with the order for non-discretionary trades and before the end of the business day for discretionary trades. For partially filled orders in PWP accounts, the OPM will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.</p>	
ITEM 13A	<p>ADDITIONAL COMPENSATION</p> <p>As described above under Item 1D, LPL and/or IAR may receive compensation from third parties in connection with investments through advisory program accounts. This compensation may include, but is not limited to, the following: mutual fund or money market 12b-1 fees, subtransfer agent and record keeping fees, omnibus processing fees, networking fees, hedge fund and managed future investment management fees and investor servicing fees.</p> <p>As described above, in connection with LPL's marketing support programs, LPL may receive compensation based on the assets invested in the money market fund available in its advisory programs. The IAR does not receive any portion of this payment. For LPL advisory program accounts invested in the ICA, LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all deposit accounts taken in the aggregate.</p> <p>The IAR, LPL and LPL employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include 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 or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by LPL employees and IARs.</p> <p>LPL receives compensation for directing order flow. The source and nature of compensation, if any, received in connection with trades for client accounts will be furnished upon written request.</p> <p><u>LPL as Solicitor for Other Investment Advisors/Receipt of Referral Fee.</u> LPL has entered into solicitation agreements with independent third party investment advisers, pursuant to which LPL and IARs receive solicitation compensation from the third party investment adviser in return for referral of accounts. LPL and its representatives may serve as broker-dealer of record on accounts managed by the independent third party investment advisor. In such case, LPL and its representatives may receive normal and customary compensation (e.g., commissions, 12b-1 fees, trails) from the sale of mutual funds or variable annuities in such accounts. This compensation is in addition to the solicitor fee paid by the third party investment advisor.</p> <p>In addition, LPL may enter into marketing services agreements with third party investment advisers, pursuant to which LPL provides marketing services on behalf of the third party investment adviser to LPL representatives and receives fees for such services. The IAR does not share in this marketing services fee.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation		IRS Empl. Ident. Number 95-2834236
Item of Form (identify)	Answer	
ITEM 13B	<p>Also, in some cases, the third party investment advisers may pay additional marketing payments to LPL, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.</p> <p><u>LPL's Use of Solicitors/Payment of Referral Fee.</u> In accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940, LPL may enter into written agreements with separately registered investment advisers of LPL representatives acting as solicitors. Pursuant to such agreements, LPL will provide the solicitor with the ADV disclosure document, as required by Rule 204-3, as well as a solicitation fee disclosure statement which is to be furnished to prospective customers at the time of solicitation by the solicitor.</p> <p>LPL utilizes the services of cash solicitors in establishing advisory accounts. Solicitors are paid a portion of the ongoing investment advisory fee charged to the client by LPL. Such solicitation arrangement is disclosed to the client via execution of a Solicitors Written Disclosure Document at the time the account is opened.</p> <p>LPL and its IARs may offer advisory services on the premises of unaffiliated financial institutions. LPL has entered into agreements with such financial institutions pursuant to which LPL shares compensation, including advisory compensation, with the financial institution for the use of the financial institution's facilities and for client referrals.</p>	
ITEM 14	<p>For LPL advisory program accounts (SAM, SAM II, Manager Select, Manager Access Select, PWP, OMP and MWP), LPL maintains custody of client funds and securities in a separate account for each client under the client's name. Although most securities available in such accounts are custodied at LPL, there are certain securities managed as part of the account that are held at third parties, and not LPL. For example, variable annuity and hedge fund and managed future positions are often held directly with the investment sponsor. For those outside positions, client will receive confirmations and statements directly from the investment sponsor.</p> <p>LPL may receive information from the investment sponsor regarding the positions (e.g., number of shares held and market value) and display that information on statements and reports prepared by LPL. Such information also may be used to calculate performance in performance reports prepared by LPL. Although LPL believes that the information it receives from the investment sponsors is reliable, LPL recommends that you refer to the statements and reports you receive directly from the investment sponsor and compare them with the information provided in any statements or reports from LPL. The statements and reports you receive from LPL with respect to outside positions should not replace the statements and reports you receive directly from the investment sponsor.</p> <p>LPL also serves as an investment advisor on program accounts that are custodied at firms other than LPL. For example, the assets held in the SEI program accounts that are discussed in this Form are not custodied at LPL. For those program accounts, the client will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The client will receive statements and reports directly from the custodian, rather than from LPL. Clients should refer to the statements and reports that they receive from the custodian.</p> <p>For certain services (e.g., hourly consulting services), LPL may receive prepayment of fees for 6 or more months in advance.</p>	
OTHER INFORMATION	<p><u>Disciplinary Disclosure.</u> In February 2004, the Securities and Exchange Commission ("SEC") found that LPL, formerly known as Linsco/Private Ledger Corp., willfully violated Section 17(a)(2) of the Securities Act of 1933 and Rule 10b-10 under the Securities Exchange Act of 1934 in connection with the SEC's finding that LPL sold mutual fund shares without providing certain customers with breakpoint discounts. In connection with the SEC's order, LPL agreed to cease and desist from causing any violations of Section 17(a)(2) and Rule 10b-10, pay a fine of \$1,116,402.50, pay disgorgement and prejudgment interest, and certify within six months of the order that procedures had been implemented to prevent and detect failures by LPL to provide appropriate breakpoint discounts.</p>	

**Schedule F of Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: LPL Financial Corporation	SEC File Number: 801-10970	Date: 08/16/10
---	-------------------------------	-------------------

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: LPL Financial Corporation	IRS Empl. Ident. Number 95-2834236
--	---------------------------------------

Item of Form (identify)	Answer
	<p>In September 2008, the SEC found that LPL willfully violated Rule 30(a) of Regulation S-P, which requires broker-dealers and registered investment advisers to have written policies and procedures that are reasonably designed to safeguard customer records and information. In particular, the SEC found that LPL conducted an internal audit in mid-2006 that identified inadequate security controls to safeguard customer information at its branch offices. LPL's audit specifically identified the risk from hacking. The SEC's order found that LPL failed to take timely corrective action because, by the time that hacking incidents began in July 2007, LPL had not implemented increased security measures in response to the identified weaknesses. The SEC ordered LPL to cease and desist from committing future violations of Rule 30(a), censured it for its conduct, and ordered it to pay the \$275,000 penalty. LPL further agreed to undertake certain remedial actions including retaining an independent consultant to review LPL's policies and procedures required by Rule 30(a), and to devise and implement a policy and set of procedures for training its employees and all registered representatives regarding safeguarding customer records and information. LPL consented to the entry of the SEC's order without admitting or denying the SEC's findings.</p>

LPL Financial Corporation

(SEC I.D. No. 8-17668)

Statement of Financial Condition and Supplemental Schedules as of
December 31, 2009, and Independent Auditors' Report and
Supplemental Report on Internal Control

Filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934 and Regulation
1.10(g) under the Commodity Exchange Act as a **Public Document**.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
LPL Financial Corporation
Boston, Massachusetts

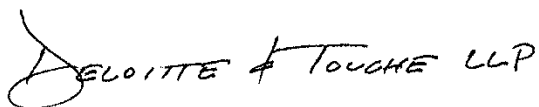
We have audited the accompanying statement of financial condition of LPL Financial Corporation (the "Company") (an indirect wholly owned subsidiary of LPL Investment Holdings Inc.) as of December 31, 2009, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.16 under the Commodity Exchange Act. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of LPL Financial Corporation at December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic statement of financial condition taken as a whole. The following supplemental schedules of LPL Financial Corporation are presented for purposes of additional analysis and are not a required part of the basic financial statement, but are supplementary information required by regulations under the Commodity Exchange Act:

These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statement and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statement taken as a whole.



DELOITTE & TOUCHE LLP

LPL FINANCIAL CORPORATION
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2009
(Dollars in thousands)

ASSETS

Cash and cash equivalents	\$ 224,928
Cash and securities segregated under federal and other regulations	286,889
Receivables from:	
Clients, net of allowance of \$792	257,529
Product sponsors, broker-dealers and clearing organizations	161,380
Others, net of allowances of \$5,123	93,226
Securities owned—trading (including \$7,797 pledged to clearing organizations)	15,361
Securities borrowed	4,950
Fixed assets, net of accumulated depreciation and amortization of \$151,006	86,041
Goodwill	11,613
Intangible assets, net of accumulated amortization of \$8,606	42,589
Prepaid expenses	25,549
Other assets	<u>12,929</u>
 Total assets	 <u>\$ 1,222,984</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Drafts payable	\$ 125,713
Payables to clients	492,288
Payables to broker-dealers and clearing organizations	18,217
Accrued commissions and advisory fees payable	96,235
Accounts payable and accrued liabilities	92,398
Due to affiliates—net	5,963
Securities sold but not yet purchased—at market value	4,003
Unearned revenue	<u>44,396</u>
 Total liabilities	 <u>879,213</u>

COMMITMENTS AND CONTINGENCIES (Notes 10 and 14)

STOCKHOLDER'S EQUITY:

Common stock, no par value; 7,500 shares authorized; 4,900 shares issued and outstanding	17
Additional paid-in capital	154,409
Retained earnings	<u>189,345</u>
 Total stockholder's equity	 <u>343,771</u>

Total liabilities and stockholder's equity	<u>\$ 1,222,984</u>
--	---------------------

See notes to statement of financial condition.

**LPL FINANCIAL CORPORATION
NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2009**

1. ORGANIZATION AND DESCRIPTION OF THE COMPANY

LPL Financial Corporation (the "Company"), headquartered in Boston, Charlotte, and San Diego, is a clearing broker-dealer registered with the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 and an investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940. The Company is also registered as a Futures Commission Merchant with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association. The Company is a wholly owned subsidiary of LPL Holdings, Inc. ("LPLH"), a Massachusetts holding corporation, which is a wholly owned subsidiary of LPL Investment Holdings Inc. ("LPLIH"), a Delaware holding corporation.

The Company is a provider of technology, brokerage and investment advisory services supporting a broad range of independent financial advisors, registered investment advisors, financial institutions who employ financial advisors and financial institutions (collectively "customers") throughout the United States of America. Through its proprietary technology, custody and clearing platforms, the Company provides access to diversified financial products and services enabling its customers to offer independent financial advice and brokerage services to retail investors (their "clients").

On July 10, 2009, LPLIH committed to a corporate restructuring plan that consolidated the operations of its subsidiaries, Associated Financial Group, Associated Securities Corp., Associated Planners Investment Advisory, Inc., Mutual Service Corporation and Waterstone Financial Group, Inc. (together, the "Affiliated Entities"), with the operations of the Company.

On September 1, 2009, the Company entered into an Asset Purchase Agreement (the "Agreement") with the Affiliated Entities. Pursuant to this Agreement, the securities licenses of customers associated with the Affiliated Entities who chose to transfer, as well as their respective client accounts which had previously cleared through a third-party platform, were transferred to the Company's clearing platform. Following the completion of these transfer activities, the customers and client accounts that transferred are now associated with the Company. The Agreement occurred between entities under common control and accordingly, certain assets and liabilities were purchased by the Company at their approximate carrying value, as follows (in thousands):

Assets purchased and liabilities assumed:	
Other receivables	\$ 5,296
Securities owned	1,724
Fixed assets	103
Intangible assets (Note 7)	42,857
Prepaid expenses	1,284
Other assets	2,087
Due to affiliates	(2,087)
Accounts payable and accrued liabilities	(361)
Unearned revenue	<u>(1,105)</u>
Total net assets purchased	<u>\$ 49,798</u>

In addition, the Company also received goodwill of \$11.2 million in the form of a capital contribution from LPLH. See Note 7 for further discussion of goodwill.

Certain employees of the Affiliated Entities and their associated benefit obligations were transferred to the Company as a result of the corporate restructuring plan. Additionally, the Company evaluated the organizational structure of its support service departments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—This statement of financial condition is prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), which require the Company to make estimates and assumptions regarding the valuation of certain financial instruments, intangible assets, allowance for doubtful accounts, accruals for liabilities, income taxes and other matters that impact the statement of financial condition and related disclosures. Actual results could vary from these estimates under different assumptions or conditions and the difference may be material to the statement of financial condition. Subsequent events for this statement of financial condition have been evaluated up to and including February 24, 2010, which is the date this statement of financial condition was issued.

Cash and Cash Equivalents—Cash and cash equivalents are composed of interest-bearing deposits, money market mutual funds and U.S. government obligations that meet the definition of a cash equivalent. Cash equivalents are highly liquid investments with original maturities of less than 90 days that are not required to be segregated under federal or other regulations.

Cash and Securities Segregated Under Federal and Other Regulations—As a broker-dealer carrying client accounts, the Company is subject to requirements related to maintaining cash or qualified securities in a segregated reserve account for the exclusive benefit of its clients in accordance with SEC Rule 15c3-3. At December 31, 2009, the Company had \$286.9 million in cash and securities segregated in a special reserve bank account for the exclusive benefit of clients. Included within this account balance, the Company holds \$10,000 for the Proprietary Accounts of Introducing Brokers.

Receivables from and Payables to Clients—Receivables from and payables to clients include amounts due on cash and margin transactions. The Company extends credit to its clients to finance their purchases of securities on margin. The Company receives income from interest charged on such extensions of credit. The Company pays interest on certain client free credit balances held pending investment. Loans to clients are generally fully collateralized by client securities, which are not included in the statement of financial condition.

To the extent that margin loans and other receivables from clients are not fully collateralized by client securities, management establishes an allowance that it believes is sufficient to cover any probable losses. When establishing this allowance, management considers a number of factors, including its ability to collect from the client and/or the client’s financial advisor and the Company’s historical experience in collecting on such transactions.

Receivables From Product Sponsors, Broker-Dealers and Clearing Organizations—Receivables from product sponsors, broker-dealers and clearing organizations primarily consist of commission and transaction-related receivables.

Receivables From Others—Receivables from others primarily consist of other accrued fees from product sponsors and amounts due from customers. The Company periodically extends credit to its customers in the form of recruiting loans, commission advances and other loans. The decisions to grant receivables to customers are generally based on either the customer’s credit score, the customer’s ability to generate future commissions, or both. Management maintains an allowance for uncollectible amounts using an aging analysis that takes into account the customer’s registration status and the specific type of receivable. The aging thresholds and specific percentages used represent management’s best estimates of probable losses. Management monitors the adequacy of these estimates through periodic evaluations against actual trends experienced.

Securities Owned and Securities Sold but not yet Purchased—Securities owned and securities sold but not yet purchased are reflected on a trade-date basis at market value.

Securities Borrowed and Securities Loaned—Securities borrowed and securities loaned are accounted for as collateralized financings and are recorded at the amount of the cash provided for securities borrowed transactions and cash received for securities loaned (generally in excess of market values). The adequacy of the collateral deposited for securities borrowed is continuously monitored and adjusted when considered necessary to minimize the risk associated with this activity. At December 31, 2009, the Company had \$5.0 million in securities borrowed. The collateral received for securities loaned is generally cash and is adjusted daily through the Depository Trust Company’s (“DTC”) net settlement process and is included in payables to broker-dealers and clearing

organizations in the statement of financial condition. Securities loaned generally represent client securities that can be hypothecated under standard margin loan agreements. At December 31, 2009, the Company had \$7.2 million of hypothecated securities loaned under the DTC Stock Borrow Program.

Fixed Assets—Furniture, equipment, computers, purchased software, capitalized software and leasehold improvements are recorded at historical cost, net of accumulated depreciation and amortization. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the terms of the underlying leases. Equipment, furniture, fixtures and purchased software are depreciated over periods of three to seven years. Automobiles have depreciable lives of five years. Management reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Software Development Costs—Software development costs are charged to operations as incurred. Software development costs include costs incurred in the development and enhancement of software used in connection with services provided by the Company that do not otherwise qualify for capitalization.

The costs of internally developed software that qualify for capitalization are capitalized as fixed assets and subsequently amortized over the estimated useful life of the software, which is generally three years. The costs of internally developed software are included in fixed assets at the point at which the conceptual formulation, design and testing of possible software project alternatives are complete and management authorizes and commits to funding the project. The Company does not capitalize pilot projects and projects where it believes that the future economic benefits are less than probable.

Goodwill and Intangible Assets—The Company classifies intangible assets into two categories: (1) intangible assets with definite lives subject to amortization and (2) goodwill.

Intangible assets with definite lives include relationships with customers and product sponsors. The Company tests these assets for impairment if conditions exist that indicate the carrying value may not be recoverable. The Company records an impairment charge when the carrying value of the definite-lived intangible asset is not recoverable by the cash flows generated from the use of the asset. See Note 7 for further discussion.

Intangible assets with indefinite lives, such as goodwill, are not amortized. The Company tests goodwill for impairment at least annually or more frequently if events or circumstances indicate that such intangible assets or goodwill might be impaired. When the fair value is less than the carrying value, the Company records an impairment charge to reduce the carrying value of the assets to fair value. No impairment occurred for the year ended December 31, 2009.

The Company determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors considered when determining useful lives include the contractual term of any agreement, the history of the asset, the Company's long-term strategy for the use of the asset, any laws or other local regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized over their useful lives on a straight-line basis.

Drafts Payable—Drafts payable represent checks drawn against the Company, which have not yet cleared through the bank. At December 31, 2009, the Company had amounts drawn of \$111.0 million related to client activities and \$14.7 million of corporate overdrafts under a sweep agreement with a bank.

Legal Reserves—The Company records reserves for legal proceedings in accounts payable and accrued liabilities in the statement of financial condition.

Income Taxes—The Company has an income tax allocation agreement (the "Tax Agreement") with LPLH and LPLIH and is included in the consolidated federal and certain state income tax returns filed by LPLH. In accordance with the terms of the Tax Agreement, the Company shall pay to or receive from LPLH an amount equal to the total provision for income taxes that the Company discloses on its financial statements, less the amount of certain income tax benefits that are excluded from the calculation of the total provision for income taxes in accordance with GAAP. Since the Tax Agreement calls for a cash settlement based on the total income tax

provision, the Company does not reflect a separate deferred income tax provision and corresponding deferred tax assets or liabilities.

Additionally, the Company accounts for uncertain tax positions by recognizing the tax effects of a position in the statement of financial condition only if it is “more-likely-than-not” to be sustained based solely on its technical merits, otherwise no benefits of the position are to be recognized. The more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. Moreover, each tax position meeting the recognition threshold is required to be measured as the largest amount that is greater than 50 percent likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. See Note 8 for additional detail regarding the Company’s uncertain tax positions.

Fair Value of Financial Instruments—The Company’s financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value. Client receivables, primarily consisting of floating rate margin loans collateralized by client securities, are charged interest at rates similar to such other loans made within the industry.

Commitments and Contingencies—The Company recognizes liabilities for contingencies when analysis indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. When a range of probable loss can be estimated, the Company accrues the most likely amount.

Recently Issued Accounting Pronouncements—In June 2009, the Financial Accounting Standards Board (“FASB”) issued guidance now codified as Accounting Standards Codification (the “Codification” or “ASC”) Topic 105, *Generally Accepted Accounting Principles*, which established a single source of authoritative, non-governmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature that was not included in the Codification became non-authoritative. The Codification is effective for financial statements for interim or annual reporting periods ending after September 15, 2009. The Company adopted the new guidelines and numbering system prescribed by the Codification when referring to GAAP. As the Codification was not intended to change or alter existing GAAP, it did not have a material impact on the Company’s statement of financial condition.

In April 2009, the FASB issued three staff positions intended to provide additional application guidance and enhance the disclosures regarding fair value measurements and impairments of securities. This guidance is now codified within ASC Topic 820, *Financial Measurements and Disclosures* (“ASC Topic 820”), ASC Topic 825, *Financial Instruments* (“ASC Topic 825”) and ASC Topic 320, *Investments—Debt and Equity Securities* (“ASC Topic 320”). ASC Topic 820 provides guidance on determining fair value when market activity has decreased. Updates contained within ASC Topic 825 enhance consistency in financial reporting by increasing the frequency of fair value disclosures. ASC Topic 320 provides additional guidance designed to create greater clarity and consistency in accounting for and presenting impairment losses on debt securities. Except for the addition of required disclosures, the adoption of the provisions contained in these topics did not have a material impact on the Company’s statement of financial condition.

In May 2009, the FASB issued guidance now codified as ASC Topic 855, *Subsequent Events* (“ASC Topic 855”), which established a general standard of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted the provisions of ASC Topic 855, which did not have a material impact on the Company’s statement of financial condition.

In August 2009, the FASB issued Accounting Standards Update (“ASU”) No. 2009-05, *Fair Value Measurements and Disclosures (Topic 820)—Measuring Liabilities at Fair Value* (“ASU 2009-05”). ASU 2009-05 provides clarification in measuring the fair value of liabilities in circumstances in which a quoted price in an active market for the identical liability is not available and in circumstances in which a liability is restricted from being transferred. This ASU also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The Company adopted ASU 2009-05, which did not have a material impact on the Company’s statement of financial condition.

3. RESTRUCTURING

Consolidation of Affiliated Entities Initiative

The Company's involvement in the consolidation of the Affiliated Entities was affected to enhance service offerings to customers while also generating efficiencies. The Company has accrued for costs associated with the conversion and transfer of customers and their client accounts and severance costs associated with the elimination of 25 positions. The Company has recorded severance and one-time involuntary termination benefits in accordance with ASC Topic 420, *Accounting for Costs Associated with Exit or Disposal Activities*, and will recognize the accrual ratably over the employees' remaining service period.

4. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Inputs used to measure fair value are prioritized within a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's fair value measurements are evaluated within the fair value hierarchy, based on the nature of inputs used to determine the fair value at the measurement date. At December 31, 2009, the Company had the following financial assets and liabilities that are measured at fair value on a recurring basis:

Cash Equivalents—The Company's cash equivalents include money market funds, which are short term in nature with readily determinable values derived from active markets.

Securities Segregated Under Federal and Other Regulations—The Company's segregated accounts contain U.S. treasury securities that are short term in nature with readily determinable values derived from quoted prices in active markets.

Securities Owned and Securities Sold But Not Yet Purchased—The Company's trading securities consist of house account model portfolios for the purpose of benchmarking the performance of its fee based advisory platforms and temporary positions resulting from the processing of client transactions. Examples of these securities include money market funds, U.S. treasuries, mutual funds, certificates of deposit, traded equity securities and debt securities.

The Company uses prices obtained from independent third-party pricing services to measure the fair value of its trading securities. Prices received from the pricing services are validated using various methods including comparison to prices received from additional pricing services, comparison to available quoted market prices and review of other relevant market data including implied yields of major categories of securities. In general, these quoted prices are derived from active markets for identical assets or liabilities. When quoted prices in active markets for identical assets and liabilities are not available, the quoted prices are based on similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. For certificates of deposit and treasury securities, the Company utilizes market-based inputs including observable market interest rates that correspond to the remaining maturities or next interest reset dates. At December 31, 2009, the Company did not adjust prices received from the independent third-party pricing services.

The Company has segregated all recurring fair value measurements into the most appropriate level within the fair value hierarchy in the table below, based on an evaluation of inputs used to determine the fair value at December 31, 2009 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value Measurements</u>
Assets				
Cash equivalents	\$ 83,065	\$ —	\$ —	\$ 83,065
Securities segregated under federal and other regulations	279,579	—	—	279,579
Securities owned:		—	—	
U.S. treasury obligations	7,797	—	—	7,797
Mutual funds	6,694	—	—	6,694
Equity securities	11	—	—	11
Money market funds	181	—	—	181
Debt securities	—	425	—	425
Certificates of deposit	—	253	—	253
Total securities owned	<u>14,683</u>	<u>678</u>	<u>—</u>	<u>15,361</u>
Total assets at fair value	<u>\$ 377,327</u>	<u>\$ 678</u>	<u>\$ —</u>	<u>\$ 378,005</u>
Liabilities				
Securities sold but not yet purchased:				
Mutual funds	\$ 3,773	\$ —	\$ —	\$ 3,773
Equity securities	7	—	—	7
U.S. treasury obligations	5	—	—	5
Certificates of deposit	—	123	—	123
Debt securities	—	95	—	95
Total securities sold but not yet purchased	<u>\$ 3,785</u>	<u>\$ 218</u>	<u>\$ —</u>	<u>\$ 4,003</u>

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, for example, when evidence of impairment exists. The Company recorded asset impairment charges for certain intangible assets that were determined to have no estimated fair value (See Note 7). The fair value was determined based on the loss of future expected cash flows for customers who were not retained as a result of the consolidation of the Affiliated Entities. The Company has determined that the impairment qualifies as a Level 3 measurement under the fair value hierarchy.

5. RECEIVABLES FROM PRODUCT SPONSORS, BROKER-DEALERS AND CLEARING ORGANIZATIONS AND PAYABLES TO BROKER-DEALERS AND CLEARING ORGANIZATIONS

At December 31, 2009, receivables from product sponsors, broker-dealers and clearing organizations and payables to broker-dealers and clearing organizations are as follows (in thousands):

Receivables:	
Commissions receivable from product sponsors and others	\$ 93,459
Receivables from clearing organizations	48,734
Receivables from broker-dealers	12,195
Securities failed-to-deliver	<u>6,992</u>
Total receivables	<u>\$ 161,380</u>
Payables:	
Securities loaned	\$ 7,239
Securities failed-to-receive	5,495
Payables to broker-dealers	2,787
Payables to clearing organizations	<u>2,696</u>
Total payables	<u>\$ 18,217</u>

Securities loaned represent amounts due to DTC for collateral received in participation with its stock borrow program.

The Company clears commodities transactions for its customers through another broker-dealer on a fully disclosed basis. The amount payable to broker-dealers relates to the aforementioned transactions and is collateralized by securities owned by the Company.

6. FIXED ASSETS

The components of fixed assets at December 31, 2009, are as follows (in thousands):

Internally developed software	\$ 102,552
Computers and software	79,470
Leasehold improvements	39,845
Furniture and equipment	<u>15,180</u>
Total fixed assets	237,047
Accumulated depreciation and amortization	<u>(151,006)</u>
Fixed assets—net	<u>\$ 86,041</u>

7. GOODWILL AND INTANGIBLE ASSETS

On September 15, 2009, the Company purchased customer relationship and sponsor relationship intangible assets from the Affiliated Entities at their approximate carrying amounts of \$30.9 million and \$11.9 million, respectively. There was no change in the useful lives of the intangible assets, which continue to be amortized over a period of 10 to 20 years. The Company also received goodwill in the form of a capital contribution from LPLH in the amount equal to the carrying value of goodwill held by the Affiliated Entities.

In the fourth quarter of 2009, the Company recorded an impairment charge of \$1.5 million for customer relationships. The impairment of customer relationships was determined based upon the attrition of customers and their related revenue streams immediately following the consolidation of the Affiliated Entities.

A summary of the activity in goodwill is presented below (in thousands):

Balance at December 31, 2008	\$ 421
Contribution of goodwill from LPLH	11,192
Balance at December 31, 2009	<u>\$ 11,613</u>

At December 31, 2009, intangible assets are as follows (in thousands):

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Customer relationships	\$ 39,228	\$ (8,380)	\$ 30,848
Sponsor relationships	11,967	(226)	11,741
Total	<u>\$ 51,195</u>	<u>\$ (8,606)</u>	<u>\$ 42,589</u>

8. INCOME TAXES

The following table reflects a reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits including interest and penalties (in thousands):

Balance—January 1, 2009	\$ 5,611
Positions purchased from the Affiliated Entities	2,087
Increases related to current year tax positions	2,513
Decreases related to transfers to LPLH	<u>(5,611)</u>
Balance—December 31, 2009	<u>\$ 4,600</u>

At December 31, 2009, the Company had gross unrecognized tax benefits of \$4.6 million. Of this total, \$2.1 million represents amounts purchased by the Company from the Affiliated Entities, which were originally acquired as part of a previous acquisition. In accordance with the terms of a related purchase and sale agreement, the acquired unrecognized tax benefits will have no impact on the Company's annual effective tax rate as these are fully indemnified by a third party. At December 31, 2009, the Company has recorded a receivable from the indemnifying party in the amount of \$2.1 million, which is included in other assets in the Company's statement of financial condition.

Gross unrecognized tax benefits of \$5.6 million were transferred to LPLH during fiscal year 2009 in accordance with the provisions of the Tax Agreement. The Company has additional gross unrecognized tax benefits of \$2.5 million as of December 31, 2009, which has been included in due to affiliates, net of any related tax benefit, in the statement of financial condition. The Company records gross unrecognized tax adjustments through its income tax provision and settles with LPLH for cash in the period in which the activity is realized. Under the terms of the Tax Agreement, no additional payments will be made between the Company and LPLH for the affects of future recognition of unrecognized tax benefits settled with LPLH. As a result, unrecognized tax benefits will have no effect on the Company's annual effective tax rate when recognized.

The Company accrues interest and penalties related to unrecognized tax benefits in its provision for income taxes within the statement of financial condition. At January 1, 2009, the Company had \$0.9 million accrued for penalties. At December 31, 2009, the liability for unrecognized tax benefits included penalties of \$0.5 million. Tax expense for the year ended December 31, 2009 includes penalties of \$0.5 million. The tax years of 2005-2009 remain open to examination by major taxing jurisdictions to which the Company is subject. Since future unrecognized tax benefits will be settled in accordance with the Tax Agreement, the Company does not anticipate a material change in unrecognized tax benefits within the next 12 months.

9. BANK LOANS PAYABLE

The Company maintains two uncommitted lines of credit. One line has an unspecified limit, and is primarily dependent on the Company's ability to provide sufficient collateral. The other line has a \$100.0 million limit and

allows for both collateralized and uncollateralized borrowings. Both lines were utilized during the year, but there were no balances outstanding at December 31, 2009.

10. COMMITMENTS AND CONTINGENCIES

Leases—The Company leases certain office space and equipment at its headquarters locations under various operating leases. These leases are generally subject to scheduled base rent and maintenance cost increases, which are recognized on a straight-line basis over the period of the leases.

Service Contracts—The Company is party to certain long-term contracts for systems and services that enable its back office trade processing and clearance.

Future minimum payments under leases, lease commitments and other noncancellable contractual obligations with remaining terms greater than one year as of December 31, 2009 are approximately as follows (in thousands):

2010	\$ 23,488
2011	23,487
2012	17,206
2013	10,415
2014	6,217
Thereafter	<u>12,852</u>
Total	<u>\$ 93,665</u>

Guarantees—The Company also provides guarantees to securities clearing houses and exchanges under their standard membership agreements, which require a member to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearing houses and exchanges, all other members would be required to meet any shortfall. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these agreements is remote. Accordingly, no liability has been recognized for these transactions.

Litigation—The Company has been named as a defendant in various legal actions, including arbitrations. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, the Company cannot predict with certainty what the eventual loss or range of loss related to such matters will be. The Company believes, based on current knowledge, after consultation with counsel, and consideration of insurance, if any, that the outcome of such matters will not have a material adverse impact on the Company's statement of financial condition.

Other Commitments—The Company is required to maintain deposits with certain clearing organizations. At December 31, 2009, the Company had pledged \$10.0 million and \$7.2 million of client-owned securities with the Options Clearing Corporation and DTC, respectively.

As part of its brokerage operations, the Company periodically enters into when-issued and delayed delivery transactions on behalf of its clients. Settlement of these transactions after December 31, 2009, did not have a material impact on the Company's statement of financial condition.

In August of 2007, pursuant to agreements with a large global insurance company, the Company began providing brokerage, clearing and custody services on a fully disclosed basis; offering its investment advisory programs and platforms; and providing technology and additional processing and related services to its customers and clients. The term of the agreements is five years, subject to additional 24-month extensions. Termination fees could be material and may be payable by a terminating or breaching party depending on the specific cause leading to termination.

11. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) defined contribution plan. All employees meeting minimum age and length of service requirements are eligible to participate. The Company has an employer matching program whereby

employer contributions are made to the 401(k) plan in an amount equal to the lesser of 20% of the amount designated by the employee for withholding or 2% of the employee's total compensation.

12. RELATED-PARTY TRANSACTIONS

The Company has an intercompany service agreement to provide various infrastructure and broker-dealer support services to affiliates that are indirect wholly owned subsidiaries of LPLH. As part of the agreement, the Company also receives client support services. In consideration of the agreement, the Company receives or pays a monthly administration fee. At December 31, 2009, the Company had a payable of \$0.7 million related to the intercompany service agreement, which has been included in due to affiliates in the statement of financial condition.

In addition to the intercompany service agreement, the Company is party to various other intercompany transactions, including the processing of commissions, accounts payable, accounts receivable and payroll that create additional intercompany balances. At December 31, 2009, the Company had a payable of approximately \$1.2 million related to these other transactions, which have been included in due to affiliates in the statement of financial condition.

The Company adopted a nonqualified deferred compensation plan offered by LPLH, for the purpose of attracting and retaining customers who operate, for tax purposes, as independent contractors, by providing an opportunity for participating customers to defer receipt of a portion of their gross commissions generated primarily from commissions earned on the sale of various products. The deferred compensation plan has been fully funded to date by participant contributions. At December 31, 2009, the Company had a payable of approximately \$0.2 million related to the nonqualified deferred compensation plan, which has been included in due to affiliates in the statement of financial condition.

As discussed in Note 2, the Company's Tax Agreement results in payments to or receipts from LPLH. As of December 31, 2009, the Company had an income tax payable of approximately \$3.6 million, which is included in due to affiliates in the statement of financial condition.

The Company receives and pays brokerage commissions to its customers on insurance services offered through LPL Insurance Associates, Inc., an affiliate and wholly owned subsidiary of LPLH. At December 31, 2009, the Company had a payable of approximately \$0.3 million, which has been included in due to affiliates in the statement of financial condition.

The Company transacts with certain entities in which its parent, LPLIH, has an equity interest or an affiliation through a majority shareholder, as described below:

Artisan Partners Limited Partnership ("Artisan"), a company majority-owned by one of LPLIH's majority shareholders, pays fees to the Company in exchange for product distribution and record-keeping services. Additionally, as of December 31, 2009, the Company had a receivable from Artisan of \$0.5 million, which is included in receivables from product sponsors, broker-dealers and clearing organizations in the statement of financial condition.

American Beacon Advisor, Inc. ("Beacon"), a company majority-owned by one of LPLIH's majority shareholders, pays fees to the Company in exchange for product distribution and record-keeping services. Additionally, as of December 31, 2009, the Company had a receivable from Beacon of \$0.1 million, which is included in receivables from product sponsors, broker-dealers and clearing organizations in the statement of financial condition.

13. NET CAPITAL AND REGULATORY REQUIREMENTS

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum net capital. The Company uses the alternative method, permitted by the rule, which requires that it maintain minimum net capital, as defined, equal to the greater of \$250,000 or the sum of 2% of aggregate debit balances arising from clients' transactions plus 1% of net commission payable, as defined. The Company is also subject to the CFTC's minimum financial requirements, which require that it maintain net capital, as defined, equal to 4% of client funds required to be segregated pursuant to the Commodity Exchange Act, less

the market value of certain commodity options, all as defined. At December 31, 2009, the Company had net capital of \$64.1 million, which was \$57.9 million in excess of its minimum required net capital.

The Company operates in a highly regulated industry. Applicable laws and regulation restrict permissible activities and investments. These policies require compliance with various financial and client-related regulations. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions. In addition, the Company is also subjected to comprehensive examinations and supervision by various governmental and self-regulatory agencies. These regulatory agencies generally have broad discretion to prescribe greater limitations on the operations of a regulated entity for the protection of investors or public interest. Furthermore, where the agencies determine that such operations are unsafe or unsound, fail to comply with applicable law, or are otherwise inconsistent with the laws and regulations or with the supervisory policies, greater restrictions may be imposed.

14. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT RISK AND CONCENTRATIONS OF CREDIT RISK

The Company's client securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. As clients write options contracts or sell securities short, the Company may incur losses if the clients do not fulfill their obligations and the collateral in the clients' accounts is not sufficient to fully cover losses that clients may incur from these strategies. To control this risk, the Company monitors margin levels daily and clients are required to deposit additional collateral, or reduce positions, when necessary.

The Company is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligation to the Company. Clients are required to complete their transactions on the settlement date, generally three business days after the trade date. If clients do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by generally requiring that clients deposit cash and/or securities into their account prior to placing an order.

The Company may at times maintain inventories in equity securities on both a long and short basis that are recorded in the statement of financial condition at market value. While long inventory positions represent the Company's ownership of securities, short inventory positions represent obligations of the Company to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transaction. Accordingly, both long and short inventory positions may result in losses or gains to the Company as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked-to-market daily and are continuously monitored by the Company.

* * * * *

SCHEDULE I

LPL FINANCIAL CORPORATION
COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS PURSUANT TO AND
RECONCILIATION, INCLUDING APPROPRIATE EXPLANATIONS, OF COMPUTATION
OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934
AND REGULATION 1.17 UNDER THE COMMODITY EXCHANGE ACT
AS OF DECEMBER 31, 2009
(Dollars in thousands)

	Amount Previously Reported on Unaudited Form X-17 A-5 Part II A	Adjustments		Amounts From Audited Financial Statements
Total capital and allowable credits—total stockholder's equity from statement of financial condition	\$ 345,063	\$ (1,292)	{a}	\$ 343,771
Deductions and/or charges:				
Nonallowable assets included in the following statement of financial condition accounts:				
Receivables from customers and product sponsors	11,987			11,987
Other receivables	83,102	1,238	{b}	84,340
Due to affiliates—net	151	(21)	{c}	130
Fixed assets—net	86,041			86,041
Goodwill	11,613			11,613
Intangible assets	44,052	(1,463)	{d}	42,589
Prepaid expenses	25,549	-		25,549
Other assets	12,876			12,876
Total nonallowable assets	275,371	(246)		275,125
Other deductions	746			746
Total deductions and charges	276,117	(246)		275,871
Net capital before charges on trading securities positions	68,946	(1,046)		67,900
Haircuts on securities positions	3,751			3,751
NET CAPITAL	\$ 65,195	\$ (1,046)		\$ 64,149
Alternative net capital required under the Securities Exchange Act	\$ 6,221	\$ -		\$ 6,221
Excess net capital	\$ 58,974			\$ 57,928
Explanations:				
{a} Decrease in retained earnings				
{b} Change in estimate of transaction and other fee revenues				
{c} Decrease in due to affiliates				
{d} Impairment of customer relationship intangible assets				

SCHEDULE II

**LPL FINANCIAL CORPORATION
SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR CLIENTS
TRADING ON U.S. COMMODITY EXCHANGES PURSUANT TO SECTION 4d(2) OF THE
COMMODITY EXCHANGE ACT AND SCHEDULE OF SCHEDULE OF SECURED AMOUNTS AND
FUNDS HELD IN SEPARATE ACCOUNTS FOR FOREIGN FUTURES AND FOREIGN OPTIONS
CLIENTS (REGULATION 30.7)
AS OF DECEMBER 31, 2009**

As the Company has not executed any commodity client transactions, it is not required to segregate any funds in accordance with the regulations cited above.

To the Board of Directors and Stockholder of
LPL Financial Corporation
Boston, Massachusetts

In planning and performing our audit of the financial statements of LPL Financial Corporation (the “Company”) as of and for the year ended December 31, 2009 (on which we issued our report dated February 24, 2010 and such report expressed an unqualified opinion on that financial statement), in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), we considered the Company’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following: (1) making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e) including the practices and procedures followed by the Company in making the periodic computations for proprietary accounts of introducing brokers (PAIB); (2) making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; (3) complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and (4) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

Because the Company does not carry commodities futures accounts for customers or perform custodial functions relating to commodities futures, we did not review the practices and procedures followed by the Company in making the daily computations of the segregation requirements of Section 4d(a)(2) and Regulation 30.7 under the Commodity Futures Trading Commission (CFTC).

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the second paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC’s and the CFTC’s above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit preparation of financial

statements in conformity with generally accepted accounting principles. Rule 17a-5(g) and Regulation 1.16(d)(2) list additional objectives of the practices and procedures listed in the second paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

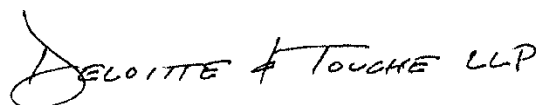
A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities and certain regulated commodity customer and firm assets that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC and CFTC to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the Commodity Exchange Act, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second and third paragraphs of this report, were adequate at December 31, 2009, to meet the SEC's and CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the CFTC, Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 or Regulation 1.16 of the CFTC in their regulation of registered broker-dealers and futures commission merchants, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

The image shows a handwritten signature in black ink that reads "DELOITTE & TOUCHE LLP". The signature is written in a cursive, stylized font.

February 24, 2010



**ONE BEACON STREET, 22ND FLOOR
BOSTON, MASSACHUSETTS 02108**

**9785 TOWNE CENTRE DRIVE
SAN DIEGO, CALIFORNIA 92121-1968**

A58-0810

LPL FINANCIAL CORPORATION • A Registered Investment Advisor