



THE STRENGTH OF LPL

Business Model

LPL Financial provides technology, brokerage, and investment advisory services through business relationships with independent financial advisors, registered investment advisors (RIAs), and financial institutions and their financial representatives. We offer access to a broad array of financial products and services to support them in providing financial advice and brokerage services to individual investors.

It's important to note that LPL is not a bank.

Financial Performance and Liquidity Position

LPL's financial stability and our commitment to financial advisors, institutions, and their clients remains strong, and we are well-positioned to execute on our growth strategy. LPL is a Fortune 500 company, serving more than 21,000 financial professionals with over \$1 trillion in brokerage and advisory client assets. Our balance sheet is strong, with over \$200 million of excess cash and modest leverage below our conservative management targets. This financial strength positions us with ample capacity to allocate capital across our flexible framework, which prioritizes investments to improve our value proposition for advisors and their clients.

The Financial Industry Regulatory Authority (FINRA), our industry's regulatory body, mandates that all broker/dealers must maintain net capital equal to or in excess of the minimum regulatory requirement to provide a level of comfort in our ability to meet our financial obligations and support our business. At quarter end, we had excess net capital of nearly four times our requirement.

Client Account Protection

To help safeguard client cash balances, LPL's cash management strategy seeks to mitigate risk with a focus on safety, security, and liquidity. Client cash swept through the LPL Insured Cash Account (ICA) and LPL Deposit Cash Account (DCA) is federally insured. ICA and DCA accounts are insurable by the FDIC up to \$2,500,000 per client for an individual and \$5,000,000 for joint accounts. LPL Financial is a member firm of the Securities Investor Protection Corporation (SIPC). Membership provides account protection up to a maximum of \$500,000 per client, of which \$250,000 may be claims for cash. For an explanatory brochure, please visit www.sipc.org.

Additionally, through London Insurers, LPL Financial accounts have additional securities protection to cover the net equity of client accounts up to an overall aggregate firm limit of \$750,000,000 in the event a firm cannot meet its obligations to securities clients, subject to conditions and limitations.

Regulation

The financial services industry is regulated by U.S. federal and state regulatory agencies and securities exchanges, as well as by non-government agencies, regulatory bodies, and securities exchanges. Throughout our history, we have invested heavily, with the benefit of our scale, in compliance capabilities to monitor our compliance with the extensive legal and regulatory requirements applicable to our business. We also remain subject to regular auditing and examination by our various regulators to ensure we are continuing to meet these requirements.

Counter-party risk assessment

LPL Financial utilizes our enterprise risk management framework to routinely examine the health of business partners with which we have relationships in order to assess risk to both ourselves and our advisors. This process includes research, financial analysis, and forward-looking measures of financial strength and sustainability. When necessary, business partners have been removed from our “approved” list until such time as they can effectively demonstrate a return to good standing. LPL’s record-setting business performance, conservative balance sheet and strong capital position provide a solid foundation for weathering economic headwinds. We remain steadfast in our mission to take care of our advisors, so they can take care of their clients. And we will continue to be a source of strength and advocacy for financial professionals and institutions, with a focus on being a safe and stable custodian for their clients’ wealth.