

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.                     )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**LPL Financial Holdings Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies: \_\_\_\_\_
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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  - (3) Filing Party: \_\_\_\_\_
  - (4) Date Filed: \_\_\_\_\_



**2020 Annual Meeting of Stockholders  
Notice and Proxy Statement**



March 23, 2020

Dear Fellow Stockholders:

It is my pleasure to invite you to attend the 2020 Annual Meeting of Stockholders (the "Annual Meeting") of LPL Financial Holdings Inc. The meeting will be held on Wednesday, May 6, 2020, at 10:00 a.m., local time, and holders of record of our common stock as of March 9, 2020 are entitled to notice of and to vote at the Annual Meeting. The Notice of Annual Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting.

We currently plan to hold the Annual Meeting in person at our offices located at 1055 LPL Way, Fort Mill, South Carolina 29715. We are actively monitoring COVID-19, however, and are sensitive to related public health and travel concerns. Accordingly, we are planning for the possibility that the Annual Meeting may be held virtually through the internet. If we were to take this step, we would promptly announce the decision through a press release, file the announcement with the Securities and Exchange Commission as additional proxy material and post the announcement on our website.

Consistent with our focus on sustainability, we are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders through the internet. We believe this approach will allow us to reduce the environmental impact of the Annual Meeting while expediting your receipt of these materials and lowering our costs of delivery. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so upon your request at no charge. For more information, please refer to the Notice Regarding the Availability of Proxy Materials that we mailed to holders of record on or about March 23, 2020.

**YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.**

Please vote your shares promptly to ensure they are represented at the Annual Meeting. You may submit your proxy through the internet or by telephone, as described in the following materials, or if you request printed copies of these materials, by completing and signing the proxy card and returning it in the envelope provided. A virtual meeting will have no effect on your ability to submit your proxy through these methods. If you decide to attend the Annual Meeting and wish to change your proxy, you may do so automatically by voting at the meeting.

We ask you to RSVP if you intend to attend the Annual Meeting. Please refer to page 1 of the accompanying proxy statement for further information concerning attendance.

On behalf of the Board of Directors, I thank you for your continued support of LPL Financial Holdings Inc.

Sincerely,

A handwritten signature in black ink, appearing to read 'J S Putnam', written in a cursive style.

James S. Putnam  
*Chair*



## Notice of Annual Meeting of Stockholders

- Time and Date** 10:00 a.m., local time, on Wednesday, May 6, 2020
- Items of Business**
- (1) Elect the nine nominees named in the proxy statement to the Board of Directors of LPL Financial Holdings Inc. (the "Company");
  - (2) Ratify the appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020;
  - (3) Approve, in an advisory vote, the compensation paid to the Company's named executive officers; and
  - (4) Consider and act upon any other business properly coming before the 2020 annual meeting of stockholders (the "Annual Meeting") and at any adjournment or postponement thereof.

**Location** LPL Financial Holdings Inc.  
1055 LPL Way  
Fort Mill, South Carolina 29715

As part of its precautions related to COVID-19, the Company is planning for the possibility that the Annual Meeting may be held virtually through the internet. If the Company were to take this step, it would promptly announce the decision through a press release, file the announcement with the Securities and Exchange Commission as additional proxy material and post the announcement on the Company's website.

**Record Date** Stockholders of record as of 5:00 p.m. Eastern Time on March 9, 2020 (the "Record Date") will be entitled to vote at the Annual Meeting and any postponements or adjournments thereof.

Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

Cameras and electronic recording devices are not permitted at the Annual Meeting.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS SET FORTH IN THE FOLLOWING MATERIALS. YOU MAY VOTE YOUR SHARES AND SUBMIT A PROXY THROUGH THE INTERNET OR BY TELEPHONE AS DESCRIBED HEREIN OR, IF YOU REQUESTED PRINTED COPIES OF THESE MATERIALS, BY SIGNING AND RETURNING A PROXY CARD.**

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read 'G. Woods', written over a horizontal line.

Gregory M. Woods  
*Secretary*

Boston, Massachusetts  
March 23, 2020

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 6, 2020: THE PROXY STATEMENT, THE PROXY CARD, AND LPL FINANCIAL HOLDINGS INC.'S 2019 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT WWW.LPL.COM. ADDITIONALLY, IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULES, YOU MAY ACCESS THESE MATERIALS ON THE WEBSITE INDICATED IN THE NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS.**

## Proxy Statement Summary

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.*

### 2020 Annual Meeting of Stockholders

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**Time and Date** 10:00 a.m., local time, on Wednesday, May 6, 2020

**Location** LPL Financial Holdings Inc.  
1055 LPL Way  
Fort Mill, South Carolina 29715

As part of our precautions related to COVID-19, we are planning for the possibility that the Annual Meeting may be held virtually through the internet. If we were to take this step, we would promptly announce the decision through a press release, file the announcement with the Securities and Exchange Commission as additional proxy material and post the announcement on our website.

**Record Date** 5:00 p.m. Eastern Time on March 9, 2020

**Voting** Stockholders as of the Record Date are entitled to one vote per share on each matter to be voted upon at the Annual Meeting.

**Entry** We invite all stockholders to attend the Annual Meeting. If you attend the Annual Meeting in person, you will be required to present valid picture identification, such as a driver's license or passport. If your shares are held in "street name", you will also need to bring a recent brokerage account statement or letter from your bank, broker or other holder reflecting stock ownership as of the Record Date in order to be admitted to the Annual Meeting.

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### Voting Proposals

<b>Proposal</b>	<b>Board Recommendation</b>	<b>Page Reference</b>
Proposal 1: Election of Directors	FOR all nominees	7
Proposal 2: Ratification of the Appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as Our Independent Registered Public Accounting Firm	FOR	65
Proposal 3: Approval, in an Advisory Vote, of the Compensation Paid to Our Named Executive Officers	FOR	68

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**LPL FINANCIAL HOLDINGS INC.**  
**Proxy Statement**  
**2020 Annual Meeting of Stockholders**  
**General Information**

## Introduction

This proxy statement and the accompanying Notice of Annual Meeting of Stockholders are being furnished to the holders of common stock, \$0.001 par value per share (the "Common Stock"), of LPL Financial Holdings Inc., a Delaware corporation (the "Company" or "we"), in connection with the Company's 2020 annual meeting of stockholders (the "Annual Meeting").

As a stockholder of the Company as of 5:00 p.m. Eastern Time on March 9, 2020 (the "Record Date"), you are entitled and requested to vote on the items of business described in this proxy statement.

The Annual Meeting will be held on Wednesday, May 6, 2020, at the offices of the Company, 1055 LPL Way, Fort Mill, South Carolina 29715 at 10:00 a.m., local time.

***We invite all stockholders to attend the Annual Meeting. Please see "Attending the Annual Meeting" below for instructions if you plan to attend in person.***

## Notice of Internet Availability of Proxy Statement and Annual Report

As permitted by the Securities and Exchange Commission (the "SEC"), we are making this proxy statement, the accompanying proxy card and our 2019 annual report on Form 10-K (the "Annual Report") available to our stockholders electronically through the internet in lieu of mailing printed copies to each record holder of Common Stock as of the Record Date. You will not receive a printed copy of our proxy materials unless you request one, which we will deliver free of charge.

On or about March 23, 2020, a Notice Regarding the Availability of Proxy Materials (the "Notice") was mailed to stockholders of record as of the Record Date. The Notice instructs you how to access and review through the internet all of the important information contained in these proxy materials or request a printed copy. The Notice also instructs you as to how you may vote your proxy.

The Notice, this proxy statement, the Annual Report and the proxy card are also available through the internet at [www.proxyvote.com](http://www.proxyvote.com). You will need your 16-digit control number located on the Notice or your proxy card in order to access the materials. The website does not use "cookies" to track or identify visitors to the website.

## Record Date, Shares Outstanding and Quorum

Stockholders of record as of the Record Date will be entitled to vote at the Annual Meeting. On the Record Date, there were 79,099,422 outstanding shares of Common Stock.

A list of stockholders of record as of the Record Date will be available at the Annual Meeting. In addition, you may contact our corporate secretary, at LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston, Massachusetts 02109, to make arrangements to review a copy of the stockholder list at our offices, for any purpose germane to the Annual Meeting, between the hours of 9:00 a.m. and 5:00 p.m., local time, on any business day from April 26, 2020 up to the time of the Annual Meeting.

A quorum at the Annual Meeting will consist of the presence, in person or by proxy, of a majority of shares of Common Stock outstanding and entitled to vote at the Annual Meeting. Both abstentions and broker non-votes will be counted as present in determining the presence of a quorum. A "broker non-vote" is a proxy from a broker or other nominee indicating that such person has not received instructions from the beneficial owner on a particular matter with respect to which the broker or other nominee does not have discretionary voting power. Brokers have the discretion to vote their clients' proxies only on routine matters. At our Annual Meeting, only the ratification of our auditors is a routine matter. Each share of Common Stock is entitled to one vote.

### Attending the Annual Meeting

We invite all stockholders as of the Record Date to attend the Annual Meeting. If you are a record holder of our Common Stock, which means that your shares are represented by ledger entries in your own name directly registered with our transfer agent, Computershare, please bring valid picture identification with you to the Annual Meeting to allow us to verify your ownership. If your Common Stock is held in “street name,” which means that the shares are held for your benefit in the name of a broker, bank or other intermediary, please also bring a brokerage account statement or letter from your broker, bank or other intermediary reflecting stock ownership in order to be admitted to the Annual Meeting. Please note that if you hold your Common Stock in street name, you may not vote your shares in person unless you obtain a legal proxy from your broker, bank or other intermediary giving you the right to vote the shares at the Annual Meeting.

### Contingency Due to Exigent Circumstances

As part of our precautions related to COVID-19, we are planning for the possibility that the Annual

Meeting may be held virtually over the internet. If we were to take this step, we would announce the decision to do so via a press release promptly after making such decision, file the announcement with the SEC as additional proxy material and post the announcement on our website. A virtual meeting will have no effect on stockholders' ability to submit their proxy through the internet or by telephone, or by completing and signing their proxy card and returning it in the envelope provided, each as explained in this proxy statement. As always, we encourage you to vote your shares prior to the Annual Meeting.

***If you plan to attend the Annual Meeting in person, please be sure to RSVP via email to: [lplfinancialannualmeeting@lpl.com](mailto:lplfinancialannualmeeting@lpl.com). Please include your name and phone number in your email. A confirmation, including driving directions and additional meeting information, will be emailed to registered participants.***


### Items of Business to be Voted upon at the Annual Meeting


- To elect each of the nine nominees named in this proxy statement to the Board of Directors of the Company (the “Board of Directors” or the “Board”) for a term to end at our annual meeting of stockholders in 2021;
- To ratify the appointment of Deloitte & Touche LLP by the audit committee of the Board of Directors (the “Audit Committee”) as our independent registered public accounting firm for the fiscal year ending December 31, 2020;
- To approve, in an advisory vote, the compensation paid to the Company’s named executive officers; and
- To consider and act upon any other business properly coming before the Annual Meeting and at any adjournment or postponement thereof.





## Manner of Voting

If you are a holder of record of our Common Stock as of the Record Date, you may vote in one of the following ways:

 **By Internet:** by following the internet voting instructions included in the proxy card and Notice at any time up until 11:59 p.m., Eastern Time, on May 5, 2020.

 **By Telephone:** by following the telephone voting instructions included in the proxy card and Notice at any time up until 11:59 p.m., Eastern Time, on May 5, 2020.

 **By Mail:** by marking, dating and signing your printed proxy card (if received by mail) in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials for receipt prior to the Annual Meeting.

 **In Person:** by voting your shares in person at the Annual Meeting (if you satisfy the admission requirements, as described above). Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by internet, telephone, or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

Shares of Common Stock represented by properly executed proxy cards received by the Company in time for the meeting will be voted in accordance with the instructions specified in the proxies. If you submit a proxy but do not indicate any voting instructions, your shares will be voted **“FOR”** the election of each director nominee named in this proxy statement; **“FOR”** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm; and **“FOR”** the approval, in an advisory vote, of the compensation paid to the Company's named executive officers.

Our management and Board of Directors know of no other matters to be brought before the Annual Meeting. If other matters are properly presented to the stockholders for action at the Annual Meeting or any adjournments or postponements thereof, it is the intention of the proxy holders named in the proxy card to vote in their discretion on all matters on which the shares of Common Stock represented by such proxy are entitled to vote.

If your shares are held in street name through a broker, bank or other intermediary, your broker, bank or other intermediary should give you instructions for voting your shares. In these cases, you may vote by internet, telephone or mail, as instructed by your broker, bank or other intermediary. You may also vote in person if you obtain a legal proxy from your broker, bank or other intermediary giving you the right to vote the shares at the Annual Meeting.

## Voting Requirements

### *Proposal One—Election of Directors*

Our bylaws provide that a nominee for director will be elected if the number of votes properly cast “for” such nominee’s election exceeds the number of votes properly cast “against” such nominee’s election; however, if the number of persons properly nominated for election to the Board of Directors exceeds the number of directors to be elected, the directors will be elected by the plurality of the votes properly cast. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the election of directors.

### *Proposal Two—Ratification of Appointment of Deloitte & Touche LLP*

The proposal to ratify the appointment of Deloitte & Touche LLP will be determined by a majority of the votes cast on the matter affirmatively or negatively in person or by proxy at the Annual Meeting. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the proposal.

### *Proposal Three—Approval, in an Advisory Vote, of the Compensation Paid to the Company’s Named Executive Officers*

Because the proposal to approve, on an advisory basis, the compensation awarded to named executive officers for the fiscal year ended December 31, 2019 is a non-binding, advisory vote, there is no required vote that would constitute approval. Although the vote is advisory and non-binding in nature, the compensation and human resources committee (the “Compensation Committee”) will consider the outcome of the vote when considering future named executive officer compensation arrangements. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the proposal.

## Revocation of Proxies

If you submit a proxy, you are entitled to revoke your proxy at any time before it is exercised in one of the following ways:

- by attending the Annual Meeting and voting in person;
- by submitting a duly executed proxy bearing a later date; or
- by sending written notice of revocation to our corporate secretary at LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston, Massachusetts 02109.

A stockholder of record as of the Record Date who voted through the internet or by telephone may also change his or her vote with a timely and valid later internet or telephone vote, as the case may be. Any stockholder of record as of the Record Date attending the Annual Meeting may vote in person whether or not a proxy has previously been given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy. If you hold your shares in street name and would like to change your voting instructions, please follow the instructions provided to you by your broker, bank or other intermediary.

## Solicitation of Proxies

The Board of Directors of LPL Financial Holdings Inc. is soliciting proxies. Copies of proxy materials and the Annual Report will be supplied to brokers, dealers, banks and voting trustees, or their nominees, for the purpose of soliciting proxies from beneficial owners, and we will reimburse such record holders for their reasonable expenses. Stockholders who elect to vote through the internet or by telephone may incur costs such as telecommunication and internet access charges for which the stockholder is solely responsible. The telephone and internet voting facilities for stockholders of record will close at 11:59 p.m. Eastern Time on May 5, 2020. The Company will otherwise pay the expenses of solicitation of proxies.

## Householding

Only one copy of the Notice is being delivered to multiple stockholders sharing an address, unless we

have received contrary instructions from one or more of the stockholders. We will undertake to deliver promptly, upon written or oral request, a separate copy of the Notice, or copies of the proxy statement and/or Annual Report to a stockholder at a shared address to which a single copy of the Notice was delivered. You may make a written or oral request by sending a written notification to our corporate secretary at LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston, Massachusetts 02109, or by calling our offices at (617) 423-3644, extension 4574, and providing your name, your shared address and the address to which we should direct the copies of the proxy statement and Annual Report. Multiple stockholders sharing an address who have received one copy of the Notice and would prefer us to mail each stockholder a separate copy of future mailings should contact us at the address or telephone number above. Additionally, if current stockholders with a shared address received multiple copies of the Notice and would prefer us to mail one copy of future mailings to stockholders at the shared address, please notify us at the address or telephone number above.

## General Information About Corporate Governance and the Board of Directors

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stakeholders. In support of that philosophy, we have adopted many leading corporate governance practices, including those summarized below and elsewhere in this proxy statement.

### BOARD PRACTICES

Independence	A majority of our directors must be independent. All of our director nominees other than our chief executive officer are independent, and all of the Board committees are composed exclusively of independent directors.
Non-executive Chair	We currently separate the offices of chair of the Board and chief executive officer of the Company. The current chair of our Board, James S. Putnam, is an independent director.
Director Diversity	Our goal is a balanced and diverse Board, with members who bring a diversity of skills, expertise, experiences, perspectives, tenures and personal characteristics, including with respect to age, race, gender and ethnicity.
Board Refreshment	Our Board's composition represents a balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors as well as fresh perspectives from newer directors. The nominating and governance committee of the Board (the "Nominating and Governance Committee") has developed a skills matrix to inform director searches and succession planning.
Director Overboarding	Any director who is not serving as chief executive officer of a public company is expected to serve on no more than four public company boards (including our Board), and any director serving as chief executive officer of a public company is expected to serve on no more than three public company boards (including the board of his or her own company).
Committee Membership	The Board appoints members of its committees on an annual basis, with the Nominating and Governance Committee reviewing and recommending committee membership based in part on the need to ensure a succession plan for each committee chair.
Board Self-evaluations	The Board conducts an annual evaluation of its performance, operations, size and composition, with the Nominating and Governance Committee overseeing the evaluation process, which also encompasses the Board's committees.
Strategy Oversight	The Board holds an annual two-day session focused on the Company's long-term strategy, which informs the Board's oversight and work plan for the following year.
Executive Succession Planning	The Compensation Committee conducts regular reviews of executive talent, development and succession planning, and our Board reviews the succession plans for the chief executive officer position annually.

### STOCKHOLDER RIGHTS

Annual Election of Directors	All directors are elected annually, which reinforces our Board's accountability to our stockholders.
Majority Voting Standard for Director Elections	Our bylaws require that directors be elected under a "majority voting" standard in uncontested elections. Any director who does not receive more votes "for" his or her election than votes "against" must tender his or her resignation and, if our Board accepts the resignation, step down from our Board.
Single Voting Class	Our Common Stock is the only class of voting shares outstanding.

### COMPENSATION PRACTICES

Follow Leading Practices	See " <i>Compensation Discussion and Analysis—Compensation Governance</i> "
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## Proposal 1: Election of Directors

Nine director nominees are standing for election at the Annual Meeting, each of whom has been nominated by our Board based on the recommendation of the Nominating and Governance Committee. Each director nominee would hold office until our annual meeting of stockholders in 2021 and until his or her respective successor has been elected.

As of March 23, 2020, our Board of Directors consisted of nine directors: eight independent directors and our chief executive officer, Dan H. Arnold. One of our current independent directors, James R. Riepe, requested that the Board not nominate him to stand for reelection upon expiration of his current term at the Annual Meeting.

Based on the recommendation of our Nominating and Governance Committee, our Board has selected Edward C. Bernard as a new director nominee to stand for election at the Annual Meeting.

As described below, each of our nominees has considerable professional and business expertise. Our Board of Directors recommends a vote “FOR” each nominee based on its carefully considered judgment that the experience, qualifications, attributes and skills of each nominee qualify him or her to serve on our Board of Directors.

### Board Membership Criteria

The Nominating and Governance Committee reviews the appropriate skills and characteristics required of directors in the context of the current make-up of the Board. As reflected in the corporate governance guidelines applicable to the Company (the “Corporate Governance Guidelines”), it is the policy of the Board that all directors should:

- possess unimpeachable integrity and a personal reputation for transparency, honesty and ethical behavior;
- have considerable personal accomplishment and professional expertise;
- demonstrate strong business acumen, financial literacy and strategic agility;
- contribute to boardroom dialogue through critical thinking and independent judgment, and candid and constructive communication;

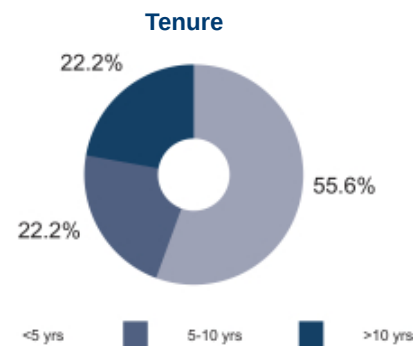
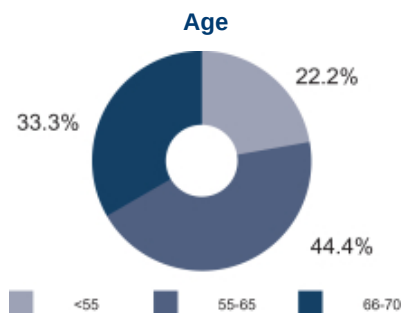
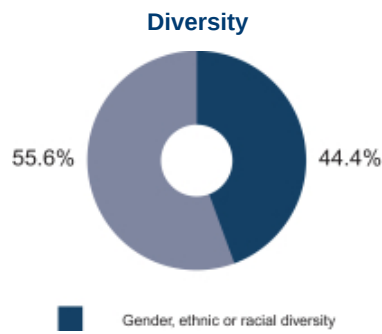
- be passionate about the vision of the Company and enthusiastic about the commitments entailed in serving as a director; and
- understand their role as stewards in representing the long-term interests of our stakeholders.

### Director Diversity

Our Corporate Governance Guidelines reflect our commitment to director diversity. Our goal is a balanced and diverse Board, with members who bring a diversity of skills, expertise, experiences, perspectives, tenures and personal characteristics, including with regard to age, race, gender and ethnicity. When conducting director searches, the Board is committed to actively seeking highly qualified women and individuals from minority groups to include in the pool from which Board nominees are selected.

In recent years, our Nominating and Governance Committee has focused on the refreshment and continued diversity of the Board. Since 2017, we will have added four new independent directors: Edward C. Bernard, William F. Glavin, Jr., Allison H. Mnookin and Corey E. Thomas. Through the addition of these directors, the Board of Directors has gained seasoned leaders, as well as particularly relevant experience related to our industry, strategic planning, oversight and execution, business innovation, technology and digital transformation, and risk management. The addition of these directors also reflects our balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors as well as fresh perspectives from newer directors.

The charts below reflect the diversity of our Board based on our director nominees, including Mr. Arnold. The average age of our independent director nominees is 60, and the average tenure of our independent director nominees is six years. One-third of our director nominees are women, which places our Board among the top in our industry in gender diversity.



**Recommendation of the Nominating and Governance Committee**

In its efforts to ensure that our Board has the appropriate mix of skills, expertise, experiences, perspectives and personal characteristics, the Nominating and Governance Committee engaged SpencerStuart, a director search firm, in 2019 to provide ongoing assistance in Board succession planning and identifying, evaluating and recruiting potential additional director candidates. The Nominating and Governance Committee evaluated candidates according to the principles set forth in the Corporate Governance Guidelines and sought an individual who could contribute meaningfully to the Board, particularly in the context of the Company’s evolving business strategy and operating environment. Among other things, the Nominating and Governance Committee sought a candidate with operational leadership experience at scale, as well as industry knowledge and expertise in wealth management.

As part of the process of considering Mr. Bernard as a potential nominee to the Board, members of the Board met with Mr. Bernard both in person and

telephonically. After the course of this evaluation process, the Nominating and Governance Committee determined that Mr. Bernard’s background, skills and experience would make him a valuable addition to the Board and recommended that the Board nominate him to stand for election at the Annual Meeting.

In recommending that the Board nominate each of our current directors other than Mr. Riepe (who, as indicated above, requested not to be nominated) to stand for election at the Annual Meeting, the Nominating and Governance Committee evaluated those directors according to the principles set forth in the Corporate Governance Guidelines and considered the pertinent qualifications and experience of each nominee, as further set forth below.

If any of our nominees is unable or unwilling to serve on our Board of Directors, the shares represented by your proxy will be voted for the election of such other person as may be nominated by our Board of Directors. In addition, in full compliance with all applicable state and federal laws and regulations, we will file an amended proxy statement and proxy card that, as applicable:

- identifies the alternate nominee(s);
- discloses that any such nominee has consented to being named in the revised proxy statement and to serve if elected; and
- includes the disclosure required by Item 7 of Schedule 14A with respect to any such nominee.

We know of no reason why any nominee would be unable or unwilling to serve. All nominees have consented to be named in this proxy statement and to serve if elected.

**Director Qualifications and Experience**

The Board believes that the director nominees possess experience, skills and qualifications that are complementary and, together, cover the spectrum of areas that impact the Company's current and evolving business circumstances. The Board believes that the combination of backgrounds, skills and experiences will result in a Board that continues to be well-equipped to exercise oversight responsibilities on behalf of the Company's stakeholders.

The table below provides a summary of the skills and qualifications of each director nominee:

	Arnold	Bernard	Eberhart	Glavin Jr.	Mnookin	Mulcahy	Putnam	Schifter	Thomas
CEO Experience	✓		✓	✓	✓	✓	✓		✓
Brokerage/Advisory Experience	✓	✓	✓	✓			✓		
Digital Technology Experience	✓	✓	✓	✓	✓	✓			✓
Mergers & Acquisitions	✓		✓	✓	✓	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Law/Regulatory	✓	✓	✓	✓		✓	✓	✓	
Sales & Marketing	✓	✓	✓	✓	✓	✓	✓		✓
Human Resources	✓	✓	✓	✓	✓	✓			✓
Risk Management	✓	✓	✓	✓	✓	✓	✓		✓
Entrepreneurial Experience	✓				✓		✓		✓

**Board of Director Nominees**

The name, age and a description of the business experience, principal occupation, and past employment and directorships of each of the nominees during at least the last five years are set forth below. In addition, we have summarized the particular experience, qualifications, attributes and skills that led the Board of Directors, including our Nominating and Governance Committee, to determine that each nominee should serve as a director.

<p><b>Dan H. Arnold</b></p> <p>Age 55</p> <p>Director Since 2017</p>	<p><b>BACKGROUND</b></p>	
	<p>Mr. Arnold has served as our chief executive officer and a director since January 2017. Mr. Arnold has served as our president since March 2015, with responsibility for our primary client-facing functions and long-term strategy for growth. Mr. Arnold served as our chief financial officer from June 2012 to March 2015 and was responsible for formulating financial policy, leading our capital management efforts, and ensuring the effectiveness of the organization's financial functions. Prior to 2012, he was managing director, head of strategy, with responsibility for long-term strategic planning for the firm, product and platform development, and strategic investments, including acquisitions. He has also served as divisional president of our Institution Services. Mr. Arnold joined the Company in January 2007 following our acquisition of UVEST Financial Services Group, Inc. ("UVEST"), a broker-dealer and investment adviser that provided services to banks, credit unions, and other financial institutions. Prior to joining us, Mr. Arnold worked at UVEST for 13 years, serving most recently as president and chief operating officer. Mr. Arnold earned a B.S. in electrical engineering from Auburn University and holds an M.B.A. in finance from Georgia State University.</p>	
	<p><b>QUALIFICATIONS</b></p>	
	<p>Mr. Arnold's pertinent qualifications include his unique perspective and insights into our operations as our current president and chief executive officer, including knowledge of our business relationships, competitive and financial positioning, senior leadership, and strategic opportunities and challenges; operating, business and management experience as the chief financial officer, president, and now chief executive officer of a public company; and expertise in the financial industry and in particular brokerage and investment advisory services, including service as a director of the American Securities Association since April 2019 and past service as a director of the Securities Industry and Financial Markets Association from April 2015 to July 2018.</p>	
<p><b>OTHER PUBLIC COMPANY BOARDS</b></p>		
<p><b>Current</b> None</p>		<p><b>Past 5 Years</b> Optimum Fund Trust</p>



**Edward C. Bernard**

Age 64  
 Director Nominee  
 Independent

**BACKGROUND**

Mr. Bernard served as the vice chair of the board of directors of T. Rowe Price Group, Inc. ("TRP"), a global investment management firm, from 2007 to April 2019. Mr. Bernard served as a vice president of TRP from 1989 to December 2018 and as a member of the management committee of TRP from 2000 to December 2018. He oversaw TRP's marketing, distribution, client service, information technology and communications activities from 2006 until December 2018. He also served as chair of the board of all sponsored TRP mutual funds and trusts during that period and as president and/or chair of T. Rowe Price Investment Services, a registered broker/dealer, from 1996 to 2018. Mr. Bernard served as a director of TRP from 1999 to April 2019 and currently serves as a director of UTI Asset Management Company of India. He previously served as chair of the board of governors, and as a member of the executive committee, of the Investment Company Institute, the national trade association for the mutual fund industry. Mr. Bernard received his B.A. from Brown University and an M.B.A. from New York University.

**QUALIFICATIONS**

Mr. Bernard's pertinent qualifications include expertise in the wealth management industry, gained through his 30 years of experience in investment management and leadership roles as a member of the board of governors the Investment Company Institute; his high level of operating, management and strategic planning experience, gained through his executive positions and roles as vice chair of the board of directors of TRP and chair of all sponsored TRP mutual funds and trusts; and his deep understanding of financial product distribution, compliance requirements and the perspectives of advisors and their retail clients, including with respect to the use of technology, product and analytics as a competitive differentiator.

**OTHER PUBLIC COMPANY BOARDS**

	<b>Current</b>	<b>Past 5 Years</b>
	None	T. Rowe Price Group, Inc.

**H. Paulett Eberhart**

Age 66  
 Director Since 2014  
 Independent

**Committees:**

Audit Committee  
 (Chair)  
 Compensation  
 Committee

**BACKGROUND**

Ms. Eberhart currently serves as chair and chief executive officer of HMS Ventures, a privately-held business involved with technology services and the acquisition and management of real estate. From 2011 through 2014, she served as president and chief executive officer of CDI Corp. (“CDI”), a provider of engineering and information technology outsourcing and professional staffing services that was then a public company. Ms. Eberhart also served as chair and chief executive officer of HMS Ventures from January 2009 until January 2011. She served as president and chief executive officer of Invensys Process Systems, Inc. (“Invensys”), a process automation company, from January 2007 to January 2009. From 1978 to 2004, she was an employee of Electronic Data Systems Corporation (“EDS”), an information technology and business process outsourcing company that was subsequently acquired by the Hewlett-Packard Company, and held roles of increasing responsibility over time, including senior level financial and operating roles at the company, including as president of Americas of EDS from 2003 until March 2004 and senior vice president of EDS and president of Solutions Consulting from 2002 to 2003. She is a Certified Public Accountant and received her B.S. from Bowling Green State University.

**QUALIFICATIONS**

Ms. Eberhart’s pertinent qualifications include her wealth of managerial and executive experience, gained through her leadership as the chief executive officer of CDI, formerly an NYSE-listed public company, and Invensys, as well as her numerous years of service as an executive officer of EDS, including president of Americas; financial and accounting expertise gained through various other operating and financial positions during her 26 years at EDS; strong knowledge of the intersection of technology, data and finance industries; and knowledge and experience gained through her service on the boards of other public companies, including risk oversight experience in chairing the governance and risk committee of the board of directors of Anadarko Petroleum Corporation.

**OTHER PUBLIC COMPANY BOARDS**

**Current**  
 Valero Corporation

**Past 5 Years**  
 Anadarko Petroleum Corporation  
 Cameron International Corporation  
 Ciber Corporation

<p><b>William F. Glavin Jr.</b></p> <p>Age 61                  Director Since 2017                  Independent</p> <p><b>Committees:</b>                  Audit Committee                  Nominating and Governance Committee</p>	<p><b>BACKGROUND</b></p>			
	<p>Mr. Glavin served as chair of OppenheimerFunds, Inc., a global asset management firm (“OppenheimerFunds”), from 2009 until 2015, as chief executive officer from 2009 until 2014, and as president from 2009 until 2013. OppenheimerFunds is a majority owned subsidiary of MassMutual Financial Group (“MassMutual”), a mutual life insurance company, at which Mr. Glavin held several senior executive positions prior to joining OppenheimerFunds. He served as co-chief operating officer of MassMutual from 2007 to 2008, executive vice president, U.S. Insurance Group of MassMutual from 2006 to 2008, president and chief executive officer of Babson Capital Management LLC (“Babson”), an asset management firm and subsidiary of MassMutual, from 2005 until 2006 and chief operating officer of Babson from 2003 to 2005. Prior to joining MassMutual, Mr. Glavin was president and chief operating officer of Scudder Investments, an asset management firm, from 2000 to 2003. Mr. Glavin received his B.A. in Economics and Accounting from the College of the Holy Cross.</p>			
	<p><b>QUALIFICATIONS</b></p> <p>Mr. Glavin’s pertinent qualifications include his experience over the course of a 25-year career in the financial services industry, including as a chief executive officer and chief operating officer; extensive experience in strategic planning and talent management, in part based on his success in leading Oppenheimer through a period of significant market turbulence; a deep understanding of financial product distribution, compliance and operations, including technology demands in the financial services industry; and experience overseeing broker-dealers, including MassMutual’s broker-dealer MML Investor Services, LLC.</p>			
	<p><b>OTHER PUBLIC COMPANY BOARDS</b></p> <table border="1"> <thead> <tr> <th data-bbox="363 936 1161 1003">Current</th> <th data-bbox="1161 936 1544 1003">Past 5 Years</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 1003 1161 1003">Invesco Ltd.</td> <td data-bbox="1161 1003 1544 1003">None</td> </tr> </tbody> </table>	Current	Past 5 Years	Invesco Ltd.
Current	Past 5 Years			
Invesco Ltd.	None			

<p><b>Allison H. Mnookin</b></p> <p>Age 49</p> <p>Director Since 2018</p> <p>Independent</p> <p><b>Committees:</b></p> <p>Compensation Committee</p> <p>Nominating and Governance Committee</p>	<p><b>BACKGROUND</b></p>				
	<p>Ms. Mnookin is a senior lecturer of business administration in the technology and operations management unit at the Harvard Business School. From April 2016 to November 2016, Ms. Mnookin served as the chief executive officer of QuickBase, Inc. (“QuickBase”), a provider of online application software which was spun-off by Intuit, Inc., a business and financial software company, in 2016. Ms. Mnookin was an employee of Intuit from 1998 to 2016 and held roles of increasing responsibility over time, including vice president and general manager of Intuit’s QuickBase business from July 2010 to March 2016. She also served as a director of Quartz Holding Company, the holding company of QuickBase from November 2016 until its sale in April 2019. Prior to joining Intuit, she held several sales and product marketing positions with Oracle Corporation. Ms. Mnookin received her A.B. with honors from Harvard College and her M.B.A. from the Harvard Business School.</p>				
	<p><b>QUALIFICATIONS</b></p>				
	<p>Ms. Mnookin’s pertinent qualifications include her 20-year career in the technology industry, including executive leadership of high-growth cloud and business software companies, as well as service as a director of Bill.com, a public company that provides cloud-based software to simplify and automate back-office financial transactions for small- and mid-sized businesses. These experiences, including general management in Intuit’s small business division where she was responsible for leading a portfolio of Intuit’s business products, shaped her understanding of how businesses have transformed their technologies to increase strategic advantage.</p>				
<p><b>OTHER PUBLIC COMPANY BOARDS</b></p>	<table border="1"> <thead> <tr> <th data-bbox="368 994 1070 1016">Current</th> <th data-bbox="1075 994 1546 1016">Past 5 Years</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 1023 1070 1057">Bill.com</td> <td data-bbox="1075 1023 1546 1057">Fleetmatics Group PLC</td> </tr> </tbody> </table>	Current	Past 5 Years	Bill.com	Fleetmatics Group PLC
Current	Past 5 Years				
Bill.com	Fleetmatics Group PLC				

<p><b>Anne M. Mulcahy</b></p> <p>Age 67 Director Since 2013 Independent</p> <p><b>Committees:</b> Compensation Committee (Chair) Nominating and Governance Committee</p>	<b>BACKGROUND</b>	
	<p>Ms. Mulcahy served as chair of the board of trustees of Save The Children Federation, Inc., a non-profit organization dedicated to creating lasting change in the lives of children throughout the world, from March 2010 to February 2017. She previously served as chair of the board of Xerox Corporation (“Xerox”), a global business services and document technology provider, from January 2002 to May 2010, and chief executive officer of Xerox from August 2001 to July 2009. Prior to serving as a chief executive officer, Ms. Mulcahy was president and chief operating officer of Xerox. Ms. Mulcahy received a B.A. from Marymount College of Fordham University.</p>	
	<b>QUALIFICATIONS</b>	
	<p>Ms. Mulcahy’s pertinent qualifications include her extensive experience in all areas of business management and strategic execution as she led Xerox through a transformational turnaround; valuable insights into organizational and operational management issues, including business innovation, financial management and talent development; and leadership roles in business trade associations and public policy activities, which provide the Board with additional expertise in the area of organizational effectiveness.</p>	
	<b>OTHER PUBLIC COMPANY BOARDS</b>	
	<b>Current</b>	<b>Past 5 Years</b>
	Graham Holdings Company Johnson & Johnson Williams-Sonoma, Inc.	Target Corporation

<p><b>James S. Putnam</b></p> <p>Age 65 Director Since 2005 Independent</p> <p><b>Chair of the Board Committee:</b> Compensation Committee</p>	<b>BACKGROUND</b>	
	<p>Mr. Putnam has served as chair of the Board of Directors since March 2017, and he served as our lead director from June 2016 until March 2017. He was employed by LPL Financial from 1983 to 2005 and served as its managing director of national sales from 1987 to 2005. In that role, he was responsible for the recruitment, retention and management of LPL Financial advisors, as well as branch development, marketing and all product sales. Mr. Putnam also previously served as the chief executive officer of Global Portfolio Advisors (“GPA”), formerly a global brokerage clearing services provider that sold substantially all of its operations in 2014. GPA was under common ownership with LPL Financial until 2005, and Mr. Putnam served as chief executive officer of GPA from 2004 until 2014. He began his securities career as a retail representative with Dean Witter Reynolds in 1979. Mr. Putnam received a B.A. from Western Illinois University.</p>	
	<b>QUALIFICATIONS</b>	
	<p>Mr. Putnam’s pertinent qualifications include his unique historical perspective and insights into our operations as our former managing director of national sales; operating, business and management experience as the chief executive officer at GPA; and expertise in the financial industry and deep familiarity with our advisors.</p>	
	<b>OTHER PUBLIC COMPANY BOARDS</b>	
	<b>Current</b>	<b>Past 5 Years</b>
	None	None

<p><b>Richard P. Schifter</b></p> <p>Age 67 Director Since 2005 Independent</p> <p><b>Committee:</b> Nominating and Governance Committee (Chair)</p>	<p><b>BACKGROUND</b></p> <p>Mr. Schifter is a senior advisor of TPG, a leading global private investment firm. He was a partner at TPG from 1994 through 2013. Prior to joining TPG, Mr. Schifter was a partner at the law firm of Arnold &amp; Porter in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. He joined Arnold &amp; Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter currently serves on the board of overseers of the University of Pennsylvania Law School. Mr. Schifter received a B.A. with distinction from George Washington University and a J.D. cum laude from the University of Pennsylvania Law School.</p>	
	<p><b>QUALIFICATIONS</b></p> <p>Mr. Schifter’s pertinent qualifications include his high level of financial literacy gained through his investment experience as a TPG partner; experience on other company boards and board committees; and nearly 15 years of experience as a corporate attorney with an internationally-recognized law firm.</p>	
	<p><b>OTHER PUBLIC COMPANY BOARDS</b></p>	
	<p><b>Current</b></p> <p>Avianca Holdings SA ProSight Global, Inc.</p>	<p><b>Past 5 Years</b></p> <p>American Airlines Group American Beacon Advisors, Inc. Caesars Entertainment Corporation EverBank Financial Corp.</p>

<p><b>Corey E. Thomas</b></p> <p>Age 44 Director Since 2019 Independent</p> <p><b>Committee:</b> Audit Committee</p>	<p><b>BACKGROUND</b></p> <p>Mr. Thomas serves as the chair of the board and chief executive officer of Rapid7, Inc. (“Rapid7”), a public company that provides analytics for security and information technology operations. Mr. Thomas has been chief executive officer and a director since October 2012. From November 2008 to September 2012, Mr. Thomas held various other roles at Rapid7, including serving as chief operating officer. He currently serves on the board of directors of Blue Cross Blue Shield of Massachusetts, serving on its audit and health care quality and affordability committees. Mr. Thomas received a B.E. in electrical engineering and computer science from Vanderbilt University and an M.B.A. from the Harvard Business School.</p>	
	<p><b>QUALIFICATIONS</b></p> <p>Mr. Thomas’ pertinent qualifications include his general management experience, including his top-level perspective on strategy and organization management as the chief executive officer of a public company; strategic insights with regard to information technology, cybersecurity and global sales and marketing gained through his career in the technology industry; an entrepreneurial mindset focused on solving the needs of clients ranging widely in size and industry; and experience leading operations involving multiple product delivery models, including his past role as a chief operating officer.</p>	
	<p><b>OTHER PUBLIC COMPANY BOARDS</b></p>	
	<p><b>Current</b></p> <p>Rapid 7, Inc.</p>	<p><b>Past 5 Years</b></p> <p>None</p>

In the vote on the election of the director nominees, stockholders may:

- Vote **FOR** any of the nominees;
- Vote **AGAINST** any of the nominees; or
- **ABSTAIN** from voting as to any of the nominees.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE ABOVE-NAMED NOMINEES AS A DIRECTOR.**

## Information Regarding Board and Committee Structure

During 2019, the Board of Directors held six meetings, of which one was held by conference call. Each of our directors attended at least 75% of the aggregate of:

- the total number of meetings of the Board of Directors during 2019; and
- the total number of meetings held by all committees of the Board on which the director served during 2019.

Our Corporate Governance Guidelines provide that each director who is nominated for election is expected to attend the Annual Meeting. Each of the nine nominees for election at the 2019 annual meeting of stockholders attended such meeting.

### Corporate Governance Guidelines, Committee Charters and Code of Conduct

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stakeholders.

Our Board of Directors has adopted our Corporate Governance Guidelines to set clear parameters for the operation of our Board. Our Board of Directors has also adopted charters for the Audit Committee,

Nominating and Governance Committee, and Compensation Committee, as well as a code of conduct for our non-employee directors. We have also adopted a code of conduct that applies to, among others, our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions.

Copies of our Annual Report, committee charters, Corporate Governance Guidelines and codes of conduct are available, free of charge, by writing to us at the following address:

LPL Financial Holdings Inc.  
75 State Street, 22nd Floor  
Boston, MA 02109  
Attn: Investor Relations

Our Annual Report, committee charters, Corporate Governance Guidelines and codes of conduct are also available on our website at [www.lpl.com](http://www.lpl.com) under the "Investor Relations" section. If we make substantive amendments to, or grant waivers from, the code of conduct for certain of our executive officers, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

## Corporate Governance Highlights

We have implemented several important measures that are designed to promote long-term stakeholder value:

- Our Board consists of a single class of directors elected on an annual basis who may be removed with or without cause. Accordingly, our stockholders are able to register their views on the performance of all directors on an annual basis, enhancing the accountability of our Board to our stockholders.
- We currently separate the offices of the chair of the Board and chief executive officer of the Company, although the Board maintains the flexibility to select the chair of the Board and its leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Company and its stakeholders.
- Our bylaws provide for a majority voting standard in uncontested director elections. We also have adopted a director resignation policy in our Corporate Governance Guidelines pursuant to which a director who does not receive support from holders of a majority of shares voted in an uncontested election must tender his or her resignation and, if our Board accepts the resignation, step down from our Board. This makes director elections more meaningful for our stockholders and promotes accountability.
- To facilitate Board refreshment, we have adopted a director retirement policy in our Corporate Governance Guidelines pursuant to which any director who reaches the age of 75 while serving as a director will retire from the Board effective as of the end of his or her then current term.
- We seek an advisory vote on the compensation of our named executive officers annually, which underscores the careful consideration we give to our stockholders' views on our compensation practices.
- We have established a compensation clawback policy that enables the Company to recoup cash and equity incentive compensation from executive officers in the event of certain financial restatements.
- Our executive officers are subject to equity ownership guidelines that set minimum ownership requirements based on a multiple of annual base salary, which aligns the interests of senior management with the interests of our stockholders.
- We have also adopted equity ownership guidelines for directors, which set minimum ownership requirements based on a multiple of the cash portion of the annual base retainer then in effect.
- Our Insider Trading Policy prohibits our executives and directors from pledging and hedging our Common Stock, in order to further the alignment between stockholders and our executives that our equity awards are designed to create.

## Director Independence

The listing standards of the Nasdaq Global Select Market ("Nasdaq") require that, subject to specified exceptions, each member of a listed company's audit, nominating and governance, and compensation committees be independent. Nasdaq listing rules further provide that a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and compensation committee members are also subject to heightened independence criteria under Nasdaq rules.

After its evaluation of director independence, the Board of Directors has affirmatively determined that

Messrs. Glavin, Putnam, Riepe, Schifter and Thomas, and Ms. Eberhart, Mnookin and Mulcahy are independent directors under applicable Nasdaq rules, and Mr. Bernard will qualify as an independent director if elected.

## Board Composition and Leadership Structure of the Board of Directors

Our business and affairs are managed under the direction of the Board of Directors. As of March 23, 2020, our Board of Directors was composed of nine directors. Under our Amended and Restated Certificate of Incorporation, the number of directors shall not be fewer than three or more than 15. The authorized number of directors may be changed only by resolution of the Board of Directors.

The Board does not have a fixed policy regarding the separation of the offices of chair of the Board and chief executive officer of the Company. Rather, the Board believes that it should maintain the flexibility to



select the chair of the Board and its Board leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Company and its stakeholders.

At this time, the Company believes that having a separate chief executive officer and chair allows Mr. Arnold to focus on his role as president and chief executive officer and increases the Board's independence from management, leading to effective monitoring and oversight. As non-executive chair, Mr. Putnam serves as a key source of communication between the independent directors and our chief executive officer, establishes the agenda for each meeting of the Board and coordinates the agenda for and leads meetings of the independent directors.

## Board Oversight

### Strategic Planning

Oversight of the Company's business strategy and strategic planning is a key responsibility of our Board. At the beginning of the year, the chair of the Board and our chief executive officer prepare an annual Board work plan that is tied to our strategic framework. As a result, elements of our strategy and operating plans are embedded in the agenda for every quarterly meeting of the Board. All members of our management committee, as well as other senior leaders, regularly attend Board and committee meetings and discuss the Company's strategy, plans and operating results with the Board and its committees. In addition, the Board dedicates a multi-day session each year to focus on the Company's long-term strategy and related planning. This session, which is led by our Corporate Strategy team and includes senior management, enables a deep discussion between directors and management regarding the Company's operating environment, desired strategic positioning, emerging risks and financial outcomes associated with execution of the strategic plan.

The Board also dedicates significant attention to reviewing our capital allocation strategy, which is focused on disciplined capital management to drive long-term stockholder value. Key elements of our current strategy are:

- maintaining a strong and flexible balance sheet;
- prioritizing investments that drive organic business growth;

- positioning the Company to take advantage of attractive merger and acquisition opportunities; and
- returning capital to stockholders through share repurchases and dividends.

### Workplace Conduct and Culture

We are committed to fostering a respectful, rewarding, diverse and inclusive workplace in which all of our employees and advisors are positioned for success. The Compensation Committee, as well as our Board, engages with our leadership team on a regular basis on human capital management topics, including executive succession planning, talent acquisition, development and retention, and diversity and inclusion initiatives. We believe that human capital management and talent development are important to the Company's continued success.

We also believe that corporate culture is instrumental to executing our strategy. In an effort to ensure the Company's culture was aligned to its strategy, the Company introduced a new mission statement in 2018 and initiated a cultural transformation that seeks to instill a client-centric mindset, logic-based thinking and mission-driven alignment throughout the Company. Accordingly, oversight of the Company's culture was an area of focus for the Board and the Compensation Committee in 2019, as management activated the new culture by:

- introducing new behavior-based values;
- evolving how the Company attracts and develops talent to its client service teams; and
- creating new rewards and recognition programs that reinforce our cultural aspirations.

For additional information on the cultural transformation, please see "*Compensation Discussion and Analysis*."

At the Compensation Committee's request, management previously conducted an evaluation of the Company's workplace conduct practices, including its training, policies and procedures for preventing and responding to workplace conduct matters. The Company's chief legal officer and chief

human capital officer provide a report to the Board on an annual basis on historical workplace conduct claims, investigations and trends.

### **Cybersecurity**

The Audit Committee and the Board are each involved in overseeing the Company's management of cybersecurity risk. We believe that cybersecurity protection is critical to maintaining our proprietary information and the trust of our advisors and their clients. In 2019, management provided regular updates to the Audit Committee and the Board on cybersecurity matters, including projects to strengthen controls and defenses, the threat landscape and the Company's incident response plans. In 2020, the Board toured the Company's security and network operations center and also received a presentation from an external consultant on sources of cybersecurity risk for financial services firms, best practices and the role of the Board in addressing cybersecurity risk.

### **Sustainability**

Our mission is to take care of our financial advisors so they can take care of their clients. We enable our advisors to provide objective financial guidance to millions of American families as they work toward their life's aspirations. Our advisors are a diverse community of entrepreneurial financial services professionals, and we are committed to supporting their vital work with excellence, integrity and ethical standards. Our work makes a positive difference, and we believe that the Company's sustainability depends not only on the business we conduct but also on *how* we conduct it.

Our Board supports the Company's efforts to serve its stakeholders' interests, including stockholders, employees and advisors and their clients. The Nominating and Governance Committee provides oversight of our environmental, social and governance ("ESG") program, which began in 2008 as a corporate social responsibility program focused on community involvement. The program subsequently expanded and evolved to encompass additional ESG matters that are aligned with the Company's business strategy and culture.

ESG was an area of significant focus in 2019 for management and the Nominating and Governance Committee. The Company engaged Ernst & Young LLP to assist in the benchmarking of the Company's ESG initiatives and the refinement of its strategy and reporting. In 2019, the Company issued its inaugural sustainability report and took steps to strengthen its sustainability efforts and further integrate them into its business practices. For example, we:

- continued to develop sustainable investing strategies and platforms, providing our advisors and their clients more thoughtful options to meet their sustainable investment needs;
- expanded our training and development programs for our employees as part of our cultural transformation, giving them new tools to help them succeed; and
- improved the ease and efficacy of our paperless statement mailing program for advisors, an initiative which, as a financial firm, we believe will lead to one of the biggest impacts we can have on our environmental footprint.

Our goal is a sustainability strategy that drives long-term value and related disclosures that are transparent and credible. The Board reviews our corporate social responsibility program at least annually.

To learn more, please see the "Social Responsibility" section of our website at [www.lpl.com](http://www.lpl.com), through which our 2019 sustainability report is also available.

Community Involvement	<ul style="list-style-type: none"><li>• We support programs that increase access to career pathways for under-resourced teens and young adults. Our partners in this work include Junior Achievement, Rock The Street, Wall Street, California State University San Marcos and Johnson C. Smith University.</li><li>• We provide resources to connect employees with volunteer opportunities in their communities, as well as tools for creating and sharing volunteer activities. Annually, over 20% of our employees utilize our Volunteer Time Off benefit to volunteer. Employees and advisors are also able to utilize the LPL Foundation Matching Gift Program, which doubles personal contributions to their chosen eligible nonprofit organizations.</li><li>• We annually sponsor May Serve Days, which enable employees to participate in a wide array of volunteer activities, from fundraising walks and clothing drives to community clean-up events and mentoring programs.</li></ul>
Diversity & Inclusion	<ul style="list-style-type: none"><li>• In 2019, we were recognized as a Winning 'W' Company by 2020 Women on Boards ("2020WOB"). We are proud to have three women on our nine-member board of directors, and 2020WOB recognized us for our commitment to diversity.</li><li>• We have an established Advisor Inclusion Council, which is composed of a diverse group of representatives from advisor firms and institutions, that partners with our leaders to advance our vision of being the most diverse and inclusive place to do business.</li><li>• We foster diversity and a culture of inclusivity through our Employee Resource Groups ("ERGs"). Our ERGs bring together employees who share common interests and experiences through events such as seminars, guest speakers, meet-and-greets and charitable events. We have 11 unique ERGs and 19 total chapters, including four national chapters. Currently, over 33% of our employees belong to at least one ERG.</li><li>• Each year since 2016, we have received a 100% rating on the Human Rights Campaign Foundation's Corporate Equality Index, in recognition of our steps to ensure greater equity for LGBTQ workers and their families in the form of comprehensive policies, benefits and practices.</li><li>• We launched our African American Advisor Business Community in February 2019, and plan to launch other diverse community groups to enable advisors to continue to learn, share and grow.</li></ul>
Environment & Sustainability	<ul style="list-style-type: none"><li>• We have committed ourselves to making it easier for our advisors and their clients to go paperless. Our progress in 2019 included the piloting of new electronic processes to reduce paper consumption related to account statements and mailed shareholder communications.</li><li>• We have recycling and composting stations located throughout our Carolinas campus, which earned LEED Gold certification for its innovation in sustainable design strategies. Our San Diego facility, which earned LEED Platinum certification for its interior design and construction, employs single-stream waste management.</li><li>• We collect 18,000,000 gallons of rainwater each year at our Carolinas campus for use in landscaping, cooling towers and toilets.</li><li>• We have a Sustainability Employee Action Committee comprised of employees who serve as "sustainability champions" and promote eco-friendly practices throughout our facilities and operations.</li></ul>
Business Practices	<ul style="list-style-type: none"><li>• Our business is dedicated exclusively to our advisors; we are not a market-maker nor do we offer investment banking or underwriting services or proprietary products of our own. Because we do not offer proprietary products, we enable our advisors to offer their clients lower-conflict advice.</li><li>• Our Research team provides resources for market insights, asset allocation, manager research and turnkey centrally managed portfolios to enable our advisors to include sustainable investing in their practices. Approximately 9,000 advisors had more than 100,000 clients who had invested over \$3.5 billion across these products as of June 30, 2019.</li><li>• To foster greater connection with our employees and to support their work, we check in with them via an annual survey which is called "LPL Listens." The survey affords our employees the opportunity to share their perspectives on their work experience with us.</li><li>• We have a strong corporate culture that promotes the highest standards of ethics and compliance for our business. Our advisors sign a Code of Ethics that covers disclosure of conflicts of interest, as well as compliance with securities laws and the protection of confidential client information.</li><li>• Our Code of Conduct guides our employees' decision-making processes when there is no prescriptive rule for the situation at hand. The Code summarizes fundamental principles, explains our approach to business ethics and provides a guiding framework for doing the right thing.</li></ul>

## Annual Board Evaluation

Our Board recognizes that a robust and constructive evaluation process is an important aspect of good corporate governance and board effectiveness. The Nominating and Governance Committee conducts an annual evaluation of our Board, each of its standing committees and individual directors following the end of each year. The goal is to provide a meaningful assessment of whether the Board's performance, operations, size and composition are effective for the Company, both in the short- and longer-term.

Following discussion by the Nominating and Governance Committee, the 2020 annual evaluation included the following elements:

- a written questionnaire completed by each director;
- a written questionnaire for each Board committee completed by each committee member;
- individual director interviews conducted by the chair of the Board and our chief legal officer (who elicited confidential feedback about the chair from directors outside the presence of the chair); and
- written questionnaires completed by our executive officers.

The director and management questionnaires provided feedback on an unattributed basis and informed the individual director interviews, which provided further opportunity for candid discussion.

The primary topics of the 2020 annual evaluation were:

- Board composition, diversity and size, including desired director skills and attributes;
- quality of materials and information provided to the Board;
- structure and conduct of Board meetings;
- Board leadership and decision-making processes;
- Board committee structure and performance;
- Board culture and dynamics;
- Board and director interactions with management; and

- effectiveness of Board oversight, including attention to issues and opportunities that affect long-term stockholder value.

As part of the 2020 annual evaluation, directors had the opportunity to provide feedback on individual directors, in order to help improve performance or contributions to the Board.

Our Board discussed the results of the 2020 annual evaluation in a closed session co-led by the chair of the Board and the chair of the Nominating and Governance Committee.

**Board Committees**

The Board of Directors has established three standing committees: the Audit Committee, the Nominating and Governance Committee, and the Compensation Committee, each with the composition and responsibilities described below. The members of each committee were appointed by the Board of

Directors and will serve until their successors are elected and qualified, unless they are removed earlier or resign. In addition, from time to time, special committees may be established under the direction of the Board of Directors when necessary to address specific issues. Each of the standing committees of our Board is chaired by an independent director.

The table below reflects the composition of the Board's three standing committees as of March 23, 2020:

	Audit Committee	Nominating and Governance Committee	Compensation Committee
H. Paulett Eberhart	△		✓
William F. Glavin, Jr.	✓	✓	
Allison H. Mnookin		✓	✓
Anne M. Mulcahy		✓	△
James S. Putnam	◆		✓
James S. Riepe	✓		
Richard P. Schiffer		△	
Corey E. Thomas	✓		

✓ Member                      △ Chair                      ◆ Chair of the Board

Our Nominating and Governance Committee will reassess the composition of the standing committees of the Board following the election of directors at the Annual Meeting. Following its assessment after the 2019 annual meeting of stockholders:

of the Audit Committee members meet the requirements for financial literacy and are able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. Our Board has affirmatively determined that Ms. Eberhart qualifies as an audit committee financial expert under the applicable rules and regulations of the SEC.

- Mr. Thomas succeeded Mr. Putnam on the Audit Committee;
- Mr. Putnam succeeded Mr. Riepe on the Compensation Committee; and
- Ms. Eberhart succeeded Mr. Riepe as chair of the Audit Committee, effective as of September 25, 2019.

**Audit Committee**

Our Audit Committee is composed of the following members: H. Paulett Eberhart, William F. Glavin, Jr., James S. Riepe and Corey E. Thomas. Ms. Eberhart serves as the chair of the Audit Committee.

Each of the Audit Committee members is independent under the listing standards of Nasdaq, including under Rule 10A-3 of the Exchange Act. None of the Audit Committee members is an employee of ours or any of our subsidiaries, nor simultaneously serves on the audit committees of more than three public companies, including ours. All

Our Audit Committee is responsible for, among other things, the appointment, compensation, oversight and replacement, if necessary, of the independent auditor and assisting the Board in overseeing and monitoring:

- the integrity of the Company's financial statements and other financial information provided by the Company to its stockholders;
- the integrity of the accounting and financial reporting processes of the Company, and the audit of the Company's financial statements;
- the Company's compliance with legal, regulatory and public disclosure requirements;
- enterprise risk management, privacy and data security (except for risks assigned to other committees or retained by the Board);
- the Company's independent auditor, including its qualifications, performance and independence; and
- the performance of the Company's internal audit function.

The Audit Committee reviews and discusses our annual and quarterly financial statements, our disclosures in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual and quarterly reports filed with the SEC, and our earnings announcements prior to their release. The Audit Committee also reviews matters related to the Company's related party transaction policy, the operations of the Company's Technology department and the Company's whistleblower and integrity program. For additional information on the Audit Committee's role in our enterprise risk management framework, please see " — Risk Management and Compensation Policies and Practices."

In addition, the Audit Committee is responsible for overseeing the fee negotiations associated with our retention of Deloitte & Touche LLP, our independent registered public accounting firm ("Deloitte").

The Audit Committee has authority under its charter to obtain advice and assistance from outside legal counsel, accounting or other outside advisors as deemed appropriate to perform its duties and responsibilities.

The Audit Committee met nine times during 2019.

### ***Nominating and Governance Committee***

Our Nominating and Governance Committee is composed of the following members: William F. Glavin, Jr., Allison H. Mnookin, Anne M. Mulcahy and Richard P. Schifter. Mr. Schifter serves as the chair of the Nominating and Governance Committee.

Each member of the Nominating and Governance Committee is independent under the listing standards of Nasdaq.

The Nominating and Governance Committee is responsible for:

- developing a profile of attributes that a potential director should possess in order to contribute effectively to the Board, taking into account the overall diversity and composition of the Board;
- identifying, evaluating and recruiting qualified persons to serve on our Board of Directors;
- selecting, or recommending to the Board for selection, nominees for election as directors;
- reviewing and recommending the composition of the Board's standing committees;
- reviewing and assessing the Company's corporate governance guidelines;
- overseeing our ESG program; and
- annually evaluating the performance, operations, size and composition of our Board of Directors.

The Nominating and Governance Committee has authority under its charter to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. As discussed above, the Nominating and Governance Committee engaged SpencerStuart, a director search firm, in 2019 to provide ongoing assistance in Board succession planning and in identifying, evaluating, and recruiting potential additional director candidates.

The Nominating and Governance Committee met eight times during 2019.

### ***Compensation and Human Resources Committee***

The Compensation Committee is composed of the following members: H. Paulett Eberhart, Allison H. Mnookin, Anne M. Mulcahy and James S. Putnam. Ms. Mulcahy serves as the chair of the Compensation Committee.



Each member of the Compensation Committee is independent under the listing standards of Nasdaq, including the heightened standards that apply to compensation committee members. The Compensation Committee is composed entirely of “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act.

The Compensation Committee is responsible for:

- reviewing and approving goals and objectives relevant to executive officer compensation and evaluating the performance of executive officers in light of those goals and objectives;
- reviewing and approving the chief executive officer’s compensation based upon the Compensation Committee’s evaluation of the chief executive officer’s performance;
- reviewing and approving executive officer compensation;
- overseeing senior management succession planning;
- making recommendations to the Board regarding the adoption of new incentive compensation and equity-based plans, and administering our existing incentive compensation and equity-based plans;
- making recommendations to the Board regarding compensation of our directors;
- reviewing and approving the general design and terms of any significant non-executive compensation and benefits plans; and
- reviewing our significant policies, practices and procedures concerning human resource-related matters.

In addition, the Compensation Committee reviews our executive and non-executive officer talent to ensure that we attract and develop employees with the skill sets needed to execute our business strategy. The Compensation Committee focuses on ongoing development and coaching for future leadership positions, including:

- annual succession planning for all managing director roles to ensure we are identifying and investing in key talent for critical positions;
- talent reviews of individual leaders at quarterly committee meetings to provide the Compensation Committee with insight into

our talent pipeline, as well as development feedback to those leaders; and

- review of the Company’s diversity and inclusion initiatives for both advisors and employees, to ensure that the Company is cultivating a diverse group of leaders and an inclusive environment.

The Compensation Committee has authority under its charter to access such internal and external resources, including retaining legal, financial or other advisors, as the Compensation Committee deems necessary or appropriate to fulfill its responsibilities. In 2019, the Compensation Committee engaged an independent compensation consultant, Meridian Compensation Partners, LLC (the “Compensation Consultant”), to advise on compensation matters and provide experiential guidance on what is considered fair and competitive practice in our industry, primarily with respect to the compensation of our executive officers, and also with regard to director compensation.

The Compensation Committee has the authority to delegate to subcommittees of the Compensation Committee any responsibilities of the full committee. The Compensation Committee may also delegate to a committee of one or more directors, or one or more of our executive officers, subject to certain restrictions, the power to grant stock options, restricted stock units, performance stock units or other equity awards, and amend the terms of such awards, pursuant to our equity plans. References to the Compensation Committee in this proxy statement also refer to its subcommittees and its delegates, where applicable.

The Compensation Committee met five times during 2019.

#### Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or was during 2019 an officer or employee of ours or any of our subsidiaries. Mr. Putnam, who joined the Compensation Committee in May 2019, served as an officer of LPL Financial prior to 2006. None of our executive officers serves or has served as a member of the board of directors, compensation committee, or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

## Risk Management and Compensation Policies and Practices

We employ an enterprise risk management (“ERM”) framework that is intended to address key risks and responsibilities, enable us to execute our business strategy, and protect our firm and its franchise. Our framework is designed to promote clear lines of risk management accountability and a structured escalation process for key risk information and events. In addition to the ERM framework, we have written policies and procedures that govern the conduct of business by our employees and independent financial advisors, and the terms and conditions of our relationships with financial product sponsors.

Our risk management governance approach is discussed in our Annual Report under “Item 7A. Quantitative and Qualitative Disclosures About Market Risk — Risk Management.” This approach includes the Board of Directors, the Audit Committee and the Compensation Committee, as well as the Company’s Risk Oversight Committee (the “ROC”) and its subcommittees, the Company’s Internal Audit department, the Company’s Compliance, Legal and Risk department, and business line management.

### *Role of the Audit Committee*

In addition to its other responsibilities, the Audit Committee reviews our policies with respect to risk assessment and risk management, as well as our major regulatory, litigation and financial risk exposures and the steps management has undertaken to monitor and control them. The Audit Committee generally provides reports to the Board at each of the Board’s regularly scheduled quarterly meetings.

The Audit Committee has mandated that the ROC oversee our risk management activities, including those of our subsidiaries. The Company’s chief legal officer provides updates on pertinent ROC discussions to the Audit Committee on a regular basis and, if necessary or requested, to the Board. In addition, our Internal Audit department provides independent and objective assurance of the effectiveness of the Company’s governance, risk management and internal controls by conducting risk assessments and audits designed to identify and cover important risk categories. Our Internal Audit

department reports directly to the Audit Committee, which provides oversight of the department’s activities and approves its annual plan. Our Internal Audit department provides regular reports to the ROC and reports to the Audit Committee at least as often as quarterly.

### *Role of the Compensation Committee*

In addition to its other responsibilities, the Compensation Committee assesses whether our compensation arrangements encourage inappropriate risk-taking, and whether risks arising from our compensation arrangements are reasonably likely to have a material adverse effect on the Company.

The Compensation Committee has reviewed and evaluated the development and implementation of our compensation practices across our Company. It is our belief that our compensation practices do not encourage inappropriate actions by our executive officers or other employees and are not reasonably likely to have a material adverse effect on the Company. Specifically, we believe that our compensation practices avoid:

- compensation mix overly weighted toward annual bonus awards;
- an excessive focus on short-term equity incentive awards that could cause behavior to drive short-term stock price gains in lieu of long-term value creation; and
- unreasonable financial goals or thresholds that could encourage efforts to generate near-term revenue with an adverse impact on long-term success.

We believe that the following serve to mitigate the potential for adverse risk that may be caused by the action of our executive officers or other key employees:

- defined processes for developing strategic and annual operating plans, and approval of capital investments;
- Board approval of the Company’s annual corporate goals, which aligns these goals with our annual operating plan, strategic plan and compensation programs to achieve an appropriate risk-reward balance;



- annual review of peer group practices and compensation surveys to develop compensation strategies and practices;
- annual incentive awards based on a review by the Compensation Committee of a variety of metrics, including both financial performance and strategic achievements, reducing the potential to concentrate on one metric as the basis of an annual incentive award;
- mix of fixed and variable, annual and long-term, and cash and equity compensation, encouraging decisions and actions that are in our long-term best interests;
- discretionary authority is maintained by the Compensation Committee to adjust annual bonus funding and payments, which reduces business risk associated with our cash bonus program;
- long-term equity incentive awards, including performance-based awards, vest over a period of time, and as a result of the longer time horizon to receive the value of an equity award, the prospect of short-term or risky behavior is mitigated;
- use of more than one long-term equity incentive vehicle mitigates the risk of any one vehicle creating undue incentive to take on excessive risk; and
- inclusion of stock ownership requirements for all executive officers, a “claw-back” policy, and anti-hedging policies that help to mitigate the possibility of short-term risk-taking at the expense of long-term value creation.

**Communicating with the  
Board of Directors**

Any stockholder who wishes to contact a member of our Board of Directors may do so by writing to the following address:

Board of Directors  
c/o Secretary  
LPL Financial Holdings Inc.  
75 State Street  
Boston, MA 02109

Communications will be distributed to the chair of the Board or the other members of the Board as appropriate depending on the facts and circumstances outlined in the communication received.

## Board of Director Compensation

### Director Compensation Policy

Our director compensation policy provides that each of our non-employee directors receives an annual service retainer of \$235,000. Of this amount, \$80,000 is paid in a lump sum in cash (or, at the director's election, in the form of shares of our Common Stock as described below) and \$155,000 is paid in the form of restricted shares of our Common Stock granted under our Amended and Restated 2010 Omnibus Equity Incentive Plan (the "2010 Plan").

The following table sets forth the additional annual service retainers under our director compensation policy that a committee member received for his or her additional duties during 2019:

	Chair	Each Other Member
Audit Committee	\$ 30,000	\$ 15,000
Compensation Committee	\$ 25,000	\$ 12,500
Nominating and Governance Committee	\$ 20,000	\$ 10,000

Our director compensation policy also provides that the chair of the Board receives an additional annual service retainer of \$140,000 in connection with his additional duties. The retainers for committee and chair service are paid in cash in installments following the end of each quarter of service. Our directors are also reimbursed for expenses incurred in connection with their attendance at Board and committee meetings. Mr. Arnold does not receive additional compensation for his service as a director.

The Compensation Committee reviews the director compensation practices of our compensation peer group annually, as described under "Benchmarking" in the Compensation Discussion and Analysis, with the assistance of the Compensation Consultant. The 2019 benchmarking analysis indicated that the annual service retainer for our non-executive chair was below the median of our peer group. After reviewing this analysis, the Compensation Committee recommended, and the Board approved, an increase in such retainer from \$120,000 to \$140,000, effective as of October 1, 2019.

As noted above, in 2019, each of our non-employee directors was granted an annual award of restricted stock having a grant date value of \$155,000 (based on the average of the closing price of our Common Stock for the trailing thirty consecutive trading days including the grant date). These awards vest in full on May 5, 2020, which is the day prior to the Annual Meeting, generally subject to the director's continued service through that date. We believe these equity grants serve

to further align our directors' interests with the interests of our stockholders.

Our director compensation policy permits non-employee directors to make an election to be issued, in lieu of the cash portion of their annual service retainer, fully vested shares of our Common Stock. In 2019, the number of fully vested shares was determined by dividing \$80,000 by the average of the closing price of our Common Stock for the trailing thirty consecutive trading days, ending on and including the date such shares were granted.

### Deferred Compensation Plan

Under the LPL Financial Holdings Inc. Non-Employee Director Deferred Compensation Plan (the "Deferred Plan"), non-employee directors may make an annual election to defer receipt of the equity portion, or both the equity and cash portion, of their annual service retainer for Board service. For directors who make such a deferral election, a book-entry account is established and credited with a number of deferred stock units granted under our 2010 Plan equal in value to the shares and, if so elected by the director, the cash, that would otherwise be granted or paid absent such deferral election, with each deferred stock unit representing the right to receive a share of our Common Stock. Dividend equivalent rights are credited to a director's book-entry account, in the form of additional stock units, on both vested and unvested deferred stock units. All such shares will be paid only upon a director's separation from service or a change in control, as defined in the Deferred Plan.

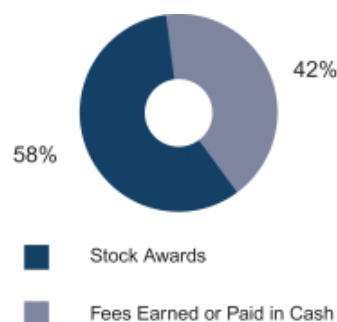
### Equity Ownership Guidelines

Our Corporate Governance Guidelines include equity ownership guidelines for non-employee directors. Within five years of the date of his or her election to the Board, each non-employee director must maintain ownership of shares of Common Stock equal to five times the cash portion of the annual service retainer for Board service then in effect, not including any retainers for committee or chair service. All shares owned outright and beneficially owned by a non-employee director, including all shares of unvested restricted stock and all shares issuable pursuant to vested and unvested deferred stock units, are counted in determining compliance with such minimum ownership requirement. Neither vested nor unvested stock options are counted, however. As of March 9, 2020, each of our non-employee directors except for Ms. Mnookin and Mr. Thomas, who were elected to the Board in June 2018 and May 2019, respectively, satisfied this minimum ownership requirement.

The following table sets forth the compensation received by each non-employee director for service on the Board for the fiscal year ended December 31, 2019. In addition to the payments disclosed in the table below, our directors were reimbursed for out-of-pocket expenses incurred in connection with their attendance at Board and committee meetings.

Name	Fees Earned or Paid in Cash (\$)		Stock Awards (\$)(1)(2)	Total (\$)
H. Paulett Eberhart	\$111,250	(3)	\$170,047	\$281,297
William F. Glavin, Jr.	\$112,729	(4)	\$170,047	\$282,776
Allison Mnookin	\$100,833	(6)	\$170,047	\$270,880
Anne M. Mulcahy	\$122,729		\$170,047	\$292,776
James S. Putnam	\$218,542	(7)	\$170,047	\$388,589
James S. Riepe		(4)		
	\$119,188	(8)	\$170,047	\$289,235
Richard P. Schifter	\$107,729	(4)	\$170,047	\$277,776
Corey E. Thomas		(4)		
	\$ 96,479	(9)	\$170,047	\$266,526

**Non-Employee Director Compensation Mix**



- The amounts shown in this column represent the aggregate grant date fair value of restricted stock awards granted to our non-employee directors in 2019. The aggregate grant date fair value of the restricted stock awards, as determined under the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, was determined by multiplying the number of shares underlying the award by \$81.99, which was the closing price per share of our Common Stock on the grant date. For information regarding the number of shares of restricted stock held by each non-employee director as of December 31, 2019, see the table in footnote 2 below. The amounts shown in this column do not include the value of any fully vested shares of Common Stock that certain of our non-employee directors elected to receive in lieu of the cash portion of the annual service retainer. In accordance with SEC rules, such amounts are shown in the column “Fees Earned or Paid in Cash”.
- The following table shows the aggregate number of shares of restricted stock held by each of our non-employee directors as of December 31, 2019. All restricted stock awards reported in the table below will vest in full on May 5, 2020.

Name	Restricted Stock Awards (#)
H. Paulett Eberhart	2,074
William F. Glavin, Jr.	2,074
Allison Mnookin	2,074
Anne M. Mulcahy	2,074
James S. Putnam	2,074
James S. Riepe	2,074
Richard P. Schifter	2,074
Corey E. Thomas	2,074

- This amount includes Ms. Eberhart’s prorated retainer for service as chair of the Audit Committee beginning on September 25, 2019.
- This amount includes the value of fully vested shares of Common Stock that the director elected to receive in lieu of the cash portion of the director’s annual service retainer. The aggregate grant date fair value of these shares, as determined under FASB ASC Topic 718, was determined by multiplying the number of shares underlying the award by \$81.99, which was the closing price per share of our Common Stock on the grant date. Messrs. Glavin, Riepe, Schifter and Thomas delivered a written deferral election under the Deferred Plan pursuant to which the director elected to defer receipt of the fully vested shares of Common Stock in lieu of the cash portion of the annual service retainer.
- Messrs. Glavin, Riepe, Schifter and Thomas delivered a written deferral election under the Deferred Plan pursuant to which the director elected to defer receipt of the equity portion of his annual service retainer.
- This amount includes Ms. Mnookin’s prorated retainer for service on the Nominating and Governance Committee beginning on February 6, 2019.
- This amount includes Mr. Putnam’s prorated retainer for service on the Compensation Committee beginning on May 8, 2019 and also reflects an increase in his annual retainer for service as non-executive chair beginning on October 1, 2019.
- This amount includes Mr. Riepe’s prorated retainer for service on the Compensation Committee until May 8, 2019 and his prorated retainer for service as chair of the Audit Committee until September 25, 2019.
- This amount includes Mr. Thomas’ prorated retainer for service on the Audit Committee beginning on May 8, 2019.

## Compensation Discussion and Analysis

### Executive Summary

This Compensation Discussion and Analysis (“CD&A”) describes the actions taken by the Compensation Committee with respect to 2019 compensation for our executive officers, including our named executive officers (“NEOs”). Under SEC rules, our NEOs for 2019 were:

Executive	Title
Dan H. Arnold	President and Chief Executive Officer
Matthew J. Audette	Chief Financial Officer
Scott Seese	Managing Director, Chief Information Officer
Dayton Semerjian(1)	Managing Director, Chief Customer Care Officer
Richard Steinmeier	Managing Director, Divisional President, Business Development

(1) Mr. Semerjian commenced employment with us as Managing Director, Chief Customer Care Officer on February 28, 2019.

### Summary of 2019 Corporate Performance

The following summary of the Company’s corporate performance is intended to provide additional context for the Compensation Committee’s evaluation of the Company’s performance in 2019 for compensation-related purposes. As discussed below, the Compensation Committee established a bonus pool funding framework at the beginning of 2019 that assigned equal weighting to the Company’s financial performance and achievement of its pre-established 2019 corporate goals.

Adjusted EBITDA was the primary metric used in the bonus pool funding framework to evaluate the Company’s financial performance in 2019. The Compensation Committee also considered the Company’s gross profit and expense management results, and their effect on the Company’s Adjusted EBITDA results. EBITDA, Adjusted EBITDA, gross profit and core G&A are non-GAAP financial measures that are described under “*Non-GAAP Financial Measures*” in Appendix A.

Under the bonus pool funding framework, the Compensation Committee assessed the achievement of the following four corporate goals for 2019, which were approved by the Board of Directors at the beginning of the year along with underlying key performance metrics and program deliverables:

- Drive profitable growth (the “Growth Goal”);
- Make it easier to do business with the Company (the “Service Goal”);
- Transform our culture (the “Culture Goal”); and
- Execute with discipline and focus (the “Execution Goal”).

The Company generated strong financial results in 2019, including net income and earnings per share that grew year-over-year by 27% and 36%, respectively. The Company’s gross profit of \$2.2 billion in 2019 increased 12% from \$1.9 billion in 2018, as a result of growth across all primary revenue lines. The Company maintained a focus on expense management while increasing investments in organic growth, which resulted in core general and administrative expense (“core G&A”) of \$868 million, an increase of 6% year-over-year including costs related to the Company’s acquisition of Allen & Company of Florida, LLC (“Allen & Company”). As a result, the Company’s EBITDA grew year-over-year by 20%. The Company’s Adjusted EBITDA of \$1,069 million in 2019, exceeded the Company’s 2019 performance target of \$993 million by \$76 million, or 8%. For additional discussion and analysis of the Company’s 2019 financial performance, please refer to the Annual Report.

As further discussed below, the Compensation Committee determined that the Company generally performed well against its 2019 corporate goals. The Company drove growth in its total brokerage and advisory assets through improved organic growth, which was driven by recruited assets of \$35.0 billion, compared to \$27.3 billion in 2018, as well as higher production retention year-over-year and favorable macroeconomic conditions. In addition, the Company's advisors continued to shift their business mix from brokerage to advisory solutions, and increase their use of both the Company's corporate advisory and centrally managed platforms, which benefit the Company's gross profit return on assets over time. The Company's cultural transformation is a multi-year effort, and the Company made progress in 2019 in positioning itself to better serve and support its advisors, including improvements to its ClientWorks platform and client care model. In addition, the Company's expense discipline enabled it to make significant investments in organic growth and technology capabilities in 2019, while also returning capital to stockholders.

After taking into account the Company's overall performance against financial and non-financial goals for 2019, the Compensation Committee determined that the 2019 bonus pool would be funded at an above-target level, and the annual cash bonus awards to our NEOs (as well to our other executives and employees) would generally be paid at target, or above target level for high performing employees, including our NEOs. This approach is consistent with our compensation philosophy and past practice.

Gross profit increased to \$2.2 billion in 2019, up 12% from the prior year.

**Gross Profit**  
(\$ in millions)



The increase in the Company's gross profit combined with disciplined expense management generated operating leverage, as Adjusted EBITDA increased 20% year-over-year to \$1,069 million. This result exceeded our 2019 performance target of \$993 million by 8%.

**Adjusted EBITDA**  
(\$ in millions)



Total brokerage and advisory assets, which reflect market movement in addition to net new assets, were \$764 billion as of December 31, 2019, a 22% increase from the prior year-end balance of \$628 billion. Total net new assets in 2019 were \$26.6 billion, including \$2.9 billion from Allen & Company.

**Total Brokerage and Advisory Assets  
(\$ in billions)**

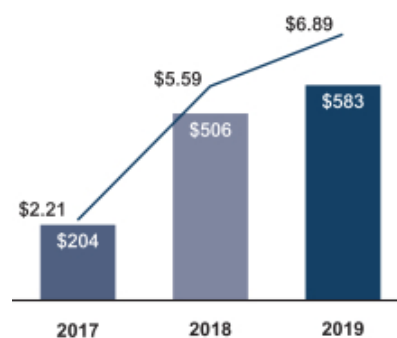


As of December 31, 2019, advisory assets, which are a component of total brokerage and advisory assets, had grown to \$366 billion, up 30% from the prior year and represented 48% of total brokerage and advisory assets at year-end. Corporate advisory assets and centrally managed assets grew year-over-year 33% and 36%, respectively.

**Advisory Assets  
(\$ in billions)**



**Capital Returned to Shareholders  
(\$ in millions, except amount per share)**



Capital was returned to stockholders in 2019 through \$83 million of dividends and \$500 million of share repurchases. These shareholder capital returns of \$583 million translated to \$6.89 per share.

### Compensation Philosophy

Under the oversight of the Compensation Committee, our executive compensation program rewards sustained positive financial and operating performance. Our executive compensation program is designed to align our executives' compensation to the performance of the Company while avoiding practices that may create unwarranted risk.

The design and operation of our executive compensation program reflect the following basic objectives:

- aligning the interests of our executive officers with the interests of our Company and its stakeholders;
- linking our executive officers' compensation to the achievement of both short-term and long-term strategic and operational goals; and
- attracting, motivating and retaining highly qualified executive officers who are passionate about the mission of our Company.

We seek to achieve these objectives through the following guiding compensation principles:

- paying compensation that is competitive with that offered for similar positions with our peer companies;
- striking an appropriate balance between current and long-term compensation as well as cash and equity compensation;
- linking short-term and long-term total compensation largely to objective and, to the extent possible, quantifiable performance measures;
- rewarding Company and business unit performance, as well as individual performance and potential; and
- using equity-based compensation for a significant portion of total compensation.

### Compensation Governance

In order to implement our compensation philosophy, and to promote strong governance and alignment with stockholder interests, we do the following:

- ✓ maintain a pay mix that is weighted more heavily on variable, performance-based compensation than fixed compensation;
- ✓ maintain stock ownership guidelines for executives;
- ✓ maintain a compensation claw-back policy that enables the Company to recoup cash and equity incentive compensation from executive officers in the event of certain financial restatements;
- ✓ retain an independent compensation consultant engaged by, and reporting directly to, the Compensation Committee;
- ✓ benchmark executive compensation against peers with which we compete for talent;
- ✓ conduct annual risk assessments of our executive compensation policies and practices;
- ✓ hold an annual stockholder "say on pay" vote; and
- ✓ hold Compensation Committee executive sessions without management present.

In addition, we **do not** do the following:

- ✗ re-price stock options without stockholder approval;
- ✗ permit hedging transactions or short sales by executives;
- ✗ permit pledging or holding company stock in a margin account by executives;
- ✗ enter into individual employment agreements; or
- ✗ provide excise tax gross-ups to executives.

We have designed our compensation practices to align with competitive market practices, strengthen the alignment between compensation paid and Company performance, and provide greater transparency for our employees and investors. These practices are discussed below.

**Components of Compensation**

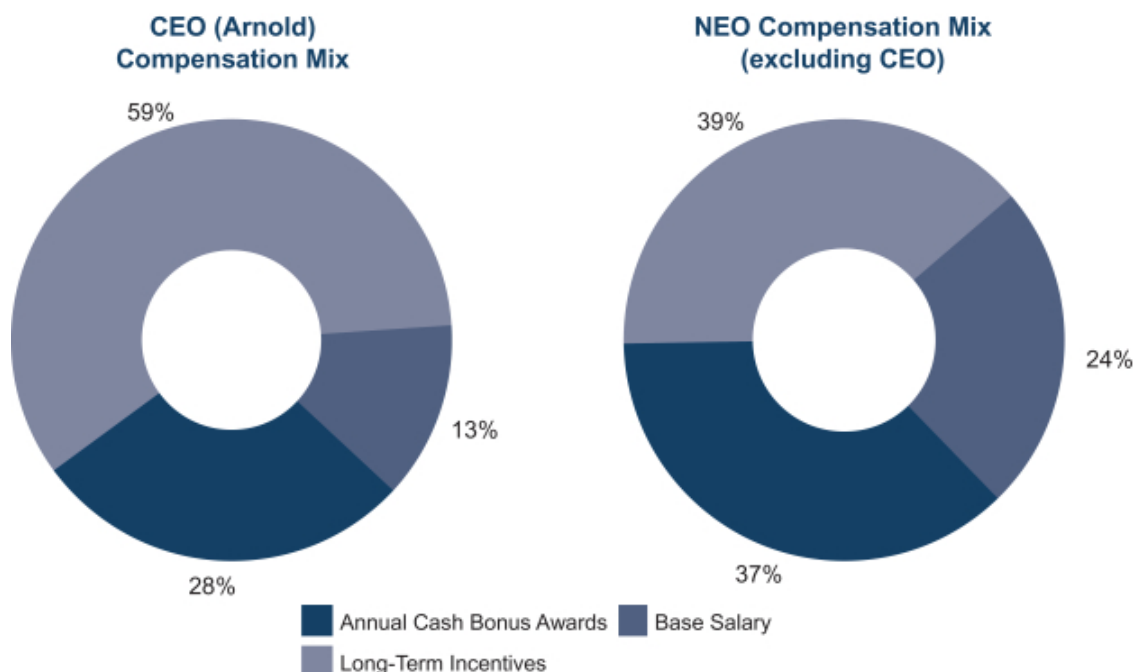
The core components of our executive compensation program are:

- Base salary;
- Annual cash bonus awards;
- Long-term equity incentive (“LTI”) awards ; and
- Severance and change-in-control benefits.

The Compensation Committee retains flexibility to determine the appropriate level and mix of the various compensation components consistent with our business needs. The mix of compensation components is intended to provide our NEOs with a competitive total compensation package that both rewards short-term results and drives long-term corporate performance.

The annual cash bonus awards incentivize our NEOs to achieve pre-determined annual Company and individual performance goals. The long-term equity incentive awards incentivize our NEOs to increase stockholder value over a sustained period of time and to achieve pre-determined long-term Company performance goals, which align the interests of our NEOs with the interests of our stockholders.

The charts below show that variable compensation comprised 87% of Mr. Arnold’s 2019 total target compensation mix and 76% of our other NEOs’ 2019 average total target compensation mix. Total target compensation consists of base salary, target annual cash bonus and the grant date fair value of LTI awards, with performance stock units (“PSUs”) valued at target.



**Base Salary**

We pay our NEOs base salaries in order to provide a level of competitive and stable income. The base salaries of our NEOs are set based on the responsibilities of the individual, taking into account the individual’s skills, experience and prior compensation levels, as well as market compensation levels of our peer group and other survey data, as described below. The Compensation Committee reviews base salaries for our NEOs on an annual basis, although salary changes may occur on a less frequent basis.

Generally, the Compensation Committee will increase an NEO’s base salary when individual performance, job scope or market compensation data indicate that an increase is warranted. As the responsibilities of our NEOs increase in the future, the Compensation Committee generally plans to adjust compensation through increases in the size of long-term equity awards and, to a lesser extent, annual cash bonus opportunity, rather than through adjustments to base salary.



With regard to our NEOs' base salaries for 2019:

- Mr. Arnold's base salary increased from \$800,000 to \$850,000;
- The base salaries of Messrs. Audette, Seese and Steinmeier were unchanged from 2018 at \$600,000, \$500,000 and \$450,000, respectively; and
- Mr. Semerjian's base salary of \$500,000 was set at the time he joined us on February 28, 2019.

In determining the salary increase for Mr. Arnold, the Compensation Committee considered, among other things, the competitiveness and mix of his total compensation opportunity based on benchmarking data prepared by the Compensation Consultant. This benchmarking data included compensation data for comparable roles at relevant peer companies and other survey data, as described further in the "Benchmarking" section ("Benchmarking Data"). The Compensation Committee considered the same information in determining that the salaries remained appropriate for Messrs. Audette, Seese and Steinmeier.

In setting Mr. Semerjian's base salary, the Compensation Committee considered his expertise, the nature and scope of his responsibilities at the Company and his experience prior to joining the Company, as well as Benchmarking Data and internal equity considerations.

The 2019 salaries for all of our NEOs appear in the Summary Compensation table that follows this CD&A.

**Annual Cash Bonus Awards**

We provide annual cash bonus awards in order to tie a significant portion of the overall cash compensation of each of our NEOs to the achievement of annually-established, key short-term corporate objectives and financial goals of the Company. See "2019 Goals and Performance Evaluation" below for a description of these objectives and goals and our 2019 performance against them. The Compensation Committee believes that our NEOs, as key members of the Company's leadership team, share responsibility for supporting the goals and performance of the Company.

At the beginning of 2019, the Compensation Committee established:

- Target award amounts for each NEO (other than Mr. Semerjian, whose target award amount was set at the time he joined us in February 2019 based on the same factors described under "Base Salary");

- Financial and non-financial Company performance goals, which were also approved by the Board; and
- A bonus funding framework that provided a potential range of bonus pool funding based on the level of achievement of the Company's financial and non-financial performance goals.

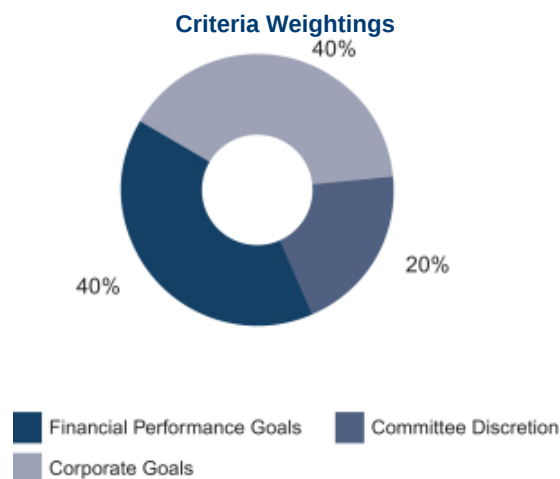
**Target Award Amounts**

The Compensation Committee sets each NEO's individual target award amount by taking into account Benchmark Data, the nature of the NEO's role and the NEO's potential contribution to the execution of the Company's overall performance goals, rather than focusing only on their individual business unit or function.

**Bonus Funding Framework**

In establishing the 2019 bonus pool funding framework, the Compensation Committee maintained the same approach to assessing corporate performance that it implemented in 2018. This approach combined a quantitative assessment with a level of discretion for the Compensation Committee, given the variety of factors that affect the Company's Adjusted EBITDA results, including prevailing interest rates and equity market performance.

To determine the bonus pool funding for 2019, the Compensation Committee reviewed the following criteria, with the indicated weightings:



Target performance as it related to the financial and corporate goals would yield a 2019 bonus funding pool of \$53.7 million (“Target Funding”). Bonuses to our NEOs, other executives and employees were paid from this pool.

**Financial Performance Goals.** For the Company’s 2019 financial performance goals, the Compensation Committee established a range of bonus funding based on the Company’s actual Adjusted EBITDA results relative to a performance target of \$993 million. The range of bonus funding was scaled such that performance above target would yield a proportionately greater payout and performance below target would yield a proportionately lesser payout. This approach was intended to ensure that the financial results were a motivating element in the funding framework:

Percentage of Target	Percent payout
120%	150%
100%	100%
80%	50%

The Company generated Adjusted EBITDA of \$1,069 million in 2019, which was 8% greater than the performance target. This level of achievement resulted in a funding level above target for this component of the funding framework.

**Corporate Goals.** The Compensation Committee established the following weights for each of the Company’s 2019 corporate goals:

Goal	Weight
Growth Goal	10%
Service Goal	10%
Culture Goal	10%
Execution Goal	10%
Total Goals Contribution	40%

The Compensation Committee assigned equal weighting to each of the goals because it determined that each was a priority element of the Company’s longer-term strategy.

The Committee also established a range of bonus funding per goal using the performance rating scale below.

Performance Rating	Payout
Exceeds	150%
Meets	100%
Partially meets	75%

As further described under “2019 Goals and Performance Evaluation,” the Compensation Committee rated:

- the Growth Goal and Culture Goal as “meets;”
- the Service Goal as “partially exceeds;” and
- the Execution Goal as “exceeds.”

The collective achievement of these corporate goals resulted in a funding level above target for this component of the funding framework.

**Committee Discretion.** After determining the applicable funding level, the Compensation Committee had discretion to adjust bonus pool funding up or down based on its subjective assessments of key drivers of performance (including business and market factors affecting the Company’s financial results) and the degree of difficulty of the individual 2019 corporate goals.

For 2019, the collective level of achievement of the Company’s financial and corporate goals yielded total bonus pool funding of \$61.7 million, which exceeded Target Funding. The Compensation Committee declined to exercise its discretion to increase or decrease the level of 2019 bonus pool funding. The 2019 bonus pool was 5.8% of 2019 Adjusted EBITDA, compared to 6.2% as a percentage of 2018 Adjusted EBITDA for the 2018 bonus pool.

**2019 Goals and Performance Evaluation**

Our NEOs are primarily responsible for ensuring that the Company achieves its annual and long-term goals. At the beginning of 2019, our Board determined, with the input of the chief executive officer, the corporate goals for the year, including the Adjusted EBITDA target and corporate goals described above. In evaluating incentive compensation at the end of the year, the Compensation Committee considered the level of achievement of the Company's financial and non-financial performance goals.

The Compensation Committee determined that the Company generally performed well against its 2019 corporate goals based on the achievements listed below.

<b>2019 Corporate Goals</b>	<b>Performance Commentary</b>
Drive profitable growth	Recruited assets of \$35 billion represented a record recruiting year and exceeded our performance target. Total net new assets of \$24 billion also exceeded our target. Profitability metrics outperformed, as advisors increased their use of the Company's advisory, corporate advisory and centrally managed platforms. The Company also launched LPL Business Solutions and progressed the development of new affiliation models for premium and employee-based advisors.
Make it easier to do business with the Company	The Company made progress on this multi-year initiative, as reflected in a 45 point improvement in its net promoter score over the past two years. The Company delivered improvements to the functionality of its ClientWorks platform, including the ongoing digitization of advisor workflows and integration of curated third-party technology through ClientWorks Connected. It also made progress in transforming its service model into a client care model, including with regard to case management and omni-channel service capabilities.
Transform our culture	The Company continued its structured approach to a cultural transformation, including activation of a mission-driven culture through the launch of new corporate values. A 72% overall favorable score in the annual employee engagement survey placed the Company ahead of benchmark for same-sized companies and validated our employee-focused initiatives. The Company achieved an annualized retention rate of high performing employees of 92% in 2019 despite a highly competitive employment market in its key office locations.
Execute with discipline and focus	The Company drove improved operating margin in 2019 through strong gross profit growth and disciplined expense management. The Company deployed capital to drive organic growth, including approximately \$155 million in technology-related investments, and completed the Allen & Company acquisition. The Company also returned \$583 million to stockholders, and its total stockholder return was in the top decile of the Standard & Poor's 1500 Capital Markets Companies.

As we look forward to 2020, the Board has recommitted our management team to goal categories that are generally consistent with those adopted in 2019.

**Individual Cash Bonus Award Determinations**

The Compensation Committee evaluates each NEO's contribution to the Company's overall performance, as well as the NEO's performance against additional, previously established individual goals. In determining whether and to what extent bonuses are paid, the

Compensation Committee takes into account discussions with management and the Compensation Consultant. For additional information, including the assessing process for our chief executive officer, please see "How Compensation Decisions Were Made" on page 43 of this proxy statement.

The Compensation Committee generally has the discretion to pay bonuses above or below the established targets based upon its assessment of each NEO's contributions, performance and potential, and other considerations such as internal pay equity.

Our chief executive officer and chief financial officer met with the Compensation Committee in December 2019 and January 2020 to discuss the Company's actual performance compared to its financial and corporate goals for 2019. In February 2020, the Compensation Committee reviewed the individual performance in 2019 of each of our NEOs, including their respective contributions to the Company's overall performance against its financial and corporate goals. The Compensation Consultant participated in each of the meetings.

Based primarily on these assessments, the Compensation Committee exercised its discretion to award annual cash bonuses to our NEOs above each executive's target award amount for 2019. In making its individual determinations, the Compensation Committee considered the collective level of achievement of the Company's financial and corporate goals and each NEO's individual performance, including:

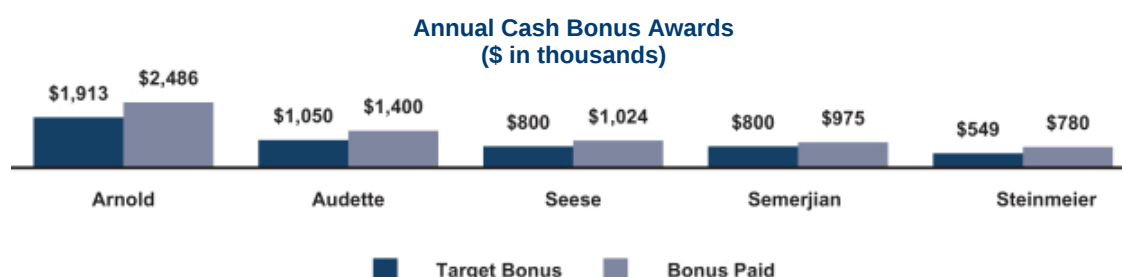
- Mr. Arnold's strategic vision and leadership of the Company in meeting or exceeding 2019 performance targets for both financial results and corporate goals;
- Mr. Audette's contribution to above-target achievement of the Execution Goal, including development and execution of an operating plan that delivered operating leverage while

enabling significant investments in organic growth and returning capital to stockholders;

- Mr. Seese's leadership in improving client service, notably through ClientWorks improvements, which contributed to a "partially exceeds" level of achievement of the Service Goal;
- Mr. Semerjian's progress in transforming our service model into a client care model, which also contributed to the "partially exceeds" level of achievement of the Service Goal; and
- Mr. Steinmeier's leadership in improving the efficacy of our business development efforts, which delivered record recruited assets in 2019, and in developing the Company's new advisor affiliation models, including premium and employee-based offerings.

The table and chart below show the target annual cash bonus award opportunity established for each of our NEOs at the beginning of 2019, as well as the actual cash bonus awarded to each of our NEOs for 2019, as determined by the Compensation Committee:

NEO	Target Award	Target Award as a Percentage of Base Salary	Cash Bonus	Cash Bonus Awarded as a Percentage of Base Salary	Cash Bonus Awarded as a Percentage of Target Award
Dan H. Arnold	\$1,912,500	225%	\$2,486,250	293%	130%
Matthew J. Audette	\$1,050,000	175%	\$1,400,000	233%	133%
Scott Seese	\$ 800,000	160%	\$1,024,000	205%	128%
Dayton Semerjian	\$ 800,000	160%	\$ 975,000	195%	122%
Richard Steinmeier	\$ 549,000	122%	\$ 780,000	173%	142%



**Long-Term Equity Incentive Awards**

The purposes of our long-term equity incentive program are to promote the achievement of corporate goals that drive long-term stockholder value, to align the interests of our executive officers and other key employees with our stakeholders and to retain key executives. Our long-term equity incentive program is critical to our efforts to hire and retain the best talent in the financial services industry.

At the beginning of each year, the Compensation Committee establishes annual LTI award targets for executive officers after reviewing the recommendations of our chief executive officer and additional information, including Benchmarking Data. Annual target award amounts are based on an executive's position, including job scope, and base salary, after consideration of Benchmarking Data and prior years' awards to the executive.

After the conclusion of the year, the Compensation Committee determines the actual amounts of the LTI award to be granted to each of our NEOs. Because the value of the LTI awards depends on the Company's longer-term performance, LTI awards are an element of our executive retention strategy. In determining the LTI awards, the Compensation Committee takes into account discussions with management and the Compensation Consultant, and an NEO's actual LTI award may vary from the target amount previously established.

In accordance with SEC rules, the equity awards shown in our Summary Compensation table and Grants of Plan-Based Awards table reflect LTI awards that were granted during calendar year 2019. The awards shown in such tables include the LTI awards granted in February 2019 described below but not the LTI awards granted in February 2020, which we also describe below.

**LTI Awards in 2019**

For 2018, the Compensation Committee established annual LTI award targets for our NEOs that ranged from 122% to 350% of base salary.

In February 2019, the Compensation Committee approved equity grants to our NEOs. In the case of Messrs. Arnold, Audette, Seese and Steinmeier, these awards were based on 2018 LTI award targets as well as the NEO's individual performance during 2018, leadership responsibilities and potential, as well as retention considerations. In the case of Mr. Semerjian, the LTI award reflected the results of negotiations in recruiting him to accept employment with the Company.

The equity grant to Mr. Arnold consisted of 50% performance share units ("PSUs") and 50% stock options (by grant date value), and equity grants to Messrs. Audette, Seese and Steinmeier consisted of 40% PSUs, 30% stock options and 30% time-based restricted stock units ("RSUs"). We believe that this blended approach provided appropriate incentives for long-term stockholder value creation while also serving as a retention tool for the Company. We also believe that the use of PSUs aligned with our pay-for-performance principles and put appropriate focus on long-term alignment and pay relative both to market peers and stockholder returns.

Pursuant to the terms of his offer letter, the Compensation Committee granted Mr. Semerjian a sign-on award on February 28, 2019 of 10,772 RSUs, which vest in equal annual installments over two years.

**2019 Performance Share Unit Awards.** The PSUs granted in 2019 are eligible to become earned PSUs based on the Company's total stockholder return ("TSR") relative to the TSR of a predetermined comparator group over a three-year performance period (the "Performance Period"). The comparator

group consists of the Standard & Poor's 1500 Capital Markets Companies (the "Comparator Group"), and the number of earned PSUs is based on the Company's relative ranking between the 25th and 80th percentile of the Comparator Group's TSR results. Based on the Company's relative performance, the number of earned PSUs can range between 50% (threshold) and 200% (maximum) of the target award as shown below:

Performance Level	Relative TSR Percentile Rank (based on Comparator Group)	Common Shares Earned (as a % of Target)
Maximum	80th	200%
Target	50th	100%
Threshold	25th	50%
Below Threshold	Below 25th	0%

The beginning and ending share price for TSR calculations will be based on the average closing price of our Common Stock for the trailing thirty consecutive trading days including each of the beginning and end dates of the Performance Period. Earned PSUs become vested on the later of the third anniversary of the grant date and the date on which the Compensation Committee certifies achievement of the performance criteria associated with the award. The number of earned PSUs is capped at 100% of the target award if the Company's TSR is negative over the Performance Period.

In granting PSUs in 2019, the Compensation Committee calculated the number of shares underlying each award using a price per share equal to the average closing price of our Common Stock for the trailing thirty consecutive trading days including the grant date. This approach was intended to mitigate the effect of stock price volatility.

**2019 Stock Option Awards.** The stock options granted in 2019 enable a grantee to purchase a specified number of shares of our Common Stock at a fixed purchase price over a fixed period of time. The exercise price is equal to the closing price per share of our Common Stock on the date of grant. These stock options will only have value if our share price exceeds the options' exercise price, and the stock options vest in three equal annual installments.

In determining the size of stock option awards in 2019, the Compensation Committee used the value per option as of the grant date, calculated using the Black-Scholes model and related assumptions (the

"Black-Scholes Value"). For additional information about the assumptions we used, please see Note 16, "Share-Based Compensation" in the notes to the consolidated financial statements included in the Annual Report

**2019 Restricted Stock Unit Awards.** Upon vesting, each RSU granted in 2019 entitles the grantee to receive one share of our Common Stock. RSUs vest over time, in three equal annual installments in the case of grants to our NEOs other than Mr. Semerjian (whose sign-on RSU grant vests over two years, as described above). In granting RSUs in 2019, the Compensation Committee calculated the number of shares underlying each award using a price per share equal to the average closing price of our Common Stock for the trailing thirty consecutive trading days including the grant date, consistent with the approach to PSUs.

#### LTI Awards in 2020

For 2019, the Compensation Committee established annual LTI award targets for our NEOs that ranged from 133% to 471% of base salary.

In February 2020, our chief executive officer and chief human capital officer met with the Compensation Committee and discussed the target award previously set by the Compensation Committee for each NEO, as well as each NEO's individual performance both during 2019 and over time, leadership responsibilities and potential, and retention considerations. The Compensation Consultant participated in the meeting.

Based on these considerations, including those listed under "Individual Cash Bonus Award Determinations," the Compensation Committee exercised its discretion to award LTI awards to our NEOs above each executive's target award amount for 2019.

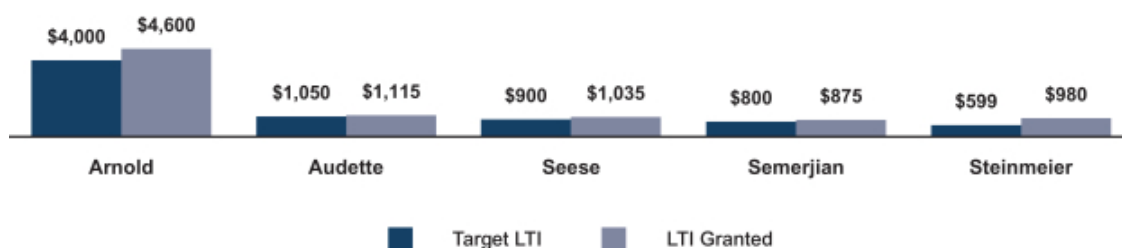


The table and chart below show the target LTI award established for each of our NEOs for 2019, as well as the actual LTI award granted to our NEOs in February 2020 for 2019 performance, as determined by the Compensation Committee:

Executive	2019 Annual Base Salary	LTI Target %	LTI Target \$	LTI \$ Granted <sup>(1)</sup>
		of Base Salary		
Dan H. Arnold	\$ 850,000	471%	\$ 4,000,000	\$4,600,000
Matthew J. Audette	\$ 600,000	175%	\$ 1,050,000	\$1,115,000
Scott Seese	\$ 500,000	180%	\$ 900,000	\$1,035,000
Dayton Semerjian	\$ 500,000	160%	\$ 800,000	\$ 875,000
Richard Steinmeier	\$ 450,000	133%	\$ 598,500	\$ 980,000

(1) These LTI awards were granted on February 25, 2020 for services provided during fiscal year 2019. Mr. Arnold received 70% of his LTI award as PSUs and 30% as RSUs. The remaining NEOs received 60% of their awards as PSUs and 40% as RSUs. PSUs are eligible to become earned and vested based on the achievement of performance criteria over a three-year period, as described above. RSUs are scheduled to vest in equal annual installments over a three-year period.

**Long-Term Incentive Awards  
(\$ in thousands)**



Because the NEO LTI awards described in the table above were granted in 2020, they are not reflected in our Summary Compensation table or Grants of Plan-Based Awards table.

**Payout of 2017 PSUs**

In March 2017, the Compensation Committee granted PSUs with terms substantially similar to the 2019 PSUs described above. Each of Messrs. Arnold and Audette received an award of PSUs in 2017, the Performance Period for which ended on December 31, 2019. The Company's TSR during such Performance Period ranked in the 97th percentile of the Comparator Group, which resulted in a number of earned PSUs of 200% of the target award for each of Messrs. Arnold and Audette. The earned PSUs vested on March 13, 2020.

**Effect of Termination of Employment and Retirement on Equity Awards**

Unvested stock options, RSUs and PSUs generally are forfeited if an NEO voluntarily leaves the Company other than upon retirement. In the event of retirement, stock options and RSUs will become fully vested, stock options will generally remain exercisable for a period of two years following termination and PSUs will generally remain outstanding and eligible to become earned PSUs in accordance with the terms of the award. "Retirement" means the termination of employment other than for cause following either:

- attainment of age 65 and completion of five years of continuous service with the Company; or
- attainment of age 55 and completion of ten years of continuous service with the Company.

Mr. Arnold has attained the age of 55 and completed more than ten years of continuous service with the Company.

## Additional Compensation Elements

### Severance and Change-in-Control Benefits

Our Executive Severance Plan enables us to offer protection to our NEOs in the event their employment with us is involuntarily terminated by the Company or is terminated for good reason by the executive (each, a “qualifying termination”). We believe that providing these benefits helps us compete for executive talent and may help us retain current key employees. All of our NEOs are eligible for severance benefits under the Executive Severance Plan.

### Executive Perquisites

Executive perquisites are not a core component of our executive compensation program, however, we offer an executive health and wellness program as well as an executive financial services policy, pursuant to which NEOs are eligible to receive annual reimbursement of up to \$15,000 for qualifying personal financial planning services. We also provide for reimbursement of relocation expenses in connection with an executive’s work-related relocation.

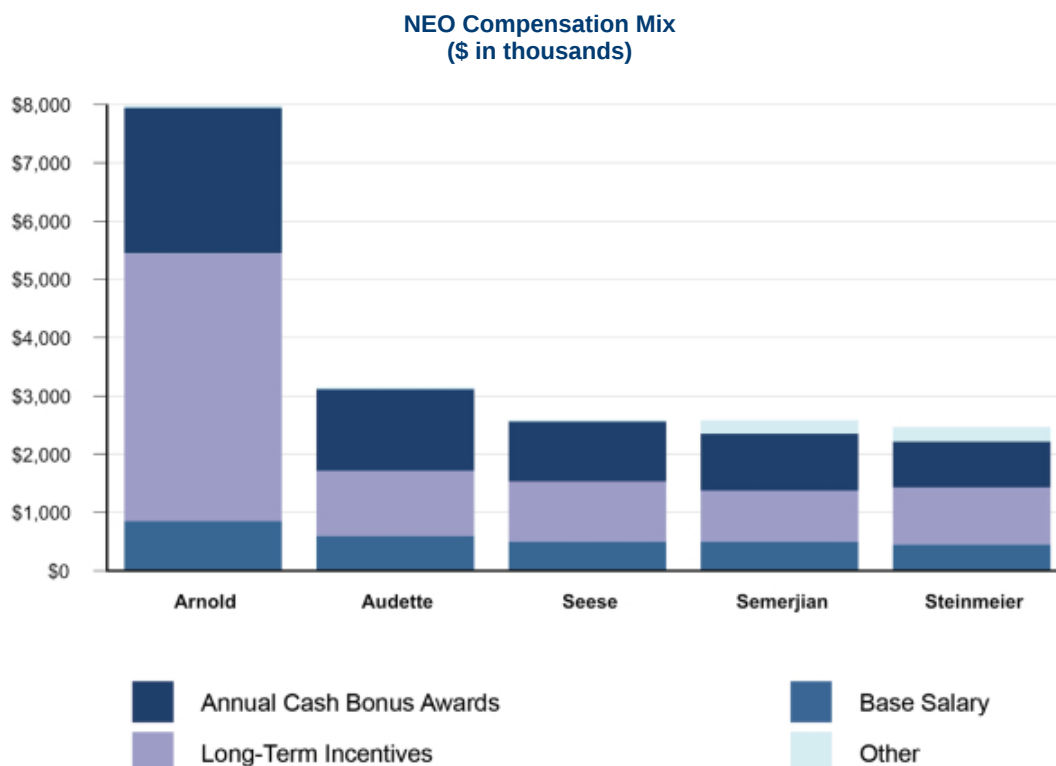
### Other Compensation Components

**401(k) Plan.** We maintain a retirement savings plan (the “401(k) Plan”), for the benefit of all eligible employees, including our NEOs. Under the terms of the 401(k) Plan, employees may elect to make pre-tax 401(k) and Roth 401(k) contributions up to the statutorily prescribed limit. We provide a match in an amount equal to 75% of an employee’s elective deferral up to 8% of his or her eligible compensation on a pay period basis after six months of service. We provide this benefit to all of our eligible employees, and it is provided to our NEOs on the same basis as all other eligible employees.

**Nonqualified Deferred Compensation.** Mr. Arnold participates in our Executive Nonqualified Excess Plan (the “Deferred Compensation Plan”). The Deferred Compensation Plan allows certain highly compensated or management employees to defer up to 100% of their current compensation, which includes for this purpose base salary, service bonus, performance-based compensation, and commissions. Distributions of deferred amounts may be made only upon a qualifying distribution event, which, depending on the individual’s election, may be a separation from service, disability (as defined in the Deferred Compensation Plan), death, a change-in-control event (as defined in the Deferred Compensation Plan), an unforeseeable emergency, or a specified date, or may be the earliest of one or more of these events. At the time an election is made to defer compensation under the Deferred Compensation Plan, participants may choose, with respect to each potential qualifying distribution event, to receive amounts in either a lump sum or in equal annual installments over a number of years (but not to exceed five years). Deferred amounts are credited with an investment return determined as if the amounts were invested in one or more investment funds made available by the Deferred Compensation Plan and selected by a participant. The amounts of compensation Mr. Arnold elected to defer under the Deferred Compensation Plan in 2019 are described in the table titled “Nonqualified Deferred Compensation for the Year Ended December 31, 2019.”



The chart below shows the total 2019 compensation for our NEOs, by component.



**How Compensation Decisions Were Made**

**Role of Compensation Committee**

The Compensation Committee is composed entirely of directors who meet the Nasdaq standards for independence, including the heightened standards applicable to compensation committee members. The Compensation Committee is responsible for establishing our human resources policies, including our compensation philosophy and principles, and overseeing our executive compensation policies and program. The Compensation Committee reviews and gives final approval of the total compensation payable to each of our NEOs, as well as the structure and implementation of the Company's overall compensation programs. In establishing total target compensation levels for our NEOs, the Compensation Committee, with input from the Compensation Consultant, determines the ranges of market compensation that it believes will enable us to effectively compete for and retain high-performing, qualified executives. The Compensation Committee's charter sets forth the Compensation Committee's responsibilities.

**CEO Assessment Process**

At the beginning of each year, the chief executive officer sets and reviews with the Board his priorities based on the corporate goals approved by our Board and additional feedback from our non-employee directors. For 2019, Mr. Arnold's priorities related to the Company's strategic direction, cultural transformation and accountability for execution, as well as personal development goals related to his position as chief executive officer.

At the end of each year, the Compensation Committee requests that our chief executive officer prepare a written self-evaluation of performance against the year's corporate goals and CEO priorities. The chair of the Compensation Committee distributes the completed self-evaluation to each non-employee director, who completes an assessment of the chief executive officer's performance relative to these priorities.

Our chief human capital officer provides a summary of the results of the assessments to each of the non-employee directors, including the members of the Compensation Committee, who consider the chief executive officer's self-evaluation and the results of the non-employee directors' assessments in evaluating the chief executive officer's performance for the year. The materials are also discussed by the Board in an executive session led by the chair of the Compensation Committee, and after such discussion, feedback and compensation decisions are provided to the chief executive officer by the chair of the Compensation Committee and the chair of the Board.

### ***Role of Executive Officers***

Prior to the beginning of each year, our executive officers develop the corporate goals and objectives that they believe should be achieved for the Company to be successful, which are approved by the Board and used by the Compensation Committee for the purpose of establishing how executive performance will be assessed for compensation-setting purposes. These objectives are derived largely from the Company's annual financial and strategic planning sessions, and are prioritized and aligned with the Company's long-term strategic plan. The objectives include both quantitative financial and operating metrics and operational deliverables and goals. The chief executive officer and the chief financial officer provide quarterly reports to the Compensation Committee assessing the Company's performance against the corporate goals and objectives.

Our chief executive officer annually reviews the individual performance of each of his direct reports, including the NEOs (but excluding himself), and provides the Compensation Committee with evaluations of each such direct report as well as recommendations regarding such person's base salary level, annual cash bonus and LTI award. Our chief human capital officer also attends Compensation Committee meetings and assists the Compensation Committee and the chief executive officer in recommending the final compensation levels for our NEOs. Both the chief executive officer and the chief human capital officer leave the meetings during discussions of compensation actions affecting them personally.

### ***Role of Compensation Consultant***

The Compensation Committee has the authority to engage its own advisors to assist it in carrying out its responsibilities. The Compensation Committee has

engaged the Compensation Consultant to advise on compensation matters and provide experiential guidance on what is considered fair and competitive practice in our industry, primarily with respect to the compensation of our executive officers, and also with respect to director compensation.

In 2019, the Compensation Consultant worked directly with the Compensation Committee to develop recommendations for compensation levels for our executive officers and non-employee directors. In addition, the Compensation Consultant provided competitive compensation program data and policy data as well as information concerning compensation plan design. Finally, the Compensation Consultant conducted a risk assessment of the Company's executive compensation policies and practices.

The Compensation Committee has assessed the independence of the Compensation Consultant pursuant to SEC rules and has determined that the work provided by the Compensation Consultant did not raise a conflict of interest.

### ***Benchmarking***

We believe that a competitive pay package is a critical tool in our efforts to attract and retain qualified executives. The Compensation Committee's goal is to ensure that we continue to measure our compensation practices against organizations that compete with us for key executives, that are considered important benchmarks in our industry, and that are comparable in size and scope to our business.

During 2019, the Compensation Committee engaged the Compensation Consultant to prepare analyses to benchmark and assess our overall compensation program and practices against marketplace standards. The Compensation Committee's purpose in requesting these analyses was to ensure that the Company's executive compensation practices are competitive with our peers, as well as other companies, including technology companies, with which we increasingly compete for talent.

Working with the Compensation Consultant, the Compensation Committee reviewed each NEO's total target compensation against the compensation levels of comparable positions within our peer group. In addition to peer group data, the Compensation Committee also reviewed pay data from Equilar's Executive Compensation survey covering financial services and investment services companies, as well

as supplemental market data from asset management, data processing and investment firms.

At the beginning of 2019, the companies within our peer group consisted of:

■ Alliance Data Systems, Corp.	■ Fidelity National Information Systems
■ Ameriprise Financial, Inc.	■ Fiserv, Inc.
■ Broadridge Financial Solutions, Inc.	■ Raymond James Financial, Inc.
■ Charles Schwab & Co., Inc.	■ SEI Investments Company
■ DST Systems, Inc.	■ Stifel Financial Corp.
■ E*Trade Financial Corp	■ TD Ameritrade Holding Corporation
■ Eaton Vance Corp.	■ Waddell & Reed Financial, Inc.

The chart below compares the 2019 revenues and market capitalization as of December 31, 2019 of the Company and the median of the peer group above (in billions):

	Revenue	Market Capitalization
Peer Group (Median)	\$ 5.6	\$ 12.4
LPL Financial Holdings Inc.	\$ 5.6	\$ 7.5

The Compensation Committee conducted a focused review of the composition of the Company's peer group during 2019, including consideration of additional candidates for potential inclusion in the group. With the assistance of the Compensation Consultant, the Compensation Committee assessed these additional candidates in light of:

- the nature of the Company's business model and its strategic plan, including its technology-driven capabilities strategy;
- the companies and industries with which the Company competes for executive talent; and
- considerations related to the candidates' respective industry, size and business operations.

Following this assessment, the Compensation Committee determined to:

- remove DST Systems, Inc., Fidelity National Information Systems and Fiserv, Inc. from the peer group as a result of merger and acquisition activity; and
- add Invesco Ltd., Legg Mason, Inc. and SS&C Technologies Holdings Inc.

The chart below compares the 2019 revenues and market capitalization as of December 31, 2019 of the Company and the median of this amended peer group above (in billions):

	Revenue	Market Capitalization
Peer Group (Median)	\$ 4.5	\$ 10.0
LPL Financial Holdings Inc.	\$ 5.6	\$ 7.4

As companies comprising our peer group change due to merger or acquisition activity, market capitalization, or business model, the Compensation Committee will continue to consider appropriate changes to the group.

### Compensation Policies and Practices

#### No Employment Agreements

We do not have individual employment agreements with any of our executive officers, including our NEOs, although we have a practice of entering into offer letters with new executive officers that generally lay out the expected terms and conditions of their employment, including potential levels of compensation. Our executives serve at the will of the Board, and their rights to severance benefits following a termination of employment, if any, are determined under our Executive Severance Plan, which applies uniformly to executives at the managing director level and above.

#### Executive Severance Plan

Under our Executive Severance Plan, participants who experience a qualifying termination of employment are eligible to receive continued payment of base salary for one year, an amount equal to the most recent annual bonus paid or payable to the executive and a subsidy of COBRA continuation benefits for one year.

Additional benefits, including possible accelerated vesting of time-based equity and equity-based awards, are described elsewhere in this proxy statement under “*Potential Payments upon Termination or Change-in-Control for the Year Ended December 31, 2019.*”

### **Equity Ownership Guidelines**

We have adopted equity ownership guidelines that are intended to better align the interests of our executive officers with the interests of our stockholders. Each executive at the managing director level and above (which includes our NEOs) is required to achieve and maintain ownership of our Common Stock at a threshold equal to three times his or her base salary, while our chief executive officer is required to achieve and maintain a threshold equal to six times his base salary. Generally, executive officers have five years from the time they become an executive officer to meet the minimum ownership requirements. The after-tax spread value of all vested stock options, as well as all outstanding shares, held by the executive count as shares for purposes of satisfying the minimum ownership requirement. Unvested stock options, unvested PSUs and unvested RSUs do not count. Our equity ownership guidelines may be found on our website at [www.lpl.com](http://www.lpl.com).

As of March 9, 2020, Messrs. Arnold and Audette had satisfied the minimum stock ownership requirement pursuant to our guidelines. Mr. Seese, who joined the Company in 2017, Mr. Steinmeier, who joined the Company in 2018 and Mr. Semerjian, who joined the Company within the last year, have not satisfied this requirement. Under the stock ownership guidelines, an NEO is not required to purchase additional shares to satisfy the ownership requirement in the event of a decline in the Company's stock price, but the NEO is generally prohibited from selling or transferring shares until the minimum ownership requirement has been achieved.

### **Anti-Hedging and Anti-Pledging Policy**

We believe that hedging transactions may permit executives to own Company securities obtained through our executive compensation program or otherwise without the full risks and rewards of ownership. When that occurs, an executive may no longer have the same interests as the Company's other stockholders. As a result, we have adopted a policy, included within our Insider Trading Policy and

applicable to all employees, officers, directors and consultants of the Company, which prohibits short sales, hedging or engaging in monetization transactions, including through the use of puts and call options, collars, exchange funds, prepaid variable forwards, and equity swaps. The policy also prohibits holding Company securities in a margin account or pledging Company securities as collateral for a loan, because a margin or foreclosure sale may occur when an executive is aware of material nonpublic information or otherwise not permitted to trade.

### **Rule 10b5-1 Plan Policy**

The Company has adopted a policy (the “10b5-1 Policy”) for all executive officers and directors of the Company who adopt Rule 10b5-1 plans for trading in Company securities. The 10b5-1 Policy is designed to prevent inadvertent violations of the federal securities laws when implementing Rule 10b5-1 plans.

### **Annual Compensation Risk Assessment**

The Compensation Committee annually reviews our executive compensation policies and practices to ensure that they do not encourage unnecessary and excessive risks. The Compensation Consultant provided a “comfort letter” in connection with the 2019 review, the results of which are discussed elsewhere in this proxy statement under “*Information Regarding Board and Committee Structure—Risk Management and Compensation Policies and Practices.*”

### **Say-on-Pay Feedback from Stockholders**

In 2017, we held an advisory vote on the frequency with which our NEO compensation program would be submitted to our stockholders for an advisory vote, commonly referred to as a “say-on-pay” vote. Our stockholders recommended that say-on-pay votes occur every year. Each year, the Compensation Committee considers the results of the prior year's advisory vote as it reviews and determines the total compensation packages for our NEOs in the current year. In 2019, we received support for our NEO compensation program at our 2019 annual meeting of stockholders, as 98% of the total votes cast on the advisory vote on say-on-pay voted to approve the proposal.

***Impact of Tax Treatment on Compensation***

Section 162(m) of the Internal Revenue Code generally limits the deductibility of compensation in excess of \$1 million paid to certain executive officers, subject to certain grandfathering rules for compensation arrangements in effect on November 2, 2017 and not materially modified thereafter. The Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, motivates and retains highly qualified executive officers who are passionate about the mission of our Company. Accordingly, the Compensation Committee has authorized and will continue to authorize compensation that is not tax deductible or otherwise limited as to tax deductibility in order to provide competitive levels of total compensation to our executive officers in a manner designed to incentivize achievement of our strategic goals and objectives.

**Report of the Compensation and Human Resources Committee of the Board of Directors**

The following independent directors, who constitute the Compensation Committee, have reviewed the Compensation Discussion and Analysis with our management and recommended that it be included in this proxy statement.

Anne M. Mulcahy, Chair  
H. Paulett Eberhart  
Allison H. Mnookin  
James S. Putnam

March 23, 2020

## Compensation of Named Executive Officers

Except where otherwise noted, the equity awards shown in the Summary Compensation table and Grants of Plan-Based Awards table for the fiscal year 2019 were granted in February 2019 in respect of services performed in 2018. Please refer to the Compensation Discussion and Analysis included in last year's proxy statement for a discussion of these awards. Equity awards in respect of services performed in 2019 that were granted in 2020 do not appear in the Summary Compensation Table or Grants of Plan-Based Awards table in accordance

with SEC rules. Please refer to the Compensation Discussion and Analysis in this proxy statement for a discussion of these awards.

The tables in the following sections of this proxy statement provide information required by the SEC regarding compensation paid to or earned by our NEOs. The footnotes to these tables provide important information to explain the values presented in the tables and are an important part of our disclosures.

### Summary Compensation Table

The following table sets forth information concerning the total compensation for the years ended December 31, 2019, 2018 and 2017 for our NEOs:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total (\$)				
Dan H. Arnold President and Chief Executive Officer	2019	842,308	(4)	—	2,616,773	1,679,993	2,486,250	44,630	7,699,954			
	2018	800,000	—	—	2,328,641	1,539,982	2,430,000	29,728	7,128,351			
	2017	799,315	(5)	—	3,136,842	(6)	1,309,252	2,160,000	14,040	7,419,449		
Matthew J. Audette Chief Financial Officer	2019	600,000	—	—	977,792	314,980	1,400,000	32,155	3,324,927			
	2018	600,000	—	—	959,950	314,997	1,420,000	26,207	3,321,154			
	2017	600,000	—	—	809,395	294,577	1,420,000	14,400	3,138,372			
Scott Seese (7) Managing Director, Chief Information Officer	2019	500,000	—	—	931,203	299,992	1,024,000	22,748	2,777,943			
	2018	500,000	—	—	777,065	254,990	1,120,000	250,676	2,902,731			
	2017	239,726	(8)	—	980,370	(9)	—	960,000	(10)	2,180,096		
Dayton Semerjian (11) Managing Director, Chief Customer Care Officer	2019	407,692	(12)	—	794,714	(13)	—	975,000	228,785	2,406,191		
	2018	450,000	—	—	557,281	179,546	780,000	253,359	2,220,186			
Richard Steinmeier (14) Managing Director, Divisional President	2019	173,836	(15)	500,000	(16)	1,869,879	(17)	—	265,000	(18)	234,643	3,043,358

- (1) Represents the aggregate grant date fair value of PSUs, RSUs and stock options, in each case computed in accordance with FASB ASC Topic 718 and, in the case of PSUs, based on the probable outcome of the performance conditions associated with such awards on the grant date. The aggregate grant date fair value of RSUs was determined using the closing price of our Common Stock on the grant date. The aggregate grant date fair value of stock option awards was determined using the Black-Scholes model. The underlying valuation assumptions for PSUs and stock option awards are further disclosed in Note 16, *Share-Based Compensation*, to our consolidated financial statements filed with our annual report on Form 10-K for the year ended December 31, 2019, Note 15, *Share-Based Compensation*, to our consolidated financial statements filed with our annual report on Form 10-K for the year ended December 31, 2018, and Note 14, *Share-Based Compensation*, to our consolidated financial statements filed with our annual reports on Form 10-K for the year ended December 31, 2017. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The table below shows the grant date fair value of PSU awards granted in 2019, 2018 and 2017 assuming target and maximum levels of performance are achieved (amounts under the "Stock Awards" column represent the aggregate grant date fair value of PSUs based on the probable outcome of performance conditions, which for each of 2019, 2018 and 2017 assumed target level of performance was achieved).

Name	2019		2018		2017	
	Target (\$)	Maximum (\$)	Target (\$)	Maximum (\$)	Target (\$)	Maximum (\$)
Dan H. Arnold	2,616,773	5,233,545	2,328,641	4,657,281	1,708,535	3,417,070
Matthew J. Audette	654,193	1,308,386	635,050	1,270,100	512,551	1,025,102
Scott Seese	623,036	1,246,071	514,093	1,028,185	—	—
Richard Steinmeier	372,863	745,725	—	—	—	—

- (2) Represents the dollar value of annual cash bonus awards earned by each NEO under our cash bonus plan for the relevant year (the "Bonus Plan").
- (3) See "All Other Compensation" table below for additional information.
- (4) Mr. Arnold received an increase in base salary from \$800,000 to \$850,000 on February 17, 2019.
- (5) Mr. Arnold received an increase in base salary from \$675,000 to \$800,000 on January 3, 2017 in connection with his appointment as chief executive officer.
- (6) Includes a one-time grant of 38,809 RSUs on February 13, 2017 in connection with Mr. Arnold's appointment as chief executive officer.
- (7) Mr. Seese joined the Company on July 10, 2017.
- (8) Mr. Seese's base salary for 2017 of \$500,000 was prorated based on commencement of his employment on July 10, 2017.
- (9) Includes a sign-on grant of 11,074 RSUs in connection with Mr. Seese's commencement of employment.
- (10) Pursuant to the terms of his employment offer with the Company, Mr. Seese's annual cash bonus for 2017 was not prorated.
- (11) Mr. Semerjian joined the Company on February 28, 2019.
- (12) Mr. Semerjian's base salary for 2019 of \$500,000 was prorated based on commencement of his employment on February 28, 2019.
- (13) Includes a sign-on grant of 10,772 RSUs in connection with Mr. Semerjian's commencement of employment.
- (14) Mr. Steinmeier joined the Company on August 13, 2018.
- (15) Mr. Steinmeier's base salary for 2018 of \$450,000 was prorated based on commencement of his employment on August 13, 2018.
- (16) Represents a signing bonus paid in connection with Mr. Steinmeier's commencement of employment.
- (17) Includes a sign-on grant of 30,143 RSUs in connection with Mr. Steinmeier's commencement of employment.
- (18) Mr. Steinmeier's bonus for 2018 was prorated based on commencement of his employment on August 13, 2018.

**All Other Compensation**

The following table sets forth information concerning All Other Compensation in the table above for the years ended December 31, 2019, 2018 and 2017 for our NEOs:

Name	Year	Taxable Travel and Related Expenses (\$)	Taxable Relocation and Related Expenses (\$)	Reimbursement for Financial Planning Services (\$)(1)	Executive Health and Wellness Program (\$)(2)	401(k) Employer Match (\$)	Other (\$)(3)	Total (\$)		
Dan H. Arnold	2019	8,760	(4)	—	15,000	4,070	16,800	—	44,630	
	2018	—	—	—	15,000	—	14,300	428	29,728	
	2017	—	—	—	—	—	14,040	—	14,040	
Matthew J. Audette	2019	—	—	—	13,400	4,070	14,250	434	32,154	
	2018	—	—	—	13,325	—	12,025	857	26,207	
	2017	—	—	—	2,700	—	11,700	—	14,400	
Scott Seese	2019	—	—	—	2,438	3,075	16,800	434	22,747	
	2018	—	249,814	(5)	—	—	—	862	250,676	
	2017	—	—	—	—	—	—	—	—	
Dayton Semerjian	2019	6,511	(6)	208,701	(7)	—	3,186	9,952	434	228,784
Richard Steinmeier	2019	3,345	(8)	232,307	(9)	—	4,070	13,082	555	253,359
	2018	—	—	233,786	(10)	—	—	—	857	234,643

- (1) Consists of taxable reimbursements received under the Company's executive financial services policy.
- (2) Includes membership expenses for a health and wellness program and related tax gross-up payments of \$1,870 for each of Messrs. Arnold, Audette and Steinmeier, \$1,425 for Mr. Seese and \$986 for Mr. Semerjian.
- (3) Consists of the value of a year-end gift received by the NEO at the Company's expense and related tax gross-up payments in the amount of \$134 for each of Messrs. Audette, Seese and Semerjian and \$255 for Mr. Steinmeier.



- (4) Includes \$4,025 in tax gross-up payments for hotel, air travel, and conference expenses related to the attendance in 2019 of Mr. Arnold and his spouse at a conference hosted by the Company for its top-producing financial advisors.
- (5) Includes tax gross-up payments of \$109,814 made to Mr. Seese in 2018 related to relocation expenses.
- (6) Includes \$2,015 in tax gross-up payments for hotel, air travel, and conference expenses related to the attendance in 2019 of Mr. Semerjian and his spouse at a conference hosted by the Company for its top-producing financial advisors.
- (7) Includes tax gross-up payments of \$65,457 made to Mr. Semerjian in 2019 related to relocation expenses.
- (8) Includes \$1,537 in tax gross-up payments for hotel, air travel, and conference expenses related to the attendance in 2019 of Mr. Steinmeier and his spouse at a conference hosted by the Company for its top-producing financial advisors.
- (9) Includes tax gross-up payments of \$82,307 made to Mr. Steinmeier in 2019 related to relocation expenses.
- (10) Includes tax gross-up payments of \$72,356 made to Mr. Steinmeier in 2018 related to relocation expenses.

**2019 Grants of Plan-Based Awards**

The following table provides additional information about non-equity and equity-based awards granted to our NEOs during the year ended December 31, 2019:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards \$(5)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Dan H. Arnold			1,912,500								
	2/25/2019				11,464	22,928	45,856				2,616,773
Matthew J. Audette	2/25/2019		1,050,000						68,820	\$ 77.53	1,679,993
	2/25/2019							4,299			323,599
	2/25/2019				2,866	5,732	11,464				654,193
	2/25/2019								12,903	\$ 77.53	314,980
Scott Seese			800,000								
	2/25/2019							4,094			308,168
	2/25/2019				2,729	5,459	10,918				623,036
Dayton Semerjian	2/25/2019		800,000						12,289	\$ 77.53	299,992
	2/28/2019							10,772 (6)			794,714
Richard Steinmeier			549,000								
	2/25/2019							2,450			184,419
	2/25/2019				1,633	3,267	6,534				372,863
	2/25/2019								7,355	\$ 77.53	179,546

- (1) Represents potential target payouts under awards pursuant to the Bonus Plan.
- (2) Represents the number of threshold, target and maximum potential future payouts under the PSUs awarded under our 2010 Plan. PSUs are eligible to become earned PSUs based on the Company's TSR relative to the TSR of the Comparator Group (as defined above) over the Performance Period (as defined above). The number of PSUs that is earned is determined based on the Company's relative ranking between the 25th and the 80th percentile of the Comparator Group's TSR results. Amounts in the threshold column (50% of the target award) reflect the number of PSUs that would be earned if threshold performance were achieved (a TSR percentile rank at or above the 25% percentile); amounts in the target column (100% of the target award) reflect the number of PSUs that would be earned if target performance were achieved (a TSR percentile rank at or above 50%); and amounts in the maximum column (200% of the target award) reflect the number of PSUs that would be earned if maximum performance were achieved (a TSR percentile rank at or above 80%). The number of PSUs earned between threshold, target and maximum performance levels is interpolated on a straight-line basis. The number of earned PSUs is capped at 100% of the target award if the Company's TSR is negative during the Performance Period. Earned PSUs become vested on the later of the third anniversary of the grant date and the date on which the Compensation Committee certifies achievement of the performance criteria associated with the award and determines the number of PSUs that have become earned under the award agreement.

- (3) Represents the number of RSUs awarded under our 2010 Plan. Unless otherwise indicated, RSUs are scheduled to vest over a three-year period in equal tranches, with the first tranche scheduled to vest on the first anniversary of the grant date.
- (4) Represents the number of stock options awarded under our 2010 Plan. Stock options are scheduled to vest over a three-year period in equal tranches, with the first tranche scheduled to vest on the first anniversary of the grant date.
- (5) Represents the grant date fair value of PSUs, RSUs and stock options, in each case computed in accordance with FASB ASC Topic 718, and in the case of PSUs, based on the probable outcome of the performance conditions associated with such awards on the grant date. The aggregate grant date fair value of RSUs was determined using the closing price of the Common Stock on the grant date. The aggregate grant date fair value of stock option awards was determined using the Black-Scholes model, as further discussed in Note 1 to the Summary Compensation Table.
- (6) Represents the number of RSUs awarded under our 2010 Plan. These RSUs are scheduled to vest over a two-year period in equal tranches, with the first tranche scheduled to vest on the first anniversary of the grant date.

**Outstanding Equity Awards at December 31, 2019**

The following table sets forth information with respect to unexercised stock option awards, unvested RSUs and unearned PSUs as of December 31, 2019.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested \$(2)
Dan H. Arnold	20,232	— (3)	\$ 54.81	2/24/2024	—	\$ —	—	\$ —
	25,362	— (4)	\$ 45.55	3/6/2025	—	\$ —	—	\$ —
	98,031	— (5)	\$ 19.85	2/25/2026	—	\$ —	—	\$ —
	82,088	41,043 (6)	\$ 39.48	3/13/2027	—	\$ —	—	\$ —
	25,869	51,737 (7)	\$ 65.50	2/23/2028	—	\$ —	—	\$ —
	—	68,820 (8)	\$ 77.53	2/25/2029	—	\$ —	—	\$ —
	—	—	\$ —	—	38,809 (9)	\$ 3,580,130	—	\$ —
	—	—	\$ —	—	70,368 (10)	\$ 6,491,448	—	\$ —
	—	—	\$ —	—	—	\$ —	50,170 (11)	\$ 4,628,183
	—	—	\$ —	—	—	\$ —	45,856 (11)	\$ 4,230,216
Matthew J. Audette	17,605	— (12)	\$ 42.60	10/30/2025	—	\$ —	—	\$ —
	94,110	— (5)	\$ 19.85	2/25/2026	—	\$ —	—	\$ —
	18,470	9,234 (6)	\$ 39.48	3/13/2027	—	\$ —	—	\$ —
	5,292	10,582 (7)	\$ 65.50	2/23/2028	—	\$ —	—	\$ —
	—	12,903 (8)	\$ 77.53	2/25/2029	—	\$ —	—	\$ —
	—	—	\$ —	—	2,638 (6)	\$ 243,356	—	\$ —
	—	—	\$ —	—	3,420 (7)	\$ 315,495	—	\$ —
	—	—	\$ —	—	4,299 (8)	\$ 396,583	—	\$ —
	—	—	\$ —	—	21,110 (10)	\$ 1,947,398	—	\$ —
	—	—	\$ —	—	—	\$ —	13,682 (11)	\$ 1,262,165
—	—	\$ —	—	—	\$ —	11,464 (11)	\$ 1,057,554	

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested \$(2)
Scott Seese	4,284	8,566 (7)	\$ 65.50	2/23/2028	—	\$ —	—	\$ —
	—	12,289 (8)	\$ 77.53	12/25/2029	—	\$ —	—	\$ —
	—	—	\$ —		2,768 (7)	\$ 255,348	—	\$ —
	—	—	\$ —		4,094 (8)	\$ 377,672	—	\$ —
	—	—	\$ —		—	\$ —	\$ 11,076 (11)	\$ 1,021,761
	—	—	\$ —		—	\$ —	\$ 10,918 (11)	\$ 1,007,186
Dayton Semerjian	—	—	\$ —		10,772 (13)	\$ 993,717	—	\$ —
Richard Steinmeier	—	7,355 (8)	\$ 77.53	2/25/2029	—	\$ —	—	\$ —
	—	—	\$ —		22,608 (14)	\$ 2,085,588	\$ —	\$ —
	—	—	\$ —		2,450 (8)	\$ 226,013	\$ —	\$ —
	—	—	\$ —		—	\$ —	\$ 6,534 (11)	\$ 602,762

- (1) Amounts were determined by multiplying the number of RSUs by a price per share of our Common Stock of \$92.25, the closing price per share of our Common Stock on December 31, 2019, the last business day of 2019.
- (2) Amounts were determined by multiplying the number of PSUs that would be earned at maximum performance levels by a price per share of our Common Stock of \$92.25 the closing price per share of our Common Stock on December 31, 2019, the last business day of 2019.
- (3) These awards vested over a three-year period in equal tranches and became fully vested on February 24, 2017.
- (4) These awards vested over a three-year period in equal tranches and became fully vested on March 6, 2018.
- (5) These awards vested over a three-year period in equal tranches and became fully vested on February 25, 2019.
- (6) These awards vest over a three-year period in equal tranches, with the first tranche vesting on the first anniversary of the grant date. One tranche of the award vested on the first anniversary of the grant date, one tranche of the award vested on the second anniversary of the grant date and the third tranche is scheduled to vest on the third anniversary of the grant date.
- (7) These awards vest over a three-year period in equal tranches, with the first tranche vesting on the first anniversary of the grant date. One tranche of the award vested on the first anniversary of the grant date, and the second and third tranches are scheduled to vest on the second and third anniversaries of the grant date, respectively.
- (8) These awards vest over a three-year period in equal tranches, with the first tranche vesting on the first anniversary of the grant date and each subsequent tranche scheduled to vest on each subsequent anniversary of the grant date.
- (9) These awards vest over a five-year period in three equal tranches, with the first tranche vesting on the third anniversary of the grant date and each subsequent tranche scheduled to vest on each subsequent anniversary of the grant date.
- (10) Amounts represent PSUs that were earned with respect to the Performance Period ended on December 31, 2019 and that vested on March 13, 2020, the third anniversary of the grant date. The number of earned PSUs was 200% of the target award, as discussed under "Compensation Discussion and Analysis — Long-Term Equity Incentive Awards — Payout of 2017 PSUs."
- (11) Amounts represent PSUs and assume achievement of performance at maximum levels. PSUs are eligible to become earned PSUs based on the Company's TSR relative to the TSR of the Comparator Group over the Performance Period. The number of PSUs that is earned is determined based on the Company's relative ranking between the 25th and 80th percentile of the Comparator Group's TSR results, and can range from 50% of the target award (if the Company's TSR is at or above the 25th percentile of the Comparator Group's TSR results) to a maximum of 200% of the target award (if the Company's TSR is at or greater than the 80th percentile of the Comparator Group's TSR results). The number of PSUs earned between threshold and maximum performance levels is interpolated on a straight-line basis. The number of earned PSUs is capped at 100% of the target award if the Company's TSR is negative during the Performance Period. Earned PSUs become vested

on the later of the third anniversary of the grant date and the date on which the Compensation Committee certifies achievement of the performance criteria associated with the award and determines the number of PSUs that have become earned under the award agreement.

- (12) These awards vested over a three-year period in equal tranches and became fully vested on October 30, 2018.
- (13) These awards vest over a two-year period in equal tranches, with the tranches scheduled to vest on the first and second anniversaries of the grant date, respectively.
- (14) These awards vest over a four-year period in equal tranches, with the first tranche vesting on the first anniversary of the grant date. One tranche of the award vested on the first anniversary of the grant date, and the second and third and fourth tranches are scheduled to vest on the second and third and fourth anniversaries of the grant date, respectively.

## 2019 Option Exercises and Stock Vested

The following table sets forth the options exercised and stock vested during the year ended December 31, 2019:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Dan H. Arnold	36,774	\$ 1,301,432 (3)	7,113	\$ 551,471 (8)
	6,198	\$ 280,583 (4)	—	—
	1,222	\$ 64,448 (5)	—	—
	19,747	\$ 849,688 (6)	—	—
	48,159	\$ 2,330,896 (7)	—	—
Matthew J. Audette	—	\$ —	1,711	\$ 131,815 (9)
	—	—	6,953	\$ 539,066 (8)
	—	—	2,639	\$ 195,867 (10)
Scott Seese	—	\$ —	1,385	\$ 106,700 (9)
	—	—	11,074	\$ 817,150 (11)
Dayton Semerjian	—	\$ —	—	\$ —
Richard Steinmeier	—	\$ —	7,535	\$ 579,442 (12)

- (1) For purposes of calculating the value realized on the exercise of option awards, we use the market price of our Common Stock at the time the option was exercised.
- (2) For purposes of calculating the value realized on the vesting of stock awards, we use the closing price of our Common Stock on the vesting date.
- (3) These options were granted on December 22, 2010 with an exercise price of \$34.61 per share and were exercised on January 16, 2019, on which date the closing price of our Common Stock was \$70.00 per share.
- (4) These options were granted February 9, 2012 with an exercise price of \$32.26 per share and were exercised on February 26, 2019, on which date the closing price of our Common Stock was \$77.53 per share.
- (5) These options were granted on February 9, 2012 with an exercise price of \$32.26 per share and were exercised on May 3, 2019, on which date the closing price of our Common Stock was \$85.00 per share.
- (6) These options were granted on February 9, 2012 with an exercise price of \$32.26 per share and were exercised on August 22, 2019, on which date the closing price of our Common Stock was \$75.29 per share.
- (7) These options were granted on February 22, 2013 with an exercise price of \$31.60 per share and were exercised on September 10, 2019, on which date the closing price of our Common Stock was \$80.00 per share.
- (8) These RSUs vested on February 25, 2019, on which date the closing price of our Common Stock was \$77.53 per share.
- (9) These RSUs vested on February 23, 2019, on which date the closing price of our Common Stock was \$77.04 per share.
- (10) These RSUs vested on March 13, 2019, on which date the closing price of our Common Stock was \$74.22 per share.
- (11) These RSUs vested on August 21, 2019, on which date the closing price of our Common Stock was \$73.79 per share.
- (12) These RSUs vested on September 7, 2019, on which date the closing price per share of our Common Stock was \$76.90 per share.

**Nonqualified Deferred Compensation for the Year Ended December 31, 2019**

The following table sets forth information relating to nonqualified deferred compensation for each NEO for the year ended December 31, 2019:

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)(2)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)(3)
Dan H. Arnold(4)	\$ 902,500	\$ —	\$ 582,591	\$ —	\$ 4,917,855
Matthew J. Audette	\$ —	\$ —	\$ —	\$ —	\$ —
Scott Seese	\$ —	\$ —	\$ —	\$ —	\$ —
Dayton Semerjian	\$ —	\$ —	\$ —	\$ —	\$ —
Richard Steinmeier	\$ —	\$ —	\$ —	\$ —	\$ —

- (1) Amounts in this column are also reported in the “Summary Compensation Table” above for 2019 under “Salary.”
- (2) Amounts in this column do not constitute above-market or preferential earnings and therefore are not reported as compensation in the “Summary Compensation Table” above.
- (3) Amounts in this column, excluding earnings, were previously reported in the “Summary Compensation Table” for the years in which Mr. Arnold was an NEO.
- (4) Amounts in this column relate to Mr. Arnold’s participation in the Deferred Compensation Plan. For a description of the material terms of the Deferred Compensation Plan, please see the discussion in the Compensation Discussion and Analysis under “Additional Compensation Elements —Nonqualified Deferred Compensation.”

**Potential Payments upon Termination or Change-in-Control for the Year Ended December 31, 2019**

Set forth below the table is a description of certain post-employment arrangements with our NEOs, including the severance benefits and change-in-control benefits to which they would have been entitled under the Executive Severance Plan as of December 31, 2019, if a termination of employment and/or a change-in-control had occurred on such date. Amounts reported for the accelerated vesting of stock options, RSUs and PSUs are based on a price per share of our Common Stock of \$92.25, the closing price per share of our Common Stock on December 31, 2019, the last business day of 2019.

Named Executive Officer	Benefit	Without Cause or For Good Reason (\$)	Disability, Death, Retirement (\$)	Double-Trigger Change-in-Control (\$)(1)
Dan H. Arnold	Severance	\$ 850,000 (2)	\$ —	\$ 1,275,000 (3)
	Bonus	\$ 2,486,250 (4)	\$ —	\$ 2,868,750 (5)
	Accelerated Vesting of Stock Options	\$ 4,562,834 (6)	\$ 4,562,834 (7)	\$ 4,562,834 (8)
	Accelerated Vesting of RSUs	\$ 3,580,130 (9)	\$ 3,580,130 (10)	\$ 3,580,130 (11)
	Accelerated Vesting of PSUs	\$ 5,491,436 (12)	\$ 5,491,436 (13)	\$ 5,491,436 (14)
	Group Benefit Continuation	\$ 20,751 (15)	\$ —	\$ 31,127 (16)
	Total	\$ 16,991,401	\$ 13,634,400	\$ 17,809,277
Matthew J. Audette	Severance	\$ 600,000 (2)	\$ —	\$ 900,000 (3)
	Bonus	\$ 1,400,000 (4)	\$ —	\$ 1,575,000 (5)
	Accelerated Vesting of Stock Options	\$ 692,150 (6)	\$ 960,279 (7)	\$ 960,279 (8)
	Accelerated Vesting of RSUs	\$ 533,389 (9)	\$ 955,433 (10)	\$ 955,433 (11)
	Accelerated Vesting of PSUs	\$ 1,570,134 (12)	\$ 1,570,134 (13)	\$ 1,570,134 (14)
	Group Benefit Continuation	\$ 20,751 (15)	\$ —	\$ 31,127 (16)
	Total	\$ 4,816,424	\$ 3,485,846	\$ 5,991,973

Named Executive Officer	Benefit	Without Cause or For Good Reason (\$)	Disability, Death, Retirement (\$)	Double-Trigger Change-in-Control (\$)(1)
Scott Seese	Severance	\$ 500,000 (2)	\$ —	\$ 750,000 (3)
	Bonus	\$ 1,024,000 (4)	\$ —	\$ 1,200,000 (5)
	Accelerated Vesting of Stock Options	\$ 174,905 (6)	\$ 410,035 (7)	\$ 410,035 (8)
	Accelerated Vesting of RSUs	\$ 253,687 (9)	\$ 633,020 (10)	\$ 633,020 (11)
	Accelerated Vesting of PSUs	\$ 507,987 (12)	\$ 507,987 (13)	\$ 507,987 (14)
	Group Benefit Continuation	\$ 20,751 (15)	\$ —	\$ 31,127 (16)
	Total	\$ 2,481,330	\$ 1,551,042	\$ 3,532,169
Dayton Semerjian	Severance	\$ 500,000 (2)	\$ —	\$ 750,000 (3)
	Bonus	\$ 975,000 (4)	\$ —	\$ 1,200,000 (5)
	Accelerated Vesting of Stock Options	\$ — (6)	\$ — (7)	\$ — (8)
	Accelerated Vesting of RSUs	\$ 496,858 (9)	\$ 993,717 (10)	\$ 993,717 (11)
	Accelerated Vesting of PSUs	\$ — (12)	\$ — (13)	\$ — (14)
	Group Benefit Continuation	\$ 10,523 (15)	\$ —	\$ 15,785 (16)
	Total	\$ 1,982,381	\$ 993,717	\$ 2,959,502
Richard Steinmeier	Severance	\$ 450,000 (2)	\$ —	\$ 675,000 (3)
	Bonus	\$ 780,000 (4)	\$ —	\$ 823,500 (5)
	Accelerated Vesting of Stock Options	\$ 36,093 (6)	\$ 108,266 (7)	\$ 108,266 (8)
	Accelerated Vesting of RSUs	\$ 770,564 (9)	\$ 2,311,601 (10)	\$ 2,311,601 (11)
	Accelerated Vesting of PSUs	\$ 100,368 (12)	\$ 100,368 (13)	\$ 100,368 (14)
	Group Benefit Continuation	\$ 10,538 (15)	\$ —	\$ 15,807 (16)
	Total	\$ 2,147,563	\$ 2,520,511	\$ 4,083,193

- (1) Our Executive Severance Plan provides enhanced severance benefits on a “double trigger” basis in the event of a termination of employment by the Company without cause or a termination by the executive for good reason, in each case, within 12 months following a change-in-control. All amounts reported in this column assume both that a change-in-control occurred on December 31, 2019 and that the NEO’s employment was terminated by the Company without cause or by the executive for good reason on December 31, 2019.
- (2) Represents continued payment under our Executive Severance Plan of the NEO’s base salary in effect on the separation date for 12 months.
- (3) Represents continued payment under our Executive Severance Plan of the NEO’s base salary in effect on the separation date for 18 months.
- (4) Represents payment under our Executive Severance Plan of an amount equal to the bonus paid (or payable) to the NEO for the most recently completed calendar year.
- (5) Represents payment under our Executive Severance Plan of an amount equal to 150% of the target bonus amount for the calendar year in which the NEO’s employment is terminated.
- (6) Represents the value of the unvested portion of any outstanding stock options scheduled to vest based solely on the passage of time within 12 months following separation, the vesting of which would have been accelerated under our Executive Severance Plan. In the case of retirement-eligible NEOs, this represents the value of all outstanding unvested stock options, the vesting of which would have been accelerated under the Executive Severance Plan.
- (7) Represents the value of the unvested portion all outstanding stock options, the vesting of which would have been accelerated upon termination of employment due to death (and, for stock options granted subsequent to February 23, 2017, upon a termination of employment due to death or disability) under the terms of the NEO’s stock option agreements.
- (8) Represents the value of the unvested portion of all outstanding stock options, the vesting of which would have been accelerated under the Executive Severance Plan.
- (9) Represents the value of shares of Common Stock in respect of the unvested portion of any outstanding RSUs scheduled to vest based solely on the passage of time within 12 months following a termination of employment, the vesting of which would have been accelerated under our Executive Severance Plan. In the case of retirement-eligible NEOs, this represents the value of all outstanding unvested RSUs, the vesting of which would have been accelerated under the Executive Severance Plan.

- (10) Represents the value of shares of Common Stock in respect of all outstanding, unvested RSUs, the vesting of which would have been accelerated upon a termination of employment due to death (and, for RSUs granted subsequent to February 23, 2017, upon a termination of employment due to death or disability) under the terms of the NEO's RSU agreement.
- (11) Represents the value of shares of Common Stock in respect of all outstanding, unvested RSUs, the vesting of which would have been accelerated under our Executive Severance Plan.
- (12) Represents the value of unvested PSUs assuming the target number of shares of Common Stock in respect of such PSUs became earned and vested on December 31, 2019, with such amount prorated based on the number of days the NEO was employed during the Performance Period. Under our Executive Severance Plan, upon a qualifying termination of employment by the Company without cause or a termination by the executive for good reason, other than in connection with a change-in-control, the actual number of shares of Common Stock that will be earned and vested in respect of outstanding, unvested PSUs, if any, depend on actual performance measured at the end of the Performance Period, prorated based on the number of days the NEO was employed during the Performance Period.
- (13) Represents the value of unvested PSUs assuming the target number of shares of Common Stock in respect of such PSUs became earned and vested on December 31, 2019, with such amount prorated based on the number of days that the executive was employed during the Performance Period. Under the NEO's PSU agreement, upon termination of employment due to death, disability or retirement, the actual number of shares of Common Stock that will be earned and vested in respect of outstanding, unvested PSUs, if any, depend on actual performance measured at the end of the Performance Period, prorated based on the number of days that the NEO was employed during the Performance Period.
- (14) Represents the value of unvested PSUs assuming the target number of shares of Common Stock in respect of such PSUs became earned and vested on December 31, 2019, prorated based on the number of days that the NEO was employed during the Performance Period.
- (15) Represents payments under our Executive Severance Plan of amounts equal to 100% of the employer portion of premiums for continued health and dental plan participation under COBRA for the NEO and his qualified beneficiaries for a 12-month period.
- (16) Represents payments under our Executive Severance Plan of an amount equal to 100% of the employer portion of premiums for continued health and dental plan participation under COBRA for the NEO and his qualified beneficiaries for an 18-month period.

## Executive Severance Plan

All of our NEOs are eligible to participate in our Executive Severance Plan. As described in more detail below, our Executive Severance Plan provides a uniform framework for payments and benefits to be provided to all executive participants upon certain terminations of employment, subject to a participant's compliance with post-termination restrictive covenants and delivery of a general release agreement in favor of the Company. Our Executive Severance Plan can be amended or terminated at any time, in our discretion, and no eligible executive, including our NEOs, has a legally binding right to any payments or benefits under the plan.

### Restrictive Covenants

As a condition to benefits under the Executive Severance Plan, an executive is not permitted to engage in prohibited competitive conduct for a period of:

- 12 months following termination of employment by the Company without cause or a termination by the executive for good reason; and
- 18 months following termination of employment by the Company without cause or a termination by the executive for good reason, in each case, within 12 months following a change-in-control.

Prohibited competitive conduct is set forth in the Executive Severance Plan, which includes provisions related to non-competition, non-solicitation and the confidentiality of the Company's proprietary information.

### Severance and Change-in-Control Payments

We may become obligated to make severance payments under our Executive Severance Plan to an NEO upon such NEO's qualifying termination employment. These benefits are described below. We, however, have no obligation to grant any of the executive officers any "gross-up" or other "make-whole" compensation for any tax imposed on severance or change-in-control payments made to the executive officer, including "parachute payments." Severance payable in connection with a change-in-control under our Executive Severance Plan is subject to a so-called "modified golden parachute cutback" provision, pursuant to which excess parachute payments would be reduced so that no portion of the payments would be subject to the excise tax, to the extent such reduction would result in greater after-tax benefits to the executive.



### Termination Without Cause or For Good Reason

Under the terms of our Executive Severance Plan, upon a termination of employment by the Company without cause or by the executive for good reason, a participant in the Executive Severance Plan (“Participant”) will be entitled to the following payments and benefits, subject to the execution of a release of claims and continued compliance with post-termination restrictive covenants:

- Base salary through the Participant's separation date, reimbursements for reasonable business expenses and any other employee benefit entitlements;
- An amount equal to the bonus paid (or payable) to the Participant for the most recently completed calendar year;
- Continued payment of base salary for 12 months after termination of employment;
- Accelerated vesting of the unvested portion of any outstanding equity and equity-based awards scheduled to vest based solely on the passage of time (such as outstanding stock options and RSUs) within 12 months of such Participant's separation date; and
- Payment of the employer portion of the premium for COBRA participation in the Company's health and dental plans until the earliest of 12 months following termination of the Participant's participation in such plans as an employee, the date that such Participant becomes eligible for comparable benefit coverage and the date the Participant is no longer eligible for COBRA (subject to the Participant's eligibility under COBRA and proper and timely elections).

In addition, any performance-based equity or equity-based awards (such as outstanding PSUs) will remain outstanding and eligible to become earned in accordance with their terms, provided that the portion of the awards that becomes earned and vested will be prorated based upon the number of days the Participant was employed by the Company in the applicable Performance Period.

Further, upon a termination of employment by the Company without cause or by the executive for good reason, in each case, within the 12-month period

following the date of consummation of a change-in-control (as defined in the Executive Severance Plan), a Participant will be entitled to the following payments and benefits, subject to the execution of a release of claims and continued compliance with post-termination restrictive covenants:

- Base salary through the Participant's separation date, reimbursements for reasonable business expenses, and any other employee benefit entitlements;
- An amount equal to 150% of the Participant's target bonus for the calendar year in which employment is terminated;
- Continued payment of base salary for 18 months after termination of employment;
- Accelerated vesting in full of all outstanding time-based equity and equity-based awards (such as outstanding stock options and RSUs) and prorated vesting, as of the separation date, of any performance-based equity and equity-based awards (such as outstanding PSUs) assuming target levels of achievement; and
- Payment of the employer portion of the premium for COBRA participation in the Company's health and dental plans until the earliest of 18 months following termination of the Participant's participation in such plans as an employee, the date that such Participant becomes eligible for comparable benefit coverage, and the date the Participant is no longer eligible for COBRA (subject to the Participant's eligibility under COBRA and proper and timely elections).

“Cause” under our Executive Severance Plan means the Participant's:

- willful and continued failure to perform, or gross negligence or willful misconduct in the performance of, his or her material duties with respect to the Company or an affiliate which, if curable, continues beyond ten (10) business days after a written demand for substantial performance is delivered to such Participant by the Company;
- conviction of, or a plea of nolo contendere to, a crime constituting a felony under the laws of the United States or any state thereof;



- committing or engaging in any act of fraud, embezzlement, theft, or other act of dishonesty that causes material injury, monetarily or otherwise, to the Company or an affiliate;
- breach of the restrictive covenants in the Executive Severance Plan;
- violation of the code of conduct of the Company or its subsidiaries or any policy of the Company or its subsidiaries, or of any statutory or common law duty of loyalty to the Company or its subsidiaries; or
- other conduct that could reasonably be expected to be harmful to the business, interests, or reputation of the Company.

“*Good Reason*” under our Executive Severance Plan means the occurrence, without the Participant’s written consent, of:

- a material reduction in base salary unless such reduction is consistent with reductions made in the applicable annual base salaries of other similarly situated employees of the Company or its affiliates;
- a material adverse change in duties and responsibilities at the Company or its affiliates (but not changes in functional titles); or
- a relocation that would result in the Participant’s principal location of employment being moved 50 miles away from the Participant’s principal location of employment as in effect immediately prior to the consummation of a change-in-control, to the extent any such relocation occurs during the 12-month period following the date of the consummation of a change-in-control.

The Participant is required to provide notice within 90 days following the “*Good Reason*” event (and the Company will have 30 days following such notice to cure). “*Good Reason*” will cease to exist for an event on the 90th day following the date on which the Participant knew or reasonably should have known of such event and failed to give notice as described above or if the Participant failed to terminate employment within 14 days following the expiration of the cure period.

“*Change-in-Control*” under our Executive Severance Plan means the consummation of:

- any transaction or series of related transactions, whether or not the Company is a party thereto,

after giving effect to which in excess of 50 percent of the Company’s voting power is owned directly, or indirectly through one or more entities, by any person and its “affiliates” or “associates” (as such terms are defined in the Exchange Act rules) or any “group” (as defined in the Exchange Act rules) other than, in each case, the Company or an affiliate of the Company; or

- a sale or other disposition of all or substantially all of the consolidated assets of the Company (each of the foregoing, a “Business Combination”), provided that, notwithstanding the foregoing, a “change-in-control” is not deemed to occur as a result of a Business Combination following which the individuals or entities who were beneficial owners of the outstanding securities entitled to vote generally in the election of directors of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of the outstanding securities entitled to vote generally in the election of directors of the resulting, surviving, or acquiring corporation in such transaction.

#### **Termination Other than For Good Reason**

The Executive Severance Plan does not provide for any separation benefits or payments upon an executive’s retirement or voluntary resignation from employment other than for good reason. Upon such a retirement or voluntary resignation, an eligible executive would be entitled to receive only base salary through such executive’s separation date, reimbursements for reasonable business expenses, and any other employee benefit entitlements to which the executive is entitled under the Company’s other employee benefit plans and programs.

#### **Death, Disability, and Retirement**

The Executive Severance Plan does not provide for any separation benefits or payments upon a termination due to death, disability, or voluntary termination (regardless of age). Upon such a termination, an eligible executive would be entitled to receive only base salary through the separation date, reimbursements for reasonable business expenses and any other employee benefit entitlements to which the executive is entitled under the Company’s other employee benefit plans and programs.

Please see the “Equity Award Agreements” below for the treatment of outstanding equity awards in connection with a termination of employment due to death, disability or retirement.

## Equity Award Agreements

### Stock Options

All stock options held by our NEOs as of December 31, 2019 were granted under our 2008 Stock Option Plan (the "2008 Plan") or our 2010 Plan. All stock options held by our NEOs that are outstanding under the 2008 Plan were fully vested as of December 31, 2019.

In accordance with our NEOs' option agreements, unvested stock options are canceled upon termination of employment, unless (1) otherwise agreed by the Company, or (2) in the case of death or retirement, in which case any and all unvested portions of stock options shall become vested. The unvested portion of stock options granted subsequent to February 23, 2017 will also become vested in full in the event of disability (as defined in the stock option award agreement). Unless the NEO is terminated for cause, vested options will be exercisable for:

- two years following termination of employment by reason of retirement, but not later than the option expiration date;
- one year following death or disability, in each case, not later than the option expiration date; and
- 90 days following termination in other cases, but not later than the option expiration date.

"Change-in-control" under the 2010 Plan means the consummation of:

- any transaction or series of related transactions, whether or not the Company is party thereto, which results in over 50% of the Company's voting power being owned directly or indirectly by any person and its "affiliates" or "associates" or any "group" other than the Company or an affiliate;
- a sale or disposition of all or substantially all of our assets; or
- the dissolution or liquidation of the Company.

### Restricted Stock Units (RSUs)

In accordance with the NEOs' RSU agreements, unvested portions of RSU awards are cancelled upon termination of employment, unless (1) otherwise

agreed by the Company, or (2) in the case of death or retirement, in which case any and all unvested portions shall become vested. The unvested portion of RSUs granted subsequent to February 23, 2017 will become vested in full in the event of disability (as defined in the RSU award agreement). If the NEO is terminated for cause, the vested portion of the award will terminate. All RSUs held by our NEOs as of December 31, 2019 were granted under our 2010 Plan.

### Performance Share Units (PSUs)

In accordance with the NEOs' PSU agreements, unvested portions of PSUs are forfeited upon termination of employment, except in the case of death, disability or retirement, or as otherwise provided pursuant to our Executive Severance Plan, and in any such case the PSUs will not terminate and will instead remain outstanding and eligible to become earned PSUs on a prorated basis in accordance with the terms of the PSU award agreement and/or our Executive Severance Plan. All PSUs held by our NEOs as of December 31, 2019 were granted under our 2010 Plan.

### CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information regarding the ratio of total annual compensation for Mr. Arnold, our president and chief executive officer (the "CEO"), to the median of the annual total compensation of all our employees (other than the CEO) (the "CEO Pay Ratio"). For 2019:

- Mr. Arnold's total annual compensation: \$7,669,954
- Median annual total compensation of all employees (other than CEO): \$87,303
- Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all employees (other than CEO): 88:1

We used the following methodology to determine the foregoing ratio:

- SEC rules allow a company to use the same median employee for three consecutive fiscal years. We decided to use our 2017 median

employee for purposes of determining our 2019 pay ratio. However, as discussed below, the 2019 pay ratio was determined based on the 2017 median employee's 2019 compensation. We believe that it is appropriate to use the same median employee over three years because there has been no change in our employee population or employee compensation arrangements that we reasonably believe would significantly impact our pay ratio disclosure.

- We determined our 2017 median employee from our employee population on December 31, 2017.
- To identify the median employee from our employee population, we first determined each employee's 2017 Box 1 W-2 wages ("Compensation Measure") for the 2017 calendar year ("Measurement Period"), as reflected in our payroll records and systems.
- For those employees who were employed on December 31, 2017 but who were not employed for the full Measurement Period, we annualized compensation paid to such employees during 2017.
- We then identified our 2017 median employee from our employee population based on this Compensation Measure.

We then determined the annual total compensation for 2019 of the median employee and our CEO in accordance with the following:

- The median employee's annual total compensation represents the amount of such employee's compensation for 2019 that would have been reported in the Summary Compensation Table in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K if the employee were a named executive officer for 2019.
- The annual total compensation of the CEO represents the amount reported in the "Total" column of our Summary Compensation Table included on page 49 of this proxy statement.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our records and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above.

Security Ownership of Certain Beneficial Owners and Management

The table below describes the beneficial ownership of our Common Stock as of March 9, 2020, by:

- persons or “groups” (as that term is used in Section 13(d)(3) of the Exchange Act) known by us to be the beneficial owner of 5% or more of the Common Stock;
- each of our NEOs, directors and director nominee; and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. Unless otherwise indicated, we believe, based on information furnished by such

persons, that each person listed below has sole voting and investment power with respect to the shares of Common Stock shown as beneficially owned. Securities that may be beneficially acquired within 60 days of March 9, 2020 are deemed to be beneficially owned by the person holding such securities for the purpose of computing ownership of such person, but are not treated as outstanding for the purpose of computing the ownership of any other person. The applicable percentage of beneficial ownership is based on 79,099,422 shares of Common Stock outstanding as of March 9, 2020.

Unless otherwise indicated in the footnotes to the following table, the address of each of the individuals named below is: c/o LPL Financial Holdings Inc., 4707 Executive Drive, San Diego, CA 92121.

Name of Beneficial Owner	Directly or Indirectly Held (#)	Right to Acquire (#)(1)	Other (#)	Total Amount and Nature of Beneficial Ownership of Common Stock (#)	Percentage of Common Stock (%)
<b>5% Stockholders</b>					
Janus Henderson Group PLC(2)				9,641,807	12.2%
The Vanguard Group, Inc.(3)				9,408,350	11.9%
<b>Officers and Directors</b>					
Dan H. Arnold	171,260	411,802		583,062	*
Matthew J. Audette	8,086	178,052		186,138	*
Scott Seese	14,660	12,665		27,325	*
Dayton Semerjian	3,483	—		3,483	*
Richard Steinmeier	5,418	2,452		7,870	*
Edward C. Bernard	5,000	—		5,000	*
H. Paulett Eberhart	15,854	—		15,854	*
William F. Glavin, Jr.	10,255	2,092		12,347	*
Allison H. Mnookin	4,205	—		4,205	*
Anne M. Mulcahy	25,947	—		25,947	*
James S. Putnam(4)	127,064	(4)	—	127,064	*
James Riepe(5)	129,084	(5)	2,092	131,176	*
Richard P. Schifter	42,634	2,092		44,726	*
Corey E. Thomas	1,078	2,092		3,170	*
All current directors and executive officers as a group	630,367	1,211,186		1,840,053	2.3%

\* Less than 1%

(1) Consists of Common Stock which the named individual or group has the right to acquire through (i) the exercise of vested stock options and (ii) the vesting of RSUs, the vesting of deferred stock units and/or the vesting and exercise of stock options within 60 days of March 9, 2020.

- (2) Consists of shares of Common Stock held by Janus Henderson Group PLC (“Janus Henderson”). Janus Henderson has an indirect 97% ownership stake in Intech Investment Management LLC (“Intech”) and a 100% ownership stake in Janus Capital Management LLC (“JCM”), Perkins Investment Management LLC, Geneva Capital Management LLC, Henderson Global Investors Limited and Janus Henderson Investors Australia Institutional Funds Management Limited (each an “Asset Manager” and collectively as the “Asset Managers”). Due to the above ownership structure, holdings for the Asset Managers are aggregated. Each Asset Manager is an investment adviser registered or authorized in its relevant jurisdiction and each furnishes investment advice to various fund, individual and/or institutional clients (collectively, “Managed Portfolios”). As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, JCM may be deemed to be the beneficial owner of 9,607,660 shares held by such Managed Portfolios. However, JCM does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights. As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Intech may be deemed to be the beneficial owner of 34,147 shares held by such Managed Portfolios. However, Intech does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights. The interest of Janus Henderson Enterprise Fund, an investment company registered under the Investment Company Act of 1940, amounted to 4,357,313 shares. This information is based on a Schedule 13G/A filed on February 13, 2020 with the SEC. The address of Janus Henderson is 201 Bishopsgate EC2M 3AE, United Kingdom.
- (3) Consists of shares of Common Stock held by The Vanguard Group, Inc. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 35,884 shares, and Vanguard Investments Australia, LTD., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 25,484 shares. This information is based on a Schedule 13G/A filed on February 10, 2020 with the SEC. The address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) Mr. Putnam holds 114,160.5 shares of Common Stock through James S. Putnam TTEE for Putnam Family Trust Dated 1699 Separate Property Trust.
- (5) Consists of (i) 95,205 shares of Common Stock held directly and (ii) 35,971 shares of Common Stock held through Stone Barn, LLC.

## Certain Relationships and Related Party Transactions

### Review, Approval or Ratification of Transactions with Related Persons

In accordance with the charter of the Audit Committee and our written policy, the Audit Committee is responsible for reviewing and approving related party transactions. If it is not feasible to approve related party transactions in advance, the Audit Committee is permitted to ratify such transactions after the Company has entered into them, subject to the procedures and considerations described below.

The policy with respect to related party transactions applies to any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- the aggregate amount involved exceeds or is expected to exceed \$120,000;
- the Company or any of its subsidiaries is a participant; and
- a related person has or will have a direct or indirect interest.

A related person is:

- any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of the Company, or a nominee for election as a director of the Company;
- any beneficial owner of more than five percent of our Common Stock; or
- any immediate family member of the foregoing persons.

The Audit Committee is provided with the material facts of all transactions that require the Audit Committee's approval under the policy. In determining whether to approve or ratify a particular transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

Under the policy, a director is not permitted to participate in any discussion or approval of a transaction for which he or she (or an immediate family member) is the related person, and such director must provide the Audit Committee with all material information concerning the transaction. If an

approved transaction is ongoing, the Audit Committee may establish guidelines for management to follow in its dealings with such person and will annually review and assess compliance with such guidelines, and whether the transaction remains appropriate for the Company.

### Business Transactions with Certain Stockholders

Janus Henderson Group PLC ("Janus") considered itself the direct or indirect beneficial owner of more than five percent of our Common Stock during 2019. The Company has entered into certain agreements in the ordinary course of business with affiliates of Janus and during the year ended December 31, 2019 received revenue of approximately \$3.7 million under such agreements.

**Proposal 2: Ratification of the Appointment of Deloitte & Touche  
LLP  
by the Audit Committee of the Board of Directors as Our  
Independent Registered Public Accounting Firm**



**Proposal 2: Ratification of the Appointment of Deloitte & Touche LLP  
by the Audit Committee of the Board of Directors as  
Our Independent Registered Public Accounting Firm**

The Audit Committee has appointed Deloitte & Touche LLP (“Deloitte”) as our independent registered public accounting firm for the fiscal year ending December 31, 2020, and the Board has directed that management submit the appointment of the independent registered public accounting firm for ratification by stockholders at the Annual Meeting. Deloitte has served as our independent registered public accounting firm since 2001.

Although stockholder ratification of the selection of Deloitte is not required by our bylaws or otherwise, upon the recommendation of the Audit Committee, the Board is submitting the appointment of Deloitte to the stockholders for ratification as a matter of good corporate practice. The Board and the Audit Committee believe they have undertaken appropriate steps with respect to oversight of Deloitte’s

independence and that the continued retention of Deloitte to serve as our independent registered public accounting firm is in the best interests of the Company and its stockholders.

If the stockholders fail to ratify the appointment, the Audit Committee will reconsider the matter. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of Deloitte are expected to be present at the Annual Meeting and will have the opportunity to make a statement and respond to appropriate questions from stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THIS PROPOSAL.**

**Fees Paid to Independent Registered Public Accounting Firm**

Aggregate fees for professional services rendered by Deloitte as of and for the years ended December 31, 2019 and 2018 were as follows:

Type of Services	2019	2018
Audit Fees(1)	\$ 3,597,000	\$ 3,587,800
Audit Related Fees(2)	295,000	328,000
Tax Fees(3)	209,500	592,500
<b>Total</b>	<b>\$ 4,101,500</b>	<b>\$ 4,508,300</b>

- (1) These fees include services performed in connection with the audit of our annual consolidated financial statements included in our annual reports on Form 10-K; the review of our interim condensed consolidated financial statements as included in our quarterly reports on Form 10-Q; and services that are normally provided by Deloitte in connection with statutory and regulatory filings or engagements. The 2019 and 2018 columns include amounts billed in 2020 and 2019, respectively, related to 2019 and 2018 audit fees, respectively.
- (2) These fees are for services provided such as accounting consultations and any other audit and attestation services. The fees include amounts incurred by the Company and paid to Deloitte for services in connection with our financial intermediary compliance and controls assessment and attest report.
- (3) These fees include all services performed for non-audit related tax advice, planning, and compliance services. The fees include amounts incurred by the Company and paid to Deloitte for services, which in 2019 and 2018 consisted of tax compliance and advisory services.

**Pre-Approval Policies and Procedures**

The Audit Committee pre-approves all audit, audit-related, and permissible non-audit services provided by our independent registered public accounting firm. The Audit Committee has also adopted policies and procedures that permit it to delegate its approval of certain engagements to its chair and to pre-approve certain permissible audit, audit-related and non-audit

related services (which include tax and consulting services) (“Pre-approved Services”) for a particular year. On an annual basis, the Audit Committee reviews and pre-approves the scope and dollar limits associated with the various Pre-approved Services, as well as an overall pre-approved dollar limit for all engagements with the auditors, for the fiscal year.



**Proposal 2: Ratification of the Appointment of Deloitte & Touche  
LLP  
by the Audit Committee of the Board of Directors as Our  
Independent Registered Public Accounting Firm**



Under its policy, the Audit Committee may not delegate its pre-approval authority to management, and its full approval is required (and cannot be delegated) for:

- the annual audit engagement;
- any proposed engagement to assess the Company's internal controls (regardless of expected cost); or
- any proposed engagement for services that are outside the scope and dollar limits associated with the Pre-approved Services and with proposed fees expected to exceed \$200,000.

Engagements for services outside the scope and dollar limits associated with Pre-approved Services and with fees up to \$200,000 may be approved by the chair of the Audit Committee, to whom authority has been expressly delegated.

Engagements for Pre-approved Services that are within the applicable scope and pre-approved dollar limit for a particular year may be undertaken by management without further authorization by the Audit Committee.

The policy also requires that prior to the provision of any tax services or engagements for internal controls, written documentation must be provided by the independent registered public accounting firm describing the scope and nature of the proposed engagement. In addition, the potential effects of the engagement on the auditors' independence must be discussed with the Audit Committee. With respect to tax services engagements, the auditors must also provide descriptions of the fee structure and any other written agreement or amendment to an existing engagement letter relating to the provision of the tax service, and descriptions of the involvement of any third party.



## Report of the Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors (the "Audit Committee") is comprised of the four directors named below. Each member of the Audit Committee is an independent director (as independence is defined in the listing standards of the Nasdaq Global Select Market and Rule 10A-3 under the Exchange Act with respect to membership on audit committees).

The Audit Committee has adopted a written charter, which has been approved by the Board of Directors. The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management, which has primary responsibility for the consolidated financial statements, and with the Company's independent registered public accounting firm. The Company's independent registered public accounting firm is responsible for expressing opinions on the conformity of the Company's audited consolidated financial statements with generally accepted accounting principles and on the Company's internal controls over financial reporting. The Audit Committee has discussed with the Company's independent registered public accounting firm, which was Deloitte & Touche LLP and the member firms of Deloitte Touche Tohmatsu (collectively referred to as "Deloitte") for 2019 and 2018, the matters that are required to be discussed by applicable standards of the Public Company Accounting Oversight Board ("PCAOB"), including Auditing Standard 1301, "*Communications with Audit Committees*," as adopted by the PCAOB, as well as Rule 2-07 of Regulation S-X of the SEC-- "*Communication with Audit Committees*." Deloitte has also provided to the Audit Committee their communication required by PCAOB Ethics and Independence Rule 3526, "*Communications with Audit Committees Concerning Independence*," and the Audit Committee discussed with Deloitte the firm's independence. The Audit Committee also considered and determined the provision by Deloitte of non-audit related services in 2019, which consisted of tax advisory services, is compatible with the independence standard. Based on the foregoing review and discussions, the Audit Committee recommended to the Board of Directors that the consolidated financial statements audited by Deloitte for 2019 and 2018 be included in the Company's Annual Report on Form 10-K for 2019, and the Committee has appointed Deloitte as the Company's independent registered public accounting firm for 2020.

H. Paulett Eberhart, Chair  
William F. Glavin, Jr.  
James S. Riepe  
Corey E. Thomas

March 23, 2020

**Proposal 3: Approval, in an Advisory Vote, of the Compensation Paid to Our Named Executive Officers**

The Compensation Discussion and Analysis beginning on page 30 of this proxy statement describes our executive compensation program and the compensation decisions that the Compensation Committee and Board of Directors made in 2019 with respect to the compensation of our NEOs. The Board of Directors is asking stockholders to cast a non-binding, advisory vote “FOR” the following resolution:

**RESOLVED**, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby **APPROVED**.

As we describe in the Compensation Discussion and Analysis, our NEO compensation is designed to closely align the interests of our NEOs with those of our stockholders on both a short-term and long-term basis, and to attract and retain key executives critical to our success.

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 30 of this proxy statement and to review the 2019 Summary Compensation table and related compensation tables and discussion, appearing on pages 49 through 61, which provide detailed information on the Company’s compensation policies and practices. We believe stockholders should focus on the following areas when reviewing our NEO compensation:

**Pay for Performance**

*Annual Cash Bonus Opportunities.* We provide annual cash bonus awards in order to tie a significant portion of the overall cash compensation of each of our NEOs to the achievement of annually established, key short-term corporate objectives and financial goals of the Company, as well as individual performance goals. At the beginning of 2019, the Compensation Committee established a bonus funding framework based on an objective financial performance target and the collective achievement of the Company’s four corporate goals for 2019. Each NEO’s individual target award amount was set by the Compensation Committee by reference to market compensation for comparable positions within our peer group as well as the nature of the NEO’s role and responsibilities. By emphasizing executives’ contributions to the Company’s overall performance rather than focusing only on their individual business or function, we believe that these cash bonuses provided a significant incentive to our NEOs to work towards achieving our overall Company objectives.

*Long-Term Incentives.* The purposes of our long-term equity incentive program are to promote achievement of corporate goals that drive long-term stockholder value, to align the interests of our executive officers and other key employees with our stakeholders and to retain key executives. We provide stock-based, long-term compensation to our NEOs through equity awards under our stockholder-approved equity plans. We believe this long-term incentive compensation motivates our NEOs to sustain longer-term financial operational performance and rewards them when such efforts lead to increases in stockholder value.

**Alignment with Long-Term Stockholder Interests**

Our executive compensation is weighted towards variable, at-risk pay in the form of annual and long-term incentives, with a large portion of executive compensation tied to long-term performance. In addition, we have adopted:

*Equity Ownership Guidelines.* We focus our executives on long-term stockholder value by requiring that all executive officers own a significant amount of our equity.

*Performance-Based LTI Vehicles.* In 2019, equity grants to our chief executive officer consisted of 50% PSUs and 50% stock options (by grant date value) and equity grants to our other NEOs (other than Mr. Semerjian, who received a sign-on grant of RSUs after commencing employment with us in February 2019) consisted of 40% PSUs, 30% stock options and 30% RSUs. We believe that this blended approach aligned with our pay-for-performance principles and provided appropriate incentives for long-term stockholder value creation while also serving as a retention tool for the Company. The use of stock options was aligned with stock appreciation on an absolute basis and the use of PSUs put appropriate focus on long-term alignment and pay relative both to market peers and stockholder returns.

*Recoupment Policy.* We have adopted a recoupment policy that permits the Compensation Committee, in the event of a restatement of the Company's financial statements due to material noncompliance with financial reporting requirements under the securities laws, to review the annual cash bonuses, performance-based compensation and time-based equity and equity-based awards awarded or paid to executive officers during the three-year period preceding the announcement by the Company of its obligation to restate its financial statements. If the amount of the annual cash bonuses or performance-based compensation received would have been lower had the level of achievement of applicable financial performance goals been calculated based on such restated financial results, the Compensation Committee may seek reimbursement from any of the covered executives in the amount of the excess compensation awarded or paid.

*Anti-Hedging and Anti-Pledging Policy.* We believe that hedging transactions may permit executives to own Company securities obtained through our executive compensation program or otherwise without the full risks and rewards of ownership. When that occurs, an executive may no longer have the same objectives as the Company's other stockholders. As a result, we have adopted a policy, included within our Insider Trading Policy and applicable to all employees, officers, directors and consultants of the Company, which prohibits short sales, hedging or engaging in monetization transactions, including through the use of puts and call options, collars, exchange funds, prepaid variable forwards, and equity swaps. The policy also prohibits holding Company securities in a margin account or pledging Company securities as collateral for a loan, because a margin or foreclosure sale may occur when an executive is aware of material nonpublic information or otherwise not permitted to trade.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL.**

## Stockholder Proposals and Other Matters

### Stockholder Proposals for Inclusion in 2021 Proxy Statement.

To be eligible for inclusion in the proxy statement for our 2021 annual meeting, stockholder proposals must be received by our corporate secretary no later than Saturday, November 27, 2020. Proposals should be sent to the Board of Directors, care of Corporate Secretary, LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston, MA 02109, and follow the procedures required by SEC Rule 14a-8.

### Stockholder Director Nominations and Other Stockholder Proposals for Presentation at the 2021 Annual Meeting.

In accordance with our bylaws, written notice of stockholder nominations to the Board of Directors and any other business proposed by a stockholder that is not to be included in the proxy statement must be delivered to our corporate secretary not less than 90 nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. Accordingly, any stockholder who wishes to have a director nomination or other business considered at the 2021 annual meeting must deliver a written notice (containing the information specified in our bylaws regarding the stockholder and the proposed action) to our corporate secretary between Wednesday, January 6, 2021 and Friday, February 5, 2021.

SEC rules permit management to vote proxies in its discretion with respect to such matters if we advise stockholders how management intends to vote. Management knows of no matter to be brought before the Annual Meeting that is not referred to in the Notice of Meeting. If any other matters properly come before the Annual Meeting, we intend that the shares represented by proxy will be voted with respect thereto in accordance with the judgment of the persons voting them.

### Policy with Respect to the Consideration of Director Candidates Recommended or Nominated by Stockholders

The Nominating and Governance Committee will consider director candidates recommended by stockholders in accordance with our bylaws. For a stockholder to make any nomination for election to the Board of Directors at an annual meeting, the stockholder must provide notice and certain information about the recommending stockholder and the nominee to the Company, which notice must be delivered to, or mailed and received at, the Company's principal executive offices:

- no later than the close of business on the 90<sup>th</sup> calendar day nor earlier than the close of business on the 120<sup>th</sup> calendar day, prior to the anniversary date of the prior year's annual meeting; or
- if there was no annual meeting in the prior year or if the date of the current year's annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, on or before 10 days after the day on which the date of the current year's annual meeting is first disclosed in a public announcement.

Submissions must be in writing and addressed to the Nominating and Governance Committee, care of Corporate Secretary, LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston, Massachusetts 02109. Electronic submissions will not be considered.

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## Other Information

Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, including the financial statements and financial statement schedules, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available on our website at [www.lpl.com](http://www.lpl.com) or on the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Printed copies of these materials are available free of charge (except for the costs of duplication and mailing in the case of exhibits to such documents) to stockholders who request them in writing from our corporate secretary at LPL Financial Holdings Inc., 75 State Street, 22nd Floor, Boston Massachusetts 02109, or by calling our offices at (617) 423-3644, extension 4574. Information on our website or hyperlinked to it is not incorporated by reference into this proxy statement.

## Non-GAAP Financial Measures

We believe that presenting certain non-GAAP measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze the Company's current performance, prospects, and valuation. We use this non-GAAP information internally to evaluate operating performance and to formulate the budget for future periods. We believe that the non-GAAP measures and metrics discussed below are appropriate for evaluating the performance of the Company for compensation-related purposes.

### Gross Profit

Gross profit is calculated as net revenues less commission and advisory expenses and brokerage, clearing, and exchange fees. All other expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, are considered general and administrative in nature. Because the Company's gross profit amounts do not include any depreciation and amortization expense, the Company considers its gross profit amounts to be non-GAAP measures that may not be comparable to those of others in its industry. We believe that Gross Profit can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature.

### Core G&A

Core G&A consists of total operating expenses, which were \$4.7 billion for the year ended December 31, 2019, excluding the following expenses: commission and advisory, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, and brokerage, clearing, and exchange. We believe Core G&A reflects the corporate operating expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as commission and advisory expenses, or which management views as a promotional expense necessary to support advisor growth and retention, including conferences and transition assistance. Core G&A is not a measure of the Company's total operating expenses as calculated in accordance with GAAP. The Company reviews Core G&A in addition to total operating

expenses because total operating expenses contains expense components, such as commission and advisory expenses, that are market-driven and over which the Company cannot exercise control. Set forth below is a reconciliation of the Company's total operating expenses to Core G&A for the year ended December 31, 2019.

### EBITDA

EBITDA is defined as net income plus interest expense, income tax expense, depreciation, amortization and loss on extinguishment of debt. We believe that EBITDA can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. Set forth below is a reconciliation of the Company's net income to EBITDA for the years ended December 31, 2019, 2018 and 2017.

### Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA, further adjusted to exclude certain non-cash charges and, for the year ended December 31, 2019, expenses related to the Company's acquisition of Allen & Company. We believe that Adjusted EBITDA can be a useful financial metric in assessing our historical operating performance from period to period by excluding certain items that we believe are not representative of our core business. Set forth below is a reconciliation of the Company's net income to Adjusted EBITDA for the years ended December 31, 2019, 2018 and 2017.

Gross profit, Core G&A, EBITDA and Adjusted EBITDA are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income or earnings per share or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, EBITDA and Adjusted EBITDA can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

Set forth below is a reconciliation of Core G&A to the Company's total operating expenses for the twelve months ended December 31, 2019 (in thousands):

Core G&A	\$ 868,413
Regulatory charges	32,304
Promotional	205,537
Employee share-based compensation	29,866
Total G&A	<u>1,136,120</u>
Commissions and advisory	3,388,186
Depreciation & amortization	95,779
Amortization of intangible assets	65,334
Brokerage, clearing and exchange	64,445
Total operating expense	<u>\$ 4,749,864</u>

Set forth below is a reconciliation of the Company's net income to EBITDA and Adjusted EBITDA for the twelve months ended December 31, 2019, 2018 and 2017 (in thousands):

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income	\$ 559,880	\$ 439,459	\$ 238,863
Non-operating interest expense	130,001	125,023	107,025
Provision for income taxes	181,955	153,178	125,707
Loss on extinguishment of debt <sup>(1)</sup>	3,156	—	22,407
Depreciation and amortization	95,779	87,656	84,071
Amortization of intangible assets	65,334	60,252	38,293
EBITDA	<u>1,036,105</u>	<u>865,568</u>	<u>616,366</u>
Employee share-based compensation expense (2)	29,872	23,108	19,413
Other	3,133	—	—
Adjusted EBITDA	<u>\$ 1,069,110</u>	<u>\$ 888,676</u>	<u>\$ 635,779</u>

- (1) Represents expenses incurred resulting from the early extinguishment and repayment of amounts outstanding on our prior senior secured credit facilities, including the accelerated recognition of unamortized debt issuance costs that had no future economic benefit, as well as various other charges incurred in connection with the repayment under prior senior secured credit facilities and the establishment of new or amended senior secured credit facilities.
- (2) Represents share-based compensation expenses for equity awards granted to employees, officers, and directors. Such awards are measured based on the grant-date fair value and recognized over the requisite service period of the individual awards, which generally equals the vesting period.



LPL FINANCIAL HOLDINGS INC.  
75 STATE STREET, 22ND FLOOR  
BOSTON, MASSACHUSETTS 02109, UNITED STATES

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on May 5, 2020. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on May 5, 2020. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D05229-276827

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

<b>LPL FINANCIAL HOLDINGS INC.</b>				
The Board of Directors recommends you vote FOR the following proposals:				
1. Elect the nine nominees named in the proxy statement to the Board of Directors.				
<b>Nominees:</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	
1a. Dan H. Arnold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>For Against Abstain</b>
1b. Edward C. Bernard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Ratify the appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1c. H. Paulett Eberhart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Approve, in an advisory vote, the compensation paid to the Company's named executive officers. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1d. William F. Glavin, Jr.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1e. Allison H. Mnookin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>NOTE:</b> Such other business as may properly come before the meeting or any adjournment thereof.
1f. Anne M. Mulcahy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1g. James S. Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1h. Richard P. Schifter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
1i. Corey E. Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.				
<input style="width: 95%;" type="text"/>		<input style="width: 95%;" type="text"/>		
Signature [PLEASE SIGN WITHIN BOX]		Signature (Joint Owners)		Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**  
The Notice and Proxy Statement and Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

D05230-Z76827

**LPL Financial Holdings Inc.**

**Notice of 2020 Annual Meeting of Stockholders**

**Proxy Solicited by the Board of Directors for the 2020 Annual Meeting of Stockholders— May 6, 2020**  
**1055 LPL Way, Fort Mill, SC 29715**

Matthew J. Audette and Gregory M. Woods, and each of them with power to act without the other and with power of substitution (the "Proxies"), are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the 2020 Annual Meeting of Stockholders (the "Annual Meeting") of LPL Financial Holdings Inc. (the "Company") to be held on May 6, 2020 or at any postponement or adjournment thereof.

As part of its precautions related to COVID-19, the Company is planning for the possibility that the Annual Meeting may be held virtually through the Internet. If the Company were to take this step, it would promptly announce the decision through a press release, file the announcement with the Securities and Exchange Commission as additional proxy material and post the announcement on the Company's website.

**Shares represented by this proxy will be voted as directed by the stockholder. If no such directions are indicated, the Proxies will have authority to vote FOR all nominees in Proposal 1 and FOR Proposals 2 and 3.**

**In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.**

(Items to be voted appear on reverse side)