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## DELTA REPORT

### 10-Q

LPLA - LPL FINANCIAL HOLDINGS IN

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1051

CHANGES	214
DELETIONS	174
ADDITIONS	663

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

**Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024**  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-34963

**LPL Financial Holdings Inc.**

(Exact name of registrant as specified in its charter)

Delaware

20-3717839

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

4707 Executive  
Drive, San Diego, California 92121

(Address of principal executive offices) (Zip Code)

(800) 877-7210

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - \$0.001 par value per share	LPLA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of Common Stock, par value \$0.001 per share, outstanding as of **April 29, 2024** **July 25, 2024** was **74,708,931**, **74,762,890**.

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TABLE OF CONTENTS

Page

<b>WHERE YOU CAN FIND MORE INFORMATION</b>	ii
<b>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</b>	ii
<b>Glossary of Terms</b>	iv
<b>PART I — FINANCIAL INFORMATION</b>	1
<b>1. Financial Statements (unaudited)</b>	18 19
Condensed Consolidated Statements of Income (unaudited)	18 19
Condensed Consolidated Statements of Financial Condition (unaudited)	19 20
Condensed Consolidated Statements of Stockholders' Equity (unaudited)	20 21
Condensed Consolidated Statements of Cash Flows (unaudited)	21 22
Notes to Condensed Consolidated Financial Statements (unaudited)	23 24
Note 1 - Organization and Description of the Company	23 24
Note 2 - Summary of Significant Accounting Policies	23 24
Note 3 - Revenue	24 25
Note 4 - Acquisitions	26
Note 5 - Fair Value Measurements	27 28
Note 6 - Investment Securities	33 34
Note 7 - Goodwill and Other Intangibles, Net	33 34
Note 8 - Other Assets and Other Liabilities	35 36
Note 9 - Corporate Debt and Other Borrowings, Net	36 37
Note 10 - Commitments and Contingencies	37 39
Note 11 - Stockholders' Equity	39 41
Note 12 - Share-based Compensation	39 41
Note 13 - Earnings per Share	41 43
Note 14 - Net Capital and Regulatory Requirements	41 43
Note 15 - Financial Instruments with Off-Balance Sheet Credit Risk and Concentrations of Credit Risk	42 44
Note 16 - Subsequent Events	42 45
<b>2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	1
Business Overview	1
Our Sources of Revenue	1
Significant Events	1
Executive Summary	2
Key Performance Metrics	3
Legal and Regulatory Matters	6
Economic Overview and Impact of Financial Market Events	7
Results of Operations	8
Liquidity and Capital Resources	12
Debt and Related Covenants	16
Contractual Obligations	17
Risk Management	17
Critical Accounting Policies and Estimates	17 18
<b>3. Quantitative and Qualitative Disclosures About Market Risk</b>	43 46
<b>4. Controls and Procedures</b>	45 48
<b>PART II — OTHER INFORMATION</b>	45 48
<b>1. Legal Proceedings</b>	45 48
<b>1A. Risk Factors</b>	45 48
<b>2. Unregistered Sales of Equity Securities and Use of Proceeds</b>	45 48
<b>3. Defaults Upon Senior Securities</b>	46 48
<b>4. Mine Safety Disclosures</b>	46 48
<b>5. Other Information</b>	46 49
<b>6. Exhibits</b>	46 49
<b>SIGNATURES</b>	47 51

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission ("SEC"). Our SEC filings are available to the public on the SEC's website at [sec.gov](http://sec.gov).

We post the following filings to our website at [lpl.com](http://lpl.com) as soon as reasonably practicable after they are electronically filed with or furnished to the SEC: our annual reports on Form 10-K, our proxy statements, our quarterly reports on Form 10-Q, our current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. Copies of all such filings are available free of charge by request via email ([investor.relations@lplfinancial.com](mailto:investor.relations@lplfinancial.com)), telephone ((617) 897-4574) or mail (LPL Financial Investor Relations at 1055 LPL Way, Fort Mill, SC 29715). The information contained or incorporated on our website is not a part of this Quarterly Report on Form 10-Q.

We may use our website as a means of disclosing material information and for complying with our disclosure obligations under Regulation Fair Disclosure promulgated by the SEC. These disclosures are included on our website in the "Investor Relations" or "Press Releases" sections. Accordingly, investors should monitor these portions of our website in addition to following the Company's press releases, SEC filings, public conference calls and webcasts.

*When we use the terms "LPLFH", "LPL", "we", "us", "our" and "the Company", we mean LPL Financial Holdings Inc., a Delaware corporation, and its consolidated subsidiaries, taken as a whole, unless the context otherwise indicates.*

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Quarterly Report on Form 10-Q regarding:

- the Company's future financial and operating results, outlook, growth, plans, business strategies, liquidity, future share repurchases and dividends, including statements regarding future resolution of regulatory matters, legal proceedings and related costs;
- a potential settlement with the SEC related to its civil investigation into the Company's compliance with records preservation requirements for business-related electronic communications stored on personal devices in connection with an industry-wide review of off-platform communications (the "Off-Channel Investigation");
- the Company's future revenue and expense;
- future affiliation models and capabilities;
- the expected closing of the Company's acquisition of Atria Wealth Solutions, Inc. ("Atria");
- the expected transition and onboarding of advisors, institutions and assets in connection with our acquisition and recruitment activity;
- market and macroeconomic trends, including the effects of inflation and the interest rate environment;
- projected savings and anticipated improvements to the Company's operating model, services and technologies as a result of its investments, initiatives, programs and acquisitions; and
- any other statements that are not related to present facts or current conditions, or that are not purely historical, constitute forward-looking statements.

These forward-looking statements reflect the Company's expectations and objectives as of [May 2, 2024](#) or [July 30, 2024](#). The words "anticipates," "believes," "expects," "may," "plans," "predicts," "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are not guarantees that expectations or objectives expressed or implied by the Company will be achieved. The achievement of such expectations and objectives involves risks and uncertainties that may cause actual results, levels of activity or the timing of events to differ materially from those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include:

- changes in general economic and financial market conditions, including retail investor sentiment;
- changes in interest rates and fees payable by banks participating in the Company's client cash programs, including the Company's success in negotiating agreements with current or additional counterparties;
- the Company's strategy and success in managing client cash program fees;
- fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue;

ii

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- effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions, and their ability to [market provide](#) financial products and services effectively;
- whether retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company;
- difficulties and delays in onboarding the assets of acquired or recruited advisors, including the receipt and timing of regulatory approvals that may be required;
- disruptions in the businesses of the Company that could make it more difficult to maintain relationships with advisors and their clients;
- the choice by clients of acquired or recruited advisors not to open brokerage and/or advisory accounts at the Company;

- changes in the growth and profitability of the Company's fee-based offerings; offerings and asset-based revenues;
- the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations;
- the cost of defending, settling and remediating issues related to regulatory matters or legal proceedings, including civil monetary penalties or actual costs of reimbursing customers for losses in excess of our reserves; reserves or insurance;
- the negotiation SEC's approval of the definitive documentation proposed settlement agreement in connection with the settlement of the Off-Channel Investigation;
- changes made to the Company's services and pricing, including in response to competitive developments and current, pending and future legislation, regulation and regulatory actions, and the effect that such changes may have on the Company's gross profit streams and costs;
- execution of the Company's capital management plans, including its compliance with the terms of the Company's amended and restated credit agreement (the "Credit Agreement"), the committed revolving credit facility at our primary broker-dealer subsidiary, LPL Financial LLC (the "Broker-Dealer Revolving Credit Facility"), and the indentures governing the Company's senior unsecured notes (the "Indentures");
- strategic acquisitions and investments, including pursuant to the Company's Liquidity & Succession solution, and the effect that such acquisitions and investments may have on the Company's capital management plans and liquidity;
- the price, availability and trading volumes of shares of the Company's common stock, which will affect the timing and size of future share repurchases by the Company, if any;
- execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements or efficiencies expected to result from its investments, initiatives and acquisitions, expense plans and technology initiatives;
- whether advisors affiliated with Atria or Prudential Financial, Inc. ("Prudential") will transition registration to the Company and whether assets reported as serviced by such financial advisors will translate into assets of the Company;
- the failure to satisfy the closing conditions applicable to the strategic relationship agreement between the Company and Prudential or the purchase agreement between the Company and Atria, including regulatory approval;
- the performance of third-party service providers to which business processes have been transitioned;
- the Company's ability to control operating risks, information technology systems risks, cybersecurity risks and sourcing risks; and
- the other factors set forth in the Company's most recent Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q.

Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this Quarterly Report on Form 10-Q, and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

iii

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## GLOSSARY OF TERMS

**Acquisition Costs:** Expenses that include the costs to setup, onboard and integrate acquired entities and other costs that were incurred as a result of the acquisitions.

**Adjusted EBITDA:** A non-GAAP financial measure defined as EBITDA plus acquisition costs.

**Adjusted EPS:** A non-GAAP financial measure defined as Adjusted Net Income divided by the weighted average number of diluted shares outstanding for the applicable period.

**Adjusted Net Income:** A non-GAAP financial measure defined as net income plus the after-tax impact of amortization of other intangibles and acquisition costs.

**Basis Point:** One basis point equals 1/100th of 1%.

**Core G&A:** A non-GAAP financial measure defined as total expense excluding the following expenses: advisory and commission; depreciation and amortization; interest expense on borrowings; brokerage, clearing and exchange; amortization of other intangibles; market fluctuations on employee deferred compensation; promotional (ongoing); employee share-based compensation; regulatory charges; and acquisition costs.

**Corporate Cash:** A component of cash and equivalents that includes the sum of cash and equivalents from the following: (1) cash and equivalents held at LPL Holdings, Inc., (2) cash and equivalents held at regulated subsidiaries as defined by the Company's Credit Agreement, which include LPL Financial LLC and The Private Trust Company, N.A., in excess of the capital requirements of the Company's Credit Agreement, which, in the case of LPL Financial LLC is net capital in excess of 10% of its aggregate debits, or five times the net capital required in accordance with the Uniform Net Capital Rule, and (3) cash and equivalents held at non-regulated subsidiaries.

**Credit Agreement:** The Company's amended and restated credit agreement.

**Credit Agreement EBITDA:** A non-GAAP financial measure defined in the Credit Agreement as "Consolidated EBITDA," which is Consolidated Net Income (as defined in the Credit Agreement) plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles, and is further adjusted to exclude certain non-cash charges and other adjustments and to include future expected cost savings, operating expense reductions or other synergies from certain transactions.

**EBITDA:** A non-GAAP financial measure defined as net income plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles.

**FINRA:** The Financial Industry Regulatory Authority.

**GAAP:** Accounting principles generally accepted in the United States of America.

**Gross Profit:** A non-GAAP financial measure defined as total revenue less advisory and commission expense; brokerage, clearing and exchange expense; and market fluctuations on employee deferred compensation.

**Indentures:** The indentures governing the Company's senior unsecured notes.

**Leverage Ratio:** A financial metric from our Credit Agreement that is calculated by dividing Credit Agreement net debt, which equals consolidated total debt less Corporate Cash, by Credit Agreement EBITDA.

**NFA:** The National Futures Association.

**OCC:** The Office of the Comptroller of the Currency.

**RIA:** Registered investment advisor.

**SEC:** The U.S. Securities and Exchange Commission.

**Uniform Net Capital Rule:** Refers to Rule 15c3-1 under the Exchange Act, which specifies minimum capital requirements that are intended to ensure the general financial soundness and liquidity of broker-dealers.

## PART I — FINANCIAL INFORMATION

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Business Overview

LPL serves the advisor-mediated marketplace as the nation's largest independent broker-dealer, a leading investment advisory firm and a top custodian. We serve **nearly more than** 23,000 financial advisors, including advisors at approximately **1,100** **1,000** institutions and at approximately **570** **580** registered investment advisor ("RIA") firms nationwide, providing the front-, middle- and back-office support our advisors need. Through our comprehensive platform, we offer integrated technology solutions; brokerage and advisory platforms; clearing, compliance, business and planning and advice services; consultative practice management programs and training; and in-house research to help our advisors deliver advice to their clients and run successful businesses.

We are steadfast in our commitment to the advisor-mediated model and the belief that investors deserve access to personalized guidance from a financial advisor. We believe advisors should have the freedom to choose the business model, services and technology they need and to manage their client relationships. We believe investors achieve better outcomes when working with a financial advisor, and we strive to make it easy for advisors to do what is best for their clients.

We believe that we are the only company that offers the unique combination of an integrated technology platform, comprehensive self-clearing services and access to a wide range of curated non-proprietary products all delivered in an environment unencumbered by conflicts from product manufacturing, underwriting and market-making.

#### Our Sources of Revenue

Our revenue is derived primarily from fees and commissions from products and advisory services offered by our advisors to their clients, a substantial portion of which we pay out to our advisors, as well as fees we receive from our advisors for the use of our technology, custody, clearing, trust and reporting platforms. We also generate asset-based revenue through our insured bank sweep vehicles, money market account balances and the access we provide to a variety of product providers with the following product lines:

- Alternative Investments
- Annuities
- Exchange Traded Products
- Insurance Based Products
- Mutual Funds
- Retirement Plan Products
- Separately Managed Accounts
- Structured Products
- Unit Investment Trusts

Under our self-clearing platform, we custody the majority of client assets invested in these financial products, for which we provide statements, transaction processing and ongoing account management. In return for these services, mutual funds, insurance companies, banks and other financial product sponsors pay us fees based on asset levels or number of accounts managed. We also earn interest from margin loans made to our advisors' clients, cash and equivalents segregated under federal or other regulations, advisor repayable loans and operating cash, which is included in interest income, net in the condensed consolidated statements of income. A portion of our revenue is not asset-based or correlated with the equity financial markets.

We regularly review various aspects of our operations and service offerings, including our policies, procedures and platforms, in response to marketplace developments. We seek to continuously improve and enhance aspects of our operations and service offerings in order to position our advisors for long-term growth and to align with competitive and regulatory developments. For example, we regularly review the structure and fees of our products and services, including related disclosures, in the context of the changing regulatory environment and competitive landscape for advisory and brokerage accounts.

#### Significant Events

##### **Entered into Completed a definitive purchase agreement to acquire Atria Wealth Solutions, Inc. ("Atria") \$1.0 billion debt offering**

On **February 13, 2024** **May 20, 2024**, the Company **announced** that it had entered into a definitive purchase agreement to acquire Atria, a wealth management solutions holding company **headquartered** completed the issuance and sale of \$500.0 million in **New York**. As part aggregate principal amount of 5.700% senior unsecured notes due 2027 and \$500.0 million in aggregate principal amount of 6.000% senior unsecured notes due 2034. See Note 9 - **Corporate Debt and Other Borrowings, Net**, within the agreement, Atria will

transition its brokerage and advisory assets, currently custodied with its network of broker-dealers, notes to the Company's platform. The Company expects to close the transaction in the second half of 2024 condensed consolidated financial statements for an initial purchase price of approximately \$805 million with the conversion expected to be completed in mid-2025, subject to receipt of regulatory approval and other closing conditions. further detail.

## Executive Summary

### Financial Highlights

Results for the first second quarter of 2024 included net income of \$288.8 million \$243.8 million, or \$3.83 \$3.23 per diluted share, which compares to \$338.9 \$285.5 million, or \$4.24 3.65 per diluted share, for the first second quarter of 2023.

### Asset Trends

Total advisory and brokerage assets served were \$1.4 trillion \$1.5 trillion at March 31, 2024 June 30, 2024, compared to \$1.2 trillion at March 31, 2023 June 30, 2023. Total net new assets were \$16.7 billion \$34.0 billion for the three months ended March 31, June 30, 2024, compared to \$24.5 \$21.7 billion for the same period in 2023.

Net new advisory assets were \$16.2 billion \$26.8 billion for the three months ended March 31, 2024 June 30, 2024, compared to \$14.6 billion \$18.1 billion for the same period in 2023. Advisory assets were \$793.0 billion \$829.1 billion, or 55.0% 55.4% of total advisory and brokerage assets served, at March 31, June 30, 2024, up 28% 25% from \$620.9 billion \$661.6 billion at March 31, 2023 June 30, 2023.

Net new brokerage assets were \$0.5 billion \$7.2 billion for the three months ended March 31, 2024 June 30, 2024, compared to \$9.9 billion \$3.6 billion for the same period in 2023. Brokerage assets were \$647.9 billion \$668.7 billion at March 31, 2024 June 30, 2024, up 17% 16% from \$554.3 billion \$578.6 billion at March 31, 2023 June 30, 2023.

### Gross Profit Trend

Gross profit, a non-GAAP financial measure, was was \$1.1 billion for the three months ended March 31, 2024, an increase of 5% from \$1.0 billion for the three months ended March 31, 2023 June 30, 2024, an increase of 9% from \$989.8 million for the three months ended June 30, 2023. See the "Key Performance Metrics" section section for additional information on gross profit.

### Common Stock Dividends and Share Repurchases

During the three months ended March 31, 2024 June 30, 2024, we paid stockholders cash dividends of \$22.4 million and repurchased 296,145 of our outstanding shares for a total of \$70.0 million.

## Key Performance Metrics

We focus on several key metrics in evaluating the success of our business relationships and our resulting financial position and operating performance. Our key operating, business and financial metrics are as follows:

	As of and for the Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
<b>Operating Metrics (dollars in billions)<sup>(1)</sup></b>			
<b>Advisory and Brokerage Assets<sup>(2)</sup></b>			
Advisory assets	\$ 793.0	\$ 735.8	\$ 620.9
Brokerage assets	647.9	618.2	554.3
<b>Total Advisory and Brokerage Assets</b>	<b>\$ 1,440.9</b>	<b>\$ 1,354.1</b>	<b>\$ 1,175.2</b>
Advisory as a % of total Advisory and Brokerage Assets	55.0%	54.3%	52.8%
<b>Net New Assets<sup>(3)</sup></b>			
Net new advisory assets	\$ 16.2	\$ 20.5	\$ 14.6
Net new brokerage assets	0.5	4.2	9.9
<b>Total Net New Assets</b>	<b>\$ 16.7</b>	<b>\$ 24.7</b>	<b>\$ 24.5</b>
<b>Organic Net New Assets</b>			
Organic net new advisory assets	\$ 16.2	\$ 20.5	\$ 13.7

Organic net new brokerage assets		0.5	4.2	7.1
<b>Total Organic Net New Assets</b>	\$	<b>16.7</b>	<b>\$</b>	<b>24.7</b>
Organic advisory net new assets annualized growth <sup>(4)</sup>		8.8%	12.4%	9.4%
Total organic net new assets annualized growth <sup>(4)</sup>		4.9%	8.0%	7.5%
<b><u>Client Cash Balances</u></b>				
Insured cash account sweep	\$	32.6	\$	34.5
Deposit cash account sweep		9.2		9.3
<b>Total Bank Sweep</b>		<b>41.8</b>		<b>43.8</b>
Money market sweep		2.4		2.4
<b>Total Client Cash Sweep Held by Third Parties</b>		<b>44.2</b>		<b>46.2</b>
Client cash account <sup>(5)</sup>		2.1		2.0
<b>Total Client Cash Balances</b>	\$	<b>46.3</b>	\$	<b>48.2</b>
Client Cash Balances as a % of Total Assets		3.2%		3.6%
Net buy (sell) activity <sup>(6)</sup>	\$	37.8	\$	32.8
				<b>As of and for the Three Months Ended</b>
		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
		<b>2024</b>	<b>2023</b>	<b>2023</b>
<b><i>Business and Financial Metrics (dollars in millions)</i></b>				
Advisors		22,884		22,660
Average total assets per advisor <sup>(7)</sup>	\$	63.0	\$	59.8
Share repurchases	\$	70.0	\$	225.0
Dividends	\$	22.4	\$	22.7
Leverage ratio <sup>(8)</sup>		1.65		1.63
				1.34

<b>Operating Metrics (dollars in billions)<sup>(1)</sup></b>	<b>As of and for the Three Months Ended</b>		
	<b>June 30,</b>	<b>March 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2024</b>	<b>2023</b>
<b><u>Advisory and Brokerage Assets<sup>(2)</sup></u></b>			
Advisory assets	\$ 829.1	\$ 793.0	\$ 661.6
Brokerage assets	668.7	647.9	578.6
<b>Total Advisory and Brokerage Assets</b>	<b>\$ 1,497.8</b>	<b>\$ 1,440.9</b>	<b>\$ 1,240.2</b>
Advisory as a % of total Advisory and Brokerage Assets	55.4%	55.0%	53.3%
<b><u>Net New Assets<sup>(3)</sup></u></b>			
Net new advisory assets	\$ 26.8	\$ 16.2	\$ 18.1
Net new brokerage assets	7.2	0.5	3.6
<b>Total Net New Assets</b>	<b>\$ 34.0</b>	<b>\$ 16.7</b>	<b>\$ 21.7</b>
<b><u>Organic Net New Assets</u></b>			
Organic net new advisory assets	\$ 26.6	\$ 16.2	\$ 18.1
Organic net new brokerage assets	2.5	0.5	3.6
<b>Total Organic Net New Assets</b>	<b>\$ 29.0</b>	<b>\$ 16.7</b>	<b>\$ 21.7</b>
Organic advisory net new assets annualized growth <sup>(4)</sup>	13.4%	8.8%	11.7%
Total organic net new assets annualized growth <sup>(4)</sup>	8.1%	4.9%	7.4%
<b><u>Client Cash Balances</u></b>			
Insured cash account sweep	\$ 31.0	\$ 32.6	\$ 36.0

Deposit cash account sweep	9.2	9.2	9.5
<b>Total Bank Sweep</b>	<b>40.2</b>	<b>41.8</b>	<b>45.5</b>
Money market sweep	2.3	2.4	2.3
<b>Total Client Cash Sweep Held by Third Parties</b>	<b>42.5</b>	<b>44.2</b>	<b>47.9</b>
Client cash account <sup>(5)</sup>	1.5	2.1	1.7
<b>Total Client Cash Balances</b>	<b>\$ 44.0</b>	<b>\$ 46.3</b>	<b>\$ 49.6</b>
Client Cash Balances as a % of Total Assets	2.9%	3.2%	4.0%
Net buy (sell) activity <sup>(6)</sup>	\$ 39.3	\$ 37.8	\$ 32.3

Business and Financial Metrics (dollars in millions)	As of and for the Three Months Ended		
	June 30,	March 31,	June 30,
	2024	2024	2023
Advisors	23,462	22,884	21,942
Average total assets per advisor <sup>(7)</sup>	\$ 63.8	\$ 63.0	\$ 56.5
Share repurchases	\$ —	\$ 70.0	\$ 350.0
Dividends	\$ 22.4	\$ 22.4	\$ 23.1
Leverage ratio <sup>(8)</sup>	1.68	1.65	1.25

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
<b>Financial Metrics (dollars in millions, except per share data)</b>					
<b>Financial Metrics (dollars in millions, except per share data)</b>					
<b>Financial Metrics (dollars in millions, except per share data)</b>		<b>Financial Metrics (dollars in millions, except per share data)</b>			
		2024	2023		
Total revenue		30,	30,		
Total revenue					
Total revenue					
Net income					
Net income					
Net income					
Earnings per share ("EPS"), diluted					
Earnings per share ("EPS"), diluted					
Earnings per share ("EPS"), diluted					
<b>Non-GAAP Financial Metrics (dollars in millions, except per share data)</b>					
<b>Non-GAAP Financial Metrics (dollars in millions, except per share data)</b>					
<b>Non-GAAP Financial Metrics (dollars in millions, except per share data)</b>		<b>Non-GAAP Financial Metrics (dollars in millions, except per share data)</b>			
Adjusted EPS <sup>(9)</sup>					
Adjusted EPS <sup>(9)</sup>					
Adjusted EPS <sup>(9)</sup>					
Gross profit <sup>(10)</sup>					
Gross profit <sup>(10)</sup>					

Gross profit <sup>(10)</sup>
Adjusted EBITDA <sup>(11)</sup>
Adjusted EBITDA <sup>(11)</sup>
Adjusted EBITDA <sup>(11)</sup>
Core G&A <sup>(12)</sup>
Core G&A <sup>(12)</sup>
Core G&A <sup>(12)</sup>

(1) Totals may not foot due to rounding.

(2) Consists of total advisory and brokerage assets under custody at the Company's primary broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"). Please consult the "Results of Operations" section for a tabular presentation of advisory and brokerage assets.

(3) Consists of total client deposits into advisory or brokerage accounts less total client withdrawals from advisory or brokerage accounts, plus dividends, plus interest, minus advisory fees. We consider conversions from and to brokerage or advisory accounts as deposits and withdrawals, respectively.

(4) Calculated as annualized current period organic net new assets divided by preceding period assets in their respective categories of advisory assets or total advisory and brokerage assets.

(5) During the first quarter of 2024, the Company updated its definition of client cash account balances to exclude other client payables. Prior period disclosures have been updated to reflect this change as applicable.

(6) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial.

(7) Calculated based on the end of period total advisory and brokerage assets divided by the end of period advisor count.

(8) The leverage ratio is a financial metric from our Credit Agreement and is calculated by dividing Credit Agreement net debt, which equals consolidated total debt less Corporate Cash, by Credit Agreement EBITDA. Credit Agreement EBITDA, a non-GAAP financial measure, is defined by the Credit Agreement as "Consolidated EBITDA," which is Consolidated Net Income (as defined in the Credit Agreement) plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles, and is further adjusted to exclude certain non-cash charges and other adjustments, and to include future expected cost savings, operating expense reductions or other synergies from certain transactions. Please consult the "Debt and Related Covenants" section for more information. Below are reconciliations of corporate debt and other borrowings to Credit Agreement net debt as of the dates below and net income to EBITDA and Credit Agreement EBITDA for the trailing twelve-month periods presented (in millions):

		December				
		March 31,	31,	March 31,		
		June 30,	March 31,	June 30,		
Credit Agreement Net Debt Reconciliation	Credit Agreement Net Debt Reconciliation	2024	2023	Credit Agreement Net Debt Reconciliation	2024	2023
Corporate debt and other borrowings						
Corporate Cash <sup>(13)</sup>						
Credit Agreement Net Debt <sup>(1)</sup>						
		March 31,				
			March 31,			
		March 31,	December 31,	March 31,		
			June 30,			
			June 30,			
			June 30,	March 31,	June 30,	
EBITDA and Credit Agreement EBITDA	EBITDA and Credit Agreement EBITDA			EBITDA and Credit Agreement EBITDA		
Reconciliation	Reconciliation	2024	2023	Reconciliation	2024	2023
Net income						
Interest expense on borrowings						
Provision for income taxes						
Depreciation and amortization						
Amortization of other intangibles						
EBITDA <sup>(1)</sup>						
Credit Agreement Adjustments:						
Acquisition costs and other <sup>(14)(15)</sup>						
Acquisition costs and other <sup>(14)(15)</sup>						
Acquisition costs and other <sup>(14)(15)</sup>						
Employee share-based compensation						
M&A accretion <sup>(16)</sup>						
Advisor share-based compensation						

Credit Agreement EBITDA<sup>(†)</sup>

	March 31,	March 31,	March 31, December 31,	March 31, June 30, June 30,	2024	2024	2023	2024	2023
--	--------------	--------------	---------------------------------	-----------------------------------	------	------	------	------	------

Leverage Ratio

(†) Totals may not foot due to rounding.

(9) Adjusted EPS is a non-GAAP financial measure defined as adjusted net income, a non-GAAP financial measure defined as net income plus the after-tax impact of amortization of other intangibles and acquisition costs, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and adjusted EPS because management believes that these metrics can provide investors with useful insight into the Company's core operating performance by excluding non-cash items and acquisition costs that management does not believe impact the Company's ongoing operations. Adjusted net income and adjusted EPS are not measures of the Company's financial performance under GAAP and should not be considered as alternatives to net income, earnings per diluted share or any other performance measure derived in accordance with GAAP. Below is a reconciliation of net income and earnings per diluted share to adjusted net income and adjusted EPS for the periods presented (in millions, except per share data):

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	2024	2024	Three Months Ended June 30,	Six Months Ended June 30,		
						2024	2023	2024	2023
<b>Adjusted Net Income / Adjusted EPS Reconciliation</b>		<b>Adjusted Net Income / Adjusted EPS Reconciliation</b>				<b>Amount</b>	<b>Per Share</b>	<b>Amount</b>	<b>Per Share</b>
<b>Adjusted Net Income / Adjusted EPS Reconciliation</b>		<b>Adjusted Net Income / Adjusted EPS Reconciliation</b>				<b>Amount</b>	<b>Per Share</b>	<b>Amount</b>	<b>Per Share</b>
<b>Adjusted Net Income / Adjusted EPS Reconciliation</b>						<b>Amount</b>	<b>Per Share</b>	<b>Amount</b>	<b>Per Share</b>
Net income / earnings per diluted share									
Net income / earnings per diluted share									
Net income / earnings per diluted share									
Amortization of other intangibles									
Amortization of other intangibles									
Amortization of other intangibles									
Acquisition costs <sup>(14)</sup>									
Acquisition costs <sup>(14)</sup>									
Acquisition costs <sup>(14)</sup>									
Tax benefit									
Tax benefit									
Tax benefit									
<b>Adjusted Net Income / Adjusted EPS<sup>(†)</sup></b>									
<b>Adjusted Net Income / Adjusted EPS<sup>(†)</sup></b>									
<b>Adjusted Net Income / Adjusted EPS<sup>(†)</sup></b>									
Weighted-average shares outstanding, diluted									
Weighted-average shares outstanding, diluted									
Weighted-average shares outstanding, diluted									

(†) Totals may not foot due to rounding.

(10) Gross profit is a non-GAAP financial measure defined as total revenue less advisory and commission expense; brokerage, clearing and exchange expense; and market fluctuations on employee deferred compensation. All other expense categories, including depreciation and amortization of property and equipment and amortization of other intangibles, are considered by management to be general and administrative in nature. Because our gross profit amounts do not include any depreciation and amortization expense, we consider our gross profit amounts to be non-GAAP financial measures that may not be comparable to those of others in our industry. We believe that gross profit amounts can provide investors with useful insight into our core operating performance before indirect costs that are general and administrative in nature. Below is a calculation of gross profit for the periods presented (in millions):

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
Gross Profit		Gross Profit		Three Months Ended June 30,		Six Months Ended June 30,	
Gross Profit		Gross Profit		2024	2023	2024	2023
Total revenue							
Total revenue							
Total revenue							
Advisory and commission expense							
Advisory and commission expense							
Advisory and commission expense							
Brokerage, clearing and exchange expense							
Brokerage, clearing and exchange expense							
Brokerage, clearing and exchange expense							
Employee deferred compensation							
Employee deferred compensation							
Employee deferred compensation							
Gross Profit(†)							
Gross Profit(†)							
Gross Profit(†)							

(†) Totals may not foot due to rounding.

(11) EBITDA and adjusted EBITDA are non-GAAP financial measures. EBITDA is defined as net income plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles. Adjusted EBITDA is defined as EBITDA plus acquisition costs. The Company presents EBITDA and adjusted EBITDA because management believes that they can be useful financial metrics in understanding the Company's earnings from operations. 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 any other performance measure derived in accordance with GAAP. Below is a reconciliation of net income to EBITDA and adjusted EBITDA for the periods presented (in millions):

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
EBITDA Reconciliation		EBITDA Reconciliation		Three Months Ended June 30,		Six Months Ended June 30,	
EBITDA Reconciliation		EBITDA Reconciliation		2024	2023	2024	2023
Net income							
Net income							
Net income							
Interest expense on borrowings							
Interest expense on borrowings							
Interest expense on borrowings							
Provision for income taxes							
Provision for income taxes							
Provision for income taxes							
Depreciation and amortization							
Depreciation and amortization							
Depreciation and amortization							
Amortization of other intangibles							
Amortization of other intangibles							

Amortization of other intangibles
<b>EBITDA</b>
EBITDA
EBITDA
Acquisition costs <sup>(14)</sup>
Acquisition costs <sup>(14)</sup>
Acquisition costs <sup>(14)</sup>
<b>Adjusted EBITDA<sup>(†)</sup></b>
<b>Adjusted EBITDA<sup>(†)</sup></b>
<b>Adjusted EBITDA<sup>(†)</sup></b>

(†) Totals may not foot due to rounding.

(12) Core G&A is a non-GAAP financial measure defined as total expense less the following expenses: advisory and commission; depreciation and amortization; interest expense on borrowings; brokerage, clearing and exchange; amortization of other intangibles; market fluctuations on employee deferred compensation; promotional (ongoing); employee share-based compensation; regulatory charges; and acquisition costs. Management presents core G&A because it believes core G&A reflects the corporate 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 advisory and commission expense, or which management views as 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 expense as calculated in accordance with GAAP. Below is a reconciliation of the Company's total expense to core G&A for the periods presented (in millions):

Core G&A Reconciliation	Core G&A Reconciliation	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	
		2024	2023	2024	2023
		Three Months Ended June 30,	Six Months Ended June 30,		
Core G&A Reconciliation	Core G&A Reconciliation				
Total expense					
Total expense					
Total expense					
Advisory and commission					
Advisory and commission					
Advisory and commission	Advisory and commission	(1,819.0)	(1,448.8)	(3,552.5)	(3,819.4)
Depreciation and amortization	Depreciation and amortization	) (71.0	) (58.4	) (138.2	) (114.4
Depreciation and amortization					
Depreciation and amortization					
Interest expense on borrowings					
Interest expense on borrowings					
Interest expense on borrowings	Interest expense on borrowings	) (64.3	) (44.8	) (124.4	) (84.0
Brokerage, clearing and exchange	Brokerage, clearing and exchange	) (33.0	) (29.1	) (63.5	) (55.3
Brokerage, clearing and exchange					
Brokerage, clearing and exchange					
Amortization of other intangibles					
Amortization of other intangibles					
Amortization of other intangibles	Amortization of other intangibles	) (30.6	) (26.7	) (60.2	) (50.8
Employee deferred compensation					
Employee deferred compensation					
Employee deferred compensation					
<b>Total G&amp;A<sup>(†)</sup></b>					
<b>Total G&amp;A<sup>(†)</sup></b>					
<b>Total G&amp;A<sup>(†)</sup></b>					
Promotional (ongoing) <sup>(14)(17)</sup>	Promotional (ongoing) <sup>(14)(17)</sup>	(147.8	(106.5	(280.1	(207.7

Promotional (ongoing) <sup>(14)(17)</sup>						
Promotional (ongoing) <sup>(14)(17)</sup>						
Employee share-based compensation						
Employee share-based compensation						
Employee share-based compensation	Employee share-based compensation		) (20.0	) (16.8	) (42.6	) (34.7
Acquisition costs <sup>(14)</sup>	Acquisition costs <sup>(14)</sup>		) (36.9	) (4.1	) (46.4	) (7.2
Acquisition costs <sup>(14)</sup>						
Acquisition costs <sup>(14)</sup>						
Regulatory charges						
Regulatory charges						
Regulatory charges	Regulatory charges		) (7.6	) (6.6	) (15.1	) (14.3
<b>Core G&amp;A<sup>(†)</sup></b>						
<b>Core G&amp;A<sup>(†)</sup></b>						
<b>Core G&amp;A<sup>(†)</sup></b>						

(†) Totals may not foot due to rounding.

(13) See the "Liquidity and Capital Resources" section for additional information about Corporate Cash.

(14) Acquisition costs include the costs to setup, onboard and integrate acquired entities and other costs that were incurred as a result of acquisitions. The below table summarizes the primary components of acquisition costs for the periods presented (in millions):

	Acquisition costs	Acquisition costs	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
			Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
			2024	2023	2024	2023	2024	2023
Acquisition costs	Acquisition costs	Acquisition costs						
Acquisition costs	Compensation and benefits	Compensation and benefits	6.8	1.0	1.0	10.7	10.7	1.9
Acquisition costs	Compensation and benefits	Compensation and benefits	3.6	2.6	2.6	6.8	6.8	4.2
Promotional <sup>(17)</sup>	Professional services	Professional services						
Promotional <sup>(17)</sup>	Professional services	Professional services						
Promotional <sup>(17)</sup>	Compensation and benefits	Compensation and benefits	6.8	1.0	1.0	10.7	10.7	1.9
Promotional <sup>(17)</sup>	Professional services	Professional services	3.6	2.6	2.6	6.8	6.8	4.2
Promotional <sup>(17)</sup>	Other	Other						
Promotional <sup>(17)</sup>	Other	Other						
Promotional <sup>(17)</sup>	Other	Other						
Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>						
Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>						
Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>	Acquisition costs <sup>(†)</sup>						

(†) Totals may not foot due to rounding.

(15) In March 2024, Acquisition costs and other primarily include acquisition costs, costs incurred related to the Company integration of the strategic relationship with Prudential, and a \$40.0 million regulatory charge recognized during the three months ended September 30, 2023 to reflect the amount of a penalty proposed by the SEC reached a settlement in principle to resolve the SEC's as part of its civil investigation of the Company's compliance with records preservation requirements for business-related electronic communications stored on personal devices or messaging platforms that have not been approved by the Company. As a result of this settlement, the Company would pay a \$50.0 million civil monetary penalty. The Company recorded \$40.0 million in regulatory charges during the three months ended September 30, 2023 to reflect the amount of the penalty that is not covered by the Company's captive insurance subsidiary. See Note 10 - Commitments and Contingencies, within the notes to the condensed consolidated financial statements for further detail.

(16) M&A accretion is an adjustment to reflect the annualized expected run rate EBITDA of an acquisition as permitted by the Credit Agreement for up to eight fiscal quarters following the close of such acquisition.

(17) Promotional (ongoing) for the three and six months ended March 31, 2024 June 30, 2024 includes \$12.2 million and 2023 includes \$8.0 million and \$3.2 million \$20.2 million, respectively, of support costs related to full-time employees that are classified within compensation and benefits expense in the condensed consolidated statements of income, income compared to \$4.2 million and \$7.4 million for the same periods in 2023. Promotional (ongoing) for the three months ended March 31, 2024 and 2023 excludes \$2.3 million and \$0.2 million, respectively, of expenses costs that have been incurred as a result part of acquisitions, which are included in the acquisition Acquisition costs line item, item.

## Legal and Regulatory Matters

The financial services industry is subject to extensive regulation by U.S. federal and state government agencies as well as various self-regulatory organizations. Compliance with all applicable laws and regulations involves a significant investment in time and resources, and we continue to invest in our compliance functions to monitor our adherence to the numerous legal and regulatory requirements applicable to our business. Any new laws or regulations applicable to our business, any changes to existing laws or regulations, or any changes to the interpretations or enforcement of those laws or regulations may affect our operations and/or financial condition. We seek to participate in the development of significant rules and regulations that govern our industry.

As a regulated entity, we are subject to regulatory oversight and inquiries related to, among other items, our compliance and supervisory systems and procedures and other controls, as well as our disclosures, supervision and reporting. We review these items in the ordinary course of business in our effort to adhere to legal and regulatory requirements applicable to our operations. Nevertheless, additional regulation and enhanced regulatory enforcement has resulted, and may result in the future, in changes to our service offerings and additional operational and compliance costs, as well as increased costs in the form of penalties and fines, investigatory and settlement costs, customer restitution and remediation related to regulatory matters. In the ordinary course of business, we periodically identify or become aware of purported inadequacies, deficiencies and other issues. It is our policy to evaluate these matters for potential legal or regulatory violations and other potential compliance issues. It is also our policy to self-report known violations and issues as required by applicable law and regulation. When deemed probable that matters may result in financial losses, we accrue for those losses based on an estimate of possible fines, customer restitution and losses related to the repurchase of sold securities and other losses, as applicable. Certain regulatory and other legal claims and losses may be covered through our wholly-owned captive insurance subsidiary, which is chartered with the insurance commissioner in the state of Tennessee.

Assessing the probability of a loss occurring and the timing and amount of any loss related to a regulatory matter or legal proceeding, whether or not covered by our captive insurance subsidiary, is inherently difficult and requires judgments based on a variety of factors and assumptions. There are particular uncertainties and complexities involved when assessing the adequacy of loss reserves for potential liabilities that are self-insured by our captive insurance subsidiary, which depends in part on historical claims experience, including the actual timing and costs of resolving matters that begin in one policy period and are resolved in a subsequent period.

Our accruals, including those established through our captive insurance subsidiary at **March 31, 2024** **June 30, 2024**, include estimated costs for significant regulatory matters or legal proceedings, generally relating to the adequacy of our compliance and supervisory systems and procedures and other controls, for which we believe losses are both probable and reasonably estimable.

The outcome of regulatory or legal proceedings could result in legal liability, regulatory fines or monetary penalties in excess of our accruals and insurance, which could have a material adverse effect on our business, results of operations, cash flows or financial condition. For more information on management's loss contingency policies, see Note 10 - *Commitments and Contingencies*, within the notes to the condensed consolidated financial statements.

## Economic Overview and Impact of Financial Market Events

Our business is directly and indirectly sensitive to several macroeconomic factors and the state of the financial markets in the United States. According to the most recent estimate from the U.S. Bureau of Economic Analysis, the U.S. economy grew at an annualized pace of **1.6%** **2.8%** in the **first** **second** quarter of 2024 after growing at an annualized pace of **3.4%** **1.4%** in the **fourth** **first** quarter of **last year** **2024**. Although inflation, rising interest rates and volatile global markets were all headwinds, the U.S. economy added roughly **829,000** **532,000** jobs in the **first** **second** quarter of 2024. The unemployment rate averaged **3.8%** **4.0%** in the **first** **second** quarter of 2024, up slightly from the **3.7%** **3.8%** average in the prior quarter, but still historically low, indicating a tight labor market. The equity markets rebounded as the Federal Reserve ("Fed") held rates unchanged and prepared markets for future rate cuts. As a result, the S&P 500 returned **10.6%** **4.3%** during the **first** **second** quarter of 2024.

Our business is also sensitive to current and expected short-term interest rates, which are largely driven by Fed policy. During the **first** **second** quarter of 2024, Fed policymakers maintained the target range for the federal funds rate of 5.25% to 5.50%. To the extent they pursue tighter monetary policy, the Federal Open Market Committee members are expected to take into account the cumulative impacts from higher rates, the inflation trajectory and global financial conditions.

Please consult the "Risks Related to Our Business and Industry" section within Part I, "Item 1A. Risk Factors" in our 2023 Annual Report on Form 10-K for more information about the risks associated with significant interest rate changes and the potential related effects on our profitability and financial condition.

## Results of Operations

The following discussion presents an analysis of our results of operations for the three and six months ended **March 31, 2024** **June 30, 2024** and 2023 (in thousands):

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended June 30,			
		2024			
		2024			
		2024	2023	% Change	2024
REVENUE					2023
REVENUE					% Change
REVENUE					

Advisory



Promotional	Promotional	136,125	102,565	102,565	33	33 %	262,744	200,788	200,788	31	31 %
Depreciation and amortization	Depreciation and amortization	70,999	58,377	58,377	22	22 %	138,157	114,431	114,431	21	21 %
Depreciation and amortization											
Depreciation and amortization											
Occupancy and equipment											
Occupancy and equipment											
Occupancy and equipment	Occupancy and equipment	69,529	65,005	65,005	7	7 %	135,793	125,178	125,178	8	8 %
Interest expense on borrowings	Interest expense on borrowings	64,341	44,842	44,842	43	43 %	124,423	84,026	84,026	48	48 %
Interest expense on borrowings											
Interest expense on borrowings											
Brokerage, clearing and exchange											
Brokerage, clearing and exchange	Brokerage, clearing and exchange	32,984	29,148	29,148	13	13 %	63,516	55,274	55,274	15	15 %
Amortization of other intangibles	Amortization of other intangibles	30,607	26,741	26,741	14	14 %	60,159	50,833	50,833	18	18 %
Amortization of other intangibles											
Amortization of other intangibles											
Communications and data processing											
Communications and data processing											
Communications and data processing											
Professional services											
Professional services	Professional services	22,100	18,092	18,092	22	22 %	35,379	32,312	32,312	9	9 %
Other											
Other											
Communications and data processing											
Communications and data processing	19,406	20,594		(6 %)			39,150	38,269		2 %	
Other	Other	62,580	34,178	34,178	83	83 %	99,895	67,599	67,599	48	48 %
Total expense	Total expense	2,601,698	2,079,985	2,079,985	25	25 %	5,060,099	4,053,320	4,053,320	25	25 %
Total expense											
Total expense											
INCOME BEFORE PROVISION FOR INCOME TAXES											
INCOME BEFORE PROVISION FOR INCOME TAXES											
INCOME BEFORE PROVISION FOR INCOME TAXES	INCOME BEFORE PROVISION FOR INCOME TAXES	330,071	388,819	388,819	(15	(15 %)	704,263	833,316	833,316	(15	(15 %)
PROVISION FOR INCOME TAXES	PROVISION FOR INCOME TAXES	86,271	103,299	103,299	(16	(16 %)	171,699	208,912	208,912	(18	(18 %)
PROVISION FOR INCOME TAXES											
PROVISION FOR INCOME TAXES											

NET INCOME	NET INCOME	\$ 243,800	\$ 285,520	(15 (15 %))	\$ 532,564	\$ 624,404	(15 (15 %))
NET INCOME							
NET INCOME							

## Revenue

### Advisory

Advisory revenue represents fees charged to advisors' clients' advisory accounts on our corporate RIA advisory platform and is based on a percentage of the market value of the eligible assets in the clients' advisory accounts. We provide ongoing investment advice and act as a custodian, providing brokerage and execution services on transactions, and perform administrative services for these accounts. Advisory fees are primarily billed to clients on a quarterly basis in advance, and are recognized as revenue ratably during the quarter. The performance obligation for advisory fees is considered a series of distinct services that are substantially the same and are satisfied daily. As the value of the eligible assets in an advisory account is susceptible to changes due to customer activity, this revenue includes variable consideration and is constrained until the date that the fees are determinable. The majority of these client accounts are on a calendar quarter and are billed using values as of the last business day of the preceding quarter. The value of the eligible assets in an advisory account on the billing date is adjusted for estimates of contributions and withdrawals to determine the amount billed, and accordingly, the revenue earned in the following three-month period. Advisory revenue collected on our corporate RIA advisory platform is proposed by the advisor and agreed to by the client and was approximately 1% of the underlying assets for the **three six** months ended **March 31, 2024** **June 30, 2024**.

We also support independent RIA firms that conduct their business through our separate registered investment advisor firms ("Independent RIAs") advisory platform, which allows advisors to engage us for technology, clearing and custody services, as well as access the capabilities of our investment platforms. The assets held under an Independent RIA's investment advisory accounts custodied with LPL Financial are included in total advisory assets and net new advisory assets. However, the advisory revenue generated by an Independent RIA is not included in our advisory revenue. We charge separate fees to Independent RIAs for technology, clearing, administrative, oversight and custody services, which may vary and are included in our service and fee revenue in our condensed consolidated statements of income.

The following table summarizes the composition of advisory assets for the periods presented (in billions):

		March 31,	June 30,						
				2024					
				2024					
				2024					
				2024					
				2024	2023	\$ Change	% Change	2023	\$ Change
Corporate advisory assets	Corporate advisory assets	\$ 537.6	\$ 415.3	\$ 122.3	29	29 %	Corporate advisory assets	\$ 567.8	\$ 442.1
Independent RIA advisory assets	Independent RIA advisory assets	255.4	205.6	205.6	49.8	49.8	24	24 %	219.5
Total advisory assets	Total advisory assets	\$ 793.0	\$ 620.9	\$ 172.1	28	28 %	Total advisory assets	\$ 829.1	\$ 661.6

Net new advisory assets are generated throughout the quarter, therefore, the full impact of net new advisory assets to advisory revenue is not realized in the same period. The following table summarizes activity impacting advisory assets for the periods presented (in billions):

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,						
				2024					
				2024					
				2024					
					Three Months Ended June 30,				Six Months Ended June 30,
Balance - Beginning of period				2024					2023
Balance - Beginning of period									2024
Balance - Beginning of period									2023
Net new advisory assets <sup>(1)</sup>									
Net new advisory assets <sup>(1)</sup>									
Net new advisory assets <sup>(1)</sup>									
Market impact <sup>(2)</sup>									
Market impact <sup>(2)</sup>									
Market impact <sup>(2)</sup>									

Balance - End of period

Balance - End of period

Balance - End of period

(1) Net new advisory assets consist of total client deposits into custodied advisory accounts less total client withdrawals from custodied advisory accounts, plus dividends, plus interest, minus advisory fees. We consider conversions from and to brokerage accounts as deposits and withdrawals, respectively.

(2) Market impact is the difference between the beginning and ending asset balance less the net new asset amounts, representing the implied growth or decline in asset balances due to market changes over the same period of time.

Advisory revenue increased during the three and six months ended **March 31, 2024** June 30, 2024 as compared to the same period periods in 2023 due primarily to **continued organic growth, which increased an increase in advisory asset balances during the period, and related market impacts.**

#### Commission

We generate two types of commission revenue: (1) sales-based commissions that are recognized at the point of sale on the trade date and are based on a percentage of an investment product's current market value at the time of purchase and (2) trailing commissions that are recognized over time as earned and are generally based on the market value of investment holdings in trail-eligible assets. Sales-based commission revenue, which occurs when clients trade securities or purchase various types of investment products, primarily represents gross commissions generated by our advisors and can vary from period to period based on the overall economic environment, number of trading days in the reporting period and investment activity of our advisors' clients. We earn trailing commission revenue primarily on mutual funds and variable annuities held by clients of our advisors. See Note 3 - **Revenue**, within the notes to the condensed consolidated financial statements for further detail regarding our commission revenue by product category.

The following table sets forth the components of our commission revenue for the periods presented (in thousands):

		Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended June 30,				
		2024			2024			2024			2024				
		2024			2024			2024			2024				
		2024		2023		\$ Change		% Change	2024		2023		\$ Change		% Change
Sales-based	Sales-based	\$ 423,070	\$ 298,961	\$ 124,109	42	42 %	\$ 808,305	\$ 585,033	\$ 223,272	38	38 %				
Sales-based															
Sales-based															
Trailing	Trailing	363,976	323,925	323,925	40,051	40,051	12	12 %	725,187	641,578	641,578	83,609	83,609	13	13 %
Total commission revenue	Total commission revenue	\$ 787,046	\$ 622,886	\$ 164,160	26	26 %	\$ 1,533,492	\$ 1,226,611	\$ 306,881	25	25 %				
Total commission revenue															
Total commission revenue															

The increase in trailing commission revenue for the three months ended March 31, 2024 compared to 2023 was primarily due to an increase in sales of annuities during the period.

The increase in sales-based commission revenue for the three and six months ended **March 31, 2024** June 30, 2024 compared to 2023 was primarily driven by an increase in sales of annuities and fixed income securities as a result of the higher interest rate environment. The increase in trailing commission revenue for the three and six months ended June 30, 2024 compared to 2023 was primarily due to an increase in sales of annuities and mutual funds as compared to the prior period.

The following table summarizes activity impacting brokerage assets for the periods presented (in billions):

		Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,		
		2024			2024			2024			2024			2024		
		2024			2024			2024			2024			2024		
		2024		2023		\$ Change		% Change	2024		2023		\$ Change		% Change	
Balance - Beginning of period																

Balance - Beginning of period
Balance - Beginning of period
Net new brokerage assets <sup>(1)</sup>
Net new brokerage assets <sup>(1)</sup>
Net new brokerage assets <sup>(1)</sup>
Market impact <sup>(2)</sup>
Market impact <sup>(2)</sup>
Market impact <sup>(2)</sup>
Balance - End of period
Balance - End of period
Balance - End of period

(1) Net new brokerage assets consist of total client deposits into brokerage accounts less total client withdrawals from brokerage accounts, plus dividends, plus interest. We consider conversions from and to advisory accounts as deposits and withdrawals, respectively.

(2) Market impact is the difference between the beginning and ending asset balance less the net new asset amounts, representing the implied growth or decline in asset balances due to market changes over the same period of time.

#### Asset-Based

Asset-based revenue consists of fees from our client cash programs, fees from our sponsorship programs with financial product manufacturers and fees from omnibus processing and networking services (collectively referred to as "recordkeeping"). Client cash revenue is generated on advisors' clients' cash balances in insured bank sweep accounts and money market accounts. We also receive fees from certain financial product manufacturers in connection with sponsorship programs that support our marketing and sales force education and training efforts. Compensation for these performance obligations is either a fixed fee, a percentage of the average annual amount of product sponsor assets held in advisors' clients' accounts, a percentage of new sales or a combination. Omnibus processing revenue is paid to us by mutual fund product sponsors or their affiliates and is based on the value of mutual fund assets in accounts for which the Company provides omnibus processing services and the number of accounts in which the related mutual fund positions are held. Networking revenue on brokerage assets is correlated to the number of positions we administer and is paid to us by mutual fund product sponsors and annuity product manufacturers.

Asset-based revenue increased by \$11.3 million for the three months ended March 31, 2024 June 30, 2024 and decreased by \$21.0 million \$9.7 million for the six months ended June 30, 2024 as compared to 2023, primarily due to a decrease increases in other asset-based revenues that offset the decreases in client cash revenue. revenues for both the three and six month periods. Client cash revenue for the three and six months ended March 31, 2024 June 30, 2024 decreased compared to 2023 due to lower average client cash balances during the three and six months ended March 31, 2024 June 30, 2024 as compared to 2023. For the three

months ended March 31, 2024 June 30, 2024, our average client cash balances decreased to \$44.4 billion \$43.0 billion compared to \$55.7 billion \$49.0 billion in 2023. For the six months ended June 30, 2024, our average client cash balances decreased to \$43.7 billion compared to \$52.3 billion in 2023.

#### Service and Fee

Service and fee revenue is generated from advisor and retail investor services, including technology, insurance, conferences, licensing, business services and planning and advice services, Individual Retirement Account ("IRA") custodian and other client account fees. We charge separate fees to RIAs on our Independent RIA advisory platform for technology, clearing, administrative, oversight and custody services, which may vary. We also host certain advisor conferences that serve as training, education, sales and marketing events for which we charge sponsors a fee. Service and fee revenue for the three and six months ended March 31, 2024 June 30, 2024 increased compared to 2023, primarily due to increases in IRA custodian fees, business services and planning and advice services fees, and fees relating to confirmations and error and omission insurance.

#### Transaction

Transaction revenue includes transaction charges generated in both advisory and brokerage accounts from mutual funds, exchange-traded funds and fixed income products. Transaction revenue for the three and six months ended March 31, 2024 June 30, 2024 increased compared to 2023, primarily due to increases in the number of transactions and transaction charges for managed assets and fixed income products.

#### Interest Income, Net

Interest income is primarily generated from bank deposits, client margin loans, client cash account ("CCA") balances segregated under federal or other regulations and advisor repayable loans. Interest income, net for the three and six months ended June 30, 2024 increased compared to 2023 primarily due to increases in interest earned on bank deposits, short-term U.S treasury bills, and margin loans, partially offset by a decrease increases in charges for managed assets. interest paid on CCAs.

#### Other Revenue

Other revenue primarily includes unrealized gains and losses on assets held by us in our advisor non-qualified deferred compensation plan and model research portfolios and other miscellaneous revenue, which is not generated from contracts with customers. Other revenue decreased for the three months ended March 31, 2024 increased June 30, 2024 and remained flat for the six months ended June 30, 2024 as compared to 2023. The decrease during the three months ended June 30, 2024 as compared to the same period in 2023

was due primarily due to lower unrealized gains on assets held in our advisor non-qualified deferred compensation plan, which are based on the market performance of the underlying investment allocations chosen by advisors in the plan, and a related increase in dividend income on assets held in our advisor non-qualified deferred compensation plan.

#### Expense

##### Advisory and Commission

Advisory and commission expense consists of the following: payout amounts that are earned by and paid out to advisors and institutions based on advisory and commission revenue earned on each client's account, production-based bonuses earned by advisors and institutions based on the levels of advisory and commission revenue they produce, compensation and benefits paid to employee advisors, share-based compensation expense from equity awards granted to advisors and institutions based on the fair value of the awards at grant date and the deferred advisory and commission fee expense associated with mark-to-market gains or losses on the non-qualified deferred compensation plan offered to our advisors.

The following table sets forth our payout rate, which is a statistical or operating measure, for the periods presented:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,			
		Three Months Ended June 30,		2024		2023			
				2024		2023		Change	
Payout rate	Payout rate		87.32%		86.70%		62 bps	86.99%	86.45%
Payout rate									54 bps
Payout rate									

Our payout rate for the three and six months ended March 31, 2024 June 30, 2024 increased slightly compared to 2023, primarily due to the effect of acquisitions during changes in product mix, large bank integrations and pricing changes as compared to the prior year periods.

##### Compensation and Benefits

Compensation and benefits expense includes salaries, wages, benefits, share-based compensation and related taxes for our employees, as well as compensation for temporary workers and contractors. The following table sets forth our average number of employees for the periods presented:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,			
		Three Months Ended June 30,		2024		2023			
				2024		2023		Change	
Average number of employees	Average number of employees			9,023	7,457	21%	8,873	7,291	22%
Average number of employees									
Average number of employees									

Compensation and benefits expense for the three and six months ended March 31, 2024 June 30, 2024 increased by \$40.8 million \$42.3 million and \$83.2 million, respectively, compared to 2023, primarily due to an increase in average headcount.

##### Promotional

Promotional expense includes business development costs related to advisor recruitment and retention, costs related to hosting certain advisory conferences that serve as training, sales and marketing events, and other costs that support advisor business growth. Promotional expense for the three and six months ended March 31, 2024 June 30, 2024 increased by \$28.4 million \$33.6 million and \$62.0 million, respectively, compared to 2023, primarily due to increases in recruited assets and advisors that led to higher costs to support transition assistance and retention, retention and increases in large institutional onboarding costs.

##### Depreciation and Amortization

Depreciation and amortization expense relates to the use of property and equipment, which includes internally developed software, hardware, leasehold improvements and other equipment. Depreciation and amortization expense for the three and six months ended March 31, 2024 June 30, 2024 increased by \$11.1 million \$12.6 million and \$23.7 million,

respectively, compared to 2023, primarily due to our continued investment in technology to support integrations, enhance our advisor platform and experience, and support onboarding of institutions.

#### *Interest Expense on Borrowings*

Interest expense on borrowings includes the interest associated with the Company's senior notes, senior secured Term Loan B ("Term Loan B") and revolving credit facilities; amortization of debt issuance costs; and fees associated with the Company's revolving lines of credit. Interest expense on borrowings for the three and six months ended **March 31, 2024** June 30, 2024 increased by **\$20.9 million** **\$19.5 million** and **\$40.4 million**, respectively, compared to 2023, primarily due to **increased interest rates on increases as a result of our Term Loan B issuance of \$750.0 million senior notes in November 2023 and revolving credit facilities and higher outstanding debt balances.** **\$1.0 billion senior notes in May 2024.** See Note 9 - *Corporate Debt and Other Borrowings, Net*, within the notes to the condensed consolidated financial statements for further detail.

#### *Other Expense*

Other expense includes the costs of the investigation, settlement and resolution of regulatory matters (including customer restitution and remediation), licensing fees, insurance, broker-dealer regulatory fees, travel-related expenses, fair value adjustments to contingent consideration liabilities, and other miscellaneous expenses. Other expense for the three and six months ended June 30, 2024 increased by **\$28.4 million** and **\$32.3 million**, respectively, compared to 2023, primarily due to fair value adjustments to our contingent consideration liabilities. See Note 4 - *Acquisitions* within the notes to the condensed consolidated financial statements for further detail.

#### *Provision for Income Taxes*

Our effective income tax rate was **22.8%** **26.1%** and **23.8%** **26.6%** for the three months ended **March 31, 2024** June 30, 2024 and 2023, respectively, and **24.4%** and **25.1%** for the six months ended **June 30, 2024** and 2023, respectively. The Company's effective income tax rate differs from the federal corporate tax rate of 21.0%, primarily as a result of state taxes, reserves for uncertain tax positions and non-deductible expenses. Our effective income tax rate is reduced by tax benefits received from income tax credits as well as share-based compensation vesting and exercises. The decrease in our effective tax rate for the three and six months ended **March 31, 2024** June 30, 2024 was primarily driven by lower pre-tax income during **higher tax benefits related to share-based compensation deductions through the first** **second** quarter of 2024 as compared to the same periods in the prior year.

#### **Liquidity and Capital Resources**

We have established liquidity and capital policies intended to support the execution of strategic initiatives, while meeting regulatory capital requirements and maintaining ongoing and sufficient liquidity. We believe liquidity is of critical importance to the Company and, in particular, to LPL Financial, our primary broker-dealer subsidiary. The objective of our policies is to ensure that we can meet our strategic, operational and regulatory liquidity and capital requirements under both normal operating conditions and under periods of stress in the financial markets.

#### *Liquidity*

Our liquidity needs are primarily driven by capital requirements at LPL Financial, interest due on our corporate debt and other capital returns to stockholders. Our liquidity needs at LPL Financial are driven primarily by the level and volatility of our client activity. Management maintains a set of liquidity sources and monitors certain business trends and market metrics closely in an effort to ensure we have sufficient liquidity. We believe that based on current levels of cash flows from operations and anticipated growth, together with available cash balances and external liquidity sources, we have adequate liquidity to satisfy our short-term and long-term working capital needs, the payment of all of our obligations and the funding of anticipated capital expenditures.

#### *Parent Company Liquidity*

LPL Holdings, Inc. (the "Parent"), the direct holding company of our operating subsidiaries, considers its primary sources of liquidity to be dividends from and excess capital generated by LPL Financial, as well as capacity for additional borrowing under its **\$2.0 billion** **\$2.25 billion** secured revolving credit facility, which it has the ability to borrow against for working capital and general corporate purposes.

Dividends from and excess capital generated by LPL Financial are primarily generated through our cash flow from operations. Subject to regulatory approval or notification, capital generated by regulated subsidiaries can be distributed to the Parent to the extent the capital levels exceed regulatory requirements, Credit Agreement requirements and internal capital thresholds. During the **three** **six** months ended **March 31, 2024**, **June 30, 2024** and 2023, LPL Financial paid dividends of **\$120.0 million** **\$260.0 million** and **\$395.0 million** to the Parent. No such dividends were paid during the three months ended **March 31, 2023**.

Parent, respectively.

We believe Corporate Cash, a component of cash and equivalents, is a useful measure of the Parent's liquidity as it represents the capital available for use in excess of the amount we are required to maintain pursuant to the Credit Agreement. Corporate Cash is the sum of cash and equivalents from the following: (1) cash and equivalents held at the Parent, (2) cash and equivalents held at regulated subsidiaries as defined by the Credit Agreement, which include LPL Financial and The Private Trust Company, N.A. ("PTC"), in excess of the capital requirements of the Credit Agreement (which, in the case of LPL Financial, is net capital in excess of 10% of its aggregate debits, or five times the net capital required in accordance with Exchange Act Rule 15c3-1) and (3) cash and equivalents held at non-regulated subsidiaries.

The following table presents the components of Corporate Cash (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
<b>Cash and equivalents</b>		
Cash at regulated subsidiaries		
Excess cash at regulated subsidiaries per the Credit Agreement		
<b>Corporate Cash</b>		
Corporate Cash		

#### Corporate Cash

##### Corporate Cash

Cash at the Parent

Cash at the Parent

Cash at the Parent

Excess cash at regulated subsidiaries per the Credit Agreement

Cash at non-regulated subsidiaries

##### Corporate Cash

Corporate Cash is monitored as part of our liquidity risk management. We management strategy, and we target maintaining approximately \$200 million in \$200 million of Corporate Cash which covers approximately 12 to meet our near-term corporate debt obligations. Corporate Cash increased by \$500.4 million during the six months ended June 30, 2024 primarily as a result of principal and interest due proceeds received from our \$1.0 billion debt issuance in May 2024 offset by the repayment of balances outstanding on our corporate debt senior secured revolving credit facility. See Note 9 - *Corporate Debt and Other Borrowings, Net*, within the notes to the condensed consolidated financial statements for additional information.

We actively monitor changes to our liquidity needs caused by general business volumes and price volatility, including higher margin requirements of clearing corporations and exchanges, and stress scenarios involving a sustained market downturn and the persistence of current interest rates. We believe that based on current levels of operations and anticipated growth, our cash flow from operations, together with other available sources of funds,

which include five uncommitted lines of credit, the revolving credit facility established through our Credit Agreement and the committed revolving credit facility of LPL Financial, will provide us with adequate liquidity to satisfy our short-term and long-term working capital needs, the payment of all of our obligations and the funding of anticipated capital expenditures.

We regularly evaluate our existing indebtedness, including potential issuances and refinancing opportunities, based on a number of factors, including our capital requirements, future prospects, contractual restrictions, the availability of refinancing on attractive terms and general market conditions. As of **March 31, 2024** **June 30, 2024**, the earliest principal maturity date for our corporate debt with outstanding balances is in 2026 and our revolving credit facilities and uncommitted lines of credit mature between 2024 and **2026**.

##### Share Repurchases

We engage in a share repurchase program that was approved by our Board of Directors (the "Board"), pursuant to which we may repurchase our issued and outstanding shares of common stock from time to time. Purchases may be effected in open market or privately negotiated transactions. Our current capital deployment framework remains focused on investing in organic growth first, pursuing acquisitions where appropriate and returning excess capital to stockholders. We repurchased 296,145 shares for a total of \$70.0 million during the **three** **six** months ended **March 31, 2024** **June 30, 2024**. As of **March 31, 2024** **June 30, 2024**, we had \$830.0 million remaining under our existing repurchase program. As a result of our planned acquisition of Atria, we paused share repurchases **during** **beginning** **in the** **quarter** **first quarter of 2024**. Subsequent to the closing of the transaction, we will evaluate resuming share repurchases, consistent with our existing capital management strategy. The timing and amount of share repurchases, if any, is determined at our discretion within the constraints of our Credit Agreement, applicable laws and consideration of our general liquidity needs. See Note 11 - *Stockholders' Equity*, within the notes to the condensed consolidated financial statements for additional information regarding our share repurchases.

##### Common Stock Dividends

The payment, timing and amount of any dividends are subject to approval by LPLF's Board, **of Directors** (the "Board"), as well as certain limits under our Credit Agreement. See Note 11 - *Stockholders' Equity*, within the notes to the condensed consolidated financial statements for additional information regarding our dividends.

#### LPL Financial Liquidity

LPL Financial relies primarily on client payables to fund margin lending. LPL Financial maintains additional liquidity through external lines of credit totaling \$1.2 billion at **March 31, 2024** **June 30, 2024**. LPL Financial also maintains a line of credit with the Parent.

##### External Liquidity Sources

The following table presents amounts outstanding and available under our external lines of credit at **March 31, 2024** **June 30, 2024** (in millions):

Description	Borrower	Maturity Date	Outstanding	Available
Senior secured, revolving credit facility	LPL Holdings, Inc.	March 2026	\$ 401	\$ 1,599
Broker-dealer revolving credit facility	LPL Financial LLC	July 2024	\$ —	\$ 1,000
Unsecured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2024	\$ —	\$ 50
Secured, uncommitted lines of credit	LPL Financial LLC	March 2025	\$ —	\$ 75
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified

Description	Borrower	Maturity Date	Outstanding	Available
Senior secured, revolving credit facility	LPL Holdings, Inc.	May 2029	\$ —	\$ 2,250
Broker-dealer revolving credit facility	LPL Financial LLC	May 2025	\$ —	\$ 1,000
Unsecured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2024	\$ —	\$ 50
Secured, uncommitted lines of credit	LPL Financial LLC	March 2025	\$ —	\$ 75
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified

#### Capital Resources

The Company seeks to manage capital levels in support of its business strategy of generating and effectively deploying capital for the benefit of our stockholders.

Our primary requirement for working capital relates to funds we loan to our advisors' clients for trading conducted on margin and funds we are required to maintain for regulatory capital and reserves based on the requirements of our regulators and clearing organizations, which also consider client balances and trading activities. We have several sources of funds that enable us to meet increases in working capital requirements that relate to increases in client margin activities and balances. These sources include cash and equivalents on hand, the committed revolving credit facility of LPL Financial and proceeds from repledging or selling client securities in margin accounts. When an advisor's client purchases securities on margin or uses securities as collateral to borrow from us on margin, we are permitted, pursuant to the applicable securities industry regulations, to repledge, loan or sell securities, up to 140% of the client's margin loan balance, that collateralize those margin accounts.

Our other working capital needs are primarily related to loans we are making to advisors and timing associated with receivables and payables, which we have satisfied in the past from internally generated cash flows.

We may sometimes be required to fund capital requirements necessary to effect client transactions in securities markets and cash sweep balances held at third-party banks that arise from the delayed receipt of client funds. These capital requirements are funded either with internally generated cash flows or, if needed, with funds drawn on our uncommitted lines of credit at LPL Financial or one of our revolving credit facilities.

Our broker-dealer subsidiaries are subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1 under the Exchange Act), which requires the maintenance of minimum net capital. LPL Financial, our primary broker-dealer subsidiary, computes net capital requirements under the alternative method, which requires firms to maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit balances arising from client transactions.

The following table presents the net capital position of the Company's primary broker-dealer subsidiary (in thousands):

March 31, June 30, 2024		
<b>LPL Financial LLC</b>		
Net capital	\$	328,479 271,649
Less: required net capital		18,070 17,550
Excess net capital	\$	310,409 254,099

Payment by our broker-dealer subsidiaries of dividends greater than 10% of their respective excess net capital during any 35-day rolling period requires approval from FINRA. In addition, each broker-dealer subsidiary's ability to pay dividends would be restricted if its net capital would be less than 5% of aggregate customer debit balances.

LPL Financial also acts as an introducing broker-dealer for commodities and futures. Accordingly, its trading activities are subject to the National Futures Association's ("NFA") financial requirements and it is required to maintain net capital that is in excess of or equal to the greatest of NFA's minimum financial requirements. The NFA was designated by the Commodity Futures Trading Commission as LPL Financial's primary regulator for such activities. Currently, the highest NFA requirement is the minimum net capital calculated and required pursuant to the SEC's Uniform Net Capital Rule.

Our subsidiary PTC is also subject to various regulatory capital requirements. Failure to meet the respective minimum capital requirements can result in certain mandatory and discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts on PTC's operations.

#### Supplemental Guarantor Financial Information

The Company filed a registration statement on Form S-3 to register, among other things, non-convertible debt securities that may be offered by LPL Holdings, Inc. (the "Issuer"), a wholly owned subsidiary of LPL Financial Holdings Inc. ("LPLFH" and together with the Issuer, the "Obligor Group"), and full and unconditional guarantees by LPLFH of such debt securities. The debt securities issued by the Issuer pursuant to such registration statement are fully and unconditionally guaranteed by LPLFH. LPLFH is a Delaware holding corporation that manages substantially all of its operations through investments in subsidiaries. See Note 1 - *Organization and Description of the Company* and Note 9 - *Corporate Debt and Other Borrowings, Net*, within the notes to the condensed consolidated financial statements for additional information.

Pursuant to Rule 3-10 of Regulation S-X under the Securities Act of 1933, as amended, the following tables present unaudited summarized financial information for the Obligor Group on a combined basis. Balances and transactions between the Obligor Group have been eliminated. Financial information for non-guarantor subsidiaries, which includes all other subsidiaries of the Issuer, has been excluded and intercompany balances and transactions between the Obligor Group and non-guarantor subsidiaries are presented on separate lines. The summarized financial information below should be read in conjunction with the Company's condensed consolidated financial statements contained herein as the summarized financial information for the Obligor Group may not be indicative of results of operations or financial position of the Issuer or LPLFH had they operated as independent entities.

The following tables present the summarized financial information for the periods presented (in thousands):

		LPL Holdings, Inc. & LPL Financial Holdings Inc.
		Six Months Ended March 31, June 30,
		2024
<b>Combined Summarized Statements of Income</b>		
Revenues <sup>(1)</sup>	\$	49,734 60,626
Revenues from non-guarantor subsidiaries		5,335 10,670
Advisory and commission expense <sup>(1)</sup>		49,140 57,823
Interest expense on borrowings		59,158 122,253
Expenses from non-guarantor subsidiaries		3,509 7,017
Loss before provision for income taxes		(68,692) (144,687)
Net loss		(53,128) (109,658)

(1) Revenues primarily include unrealized gains and losses on assets held in the non-qualified deferred compensation plan offered to advisors and employees, while advisory and commission expense includes the deferred advisory and commission fee expense associated with mark-to-market gains or losses on the non-qualified deferred compensation plan offered to advisors.

Combined Summarized Statements of Financial Condition	LPL Holdings, Inc. & LPL Financial Holdings Inc.
Combined Summarized Statements of Financial Condition	LPL Holdings, Inc. & LPL Financial Holdings Inc.
Combined Summarized Statements of Financial Condition	LPL Holdings, Inc. & LPL Financial Holdings Inc.
Cash and equivalents	
Cash and equivalents	
Cash and equivalents	
Other receivables, net	
Other receivables, net	
Other receivables, net	
Property and equipment, net	
Property and equipment, net	
Property and equipment, net	
Goodwill	
Goodwill	
Goodwill	
Other intangibles, net	
Other intangibles, net	
Other intangibles, net	
Receivables from non-guarantor subsidiaries	
Receivables from non-guarantor subsidiaries	
Receivables from non-guarantor subsidiaries	
Other assets	
Other assets	
Other assets	
Corporate debt and other borrowings, net	
Corporate debt and other borrowings, net	
Corporate debt and other borrowings, net	
Accounts payable and accrued liabilities	
Accounts payable and accrued liabilities	
Accounts payable and accrued liabilities	
Payables to non-guarantor subsidiaries	
Payables to non-guarantor subsidiaries	
Payables to non-guarantor subsidiaries	
Other liabilities	

Other liabilities  
Other liabilities

#### Debt and Related Covenants

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness or issue disqualified stock or preferred stock;
- declare dividends, or other distributions to stockholders;
- repurchase equity interests;
- redeem indebtedness that is subordinated in right of payment to certain debt instruments;
- make investments or acquisitions;
- create liens;
- sell assets;
- guarantee indebtedness;
- engage in certain transactions with affiliates;
- enter into agreements that restrict dividends or other payments from subsidiaries; and
- consolidate, merge or transfer all or substantially all of our assets.

Our Credit Agreement allows us to pay dividends and distributions or repurchase our common stock only when certain conditions are met. In addition, our revolving credit facility requires us to be in compliance with certain financial covenants as of the last day of each fiscal quarter. The financial covenants require the calculation of Credit Agreement EBITDA, as defined in, and calculated by management in accordance with, the Credit Agreement. The Credit Agreement defines Credit Agreement EBITDA as "Consolidated EBITDA," which is Consolidated Net Income (as defined in the Credit Agreement) plus interest expense on borrowings, provision for income taxes, depreciation and amortization and amortization of other intangibles, and is further adjusted to exclude certain non-cash charges and other adjustments, and to include future expected cost savings, operating expense reductions or other synergies from certain transactions.

As of **March 31, 2024** **June 30, 2024**, we were in compliance **with** our Credit Agreement financial covenants, which include a maximum Consolidated Total Debt to Consolidated EBITDA Ratio (as defined in the Credit Agreement) or "Leverage Ratio" and a minimum Consolidated EBITDA to Consolidated Interest Expense Ratio (as defined in the Credit Agreement) or "Interest Coverage". The breach of these financial covenants would be subject to certain equity cure rights. The required ratios under our financial covenants and actual ratios were as follows:

Financial Ratio	Financial Ratio	March 31, 2024		June 30, 2024		
		Covenant Requirement	Actual Ratio	Financial Ratio	Covenant Requirement	Actual Ratio
Leverage Ratio (Maximum)	Leverage Ratio (Maximum)	4.0	1.65	Leverage Ratio (Maximum)	4.0	1.68
Interest Coverage (Minimum)	Interest Coverage (Minimum)	3.0	11.02	Interest Coverage (Minimum)	3.0	10.47

Certain restrictive covenants under certain of our Indentures are currently suspended. However, a credit rating downgrade to a below investment grade rating could cause currently suspended restrictive covenants under certain of our Indentures to be automatically reinstated.

See Note 9 - *Corporate Debt and Other Borrowings, Net*, within the notes to the condensed consolidated financial statements for further detail regarding the Credit Agreement.

#### Contractual Obligations

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, there were no material changes in our contractual obligations, other than in the ordinary course of business, from those disclosed in our 2023 Annual Report on Form 10-K. See Note 4 - *Acquisitions*, Note 9 - *Corporate Debt and Other Borrowings, Net* and Note 10 - *Commitments and Contingencies*, within the notes to the condensed consolidated financial statements, as well as the *Contractual Obligations* section within Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K, for further detail.

#### Risk Management

Risk is an inherent part of our business and activities. To effectively manage these risks, we have an enterprise risk management ("ERM") framework that is designed to facilitate the incorporation of risk assessment into decision-making processes across the Company, enable execution of our business strategy, and protect our Company and its franchise. This framework aims to ensure policies and procedures are in place and appropriately designed to identify and manage risk at appropriate levels throughout our organization and within various departments. These control mechanisms attempt to ensure that operational policies and procedures are being followed and that our employees and advisors operate within established corporate policies and limits. Please consult the "Risks Related to Our Technology" and the "Risks Related to Our Business and Industry" sections within Part I, "Item 1A. Risk Factors" and the "Risk Management" section within Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K for more information about our risks, our risk management policies and procedures, the potential related effects on our operations, and our ERM framework.

#### Operational Risk

Operational Risk is reviewed, monitored and challenged by the Operational Risk Oversight Committee. Operational risk is defined as the risk of loss resulting from failed or inadequate processes or systems, actions by people or external events. Please consult the "Risk Management" section within Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 Annual Report on Form 10-K for more information about the operational risks that we face.

#### **Regulatory and Compliance Risk**

The regulatory environment in which we operate is discussed in detail within Part I, "Item 1. Business" in our 2023 Annual Report on Form 10-K. In recent years, and during the periods presented in this Quarterly Report on Form 10-Q, we have observed the SEC, FINRA, the U.S. Department of Labor and state regulators broaden the scope, frequency and depth of their examinations and inquiries to include greater emphasis on the quality, consistency and oversight of our compliance systems and programs. Please consult the "Risks Related to Our Regulatory Environment" and the "Risks Related to Our Business and Industry" sections within Part I, "Item 1A. Risk Factors" in our 2023 Annual Report on Form 10-K for more information about the risks associated with operating within our regulatory environment, pending regulatory matters and the potential related effects on our operations.

#### **Critical Accounting Policies and Estimates**

In the notes to our consolidated financial statements and in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 Annual Report on Form 10-K, we have disclosed those accounting policies that we consider to be most significant in determining our results of operations and financial condition and involve a higher degree of judgment and complexity. There have been no changes to those policies that we consider to be material since the filing of our 2023 Annual Report on Form 10-K. The accounting principles used in preparing our condensed consolidated financial statements conform in all material respects to GAAP.

#### **Item 1. Financial Statements (unaudited)**

<b>LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES</b>						
<b>Condensed Consolidated Statements of Income</b>						
(In thousands, except per share data)						
(Unaudited)						
			Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,	
			2024	2024	2023	2024
			2024	2024	2023	2023
REVENUE						
REVENUE						
REVENUE						
Advisory						
Advisory						
Advisory						
Commission:						
Commission:						
Commission:						
Sales-based						
Sales-based						
Sales-based						
Trailing						
Trailing						
Trailing						
Total commission						
Total commission						
Total commission						
Asset-based:						
Asset-based:						

Asset-based:	
Client cash	
Client cash	
Client cash	
Other asset-based	
Other asset-based	
Other asset-based	
Total asset-based	
Total asset-based	
Total asset-based	
Service and fee	
Service and fee	
Service and fee	
Transaction	
Transaction	
Transaction	
Interest income, net	
Interest income, net	
Interest income, net	
Other	
Other	
Other	
Total revenue	
Total revenue	
Total revenue	
EXPENSE	
EXPENSE	
EXPENSE	EXPENSE
Advisory and commission	
Advisory and commission	
Advisory and commission	
Compensation and benefits	
Compensation and benefits	
Compensation and benefits	
Promotional	
Promotional	
Promotional	
Depreciation and amortization	
Depreciation and amortization	
Depreciation and amortization	
Occupancy and equipment	
Occupancy and equipment	
Occupancy and equipment	
Interest expense on borrowings	
Interest expense on borrowings	
Interest expense on borrowings	
Brokerage, clearing and exchange	
Brokerage, clearing and exchange	
Brokerage, clearing and exchange	
Amortization of other intangibles	
Amortization of other intangibles	

Amortization of other intangibles	
Communications and data processing	
Communications and data processing	
Communications and data processing	
Professional services	
Professional services	
Professional services	
Other	
Other	
Communications and data processing	
Other	
Total expense	
Total expense	
Total expense	
INCOME BEFORE PROVISION FOR INCOME TAXES	
INCOME BEFORE PROVISION FOR INCOME TAXES	
INCOME BEFORE PROVISION FOR INCOME TAXES	
PROVISION FOR INCOME TAXES	
PROVISION FOR INCOME TAXES	
PROVISION FOR INCOME TAXES	
NET INCOME	
NET INCOME	
NET INCOME	
EARNINGS PER SHARE	EARNINGS PER SHARE
EARNINGS PER SHARE	
EARNINGS PER SHARE	
Earnings per share, basic	
Earnings per share, basic	
Earnings per share, basic	
Earnings per share, diluted	
Earnings per share, diluted	
Earnings per share, diluted	
Weighted-average shares outstanding, basic	
Weighted-average shares outstanding, diluted	
Weighted-average shares outstanding, diluted	
Weighted-average shares outstanding, diluted	

See notes to unaudited condensed consolidated financial statements.

#### LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES

#### Condensed Consolidated Statements of Financial Condition

(In thousands, except share data)

(Unaudited)

ASSETS	March 31, December 31,		June 30, December			
	ASSETS	2024	2023	ASSETS	2024	31, 2023
Cash and equivalents						
Cash and equivalents segregated under federal or other regulations						
Restricted cash						
Receivables from clients, net						

Receivables from brokers, dealers and clearing organizations
Advisor loans, net
Other receivables, net
Investment securities
Property and equipment, net
Goodwill
Other intangibles, net
Other assets
<b>Total assets</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

LIABILITIES:
LIABILITIES:
LIABILITIES:
Client payables
Client payables
Client payables
Payables to brokers, dealers and clearing organizations
Accrued advisory and commission expenses payable
Corporate debt and other borrowings, net
Accounts payable and accrued liabilities
Other liabilities
Total liabilities
Commitments and contingencies (Note 10)
Commitments and contingencies (Note 10)
Commitments and contingencies (Note 10)
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,704,541 shares and 130,233,328 shares issued at March 31, 2024 and December 31, 2023, respectively
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,704,541 shares and 130,233,328 shares issued at March 31, 2024 and December 31, 2023, respectively
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,704,541 shares and 130,233,328 shares issued at March 31, 2024 and December 31, 2023, respectively
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,746,590 shares and 130,233,328 shares issued at June 30, 2024 and December 31, 2023, respectively
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,746,590 shares and 130,233,328 shares issued at June 30, 2024 and December 31, 2023, respectively
Common stock, \$0.001 par value; 600,000,000 shares authorized; 130,746,590 shares and 130,233,328 shares issued at June 30, 2024 and December 31, 2023, respectively
Additional paid-in capital
Treasury stock, at cost — 55,998,999 shares and 55,576,970 shares at March 31, 2024 and December 31, 2023, respectively
Treasury stock, at cost — 55,985,188 shares and 55,576,970 shares at June 30, 2024 and December 31, 2023, respectively
Retained earnings
<b>Total stockholders' equity</b>
<b>Total liabilities and stockholders' equity</b>

See notes to unaudited condensed consolidated financial statements.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Stockholders' Equity**

(In thousands)  
 (Unaudited)

<b>Three Months Ended March 31, 2023</b>				
	<b>Common Stock</b>	<b>Additional Paid-In</b>	<b>Treasury Stock</b>	<b>Retained Earnings</b>
				<b>Total Stockholders'</b>

	Shares	Amount	Capital	Shares	Amount		Equity
BALANCE — December 31, 2022	129,656	\$ 130	\$ 1,912,886	50,408	\$ (2,846,536)	\$ 3,101,072	\$ 2,167,552
Net income	—	—	—	—	—	338,884	338,884
Issuance of common stock to settle restricted stock units	368	—	—	148	(36,602)	—	(36,602)
Treasury stock purchases	—	—	—	1,206	(277,053)	—	(277,053)
Cash dividends on common stock - \$0.30 per share	—	—	—	—	—	(23,584)	(23,584)
Stock option exercises and other	62	—	2,466	(13)	477	2,157	5,100
Share-based compensation	—	—	18,636	—	—	—	18,636
BALANCE — March 31, 2023	130,086	\$ 130	\$ 1,933,988	51,749	\$ (3,159,714)	\$ 3,418,529	\$ 2,192,933

#### Three Months Ended March 31, 2024

	Common Stock		Additional Paid-In Capital		Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Capital	Shares	Amount			
BALANCE — December 31, 2023	130,233	\$ 130	\$ 1,987,684	55,577	\$ (3,993,949)	\$ 4,085,114	\$ 2,078,979	
Net income	—	—	—	—	—	288,764	288,764	
Issuance of common stock to settle restricted stock units	353	—	—	144	(37,729)	—	(37,729)	
Treasury stock purchases	—	—	—	296	(70,005)	—	(70,005)	
Cash dividends on common stock - \$0.30 per share	—	—	—	—	—	(22,411)	(22,411)	
Stock option exercises and other	119	1	5,647	(18)	628	2,672	8,948	
Share-based compensation	—	—	23,335	—	—	—	23,335	
BALANCE — March 31, 2024	130,705	\$ 131	\$ 2,016,666	55,999	\$ (4,101,055)	\$ 4,354,139	\$ 2,269,881	

#### Three Months Ended June 30, 2023

	Common Stock		Additional Paid-In Capital		Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Capital	Shares	Amount			
BALANCE — March 31, 2023	130,086	\$ 130	\$ 1,933,988	51,749	\$ (3,159,714)	\$ 3,418,529	\$ 2,192,933	
Net income	—	—	—	—	—	285,520	285,520	
Issuance of common stock to settle restricted stock units	28	—	—	10	(1,994)	—	(1,994)	
Treasury stock purchases	—	—	—	1,777	(353,405)	—	(353,405)	
Cash dividends on common stock - \$0.30 per share	—	—	—	—	—	(23,139)	(23,139)	
Stock option exercises and other	28	—	1,422	(21)	749	2,562	4,733	
Share-based compensation	—	—	17,418	—	—	—	17,418	
BALANCE — June 30, 2023	130,142	\$ 130	\$ 1,952,828	53,515	\$ (3,514,364)	\$ 3,683,472	\$ 2,122,066	

#### Three Months Ended June 30, 2024

	Common Stock		Additional Paid-In Capital		Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Capital	Shares	Amount			
BALANCE — March 31, 2024	130,705	\$ 131	\$ 2,016,666	55,999	\$ (4,101,055)	\$ 4,354,139	\$ 2,269,881	
Net income	—	—	—	—	—	243,800	243,800	
Issuance of common stock to settle restricted stock units	15	—	—	6	(1,589)	—	(1,589)	
Treasury stock purchases	—	—	—	—	—	—	—	
Cash dividends on common stock - \$0.30 per share	—	—	—	—	—	(22,422)	(22,422)	
Stock option exercises and other	27	—	901	(20)	689	3,438	5,028	
Share-based compensation	—	—	20,649	—	—	—	20,649	
BALANCE — June 30, 2024	130,747	\$ 131	\$ 2,038,216	55,985	\$ (4,101,955)	\$ 4,578,955	\$ 2,515,347	

#### Six Months Ended June 30, 2023

	Common Stock		Additional Paid-In Capital		Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Capital	Shares	Amount			
BALANCE — December 31, 2022	129,656	\$ 130	\$ 1,912,886	50,408	\$ (2,846,536)	\$ 3,101,072	\$ 2,167,522	
Net income	—	—	—	—	—	624,404	624,404	
Issuance of common stock to settle restricted stock units	396	—	—	158	(38,596)	—	(38,596)	
Treasury stock purchases	—	—	—	2,983	(630,458)	—	(630,458)	
Cash dividends on common stock - \$0.60 per share	—	—	—	—	—	(46,723)	(46,723)	

Stock option exercises and other	90	—	3,888	(34)	1,226	4,719	9,833
Share-based compensation	—	—	36,054	—	—	—	36,054
BALANCE — June 30, 2023	130,142 \$	130 \$	1,952,828	53,515 \$	(3,514,364) \$	3,683,472 \$	2,122,066
<b>Six Months Ended June 30, 2024</b>							
	Common Stock		Additional Paid-In Capital	Treasury Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount		
BALANCE — December 31, 2023	130,233 \$	130 \$	1,987,684	55,577 \$	(3,993,949) \$	4,085,114 \$	2,078,979
Net income	—	—	—	—	—	532,564	532,564
Issuance of common stock to settle restricted stock units	368	—	—	150	(39,318)	—	(39,318)
Treasury stock purchases	—	—	—	296	(70,005)	—	(70,005)
Cash dividends on common stock - \$0.60 per share	—	—	—	—	—	(44,833)	(44,833)
Stock option exercises and other	146	1	6,548	(38)	1,317	6,110	13,976
Share-based compensation	—	—	43,984	—	—	—	43,984
BALANCE — June 30, 2024	130,747 \$	131 \$	2,038,216	55,985 \$	(4,101,955) \$	4,578,955 \$	2,515,347

See notes to unaudited condensed consolidated financial statements.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES	Condensed Consolidated Statements of Cash Flows			(In thousands) (Unaudited)	Three Months Ended March 31, Six Months Ended June 30,
	2024	2024	2023		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization					
Amortization of other intangibles					
Amortization of debt issuance costs					
Share-based compensation					
Provision for credit losses					
Deferred benefit for income taxes					
Loan forgiveness					
Other					
Changes in operating assets and liabilities:					
Receivables from clients, net					
Receivables from clients, net					
Receivables from clients, net					
Receivables from brokers, dealers and clearing organizations					
Advisory loans, net					
Other receivables, net					
Investment securities - trading					
Other assets					
Client payables					
Payables to brokers, dealers and clearing organizations					
Accrued advisory and commission expenses payable					
Accounts payable and accrued liabilities					

Other liabilities
Operating lease assets
Net cash provided by (used in) operating activities
Operating leases
Net cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital expenditures
Capital expenditures
Capital expenditures
Acquisitions, net of cash acquired
Proceeds from maturities of securities classified as held-to-maturity
Proceeds from maturities of securities classified as held-to-maturity
Purchases of securities classified as held-to-maturity
Purchases of securities classified as held-to-maturity
Purchases of securities classified as held-to-maturity
Proceeds from maturities of securities classified as held-to-maturity
Net cash used in investing activities
Net cash used in investing activities
Net cash used in investing activities

Continued on following page

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES	Condensed Consolidated Statements of Cash Flows				Three Months Ended March	Six Months Ended June 31,
	2024	2024	2023	2024	(In thousands) (Unaudited)	30,
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from revolving credit facilities						
Proceeds from revolving credit facilities						
Proceeds from revolving credit facilities						
Repayments of revolving credit facilities						
Repayment of senior secured term loans						
Repayment of senior secured term loans						
Repayment of senior secured term loans						
Proceeds from senior unsecured notes						
Payment of debt issuance costs						
Payment of contingent consideration						
Payment of contingent consideration						
Payment of contingent consideration						
Tax payments related to settlement of restricted stock units						
Repurchase of common stock						
Dividends on common stock						
Proceeds from stock option exercises and other						
Proceeds from stock option exercises and other						
Proceeds from stock option exercises and other						
Principal payment of finance leases and obligations						
Net cash used in financing activities						
Net cash provided by (used in) financing activities						

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS, CASH AND EQUIVALENTS  
SEGREGATED UNDER FEDERAL OR OTHER REGULATIONS AND RESTRICTED CASH

CASH AND EQUIVALENTS, CASH AND EQUIVALENTS SEGREGATED UNDER FEDERAL OR  
OTHER REGULATIONS AND RESTRICTED CASH — Beginning of period

CASH AND EQUIVALENTS, CASH AND EQUIVALENTS SEGREGATED UNDER FEDERAL OR  
OTHER REGULATIONS AND RESTRICTED CASH — End of period

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Interest paid

Interest paid

Interest paid

Income taxes paid

Cash paid for amounts included in the measurement of operating lease liabilities

Cash paid for amounts included in the measurement of finance lease liabilities

NONCASH DISCLOSURES:

Capital expenditures included in accounts payable and accrued liabilities

Capital expenditures included in accounts payable and accrued liabilities

Capital expenditures included in accounts payable and accrued liabilities

Lease assets obtained in exchange for operating lease liabilities

Contingent consideration liabilities recognized at acquisition date

March

31,

March

31,

March

31,

June

30,

June

30,

June

30,

June

30,

2024 2024 2023

2024

2023

Cash and equivalents

Cash and equivalents segregated under federal or other regulations

Restricted cash

Total cash and equivalents, cash and equivalents segregated under federal or other regulations  
and restricted cash shown in the statements of cash flows

See notes to unaudited condensed consolidated financial statements.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF THE COMPANY**

LPL Financial Holdings Inc. ("LPLFH"), a Delaware holding corporation, together with its consolidated subsidiaries (collectively, the "Company"), provides an integrated platform of brokerage and investment advisory services to independent financial advisors and financial advisors at institutions (collectively, "advisors") in the United States. Through its custody and clearing platform, using both proprietary and third-party technology, the Company provides access to diversified financial products and services, enabling its advisors to offer personalized financial advice and brokerage services to retail investors (their "clients"). The Company's most significant, wholly owned subsidiaries are described below:

- LPL Holdings, Inc. ("LPLH" or "Parent") is an intermediate holding company and directly or indirectly owns 100% of the issued and outstanding common equity interests of all of LPLFH's indirect subsidiaries, including a captive insurance subsidiary that underwrites insurance for various legal and regulatory risks of the Company.

- LPL Financial LLC ("LPL Financial"), with primary offices in San Diego, California; Fort Mill, South Carolina; Boston, Massachusetts; and Austin, Texas is a clearing broker-dealer and an investment advisor that principally transacts business for its advisors and institutions on behalf of their clients in a broad array of financial products and services. LPL Financial is licensed to operate in all 50 states, Washington D.C., Puerto Rico and the U.S. Virgin Islands.
- LPL Insurance Associates, Inc. operates as an insurance brokerage general agency that offers life and disability insurance products and services for LPL Financial advisors.
- AW Subsidiary, Inc. is a holding company for AdvisoryWorld and Blaze Portfolio Systems LLC ("Blaze"). AdvisoryWorld offers technology products, including proposal generation, investment analytics and portfolio modeling, to both the Company's advisors and external clients in the wealth management industry. Blaze provides an advisor-facing trading and portfolio rebalancing platform.
- PTC Holdings, Inc. ("PTCH") is a holding company for The Private Trust Company, N.A. ("PTC"). PTC is chartered as a non-depository limited purpose national bank, providing a wide range of trust, investment management oversight and custodial services for estates and families. PTC, together with its affiliate Fiduciary Trust Company of New Hampshire, also provides Individual Retirement Account ("IRA") custodial services for LPL Financial.
- LPL Employee Services, LLC and its subsidiary, Allen & Company of Florida, LLC, along with their affiliate Financial Resources Group Investment Services, LLC ("FRGIS"), provide primary support for the Company's employee advisor affiliation model.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Basis of Presentation***

These unaudited condensed consolidated financial statements ("condensed consolidated financial statements") are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require the Company to make estimates and assumptions regarding the valuation of certain financial instruments, acquisitions, goodwill and other intangibles, allowance for credit losses on receivables, share-based compensation, accruals for liabilities, income taxes, revenue and expense accruals and other matters that affect the condensed consolidated financial statements and related disclosures. The condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the results of operations for the interim periods presented. Actual results could differ from those estimates under different assumptions or conditions and the differences may be material to the condensed consolidated financial statements.

The condensed consolidated financial statements include the accounts of LPLFH and its subsidiaries. Intercompany transactions and balances have been eliminated. The condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year

## LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES

### Notes to Condensed Consolidated Financial Statements (Unaudited)

ended December 31, 2023, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission ("SEC").

### ***Recently Issued or Adopted Accounting Pronouncements***

There are no relevant recently issued accounting pronouncements that would materially impact the Company's condensed consolidated financial statements and related disclosures. There were no new accounting pronouncements adopted during the **three** **six** months ended **March 31, 2024** **June 30, 2024** that materially impacted the Company's condensed consolidated financial statements and related disclosures.

## NOTE 3 - REVENUE

### ***Commission***

The following table presents total commission revenue disaggregated by product category (in thousands):

	Three Months Ended March 31,			Six Months Ended June 30,	
	Three Months Ended March 31,		2024		
	2024	2024			
Commission revenue			2024	2023 2024 2023	
Commission revenue					
Commission revenue					
Annuities					
Annuities					
Annuities					
Mutual funds					

Mutual funds
Mutual funds
Fixed income
Fixed income
Fixed income
Equities
Equities
Equities
Other
Other
Other
<b>Total commission revenue</b>
<b>Total commission revenue</b>
<b>Total commission revenue</b>

The following table presents sales-based and trailing commission revenue disaggregated by product category (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Commission revenue</b>				
<b>Sales-based</b>				
Annuities	\$ 260,188	\$ 172,540	\$ 489,265	\$ 334,716
Fixed income	53,192	36,183	101,833	71,450
Mutual funds	42,981	36,431	86,477	73,908
Equities	34,434	27,474	69,885	53,364
Other	32,275	26,333	60,845	51,595
<b>Total sales-based revenue</b>	<b>\$ 423,070</b>	<b>\$ 298,961</b>	<b>\$ 808,305</b>	<b>\$ 585,033</b>
<b>Trailing</b>				
Annuities	\$ 208,912	\$ 186,305	\$ 416,308	\$ 368,190
Mutual funds	144,451	128,763	287,495	256,324
Other	10,613	8,857	21,384	17,064
<b>Total trailing revenue</b>	<b>\$ 363,976</b>	<b>\$ 323,925</b>	<b>\$ 725,187</b>	<b>\$ 641,578</b>
<b>Total commission revenue</b>	<b>\$ 787,046</b>	<b>\$ 622,886</b>	<b>\$ 1,533,492</b>	<b>\$ 1,226,611</b>

#### LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES

#### Notes to Condensed Consolidated Financial Statements (Unaudited)

The following table presents sales-based and trailing commission revenue disaggregated by product category (in thousands):

	Three Months Ended March 31,	
	2024	2023
<b>Commission revenue</b>		
<b>Sales-based</b>		
Annuities	\$ 229,077	\$ 162,176
Fixed income	48,641	35,267
Mutual funds	43,496	37,477
Equities	35,451	25,890
Other	28,570	25,262
<b>Total sales-based revenue</b>	<b>\$ 385,235</b>	<b>\$ 286,072</b>
<b>Trailing</b>		
Annuities	\$ 207,396	\$ 181,885
Mutual funds	143,044	127,561
Other	10,771	8,207
<b>Total trailing revenue</b>	<b>\$ 361,211</b>	<b>\$ 317,653</b>

<b>Total commission revenue</b>	\$ 746,446	\$ 603,725
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#### Asset-Based

The following table sets forth asset-based revenue disaggregated by product category (in thousands):

	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
	2024	2024	2023 2024 2023
<b>Asset-based revenue</b>			
Asset-based revenue			
<b>Asset-based revenue</b>			
Client cash			
Client cash			
Client cash			
Sponsorship programs			
Sponsorship programs			
Sponsorship programs			
Recordkeeping			
Recordkeeping			
Recordkeeping			
<b>Total asset-based revenue</b>			
<b>Total asset-based revenue</b>			
<b>Total asset-based revenue</b>			

#### Service and Fee

The following table sets forth service and fee revenue disaggregated by recognition pattern (in thousands):

	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
	2024	2024	2023 2024 2023
<b>Service and fee revenue</b>			
Service and fee revenue			
<b>Service and fee revenue</b>			
Over time <sup>(1)</sup>			
Over time <sup>(1)</sup>			
Over time <sup>(1)</sup>			
Point-in-time <sup>(2)</sup>			
Point-in-time <sup>(2)</sup>			
Point-in-time <sup>(2)</sup>			
<b>Total service and fee revenue</b>			
<b>Total service and fee revenue</b>			
<b>Total service and fee revenue</b>			

(1) Service and fee revenue recognized over time includes revenue such as error and omission insurance fees, IRA custodian fees, and technology fees.

(2) Service and fee revenue recognized at a point-in-time includes revenue such as IRA termination fees, account fees, and confirmation fees.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Unearned Revenue**

The Company records unearned revenue when cash payments are received or due in advance of the Company's performance obligations, including amounts which are refundable. Unearned revenue increased from \$156.2 million as of December 31, 2023 to **\$206.7** **\$208.3** million as of **March 31, 2024** **June 30, 2024**. The **increase** **increase** in unearned revenue for the **three** **six** months ended **March 31, 2024** **June 30, 2024** is primarily driven by cash payments received or due in advance of satisfying the Company's performance obligations, partially offset by **\$154.2** **\$154.6** million of revenue recognized during the **three** **six** months ended **March 31, 2024** **June 30, 2024** that was included in the unearned revenue balance as of December 31, 2023.

The Company receives cash in advance for advisory services to be performed and conferences to be held in future periods. For advisory services, revenue is recognized as the Company provides the administration, brokerage and execution services over time to satisfy the performance obligations. For conference revenue, the Company recognizes revenue as the conferences are held.

**NOTE 4 - ACQUISITIONS**

**Acquisitions in the Current Period**

**Entered into a definitive purchase agreement to acquire Atria Wealth Solutions, Inc ("Atria")**

On February 13, 2024, the Company announced that it had entered into a definitive purchase agreement to acquire Atria, a wealth management solutions holding company headquartered in New York. As part of the agreement, Atria will transition its brokerage and advisory assets to the Company's platform. The Company expects to close the transaction in the second half of 2024 for an initial purchase price of approximately \$805 million and potential contingent consideration of up to \$230 million based on future retention. retention and up to approximately \$100 million if other milestones, including the conversion of off-platform assets to the Company's platform, are achieved. The

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

closing and the conversion, which is expected to be completed in mid-2025, are both subject to receipt of regulatory approval and other closing conditions.

**Other Acquisitions**

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company completed **two** **nine** acquisitions, **eight** of which were completed under the Liquidity & Succession solution in which the Company buys advisor practices. Certain of these acquisitions have been accounted for as business combinations and certain have been accounted for as asset acquisitions.

**Business Combinations**

**Total consideration** The Company accounted for **these** **transactions**, which were accounted for **three** **acquisitions** under the acquisition method of accounting for business combinations. Total consideration for **these** **transactions** was **\$22.0** **\$80.6** million, which included **\$9.5** **\$49.9** million of cash, and liabilities of **\$12.5** **\$30.7** million for contingent consideration, which represents the acquisition date fair value of the additional cash consideration that may be transferred to the sellers if certain asset growth is achieved in the **three** **one** to seven years following the closing. This contingent consideration may be settled for amounts up to **\$84.3** **\$125.6** million in the years following the closing.

At **March 31, 2024** **June 30, 2024**, the Company provisionally allocated **\$3.9** **\$20.5** million of the purchase price to goodwill and **\$18.1** **\$60.1** million to client relationships acquired as part of these acquisitions. The goodwill primarily includes synergies expected to result from combining operations and is deductible for tax purposes. The client relationships were valued using the income approach and assigned useful lives of 14 years. See Note 7 – *Goodwill and Other Intangibles, Net*, for additional information.

**Asset Acquisitions**

The Company accounted for six other acquisitions as asset acquisitions. These transactions included total initial consideration of \$77.4 million, including \$48.5 million which was allocated to advisor relationships and \$28.9 million which was allocated to client relationships. These relationships were assigned useful lives of 14 years and the related transactions include potential contingent payments of up to \$36.9 million in the years following the closing if certain asset growth is achieved. The Company has not recognized a liability for these contingent payments as the amounts to be paid will be uncertain until a future measurement date. See Note 7 – *Goodwill and Other Intangibles, Net*, for additional information.

**Acquisitions Completed in Prior Periods**

**Acquisition of Financial Resources Group Investment Services, LLC**

On January 31, 2023, the Company acquired Financial Resources Group Investment Services, LLC, a broker-dealer and independent branch office, in order to expand its addressable markets and complement organic growth. The Company accounted for the acquisition under the acquisition method of accounting for business combinations, and total consideration for the transaction was \$189.2 million, which included an initial cash payment of \$143.8 million and a liability of \$45.4 million for contingent consideration. The

Company allocated \$129.7 million of the purchase price to goodwill, \$53.5 million to definite-lived intangible assets, \$9.0 million to cash acquired and the remainder to other assets acquired and liabilities assumed as part of the acquisition. The goodwill primarily includes

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

synergies expected to result from combining operations and is deductible for tax purposes. See Note 7 – *Goodwill and Other Intangibles, Net*, for additional information.

**Other Acquisitions**

During the year ended December 31, 2023, the Company completed a total of 19 acquisitions under the Liquidity & Succession solution. The Company also completed the acquisition of Boenning & Scattergood's Private Client Group on January 31, 2023. Certain of these acquisitions have been accounted for as business combinations and certain have been accounted for as asset acquisitions.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Business Combinations**

The Company accounted for five Liquidity & Succession transactions under the acquisition method of accounting for business combinations during the year ended December 31, 2023. Total consideration for these transactions was \$190.2 million, which included initial consideration of \$147.4 million, including \$140.3 million of cash and a liability of \$42.7 million for contingent consideration. At December 31, 2023, the Company allocated \$84.5 million of the purchase price to goodwill and \$105.7 million to the definite-lived intangible assets acquired as part of these acquisitions. The goodwill primarily includes synergies expected to result from combining operations and is deductible for tax purposes.

The Company recorded purchase accounting adjustments during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 related to acquisitions which were completed during the fourth quarter of 2023 and for which the Company's purchase accounting analysis ~~is~~ was ongoing. These adjustments resulted in a ~~\$39.6~~ \$39.4 million increase in customer relationships, a ~~\$7.4~~ \$9.7 million increase in liabilities for contingent consideration, a ~~\$12.6~~ \$12.5 million decrease in technology, and a ~~\$19.6~~ \$17.1 million decrease in goodwill. At ~~March 31, 2024~~, the Company has provisionally allocated \$42.7 million of the purchase price to goodwill and \$64.5 million to definite-lived intangible assets acquired. The intangible assets are comprised primarily of client relationships which were assigned useful lives of 15 years. See Note 7 – *Goodwill and Other Intangibles, Net*, for additional information.

**Asset Acquisitions**

The Company accounted for ~~fifteen~~ 15 other acquisitions as asset acquisitions during the year ended December 31, 2023. These transactions included initial consideration of \$180.4 million, including \$142.3 million of which was allocated to client relationships and \$38.1 million of which was allocated to advisor relationships. These transactions include potential contingent payments of up to \$73.1 million in the three years following the closing if certain asset growth is achieved. The Company has not recognized a liability for these contingent payments as the amounts to be paid will be uncertain until a future measurement date. See Note 7 - *Goodwill and Other Intangibles, Net*, for additional information.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

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

*Level 1* — Quoted prices in active markets for identical assets or liabilities.

*Level 2* — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

There have been no transfers ~~of~~ assets or liabilities between these fair value measurement classifications during the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 or 2023.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The Company's fair value measurements are evaluated within the fair value hierarchy, based on the nature of inputs used to determine the fair value at the measurement date. At ~~March 31, 2024~~ June 30, 2024 and December 31, 2023, the Company had the following financial assets and liabilities that are measured at fair value on a recurring basis:

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

**Cash Equivalents Segregated Under Federal or Other Regulations** — The Company's cash equivalents segregated under federal or other regulations include U.S. treasury bills, which are short term in nature with readily determinable values derived from active markets.

#### **LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**

#### **Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Trading Securities and Securities Sold, But Not Yet Purchased** — The Company's trading securities consist of house account model portfolios established and managed for the purpose of benchmarking the performance of its fee-based advisory platforms and temporary positions resulting from the processing of client transactions.

The Company uses prices obtained from independent third-party pricing services to measure the fair value of its trading securities. Prices received from the pricing services are validated when security prices move beyond a certain deviation threshold using various methods including comparison to prices received from additional pricing services, comparison to available quoted market prices and review of other relevant market data including implied yields of major categories of securities. In general, these quoted prices are derived from active markets for identical assets or liabilities. When quoted prices in active markets for identical assets and liabilities are not available, the quoted prices are based on similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. For negotiable certificates of deposit and treasury securities, the Company utilizes market-based inputs, including observable market interest rates that correspond to the remaining maturities or the next interest reset dates. At **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company did not adjust prices received from the independent third-party pricing services.

**Other Assets** — The Company's other assets include: (1) deferred compensation plan assets that are invested in life insurance, money market and other mutual funds, which are actively traded and valued based on quoted market prices; and (2) certain non-traded real estate investment trusts, which are valued using quoted prices for identical or similar securities and other inputs that are observable or can be corroborated by observable market data.

**Fractional Shares** — The Company's investment in fractional shares held by customers is reflected in other assets while the related purchase obligation for such shares is reflected in other liabilities. The Company uses prices obtained from independent third-party pricing services to measure the fair value of its investment in fractional shares held by customers and the related repurchase obligation. Prices received from the pricing services are validated using various methods including comparison to prices received from additional pricing services, comparison to available quoted market prices and review of other relevant market data including implied yields of major categories of securities. At **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company did not adjust prices received from the independent third-party pricing services.

**Contingent Consideration** — The Company measures contingent consideration liabilities at fair value at the acquisition date, as applicable, and thereafter on a recurring basis using unobservable (Level 3) inputs. These contingent consideration liabilities are reflected in other liabilities. See Note 4 - Acquisitions for additional information.

#### **Level 3 Recurring Fair Value Measurements**

The Company determines the fair value for its contingent consideration obligations using **Monte Carlo** **Monte-Carlo** simulation and discounted cash flows models. Contingent payments are estimated by applying significant unobservable inputs, including forecasted growth rates applied to project future revenue or asset growth and discount rates which are based on the cost of debt and equity. These projections are measured against the performance targets specified in each respective acquisition agreement, which may include growth in assets under management, net new assets, asset conversion or retention, or revenue growth. Significant increases or decreases in the Company's forecasted growth rates over the measurement period or discount rates would result in a higher or lower fair value measurement.

#### **LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**

#### **Notes to Condensed Consolidated Financial Statements (Unaudited)**

The following table summarizes inputs used in the measurement of contingent consideration (dollars in thousands):

<b>Quantitative Information About Level 3 Fair Value Measurements</b>					
<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>Type</b>	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range</b>
\$ 84,762	\$ 114,844	Contingent Consideration	Monte-Carlo Simulation Model	Forecasted Growth Rates	12.0% - 29.5%
				Discount Rate	13.1% - 23.2%
2,500	4,000	Contingent Consideration	Discounted Cash Flow Model	Discount Rate	9.3%
<b>\$ 87,262</b>	<b>\$ 118,844</b>				

Quantitative Information About Level 3 Fair Value Measurements				
June 30, 2024	Type	Valuation Techniques	Unobservable Inputs	Range
\$ 129,848	Contingent Consideration	Monte-Carlo Simulation Model	Forecasted Growth Rates	12.0% - 29.5%
			Discount Rate	13.3% - 15.3%
			Equivalency Rate <sup>(1)</sup>	5.3% - 6.3%
— Contingent Consideration		Discounted Cash Flow Model	Discount Rate	9.3%
\$ 129,848				

(1) Equivalency rate is defined as the prevailing market interest rate used to discount future payments.

Quantitative Information About Level 3 Fair Value Measurements				
December 31, 2023	Type	Valuation Techniques	Unobservable Inputs	Range
\$ 114,844	Contingent Consideration	Monte-Carlo Simulation Model	Forecasted Growth Rates	12.0% - 29.5%
4,000	Contingent Consideration	Discounted Cash Flow Model	Discount Rate	13.6% - 15.7%
\$ 118,844			Discount Rate	9.3%

The following table summarizes the changes in fair value for the Company's Level 3 liabilities during the periods presented (in thousands):

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,		2024	2023	2024	2023
	2024	2024	2024	2023	2024	2023				
Balance - Beginning of period										
Additions										
Payments										
Fair value adjustments										
Balance - End of period										

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
Notes to Condensed Consolidated Financial Statements (Unaudited)

**Recurring Fair Value Measurements**

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis (in thousands):

March 31, 2024	Level 1	Level 2	Level 3	Total
June 30, 2024	Level 1	Level 2	Level 3	Total
Assets	Assets	Assets	Assets	Assets
Cash equivalents				
Cash equivalents segregated under federal or other regulations				
Restricted cash				
Investment securities — trading:	Investment securities — trading:	Investment securities — trading:	Investment securities — trading:	Investment securities — trading:
Mutual funds				
U.S. treasury obligations				
Mutual funds				
Equity securities				
Money market funds				
Debt securities				
Total investment securities — trading				
Other assets:				
Deferred compensation plan				
Deferred compensation plan				
Deferred compensation plan				

Fractional shares — investment <sup>(1)</sup>				
Other investments				
Total other assets:				
Total assets at fair value				
<b>Liabilities</b>	<b>Liabilities</b>			<b>Liabilities</b>
Other liabilities:				
Securities sold, but not yet purchased:				
Securities sold, but not yet purchased:				
Securities sold, but not yet purchased:				
Equity securities				
U.S. treasury obligations				
Mutual funds				
Total securities sold, but not yet purchased				
Fractional shares — repurchase obligation <sup>(1)</sup>				
Contingent consideration				
Total other liabilities				
Total liabilities at fair value				

(1) Investment in and related repurchase obligation for fractional shares resulting from the Company's dividend reinvestment program ("DRIP").

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis (in thousands):

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents	\$ 166	—	—	\$ 166
Cash equivalents segregated under federal or other regulations	720,077	—	—	720,077
Restricted cash	103,226	—	—	103,226
Investment securities — trading:				
Mutual funds	50,518	—	—	50,518
U.S. treasury obligations	25,388	—	—	25,388
Money market funds	107	—	—	107
Equity securities	43	—	—	43
Debt securities	—	32	—	32
Total investment securities — trading	76,056	32	—	76,088
Other assets:				
Deferred compensation plan	677,548	—	—	677,548
Fractional shares — investment <sup>(1)</sup>	177,131	—	—	177,131
Other investments	—	3,960	—	3,960
Total other assets	854,679	3,960	—	858,639
Total assets at fair value	\$ 1,754,204	\$ 3,992	—	\$ 1,758,196
<b>Liabilities</b>				
Other liabilities:				
Securities sold, but not yet purchased:				
Equity securities	\$ 487	—	—	\$ 487
Mutual funds	55	—	—	55
Total securities sold, but not yet purchased	542	—	—	542
Fractional shares — repurchase obligation <sup>(1)</sup>	177,131	—	—	177,131
Contingent consideration	—	—	118,844	118,844

Total other liabilities	177,673	—	118,844	296,517
<b>Total liabilities at fair value</b>	<b>\$ 177,673</b>	<b>\$ —</b>	<b>\$ 118,844</b>	<b>\$ 296,517</b>

(1) Investment in and related repurchase obligation for fractional shares resulting from the Company's DRIP.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Fair Value of Financial Instruments Not Measured at Fair Value**

The following tables summarize the carrying values, fair values and fair value hierarchy level classification of financial instruments that are not measured at fair value (in thousands):

	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
		Carrying Value	Level 1	Level 2	Level 3
<b>March 31, 2024</b>					
<b>June 30, 2024</b>					
<b>Assets</b>	<b>Assets</b>				<b>Assets</b>
Cash					
Cash segregated under federal or other regulations					
Restricted cash					
Receivables from clients, net					
Receivables from brokers, dealers and clearing organizations					
Advisor repayable loans, net <sup>(1)</sup>					
Other receivables, net					
Investment securities — held-to-maturity securities					
Other assets:					
Securities borrowed					
Securities borrowed					
Securities borrowed					
Deferred compensation plan <sup>(2)</sup>					
Other investments <sup>(3)</sup>					
Total other assets					
<b>Liabilities</b>					
Client payables					
Client payables					
Client payables					
Payables to brokers, dealers and clearing organizations					
Corporate debt and other borrowings, net					
<b>December 31, 2023</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
<b>Assets</b>					
Cash	\$ 465,505	\$ 465,505	\$ —	\$ —	\$ 465,505
Cash segregated under federal or other regulations	1,287,235	1,287,235	—	—	1,287,235
Restricted cash	4,954	4,954	—	—	4,954
Receivables from clients, net	588,585	—	588,585	—	588,585
Receivables from brokers, dealers and clearing organizations	50,069	—	50,069	—	50,069
Advisor repayable loans, net <sup>(1)</sup>	340,985	—	—	236,888	236,888
Other receivables, net	743,317	—	743,317	—	743,317
Investment securities - held-to-maturity securities	15,223	—	15,079	—	15,079
Other assets:					
Securities borrowed	4,334	—	4,334	—	4,334
Deferred compensation plan <sup>(2)</sup>	6,217	6,217	—	—	6,217
Other investments <sup>(3)</sup>	4,695	—	4,695	—	4,695
Total other assets	15,246	6,217	9,029	—	15,246
<b>Liabilities</b>					

Client payables	\$ 2,266,176	\$ 2,266,176	\$ 2,266,176
Payables to brokers, dealers and clearing organizations	163,337	163,337	163,337
Corporate debt and other borrowings, net	3,734,111	3,680,199	3,680,199

(1) Includes repayable loans and forgivable loans which have converted to repayable upon advisor termination or change in agreed upon terms.

(2) Includes cash balances awaiting investment or distribution to plan participants.

(3) Other investments include Depository Trust Company common shares and Federal Reserve stock.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**NOTE 6 - INVESTMENT SECURITIES**

The Company's investment securities include debt and equity securities that the Company has classified as trading securities, which are carried at fair value, as well as investments in U.S. government notes, which are held by The Private Trust Company, N.A. to satisfy minimum capital requirements of the OCC. These securities are recorded at amortized cost and classified as held-to-maturity as the Company has both the intent and ability to hold these investments to maturity.

The following table summarizes investment securities (in thousands):

Trading securities — at fair value:	March 31, 2024	December 31, 2023	Trading securities — at fair value:	June 30, 2024	December 31, 2023
	Trading securities — at fair value:	Trading securities — at fair value:		Trading securities — at fair value:	Trading securities — at fair value:
Mutual funds					
U.S. treasury obligations					
Mutual funds					
Equity securities					
Money market funds					
Debt securities					
Total trading securities					
<b>Held-to-maturity securities — at amortized cost:</b>					
U.S. government notes					
U.S. government notes					
U.S. government notes					
Total held-to-maturity securities					
Total investment securities					

At **March 31, 2024** **June 30, 2024**, the held-to-maturity securities were scheduled to mature as follows (in thousands):

U.S. government notes — at amortized cost	Within one year	Within one year	After one but within five years	After five but within ten years	After ten years	Within one year	After one but within five years	After five but within ten years	After ten years	Total
	Within one year	Within one year	After one but within five years	After five but within ten years	After ten years	Within one year	After one but within five years	After five but within ten years	After ten years	Total
U.S. government notes — at amortized cost										
U.S. government notes — at fair value										

**NOTE 7 - GOODWILL AND OTHER INTANGIBLES, NET**

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

Balance at December 31, 2022	\$ 1,642,468
Goodwill acquired	214,180
Balance at December 31, 2023	1,856,648
Purchase accounting adjustments	(19,627) (17,120)
Goodwill acquired	3,951 20,534
Balance at <b>March 31, 2024</b> <b>June 30, 2024</b>	\$ 1,840,972 1,860,062

The Company completed various acquisitions, which were accounted for under the acquisition method of accounting for business combinations and as asset acquisitions, and recorded purchase accounting adjustments during the periods presented. See Note 4 - *Acquisitions*, for additional information.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The components of other intangibles, net were as follows at **March 31, 2024** **June 30, 2024** (in thousands):

	Weighted-Average Life Remaining (in years)	Weighted-Average Life Remaining (in years)	Gross Carrying Value	Net Carrying Value	Weighted-Average Life Remaining (in years)	Gross Carrying Value	Net Carrying Value
<b>Definite-lived intangibles, net<sup>(1)</sup>:</b>					<b>Definite-lived intangibles, net<sup>(1)</sup>:</b>		
Advisor and institution relationships							
Product sponsor relationships							
Client relationships							
Technology							
Total definite-lived intangible assets, net							
<b>Other indefinite-lived intangibles:</b>		<b>Other indefinite-lived intangibles:</b>		<b>Other indefinite-lived intangibles:</b>			
Trademark and trade name							
Total other intangibles, net							

(1) During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, the Company completed various acquisitions. See Note 4 - *Acquisitions*, for additional information.

The components of other intangibles, net were as follows at December 31, 2023 (in thousands):

	Weighted-Average Life Remaining (in years)	Gross Carrying Value	Net Carrying Value
<b>Definite-lived intangibles, net<sup>(1)</sup>:</b>			
Advisor and institution relationships	7.3	\$ 935,478	\$ (614,277) \$ 321,201
Product sponsor relationships	2.2	234,086	(209,076) 25,010
Client relationships	12.6	313,585	(51,328) 262,257
Technology	8.7	33,460	(10,162) 23,298
Total definite-lived intangibles, net		\$ 1,516,609	\$ (884,843) \$ 631,766
<b>Other indefinite-lived intangibles:</b>			
Trademark and trade name			39,819
Total other intangibles, net			\$ 671,585

(1) During the year ended December 31, 2023, the Company completed various acquisitions. See Note 4 - *Acquisitions*, for additional information.

Total amortization of other intangibles was **\$29.6 million** **\$30.6 million** and **\$24.1 million** **\$26.7 million** for the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively, and **\$60.2 million** and **\$50.8 million** for the six months ended **June 30, 2024** and **2023**, respectively. Future amortization is estimated as follows (in thousands):

2024 - remainder	
2025	
2026	
2027	
2028	
Thereafter	
<b>Total</b>	

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**NOTE 8 - OTHER ASSETS AND OTHER LIABILITIES**

The components of other assets and other liabilities were as follows (dollars in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
<b>Other assets:</b>				
Deferred compensation				
Deferred compensation				
Deferred compensation				
Prepaid assets				
Fractional shares — investment <sup>(1)</sup>				
Deferred tax assets, net				
Operating lease assets				
Debt issuance costs, net				
Other				
Total other assets				
<b>Other liabilities:</b>				
<b>Other liabilities:</b>				
<b>Other liabilities:</b>				
Deferred compensation				
Deferred compensation				
Deferred compensation				
Unearned revenue <sup>(2)</sup>				
Fractional shares — repurchase obligation <sup>(1)</sup>				
Operating lease liabilities				
Finance lease liabilities				
Taxes payable				
Contingent consideration				
Other				
Total other liabilities				

(1) Investment in and related repurchase obligation for fractional shares resulting from the Company's DRIP program.

(2) See Note 3 - *Revenue* for further information.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**NOTE 9 - CORPORATE DEBT AND OTHER BORROWINGS, NET**

The Company's outstanding corporate debt and other borrowings, net were as follows (in thousands):

	March 31, 2024	June 30, 2024												
Corporate Debt														
Corporate Debt	Balance	Applicable Margin	Interest Rate	Balance	Applicable Margin	Interest rate	Maturity	Balance	Applicable Margin	Interest Rate	Balance	Applicable Margin	Interest rate	
Term Loan B <sup>(1)</sup>	Term Loan B <sup>(1)</sup> \$1,024,525	SOFR+185 bps	SOFR+185 bps	7.176 %	\$1,027,200	SOFR+185 bps	SOFR+185 bps	7.206 %	11/12/2026	Term Loan B <sup>(1)</sup> \$1,021,850	SOFR+185 bps	SOFR+185 bps	7.179 %	\$1,027,200

2027	2027								2027				
Senior	Senior								Senior				
Notes <sup>(1)</sup>	Notes <sup>(1)</sup>	400,000	Fixed Rate	Fixed Rate 4.625 %	400,000	Fixed Rate	Fixed Rate 4.625 % 11/15/2027	Notes <sup>(1)</sup>	500,000	Fixed Rate	Fixed Rate 5.700 %	—	—
2027 Senior Notes <sup>(1)</sup>	400,000	Fixed Rate	4.625 %	400,000	Fixed Rate	4.625 % 11/15/2027							
2028	2028							2028					
Senior	Senior							Senior					
Notes <sup>(1)</sup>	Notes <sup>(1)</sup>	750,000	Fixed Rate	Fixed Rate 6.750 %	750,000	Fixed Rate	Fixed Rate 6.750 % 11/17/2028	Notes <sup>(1)</sup>	750,000	Fixed Rate	Fixed Rate 6.750 %	750,000	Fixed Rate
2029	2029							2029					
Senior	Senior							Senior					
Notes <sup>(1)</sup>	Notes <sup>(1)</sup>	900,000	Fixed Rate	Fixed Rate 4.000 %	900,000	Fixed Rate	Fixed Rate 4.000 % 3/15/2029	Notes <sup>(1)</sup>	900,000	Fixed Rate	Fixed Rate 4.000 %	900,000	Fixed Rate
2031	2031							2031					
Senior	Senior							Senior					
Notes <sup>(1)</sup>	Notes <sup>(1)</sup>	400,000	Fixed Rate	Fixed Rate 4.375 %	400,000	Fixed Rate	Fixed Rate 4.375 % 5/15/2031	Notes <sup>(1)</sup>	400,000	Fixed Rate	Fixed Rate 4.375 %	400,000	Fixed Rate
2034 Senior Notes <sup>(1)</sup>	500,000	Fixed Rate	6.000 %	—	—	—	— % 5/20/2034						
Total													
Corporate													
Debt													
Less: Unamortized													
Debt Issuance Cost													
Less: Unamortized													
Debt Issuance Cost													
Less: Unamortized													
Debt Issuance Cost													
Corporate debt, net													
Corporate debt, net													
Corporate debt, net													
<b>Other Borrowings</b>													
<b>Other Borrowings</b>													
<b>Other Borrowings</b>													
Revolving Credit													
Facility <sup>(2)</sup>													
Revolving Credit													
Facility <sup>(2)</sup>													
Revolving Credit													
Facility <sup>(2)</sup>	401,000	ABR+37.5 bps / SOFR+147.5 bps	6.852 %	280,000	ABR+37.5 bps / SOFR+147.5 bps	6.966 % 3/15/2026							
Revolving Credit													
Facility													
Revolving Credit													
Facility													
Revolving Credit													
Facility	—	ABR+37.5 bps / SOFR+147.5 bps	8.875 %	280,000	ABR+37.5 bps / SOFR+147.5 bps	6.966 % 5/20/2029							
Total other													
borrowings													
Total other													
borrowings													
Total other													
borrowings													
<b>Corporate Debt and</b>													
<b>Other Borrowings, Net</b>													
<b>Corporate Debt and</b>													
<b>Other Borrowings, Net</b>													
<b>Corporate Debt and</b>													
<b>Other Borrowings, Net</b>													

(1) No leverage or interest coverage maintenance covenants.

(2) The Parent's outstanding balance at March 31, 2024 was comprised of an alternate base rate ("ABR")-based balance of \$10.0 million with the applicable margin of ABR + 37.5 bps (8.875%) and a SOFR-based balance of \$391.0 million with the applicable margin of SOFR + 147.5 bps (6.800%).

The following table presents amounts outstanding and available under the Company's external lines of credit at **March 31, 2024** **June 30, 2024** (in millions):

Description	Borrower	Maturity Date	Outstanding	Available
Senior secured, revolving credit facility	LPL Holdings, Inc.	March 2026	\$ 401	\$ 1,599
Broker-dealer revolving credit facility	LPL Financial LLC	July 2024	\$ —	\$ 1,000
Unsecured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2024	\$ —	\$ 50
Secured, uncommitted lines of credit	LPL Financial LLC	March 2025	\$ —	\$ 75
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified

Description	Borrower	Maturity Date	Outstanding	Available
Senior secured, revolving credit facility	LPL Holdings, Inc.	May 2029	\$ —	\$ 2,250
Broker-dealer revolving credit facility	LPL Financial LLC	May 2025	\$ —	\$ 1,000
Unsecured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2024	\$ —	\$ 50
Secured, uncommitted lines of credit	LPL Financial LLC	March 2025	\$ —	\$ 75
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified
Secured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	unspecified

#### LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES

##### Notes to Condensed Consolidated Financial Statements (Unaudited)

###### Issuance of 2027 Senior Notes and 2034 Senior Notes

On May 20, 2024, LPLH issued \$500.0 million in aggregate principal amount of 5.700% senior notes due 2027 ("2027 Senior Notes") and \$500.0 million in aggregate principal amount of 6.000% senior notes due 2034 (the "2034 Senior Notes" and, together with the 2027 Notes, the "Senior Notes"). The Senior Notes are unsecured obligations of the Company and are fully and unconditionally guaranteed on a senior unsecured basis by LPLFH. The Company used a portion of the proceeds from the issuance to repay borrowings made under its senior secured revolving credit facility and intends to use a portion of the proceeds to finance the Atria acquisition.

The 2027 Senior Notes will mature on May 20, 2027, and interest is payable semi-annually. The Company may redeem all or part of the 2027 Senior Notes on or prior to April 20, 2027 at a redemption price that is equal to the greater of: (i) the remaining scheduled payments of principal and interest discounted at the Treasury Rate (as defined in the Second Supplemental Indenture dated May 20, 2024) plus 20 basis points less interest accrued to the redemption date, and (ii) 100% of the principal amount of the 2027 Senior Notes to be redeemed plus accrued interest. On or after April 20, 2027, the Company may redeem the 2027 Senior Notes at 100% of the principal amount of the notes to be redeemed plus accrued interest. The 2027 Senior Notes are also subject to a special mandatory redemption if the Atria acquisition is terminated or does not occur before March 7, 2025, in which case, the Company will be required to redeem all of the 2027 Senior Notes at a redemption price equal to 101% of the aggregate principal, plus accrued and unpaid interest.

The 2034 Senior Notes will mature on May 20, 2034 and interest is payable semi-annually. The Company may redeem all or part of the 2034 Senior Notes on or prior to February 20, 2034 at a redemption price that is equal to the greater of: (i) the remaining scheduled payments of principal and interest discounted at the Treasury Rate (as defined in the Third Supplemental Indenture dated May 20, 2024) plus 25 basis points less interest accrued to the redemption date, and (ii) 100% of the principal amount of the 2034 Senior Notes to be redeemed plus accrued interest. On or after February 20, 2034, the Company may redeem the 2034 Senior Notes at 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest. The 2034 Notes will not be subject to any special mandatory redemption if the Atria acquisition is not completed.

In connection with the issuance of the Senior Notes, the Company incurred \$7.1 million in costs, which were capitalized as debt issuance costs in the condensed consolidated statements of financial condition.

###### Issuance of 2028 Senior Notes

LPLH issued \$750.0 million in aggregate principal amount of 6.750% senior notes on November 17, 2023 at 99.929% ("2028 Senior Notes"). The 2028 Senior Notes are unsecured obligations that will mature on November 17, 2028, and are fully and unconditionally guaranteed on a senior unsecured basis by LPLFH. The Company used the proceeds from the issuance to repay borrowings made under its senior secured revolving credit facility and for general corporate purposes. In connection with the issuance of the 2028 Senior Notes, the Company incurred \$6.3 million in costs, which were capitalized as debt issuance costs in the condensed consolidated statements of financial condition.

###### Credit Agreement and Parent Revolving Credit Facility

On March 13, 2023, LPLFH and LPLH entered into a sixth amendment agreement to the Company's amended and restated credit agreement (the "Credit Agreement"), which, among other things, replaced LIBOR with SOFR.

On May 20, 2024, LPLH amended its revolving credit facility to, among other things, increase the maximum borrowing from \$2.0 billion to \$2.25 billion and extend the maturity of the revolving credit facility to May 2029. In connection with the amendment of the credit facility, LPLH incurred \$8.6 million in costs, which were capitalized as debt issuance costs in the condensed consolidated statements of financial condition.

The Credit Agreement subjects the Company to certain financial and non-financial covenants. As of **March 31, 2024** **June 30, 2024**, the Company was in compliance with such covenants.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

***Parent Revolving Credit Facility***

On July 18, 2023, LPLH amended its revolving credit facility to, among other things, increase the maximum borrowing from \$1.0 billion to \$2.0 billion. Borrowings under the revolving credit facility bear interest at a rate per annum ranging from 112.5 to 187.5 basis points over SOFR plus 10 basis points or 12.5 to 87.5 basis points over the alternate base rate (the greatest of (i) the NYFRB Rate plus 1/2 of 1%, (ii) the Prime Rate and (iii) the Adjusted Term SOFR Rate for a one month Interest Period plus 1%, each as defined in the Credit Agreement) depending on the Debt Ratings (as defined in the Credit Agreement). In connection with the amendment of the credit facility, LPLH incurred \$5.5 million in costs, which were capitalized as debt issuance costs in the condensed consolidated statements of financial condition.

***Broker-Dealer Revolving Credit Facility***

On **July 18, 2023** **May 20, 2024**, LPL Financial, the Company's broker-dealer subsidiary, renewed its committed senior unsecured revolving credit facility that matures on **July 16, 2024** and to extend the maturity of the revolving credit facility to **May 2025**. The revolving credit facility allows for a maximum borrowing of up to \$1.0 billion. Borrowings **billion** and **borrowings** under the credit facility bear interest at a rate per annum equal to 1.25% per annum plus the greatest of (i) SOFR plus 0.10%, (ii) the effective federal funds rate and (iii) the overnight bank funding rate, in each case, as such rate is administered or determined by the Federal Reserve Bank of New York from time to time. In connection with the renewal of the credit facility, LPL Financial incurred **\$1.7 1.6** million in costs, which were capitalized as debt issuance costs in the condensed consolidated statements of financial condition. The broker-dealer credit agreement subjects LPL Financial to certain financial and non-financial covenants. LPL Financial was in compliance with such covenants as of **March 31, 2024** **June 30, 2024**.

***Other External Lines of Credit***

LPL Financial maintained five uncommitted lines of credit as of **March 31, 2024** **June 30, 2024**. Two of the lines have unspecified limits, which are primarily dependent on LPL Financial's ability to provide sufficient collateral. The other three lines have a total limit of \$200.0 million, which allow for uncollateralized borrowings. There were no balances outstanding under these lines at **March 31, 2024** **June 30, 2024** or December 31, 2023.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

***Service and Development Contracts***

The Company is party to certain long-term contracts for systems and services that enable back-office trade processing and clearing for its product and service offerings.

***Guarantees***

The Company occasionally enters into contracts that contingently require it to indemnify certain parties against third-party claims. The terms of these obligations vary and, because a maximum obligation is not explicitly stated, the Company has determined that it is not possible to make an estimate of the amount that it could be obligated to pay under such contracts.

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

***Loan Commitments***

From time to time, LPL Financial makes loans to advisors and institutions, primarily to newly recruited advisors and institutions to assist in the transition process, which may be forgivable. Due to timing differences, LPL Financial may make commitments to issue such loans prior to actually funding them. These commitments are generally contingent upon certain events occurring, including but not limited to the advisor or institution joining LPL Financial. LPL Financial had no significant unfunded loan commitments at **March 31, 2024** **June 30, 2024** or December 31, 2023.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

***Legal and Regulatory Matters***

The Company is subject to extensive regulation and supervision by U.S. federal and state agencies and various self-regulatory organizations. The Company and its advisors periodically engage with such agencies and organizations, in the context of examinations or otherwise, to respond to inquiries, informational requests and investigations. From time to time, such engagements result in regulatory complaints or other matters, the resolution of which has in the past and may in the future include fines, customer restitution and other remediation. Assessing the probability of a loss occurring and the timing and amount of any loss related to a legal proceeding or regulatory matter is inherently difficult. While the Company exercises significant and complex judgments to make certain estimates presented in its condensed consolidated financial statements, there are particular uncertainties and complexities involved when assessing the potential outcomes of legal proceedings and regulatory matters. The Company's assessment process considers a variety of factors and assumptions, which may include: the procedural

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

status of the matter and any recent developments; prior experience and the experience of others in similar matters; the size and nature of potential exposures; available defenses; the progress of fact discovery; the opinions of counsel and experts; or the potential opportunities for settlement and the status of any settlement discussions. The Company monitors these factors and assumptions for new developments and re-assesses the likelihood that a loss will occur and the estimated range or amount of loss, if those amounts can be reasonably determined. The Company has established an accrual for those legal proceedings and regulatory matters for which a loss is both probable and the amount can be reasonably estimated.

In October 2022, the Company received a request for information from the SEC in connection with an investigation of the Company's compliance with records preservation requirements for business-related electronic communications stored on personal devices or messaging platforms that have not been approved by the Company. In 2023, the SEC proposed a potential settlement, under which the Company would pay a \$50.0 million civil monetary penalty. As a result, the Company recorded \$40.0 million in other expense in the consolidated statements of income for the year ended December 31, 2023 to reflect the amount of the penalty that is not covered by the Company's captive insurance subsidiary. On March 22, 2024, the Company reached a settlement in principle with the staff of the SEC to resolve its civil investigation. The Company expects to pay the civil monetary penalty of \$50.0 million during the second quarter half of 2024. The settlement in principle remains subject to the negotiation of definitive documentation and approval by the SEC.

In July 2024, a putative class action lawsuit was filed against LPL Financial in federal district court alleging certain violations of law in connection with its cash sweep programs. The Company intends to defend vigorously against the lawsuit.

**Third-Party Insurance**

The Company maintains third-party insurance coverage for certain potential legal proceedings, including those involving certain client claims. With respect to such client claims, the estimated losses on many of the pending matters are less than the applicable deductibles of the insurance policies.

**Self-Insurance**

The Company has self-insurance for certain potential liabilities through its captive insurance subsidiary. Liabilities associated with the risks that are retained by the Company are not discounted and are estimated by considering, in part, historical claims experience, severity factors, and actuarial assumptions and estimates. The estimated accruals for these potential liabilities could be significantly affected if future occurrences and claims differ from such assumptions and historical trends, so there are particular complexities and uncertainties involved when assessing the adequacy of loss reserves for potential liabilities that are self-insured. Self-insurance liabilities are included in accounts payable and accrued liabilities in the condensed consolidated statements of financial condition. Self-insurance related charges are included in other expense in the condensed consolidated statements of income.

The following table provides a reconciliation of the beginning and ending balances of self-insurance liabilities for the periods presented (in thousands):

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,	
	Six Months Ended June 30, Six Months Ended June 30, Six Months Ended June 30,	
		2024
Beginning balance — January 1		2024
Beginning balance — January 1		2024
Beginning balance — January 1		2024
Losses incurred		
Losses incurred		
Losses incurred		
Losses paid		
Losses paid		
Losses paid		
Ending balance — March 31		
Ending balance — June 30		
Ending balance — March 31		
Ending balance — June 30		
Ending balance — March 31		
Ending balance — June 30		

**Other Commitments**

As of June 30, 2024, the Company had approximately \$481.0 million of client margin loans that were collateralized with securities having a fair value of approximately \$673.4 million that LPL Financial can repledge, loan or sell. Of these securities, approximately \$362.6 million were client-owned securities pledged to the Options Clearing Corporation as collateral.

to secure client obligations related to options positions. As of June 30, 2024, there were no restrictions that materially limited the Company's ability to repledge, loan or sell the remaining \$310.8 million of client collateral.

Investment securities on the condensed consolidated statements of financial condition include \$8.5 million and \$5.5 million of trading securities pledged to the Options Clearing Corporation at June 30, 2024 and December 31, 2023.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Other Commitments**

As of March 31, 2024, the Company had approximately \$484.9 million of client margin loans that were collateralized with securities having a fair value of approximately \$678.9 million that LPL Financial can repledge, loan or sell. Of these securities, approximately \$357.2 million were client-owned securities pledged to the Options Clearing Corporation as collateral to secure client obligations related to options positions. As of March 31, 2024, there were no restrictions that materially limited the Company's ability to repledge, loan or sell the remaining \$321.7 million of client collateral.

Investment securities on the condensed consolidated statements of financial condition include \$8.4 million and \$5.5 million of trading securities pledged to the Options Clearing Corporation at March 31, 2024 and December 31, 2023, respectively, and \$19.7 million and \$19.9 million of trading securities pledged to the National Securities Clearing Corporation at March 31, 2024 both June 30, 2024 and December 31, 2023, respectively.

**NOTE 11 - STOCKHOLDERS' EQUITY**

**Dividends**

The payment, timing and amount of any dividends are subject to approval by the Company's Board of Directors (the "Board") as well as certain limits under the Credit Agreement. Cash dividends per share of common stock and total cash dividends paid on a quarterly basis were as follows (in millions, except per share data):

2024		2024			2023		2024		
Dividend per Share	Dividend per Share	Total Cash Dividend							
First quarter									
Second quarter									

**Share Repurchases**

The Company engages in a share repurchase program that was approved by the Board, pursuant to which LPLFH may repurchase its issued and outstanding shares of common stock from time to time. Repurchased shares are included in treasury stock on the condensed consolidated statements of financial condition.

During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024 LPLFH repurchased 296,145 shares of common stock at a weighted-average price of \$236.39 for a total of \$70.0 million. As of ~~March 31, 2024~~ June 30, 2024, the Company had \$830.0 million remaining under the existing share repurchase program. As a result of ~~our~~ the Company's planned acquisition of Atria, the Company paused share repurchases during the ~~quarter.~~ first quarter of 2024. Future share repurchases may be effected in open market or privately negotiated transactions, including transactions with affiliates, with the timing of purchases and the amount of stock purchased generally determined at the discretion of the Company within the constraints of the Credit Agreement and the Company's general working capital needs.

**NOTE 12 - SHARE-BASED COMPENSATION**

In May 2021, the Company adopted its 2021 Omnibus Equity Incentive Plan (the "2021 Plan"), which provides for the granting of stock options, warrants, restricted stock awards, restricted stock units, deferred stock units, performance stock units and other equity-based compensation to the Company's employees, non-employee directors and other service providers. The 2021 Plan serves as the successor to the Company's 2010 Omnibus Equity Incentive Plan (the "2010 Plan"). Following the adoption of the 2021 Plan, the Company is no longer making grants under the 2010 Plan, and the 2021 Plan is the only plan under which equity awards are granted. However, awards previously granted under the 2010 Plan will remain outstanding until vested, exercised or forfeited, as applicable.

There were 17,754,197 shares authorized for grant under the 2021 Plan and ~~11,656,366~~ ~~11,713,249~~ shares remaining available for future issuance at ~~March 31, 2024~~ June 30, 2024.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Stock Options and Warrants**

The Company has not granted stock options or warrants since 2019. The following table summarizes the Company's stock option and warrant activity as of and for the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024:

	Number of Shares	Number of Shares	Weighted-Average Exercise Price	Remaining Contractual Term (Years)	Weighted-Average Intrinsic Value (In thousands)	Number of Shares	Weighted-Average Exercise Price	Remaining Contractual Term (Years)	Weighted-Average Intrinsic Value (In thousands)
Outstanding — December 31, 2023									
Granted									
Granted									
Granted									
Exercised									
Exercised									
Exercised									
Forfeited and Expired									
Forfeited and Expired									
Forfeited and Expired									
Outstanding — March 31, 2024									
Outstanding — March 31, 2024									
Outstanding — March 31, 2024									
Exercisable — March 31, 2024									
Exercisable and expected to vest — March 31, 2024									
Outstanding — June 30, 2024									
Outstanding — June 30, 2024									
Outstanding — June 30, 2024									
Exercisable — June 30, 2024									
Exercisable and expected to vest — June 30, 2024									

The following table summarizes information about outstanding stock options and warrants as of **March 31, 2024** **June 30, 2024**:

Range of Exercise Prices	Range of Exercise Prices	Outstanding				Exercisable				Outstanding				Exercisable			
		Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Shares	Weighted-Average Exercise Price	Range of Exercise Prices	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)				
													Weighted-Average	Weighted-Average	Weighted-Average	Weighted-Average	
\$19.85 - \$25.00																	
\$25.01 - \$35.00																	
\$35.01 - \$45.00																	
\$45.01 - \$65.00																	
\$65.01 - \$75.00																	
\$75.01 - \$80.00																	

The Company recognized no share-based compensation expense related to the vesting of stock options awarded to employees and officers during the three and six months ended **March 31, 2024** **June 30, 2024** and 2023. As of **March 31, 2024** **June 30, 2024**, there was no unrecognized compensation cost related to non-vested stock options.

#### Restricted Stock and Stock Units

The following summarizes the Company's activity in its restricted stock awards and stock units, which include restricted stock units, deferred stock units and performance stock units, as of and for the three six months ended **March 31, 2024** **June 30, 2024**:

	Restricted Stock Awards		Restricted Stock Awards		Stock Units		Restricted Stock Awards		Stock Units	
	Number of Shares	Number of Shares	Weighted-Average		Number of Units	Weighted-Average	Number of Shares	Number of Shares	Weighted-Average	
			Grant-Date	Fair Value		Grant-Date			Grant-Date	Fair Value
Outstanding — December 31, 2023										
Granted										
Vested										
Forfeited										
Outstanding — March 31, 2024										
Expected to vest — March 31, 2024										
Outstanding — June 30, 2024										

Expected to vest — June 30, 2024

(1) Includes 90,412 95,990 vested and undistributed deferred stock units.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The Company grants restricted stock awards and deferred stock units to its directors and restricted stock units and performance stock units to its employees and officers. Restricted stock awards and stock units must vest or are subject to forfeiture; however, restricted stock awards are included in shares outstanding upon grant and have the same dividend and voting rights as the Company's common stock. The Company recognized \$20.3 \$17.3 million and \$16.2 million \$14.6 million of share-based compensation expense related to the vesting of these restricted stock awards and stock units during the three months ended March 31, 2024 June 30, 2024 and 2023, respectively and \$37.6 million and \$30.8 million during the six months ended June 30, 2024 and 2023, respectively. As of March 31, 2024 June 30, 2024, total unrecognized compensation cost for restricted stock awards and stock units was \$138.4 million \$119.2 million, which is expected to be recognized over a weighted-average remaining period of 2.23 2.08 years.

The Company also grants restricted stock units to its advisors and to institutions. The Company recognized share-based compensation expense of \$0.7 million and \$0.6 million related to the vesting of these awards during both the three months ended March 31, 2024 June 30, 2024 and 2023, and \$1.4 million and \$1.3 million during the six months ended June 30, 2024 and 2023, respectively. As of March 31, 2024 June 30, 2024, total unrecognized compensation cost for restricted stock units granted to advisors and institutions was \$4.5 million \$3.8 million, which is expected to be recognized over a weighted-average remaining period of 1.98 1.82 years.

**NOTE 13 - EARNINGS PER SHARE**

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if dilutive potential shares of common stock had been issued. The calculation of basic and diluted earnings per share for the periods noted was as follows (in thousands, except per share data):

	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,
				2024	2023
Net income					
Net income					
Net income					
Basic weighted-average number of shares outstanding					
Basic weighted-average number of shares outstanding					
Basic weighted-average number of shares outstanding					
Dilutive common share equivalents					
Dilutive common share equivalents					
Dilutive common share equivalents					
Diluted weighted-average number of shares outstanding					
Diluted weighted-average number of shares outstanding					
Diluted weighted-average number of shares outstanding					
Basic earnings per share					
Basic earnings per share					
Basic earnings per share					
Diluted earnings per share					
Diluted earnings per share					
Diluted earnings per share					

The computation of diluted earnings per share excludes stock options, warrants and stock units that are anti-dilutive. For the three months ended March 31, 2024 June 30, 2024 and 2023, stock options, warrants and stock units representing common share equivalents of 162,078 5,174 shares and 75,416 208,654 shares, respectively, were anti-dilutive. For the six months ended June 30, 2024 and 2023, stock options, warrants and stock units representing common share equivalents of 3,568 shares and 107,544 shares, respectively, were anti-dilutive.

**NOTE 14 - NET CAPITAL AND REGULATORY REQUIREMENTS**

The Company's broker-dealer subsidiaries are subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1 under the Exchange Act of 1934, as amended), which requires the maintenance of minimum net capital. The net capital rules also provide that a broker-dealer's capital may not be withdrawn if the resulting net capital would be less than minimum requirements. Additionally, certain withdrawals require the approval of the SEC and the Financial Industry Regulatory Authority ("FINRA") to the extent they exceed defined levels, even though such withdrawals would not cause net capital to be less than minimum requirements. Net capital and the related net capital requirement may fluctuate on a daily basis.

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The following table presents the net capital position of the Company's primary broker-dealer subsidiary (in thousands):

	<b>March 31, June 30, 2024</b>
<b>LPL Financial LLC</b>	
Net capital	\$ 328,479 271,649
Less: required net capital	18,070 17,550
Excess net capital	<b>\$ 310,409 254,099</b>

The Company's subsidiary, PTC, also operates in a highly regulated industry and is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts on PTC's operations.

As of **March 31, 2024** **June 30, 2024**, LPL Financial and PTC met all capital adequacy requirements to which they were subject.

**NOTE 15 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK  
AND CONCENTRATIONS OF CREDIT RISK**

LPL Financial may offer loans to new and existing advisors and institutions to facilitate their relationship with LPL Financial, transition to LPL Financial's platform or fund business development activities. LPL Financial may incur losses if advisors or institutions do not fulfill their obligations with respect to these loans. To mitigate this risk, LPL Financial evaluates the performance and creditworthiness of the advisor or institution prior to offering repayable loans.

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

LPL Financial is obligated to settle transactions with brokers and other financial institutions even if its advisors' clients fail to meet their obligation to LPL Financial. Clients are required to complete their transactions on the settlement date, generally two business days after the trade date. If clients do not fulfill their contractual obligations, LPL Financial may incur losses. In addition, the Company occasionally enters into certain types of contracts to fulfill its sale of when-issued securities. When-issued securities have been authorized but are contingent upon the actual issuance of the security. LPL Financial has established procedures to reduce this risk by generally requiring that clients deposit cash or securities into their account prior to placing an order.

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

**LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**NOTE 16 - SUBSEQUENT EVENTS**

The Board declared a cash dividend of \$0.30 per share on LPLFH's outstanding common stock to be paid on **June 4, 2024** **August 23, 2024** to all stockholders of record on **May 21, 2024** **August 9, 2024**.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

## Market Risk

We maintain trading securities and securities sold, but not yet purchased in order to facilitate client transactions, to meet a portion of our clearing deposit requirements at various clearing organizations, to track the performance of our research models and in connection with our dividend reinvestment program. Trading securities are included in investment securities while securities sold, but not yet purchased are included in other liabilities on the condensed consolidated statements of financial condition and can include mutual funds, money market funds, debt securities and equity securities. We enter into market risk sensitive instruments for purposes other than trading, which are included in other assets on the condensed consolidated statements of financial condition and can include deferred compensation plan assets invested in life insurance, money market and other mutual funds, investments in fractional shares held by customers, and other non-traded real estate investment trusts. Changes in the value of our market risk sensitive instruments may result from fluctuations in interest rates, credit ratings of the issuer, equity prices or a combination of these factors.

In facilitating client transactions, our trading securities and securities sold, but not yet purchased generally involve mutual funds, including dividend reinvestments. Our positions held are based upon the settlement of client transactions, which are monitored by our Trading and Operations department.

Positions held to meet clearing deposit requirements consist of U.S. government securities and equity securities. The amount of securities deposited depends upon the requirements of the clearing organization. The level of securities deposited is monitored by the settlements group within our Trading and Operations department.

Our Research department develops model portfolios that are used by advisors in developing client portfolios. We maintain securities owned in internal accounts based on these model portfolios to track the performance of our Research department. At the time a portfolio is developed, we purchase the securities in that model portfolio in an amount equal to the account minimum, which varies by product.

In addition, we are subject to market risk resulting from operational risk events, which can require customer trade corrections. We also bear market risk on the fees we earn that are based on the market value of advisory and brokerage assets, as well as assets on which trailing commissions are paid and assets eligible for sponsor payments.

As of **March 31, 2024** **June 30, 2024**, the fair value of our trading securities was **\$43.4 million** **\$73.5 million** and securities sold, but not yet purchased were not material. The fair value of market risk sensitive instruments entered into for other than trading purposes included within other assets was **\$941.9 million** **\$983.5 million** as of **March 31, 2024** **June 30, 2024**. See Note 5 - *Fair Value Measurements*, within the notes to the condensed consolidated financial statements for information regarding the fair value of trading securities; securities sold, but not yet purchased; and other assets associated with our client facilitation activities.

## Interest Rate Risk

We are exposed to risk associated with changes in interest rates. As of **March 31, 2024** **June 30, 2024**, **\$1.4 billion** **\$1.0 billion** of our outstanding debt was subject to floating interest rate risk. While our senior secured term loan is subject to increases in interest rates, we do not believe that a short-term change in interest rates would have a material impact on our net income given revenue generated by our client cash balances, which is generally subject to the same, but off-setting, interest rate risk.

The following table summarizes the impact of increasing interest rates on our interest expense from the variable portion of our debt outstanding, calculated using the projected average outstanding balance over the subsequent twelve-month period (in thousands):

Corporate Debt and Other Borrowings	Corporate Debt and Other Borrowings	Outstanding Balance at March 31, 2024	Annual Impact of an Interest Rate (†) Increase of				Annual Impact of an Interest Rate (†) Increase of			
			10 Basis	25 Basis	50 Basis	100 Basis	10 Basis	25 Basis	50 Basis	100 Basis
			Points				Outstanding Balance at June 30, 2024			
Term Loan B										
Revolving Credit Facility										
Variable Rate Debt										
Outstanding										

(†) Our interest rate for our Term Loan B is locked in for one, two, three, six or twelve months as allowed under the Credit Agreement. At the end of the selected periods, the rates will be locked in at the then current rate. The effect of these interest rate locks are not included in the table above.

See Note 9 - *Corporate Debt and Other Borrowings, Net*, within the notes to the condensed consolidated financial statements for additional information.

We offer our advisors and their clients two FDIC insured bank sweep vehicles and a client cash account ("CCA") that are interest rate sensitive. Our FDIC insured sweep vehicles include an (1) insured cash account ("ICA") for individuals, trusts, sole proprietorships and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts and other organizations and (2) an insured deposit cash account ("DCA") for advisory individual retirement accounts. Clients earn interest on deposits in the ICA and the DCA while we earn a fee. The fees we earn from cash held in the ICA are based primarily on prevailing interest rates in the current interest rate environment, and are therefore subject to interest rate risk. The fees we earn from the DCA are calculated as a per account fee, and such fees increase as the federal funds target rate increases, subject to a cap.

The Company places ICA sweep overflow into the CCA. These deposits are either used to fund client margin lending or placed in third-party bank or investment accounts, both of which are segregated under federal or other regulations, where they are held as cash or invested in short-term U.S. treasury bills. We earn interest income on these bank deposits and investments in short-term U.S. treasury bills and pay interest to clients on these CCA balances, which are sensitive to prevailing interest rates. This interest income and expense is included in interest income, net in the condensed consolidated statements of income. Changes in interest rates and fees for the deposit sweep vehicles are monitored by our Rate Setting Committee (the "RSC"), which governs and approves any changes to our fees. By meeting promptly around the time of Federal Open Market Committee meetings, or for other market or non-market reasons, the RSC considers financial risk of the deposit sweep vehicles relative to other products into which clients may move cash balances.

## Credit Risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. We are subject to credit risk from certain loans extended to advisors and institutions when we extend loans with repayment terms to facilitate advisors' and institutions' transition to our platform or to fund business development activities. We are also subject to credit risk when a forgivable loan to an advisor or institution converts to repayable upon advisor or institution termination or change in agreed upon terms.

Credit risk also arises when collateral posted with LPL Financial by clients to support margin lending or derivative trading is insufficient to meet clients' contractual obligations to LPL Financial. Our credit exposure in these transactions consists primarily of margin accounts, through which we extend credit to advisors' clients collateralized by securities in the clients' accounts. Under many of these agreements, we are permitted to sell, repledge or loan these securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover short positions.

As our advisors execute margin transactions on behalf of their clients, we may incur losses if clients do not fulfill their obligations, the collateral in the clients' accounts is insufficient to fully cover losses from such investments and our advisors fail to reimburse us for such losses. Our losses on margin accounts were not material during the three and six months ended **March 31, 2024** and **June 30, 2024** or 2023. We monitor exposure to industry sectors and individual securities and perform analyses on a regular basis in connection with our margin lending activities. We adjust our margin requirements if we believe our risk exposure is not appropriate based on market conditions.

We are subject to concentration risk if we extend large loans to or have large commitments with a single counterparty, borrower or group of similar counterparties or borrowers, or if we accept a concentrated position as

collateral for a margin loan. Receivables from and payables to clients and stock borrowing and lending activities are conducted with a large number of clients and counterparties and potential concentration is monitored. We seek to limit this risk through review of the underlying business and the use of limits established by senior management taking into consideration factors including current market conditions, the financial strength of the counterparty, the size of the position or commitment, the expected duration of the position or commitment and other positions or commitments outstanding.

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective.

##### Change in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the **first** **second** quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

#### Item 1. Legal Proceedings

From time to time, we have been subjected to and are currently subject to legal and regulatory proceedings arising out of our business operations, including lawsuits, arbitration claims, and inquiries, investigations and enforcement proceedings initiated by the SEC, FINRA and state securities regulators, as well as other actions and claims. See Note 10 - *Commitments and Contingencies*, within the notes to the condensed consolidated financial statements for additional information.

#### Item 1A. Risk Factors

There have been no material changes in the information regarding the Company's risks, as set forth under Part I, "Item 1A. Risk Factors" in the Company's 2023 Annual Report on Form 10-K.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth information regarding repurchases, reported on a trade date basis, during the three months ended March 31, 2024:

Period	Total Number of Shares Purchased	Weighted-Average Price Paid per Share	Total Number of Shares		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (millions) <sup>(1)</sup>
			Purchased as Part of Publicly Announced Programs	Program (millions) <sup>(1)</sup>	
January 1, 2024 through January 31, 2024	296,145	\$ 236.39		296,145	\$ 830.0
February 1, 2024 through February 29, 2024	—	\$ —		—	\$ 830.0
March 1, 2024 through March 31, 2024	—	\$ —		—	\$ 830.0
<b>Total</b>	<b>296,145</b>			<b>296,145</b>	

None.

(1) On September 21, 2022, the Board authorized a \$2.1 billion increase to the amount available for repurchases of LPLFH's issued and outstanding common shares. See Note 11 - *Stockholders' Equity*, within the notes to the condensed consolidated financial statements for additional information.

The repurchases may be executed from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases or privately negotiated transactions, including transactions with affiliates, with the timing of purchases and the amount of shares purchased generally determined at the discretion of the Company within the constraints of the Credit Agreement, applicable laws and consideration of the Company's general liquidity needs.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

During the three months ended **March 31, 2024** **June 30, 2024**, certain of our officers (as defined in Rule 16a-1(f) under the Exchange Act) entered into contracts, instructions or written plans for the purchase or sale of our common stock that are intended to satisfy the affirmative defense conditions specified in Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 trading arrangements"). The table below sets forth certain information regarding such Rule 10b5-1 trading arrangements:

Officer	Date of Plan Adoption	Commencement of Trading	Termination of Trading	Maximum Number of Securities to be Purchased or Sold Pursuant to the Rule 10b5-1 Trading Arrangements	Purchase or Sale
		Period	Period <sup>(1)</sup>	20,000	
Dan Arnold, President and Chief Executive Officer	March 13, June 12, 2024	June 14, September 16, 2024	September December 12, 2024	20,000	Sale

(1) Represents the outside termination date pursuant to terms of each applicable plan. The agreement governing the applicable plan may terminate earlier pursuant to its terms in certain circumstances outside of the control of the applicable officer, including if all trades under the plan are completed prior to the termination of the trading period.

**Item 6. Exhibits**

3.1 Amended and Restated Certificate of Incorporation of LPL Investment Holdings Inc., dated November 23, 2010 (incorporated by reference to Amendment No. 2 to the Registration Statement on Form S-1 filed on July 9, 2010, File No. 333-167325).

3.2 Certificate of Ownership and Merger Merging LPL Financial Holdings Inc. with and into LPL Investment Holdings Inc., dated June 14, 2012 (incorporated by reference to the Form 8-K filed on June 19, 2012, File No. 001-34963).

3.3 Certificate of Amendment to the Amended and Restated Certificate of Incorporation of LPL Financial Holdings Inc., dated May 8, 2014 (incorporated by reference to the Form 8-K filed on May 9, 2014, File No. 001-34963).

3.4 ~~Seventh~~ Amended and Restated Bylaws of LPL Financial Holdings Inc. (incorporated by reference to the Form 8-K filed on ~~February 20, 2024~~ February 20, 2024, File No. 001-34963).

4.1 Second Supplemental Indenture, dated May 20, 2024, among LPL Holdings, Inc., LPL Financial Holdings Inc., as the Guarantor, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to the Form 8-K filed on May 20, 2024, File No. 001-34963).

4.2 Third Supplemental Indenture, dated May 20, 2024, among LPL Holdings, Inc., LPL Financial Holdings Inc., as the Guarantor, and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to the Form 8-K filed on May 20, 2024, File No. 001-34963).

10.1 LPL Financial Holdings Inc. Non-Employee Director Compensation Policy, as amended May 9, 2024.\*

10.2 LPL Financial Holdings Inc. Non-Employee Director Deferred Compensation Plan, as amended May 9, 2024.\*

10.3 Eighth Amendment, dated May 20, 2024, among the Company, the Guarantor, certain subsidiaries of the Company party thereto as guarantors, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and parties party thereto (incorporated by reference to the Form 8-K filed on May 20, 2024, File No. 001-34963).

22.1 List of Subsidiary Guarantors and Issuers of Guaranteed Securities.\*

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).\*

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).\*

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*\*

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*\*

101.SCH Inline XBRL Taxonomy Extension Schema\*

101.CAL Inline XBRL Taxonomy Extension Calculation\*

101.LAB Inline XBRL Taxonomy Extension Label\*

101.PRE Inline XBRL Taxonomy Extension Presentation\*

101.DEF Inline XBRL Taxonomy Extension Definition\*

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* Furnished herewith.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**LPL Financial Holdings Inc.**

Date: **May 2, July 30, 2024**

By: **/s/ DAN H. ARNOLD**

**Dan H. Arnold**

**President and Chief Executive Officer**

Date: **May 2, July 30, 2024**

By: **/s/ MATTHEW J. AUDETTE**

**Matthew J. Audette**

**Chief Financial Officer and Head of Business Operations**

**4751**

**Exhibit 10.1**

**LPL FINANCIAL HOLDINGS INC.**

*Non-Employee Director Compensation Policy*

**Annual Retainer**

- All non-employee directors receive an annual retainer of \$285,000, which is paid in advance on the next business day following the Company's annual meeting of stockholders (the "Annual Payment Date"). Of this amount, \$100,000 is paid in a lump sum in cash and \$185,000 is paid in the form of restricted shares of the Company's common stock (the "Common Stock").
- The restricted shares are issued under the Company's 2021 Omnibus Equity Incentive Plan (the "2021 Plan") and vest in full on the date immediately prior to the date of the Company's next annual meeting of stockholders (the "Vesting Date"). The number of restricted shares is determined by dividing \$185,000 by the average of the closing price per share of the Common Stock on The NASDAQ Stock Market for the trailing thirty consecutive trading days inclusive of the Annual Payment Date (the "Grant Price"), rounded down to the nearest whole share.
- In lieu of the above cash payment, a non-employee director may make an election (an "Election") to be issued, on the Annual Payment Date, a number of shares of the Common Stock under the 2021 Plan determined by dividing \$100,000 by the Grant Price, rounded down to the nearest whole share. An Election must be delivered in writing (including electronic mail) prior to the Annual Payment Date during an open trading window under the Company's insider trading policy.

**Additional Service Retainers**

- Members of the standing committees of the Board of Directors receive annual service retainers in the following amounts, paid in cash in quarterly installments following the end of each quarter of service:

	<b>Chair</b>	<b>Each Other Member</b>
Audit Committee	\$30,000	\$15,000
Compensation and Human Resources Committee	\$25,000	\$12,500
Nominating and Governance Committee	\$20,000	\$10,000

- The Chair of the Board receives an additional annual service retainer of \$140,000, paid in cash in quarterly installments following the end of each quarter of service.

**Newly Elected Directors**

Following a non-employee director's initial election to the Board of Directors other than on the date of an annual meeting of stockholders, he or she will receive a portion of the annual retainer (the "Pro-Rated Retainer"), payable on the first business day of the month immediately following such election (the "Election Payment Date").

- The cash portion of the Pro-Rated Retainer will be calculated by multiplying \$100,000 by a fraction, the numerator of which is the number of full months between the Election Payment Date and the Vesting Date and the denominator of which is 12 (the "Cash Amount").
- The number of restricted shares to be issued will be determined by (i) multiplying \$185,000 by a fraction, the numerator of which is the number of full months between the Election Payment Date and the Vesting Date and the denominator of which is 12, and (ii) dividing such product by the average of the closing price per share of the Common Stock on The NASDAQ Stock Market for the trailing thirty consecutive trading days inclusive of the Election Payment Date, rounded down to the nearest

whole share. The restricted shares will be issued under the 2021 Plan and vest in full on the Vesting Date.

- In lieu of the above cash payment, a non-employee director may make an election to be issued, on the Election Payment Date, a number of shares of Common Stock under the 2021 Plan determined by dividing the Cash Amount by the average of the closing price per share of the Common Stock on The NASDAQ Stock Market for the trailing thirty consecutive trading days inclusive of the Election Payment Date, rounded down to the nearest whole share. Such an election must be delivered in writing (including electronic mail) on or prior to the date of the director's election to the Board of Directors.

Newly elected directors, and directors who are newly appointed to a committee, will also be entitled to pro-rated service retainers for any full month following his or her initial election to the Board of Directors or initial appointment to a committee of the Board of Directors, as applicable.

Directors may elect to defer their annual retainer, but not, for the avoidance of doubt, their additional service retainers, under the Company's Non-Employee Director Deferred Compensation Plan. If the restricted stock portion of the annual retainer is deferred, a director will receive a grant of restricted stock units under the 2021 Plan in lieu of restricted stock.

In the discretion of the Board of Directors, the grant date of shares of Common Stock, including restricted shares, may be delayed until the next open trading window under the Company's insider trading policy then in effect.

*Effective as of May 9, 2024*

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**Exhibit 10.2**

**LPL FINANCIAL HOLDINGS, INC.**  
**NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN**

Amended as of May 9, 2024

**1. DEFINED TERMS**

Exhibit A, which is incorporated by reference, defines the terms used in this Plan and sets forth certain operational rules relating to those terms.

**2. PURPOSE; EFFECTIVE DATE**

The purpose of the Plan is to enable Directors to defer the receipt of certain compensation earned in their capacity as non-employee directors of the Company. The Plan is an unfunded deferred compensation plan that is intended to (a) comply with Section 409A of the Code, and shall be construed, administered and interpreted accordingly, and (b) be exempt from the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan was adopted as of November 19, 2015, and has been most recently amended effective as of May 9, 2024.

**3. ADMINISTRATION**

The Plan is administered by the Administrator. The Administrator has discretionary authority, subject only to the express provisions of the Plan, to interpret the Plan; to prescribe forms, rules and procedures relating to the Plan; and to otherwise do all things necessary or appropriate to carry out the purpose of the Plan. Determinations of the Administrator made under the Plan will be conclusive and will bind all parties. No individual acting as Administrator may determine his or her own rights or entitlements under the Plan, if any.

**4. ELIGIBILITY AND PARTICIPATION**

(a) Commencement of Participation. A Director will become a Participant on the day that his or her first deferral election under Section 5 becomes irrevocable, as provided for in Section 5(c).

(b) Termination of Eligibility and Participation. A Director shall remain a Participant until his or her Account has been fully distributed.

## 5. DEFERRAL ELECTIONS

(a) Director Equity Retainer. A Director may defer the receipt of 100% of the Equity Retainer awarded to such Director as compensation for services to be performed in any calendar year by completing and delivering a deferral election in accordance with Section 5(c) below not later than December 31 of the preceding calendar year (or such earlier date as may be specified by the Administrator). Subject to Section 5(d) below, any individual who becomes a Director after January 1 of any year may elect within 30 days after becoming a Director to defer the receipt of 100% of the pro-rata Equity Retainer awarded to such Director as compensation for services to be performed subsequent to such election in the remainder of such calendar year by completing and delivering a deferral election in accordance with Section 5(c) below within such 30-day period. For the avoidance of doubt, a Director who elects to defer his or her Equity Retainer for services to be performed in a calendar year may defer no less than 100% of such Equity Retainer and any deferral election to the contrary shall be null and void and shall have no effect.

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(b) Director Cash Retainer. For any calendar year with respect to which a Director elects to defer his or her Equity Retainer pursuant to Section 5(a), the Director may also defer the receipt of 100% of the Cash Retainer payable as compensation for services to be performed in the same calendar year by completing and delivering a deferral election form in accordance with Section 5(c) below not later than December 31 of the preceding calendar year (or such earlier date as may be specified by the Administrator). Subject to Section 5(d) below, any individual who becomes a Director after January 1 of any year, and elects to make a deferral of his or her Equity Retainer for the remainder of such calendar year pursuant to Section 5(a), may elect within 30 days after becoming a Director to defer the receipt of 100% of the pro-rata Cash Retainer payable as compensation for services to be performed subsequent to such election in the remainder of such calendar year by completing and delivering a deferral election in accordance with Section 5(c) below within such 30-day period. A Director's Cash Retainer shall be treated as earned for services performed in a calendar year if paid with respect to services performed in such year. For the avoidance of doubt, (i) a Director may not elect to defer a Cash Retainer payable for services to be performed in a calendar year pursuant to this Section 5(b) unless such Director has made a deferral of the Equity Retainer payable for services to be performed in the same calendar year pursuant to Section 5(a), and (ii) a Director who elects to defer his or her Cash Retainer for services to be performed in a calendar year may defer no less than 100% of such Cash Retainer and, in each case, any deferral election to the contrary shall be null and void and shall have no effect.

(c) Form of Deferral Election. Each deferral election under this Section 5 shall be made in writing on the form set forth on Exhibit B hereto, or in such other writing (including an electronic writing) as prescribed by the Administrator. The Administrator may condition the effectiveness of any election upon the delivery by the Director of such other form or forms as the Administrator may prescribe. A deferral election under this Section 5 for a particular calendar year shall become irrevocable once that year has begun or upon such earlier date as may be specified by the Administrator (or in the case of an initial year of participation under Section 5(a) or 5(b) for an individual who becomes a Director after January 1 of any calendar year, once the 30-day initial election period has expired). Any election submitted in accordance with this Section 5 shall remain in effect for the calendar year to which such election relates and each subsequent calendar year in which an individual serves as a Director unless the election is changed or revoked prior to the applicable election deadline for the relevant calendar year, in accordance with such rules and procedures as the Administrator may establish from time to time and consistent, in the Administrator's judgment, with the requirements of Section 409A of the Code and the applicable Treasury Regulations thereunder.

(d) Limitation on Mid-Year Elections. Any individual who becomes a Director after January 1 of any year and who already participates or is eligible to participate in (including, except to the extent otherwise provided in Section 1.409A-2(a)(7) of the Treasury Regulations, an individual who has any entitlement, vested or unvested, to payments under) any other nonqualified deferred compensation plan that would be required to be aggregated with the Plan for purposes of Section 1.409A-1(c)(2) of the Treasury Regulations shall not be treated as eligible for the mid-year election rules of this Section 5 with respect to the Plan, even if he or she had never previously been eligible to participate in the Plan itself.

## 6. ACCOUNTS

(a) Establishment of Accounts. The Company shall maintain an Account on behalf of each Participant and shall make additions to and subtractions from such Account as provided herein.

(b) Investment in Stock Units. For each Equity Retainer and Cash Retainer deferred by a Director under Section 5, there shall be credited to a Participant's Account a number of Stock Units that is

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-2-

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equal to the quotient obtained by dividing (i) the dollar amount of such deferred Cash Retainer or Equity Retainer by (ii) the fair market value of a share of Stock (as determined in accordance with the Policy and the Equity Plan) on the date the Cash Retainer or Equity Retainer then being allocated to the Account would otherwise have been paid (or, in the case of any deferred Equity Retainer, granted) to the Participant, rounded down to the nearest whole number of Stock Units.

(c) Dividends. On the payment date of any cash dividend with respect to Stock, the number of vested and unvested Stock Units credited to a Participant's Account shall be increased by that number of Stock Units which is equal to the quotient obtained by dividing (i) the Dividend Amount by (ii) the fair market value of a share of Stock (as determined in accordance with the Policy and the Equity Plan) on the payment date, rounded down to the nearest whole number of Stock Units. In the case of any dividend declared on Stock which is payable in Stock, a Participant's Account shall be increased by that number of Stock Units which is equal to the product of (x) the number of Stock Units credited to the Participant's Account on the related dividend record date and (y) the number of shares of Stock (including any fraction thereof) declared as a dividend with respect to a share of Stock, rounded down to the nearest whole number of Stock Units.

(d) Application of the Equity Plan. Stock Units credited to a Participant's Account pursuant to this Section 6 shall be considered awards of Stock Units granted under the Equity Plan and the shares of Stock issuable upon the distribution of a Participant's Account shall be counted against the share reserve of the Equity Plan in accordance with Section 4 of the Equity Plan. Stock Units credited to a Participant's Account shall be subject to adjustment in accordance with Section 7 of the Equity Plan, in each case, in a manner consistent with the requirements of Section 409A of the Code. In all other respects, Stock Units credited to a Participant's Account and, the Stock issued upon distribution thereof shall be subject to the terms and conditions of the Equity Plan, which are incorporated herein by reference. For the avoidance of doubt, no Stock has been separately reserved for issuance under the Plan.

## 7. VESTING

(a) Stock Units Attributable to Cash Retainer. A Participant shall be fully vested in the portion of his or her Account, including any Stock Units credited to such Participant's account pursuant to Section 6(c), that is attributable to the deferral of a Cash Retainer.

(b) Stock Units Attributable to Equity Retainer. A Participant shall become fully vested in the portion of his or her Account, including any Stock Units credited to such Participant's account pursuant to Section 6(c), that is attributable to the deferral of an Equity Retainer on the date on which such Equity Retainer would have vested in accordance with the Policy if it had not been deferred pursuant to the Plan (for each such deferral of an Equity Retainer, the "Vesting Date"), subject, in all cases, to the Director's continuous service as a Director through the applicable Vesting Date. Upon a termination of a Director's service prior to a Vesting Date for any reason, any unvested portion of his or her Account, including any Stock Units credited to such Participant's account pursuant to Section 6(c), shall be automatically and immediately forfeited.

(c) Change of Control. Notwithstanding anything to the contrary in this Section 7, any unvested portion of a Director's Account shall vest upon the occurrence of a Change of Control, provided that the Director remains in service at such date.

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-3-

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## 8. DISTRIBUTIONS

(a) Form of Distribution. The Company shall make a distribution to a Participant in the form of a single distribution of Stock equal in number to the number of vested Stock Units credited to such Participant's Account.

(b) **Timing of Distribution.** A distribution described in Section 8(a) shall be made to the Participant by the Company within 30 days following the earlier of (i) such Participant's Separation from Service for any reason (including by reason of death) or (ii) a Change of Control.

## 9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan for any purposes which may at the time be permitted by law, and may at any time terminate the Plan; provided, however, that, except as otherwise expressly provided in the Plan, the Administrator may not, without the Participant's consent, alter the rights of a Participant with respect to vested amounts, if any, standing to the credit of such Participant's Account prior to such alteration so as to affect materially and adversely the Participant's rights with respect to such amount. Any amendments to the Plan shall be conditioned upon stockholder approval only to the extent, if any, such approval is required by law (including the Code and applicable stock exchange requirements), as determined by the Administrator. In addition, a Participant's deferral election in effect for the calendar year in which the termination of the Plan occurs shall not be cancelled for such year, and no distributions shall be made upon termination of the Plan, unless permitted by and in accordance with Section 409A of the Code.

## 10. GOVERNING LAW

The provisions of the Plan and deferral election agreement under the Plan and all claims or disputes arising out of or based upon the Plan or any deferral election agreement under the Plan or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

## 11. MISCELLANEOUS

(a) **Unfunded Plan.** This Plan shall not be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant. The Company shall not be obligated to fund its liabilities under the Plan and no person (including, without limitation, any Participant or any beneficiary thereof) shall have any claim against the Company or its assets in connection with the Plan other than as an unsecured general creditor.

(b) **No Warranties.** The Company does not warrant or represent in any way that the value of a Participant's Account will increase or not decrease. Each Participant (and his or her designated beneficiaries) assumes all risk in connection with participation in the Plan, including, without limitation, any change in such value.

(c) **Limitation on Liability.** Notwithstanding anything to the contrary in the Plan, neither the Company, nor any Affiliate, nor the Administrator, nor any person acting on behalf of the Company, any Affiliate, or the Administrator, shall be liable to any Participant or to the estate or beneficiary of any

-4-

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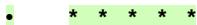
Participant by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of any deferral to satisfy the requirements of Section 409A of the Code.

(d) **No Stock Ownership.** Stock Units do not create any interest in any class of equity securities of the Company, and no Participant (or beneficiary) shall have any rights of a shareholder with respect to Stock Units (including, for the avoidance of doubt, any voting rights) by virtue of participation in the Plan, except as to shares of Stock actually distributed to him or her (or his or her designated beneficiaries) pursuant to the Stock Units credited to his or her Account.

(e) **Designation of Beneficiary.** Subject to such rules and limitations as the Administrator may prescribe, each Participant from time to time may designate one or more persons (including a trust) to receive benefits payable with respect to the Participant under the Plan upon or after the Participant's death, and may change such designation at any time. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Administrator, and will be effective only when filed in writing with the Administrator during the Participant's lifetime. In the absence of a valid beneficiary designation, or if, at the time any benefit payment is due to a beneficiary there is no living Beneficiary validly named by the Participant, the Administrator shall cause such benefit to be paid to the Participant's estate.

(f) **Inalienability of Benefits.** No benefit under, or interest in, the Plan or any Account shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void other than pursuant to a beneficiary designation filed under the Plan or by will or under the applicable laws of descent and distribution.

(g) **Status as a Director.** Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any Director for reelection by the Company's stockholders or to confer any right on the part of a Director to receive any, or any particular level, of Cash Retainer or Equity Retainer.



#### DEFINITION OF TERMS

The following terms, when used in the Plan, have the meanings and are subject to the provisions set forth below:

**"Account"**: A book entry account established and maintained by the Company on behalf of a Participant to record his or her deferral of any Equity Retainer and Cash Retainer under the Plan and any additions thereto or subtractions therefrom credited or charged in accordance with Section 6 hereof.

**"Administrator"**: The Compensation Committee, except with respect to such matters that are not delegated to the Compensation Committee by the Board (whether pursuant to committee charter or otherwise). The Compensation Committee (or the Board, with respect to such matters over which it retains authority under the Plan or otherwise) may delegate (i) to one or more of its members (or one or more other members of the Board) such of its duties, powers and responsibilities as it may determine; and (ii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. For purposes of the Plan, the term "Administrator" will include the Board, the Compensation Committee, and the person or persons delegated authority under the Plan to the extent of such delegation, as applicable.

**"Affiliate"**: Any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation or other entity being treated as one employer under Section 414(b) and Section 414(c) of the Code, except that in determining eligibility for the grant of an Award by reason of service for an Affiliate, Sections 414(b) and 414(c) of the Code shall be applied by substituting "at least 50%" for "at least 80%" under Section 1563(a)(1), (2) and (3) of the Code and Treas. Regs. § 1.414(c)-2; provided, that to the extent permitted under Section 409A, "at least 20%" shall be used in lieu of "at least 50%"; and furtherprovided, that the lower ownership threshold described in this definition (50% or 20% as the case may be) shall apply only if the same definition of affiliation is used consistently with respect to all compensatory stock options or stock awards (whether under the Plan or another plan). The Company may at any time by amendment provide that different ownership thresholds (consistent with Section 409A) apply but any such change shall not be effective for 12 months.

**"Board"**: The Board of Directors of the Company.

**"Cash Retainer"**: The portion of any annual retainer payable to a Director in cash, as set forth in the Policy, other than any portion of the annual retainer payable in cash solely in respect of a Director's service on a committee of the Board (whether standing or otherwise) or as Lead Director of the Board. The portion of any annual retainer payable to a Director in cash shall be determined prior to taking into account the ability of a Director to make an election pursuant to the Policy to have such portion payable in Stock in lieu of cash.

**"Change of Control"**: The consummation of (i) any transaction or series of related transactions, whether or not the Company is party thereto, after giving effect to which in excess of 50% 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 any person and entity directly or indirectly controlling, controlled by or under common control with the Company (where control may be by management authority, contract or equity interest) immediately following the Effective Date, or (ii) 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 of Control shall not be 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. In no event, however, shall a transaction constitute a "Change of Control" unless it also constitutes a "change in control event" within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

**Code**: The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

**Company**: LPL Financial Holdings Inc.

**Compensation Committee**: The Compensation and Human Resources Committee of the Board.

**Director**: A member of the Board who is not an employee of the Company or any of its Affiliates.

**Equity Plan**: The LPL Financial Holdings Inc. 2021 Omnibus Equity Incentive Plan, as amended from time to time.

**Equity Retainer**: The portion of any annual retainer payable to a Director in the form of restricted shares of the Company's common stock, as set forth in the Policy.

**Exchange Act**: The Securities Exchange Act of 1934, as from time to time amended and in effect.

**Dividend Amount**: An amount equal to the product of (i) the number of vested and unvested Stock Units credited to the Participant's Account on the date of a dividend and (ii) the amount of the dividend with respect to a share of Stock.

**Participant**: A Director that participates in the Plan.

**Policy**: The LPL Financial Holdings Inc. Non-Employee Director Compensation Policy, as may be amended from time to time and any successor policy thereto.

**Plan**: The LPL Financial Holdings Inc. Non-Employee Director Deferred Compensation Plan, as may be amended from time to time.

**Separation from Service**: A "separation from service" (as defined at Section 1.409A-1(h) of the Treasury Regulations after giving effect to the presumptions contained therein) from the Company and all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations; and correlative terms shall be construed to have a corresponding meaning.

**Stock**: A share of common stock of the Company, par value \$0.001 per share.

**Stock Unit**: An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in the future.

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**Exhibit B**

#### **DEFERRAL ELECTION AGREEMENT**

THIS DEFERRAL ELECTION AGREEMENT, dated as of \_\_\_\_\_, 20\_\_\_\_, is entered into by and between LPL Financial Holdings Inc. (the "Company"), a Delaware corporation, and the undersigned Director of the Company (the "Director"). This Deferral Election Agreement is intended to comply with the

requirements of Section 409A of the Code, and shall be construed, administered and interpreted accordingly. All definitions shall have the meaning set forth in the Company's Non-Employee Director Deferred Compensation Plan, as may be amended from time to time, except as otherwise set forth herein.

WHEREAS, the Director serves as a non-employee director of the Company and will earn remuneration in the form of an Equity Retainer and a Cash Retainer from the Company in that capacity pursuant to the Company's Non-Employee Director Compensation Policy, as may be amended from time to time; and

WHEREAS, the Director and the Company desire to enter into an agreement to provide for the deferral of the Equity Retainer and, if applicable, the Cash Retainer in a manner consistent with the Plan and the requirements of Section 409A of the Code.

NOW, THEREFORE, it is agreed as follows:

1. The Director irrevocably elects to defer receipt of:

- 100% of the Equity Retainer awarded for services to be performed after the date of this Agreement in calendar year 20\_\_.
- 100% of the Equity Retainer awarded for services to be performed after the date of this Agreement in calendar year 20\_\_ and 100% of the Cash Retainer awarded for services to be performed after the date of this Agreement in calendar year 20\_\_.

2. The Director hereby acknowledges that (i) he or she may defer no less than 100% of the Equity Retainer and, if applicable, the Cash Retainer pursuant to Section 1 and (ii) an election to defer receipt of the Cash Retainer pursuant to Section 1 shall be valid only if the Director has elected to defer receipt of the Equity Retainer for the same calendar year. In each case, any deferral election to the contrary shall be null and void and shall have no effect.

3. An election to defer receipt of the Equity Retainer and, if applicable, the Cash Retainer shall remain in effect for such Equity Retainer and, if applicable, such Cash Retainer earned in calendar year 20\_\_ and each subsequent calendar year in which the individual serves as a Director unless the election is changed or revoked prior to the applicable election deadline for the relevant calendar year, in accordance with such rules and procedures as the Administrator may establish from time to time and consistent, in the Administrator's judgment, with the requirements of Section 409A of the Code and the applicable Treasury Regulations thereunder.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and the Director has executed this Agreement, in each case, as of the date first written above.

LPL FINANCIAL HOLDINGS INC.

By:

Name:

Title:

Director:

Signature:

Print Name:

[Signature Page to Deferral Election Agreement]

Exhibit 22.1

### List of Subsidiary Guarantors and Issuers of Guaranteed Securities

As of **March 31, 2024** **June 30, 2024**, LPL Financial Holdings Inc., a Delaware corporation, has fully and unconditionally guaranteed the **5.700% Senior Notes due 2027**, the **6.750% Senior Notes due 2028** and the **6.000% Senior Notes due 2034** issued by LPL Holdings, Inc., a Massachusetts corporation, pursuant to an **offering** **offerings** registered under the Securities Act of 1933, as amended.

**Exhibit 31.1**

### CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Dan H. Arnold, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LPL Financial Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 2, 2024** **July 30, 2024**

*/s/* Dan H. Arnold

Dan H. Arnold

*President and Chief Executive Officer  
(principal executive officer)*

## CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Matthew J. Audette, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LPL Financial Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 2, 2024** **July 30, 2024**

*/s/* Matthew J. Audette

Matthew J. Audette  
*Chief Financial Officer and Head of  
 Business Operations  
 (principal financial officer)*

**CERTIFICATION PURSUANT TO  
 18 U.S.C. SECTION 1350,  
 AS ADOPTED PURSUANT TO  
 SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of LPL Financial Holdings Inc. (the "Company") for the period ending **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission ("SEC") on the date hereof (the "Report"), I, Dan H. Arnold, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: **May 2, 2024** July 30, 2024

/s/ Dan H. Arnold

Dan H. Arnold

*President and Chief Executive Officer*

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of LPL Financial Holdings Inc. (the "Company") for the period ending **March 31, 2024** June 30, 2024 as filed with the Securities and Exchange Commission ("SEC") on the date hereof (the "Report"), I, Matthew J. Audette, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: **May 2, 2024** July 30, 2024

/s/ Matthew J. Audette

Matthew J. Audette

*Chief Financial Officer and Head of  
Business Operations*

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