

2016 ANNUAL REPORT



LPLPAC

*Fighting to preserve independent
advice for investors*



NOTE FROM PEGGY HO

Thank you for your support of the LPL Financial Political Action Committee (LPL PAC). As we start 2017, I'd like to celebrate what we've accomplished together over the last year.

Through the LPL PAC and the efforts of our LPL Government Relations team, we've continued our advocacy work in Washington and across the United States. Advocacy is all about building relationships and being available as a resource to our policymakers, our financial advisors, and our employees.

Our mission is to build strong relationships with regulators and legislators so that we're in the best position to serve as trusted resources when Congress or regulatory agencies consider policies affecting the delivery of objective financial advice.

It's critical for us to be at the table so that we can provide policymakers with the perspective of our 14,000 financial advisors – advisors who serve millions of investors every day and can see how these rules and regulations affect them.

Frequently, the relationships we develop with legislators and regulators are leveraged when we have concerns with legislation or regulation that is being proposed. A recent example, of course, is the Department of Labor fiduciary rule. Over the course of this debate, many congressional offices have reached out to our team to seek our perspectives regarding this rule and understand our implementation challenges. We have also responded through formal and informal means to requests for comment by our regulators. Our team continues to work closely with our financial advisors and employees across the firm to ensure that our views on this issue – and many others – are being communicated clearly and effectively.

In 2017, our key advocacy priorities include:

- **Promoting a best interest standard of care that ensures affordable access to financial guidance and advice**
- **Advocating for thoughtful policies to promote senior investor protection**
- **Preserving and enhancing incentives for retirement savings**
- **Protecting the independent broker/dealer model**

As our industry continues to evolve, we see potential challenges as opportunities. We appreciate your support of our efforts through the LPL PAC and we believe together we can achieve continued success.

Sincerely,

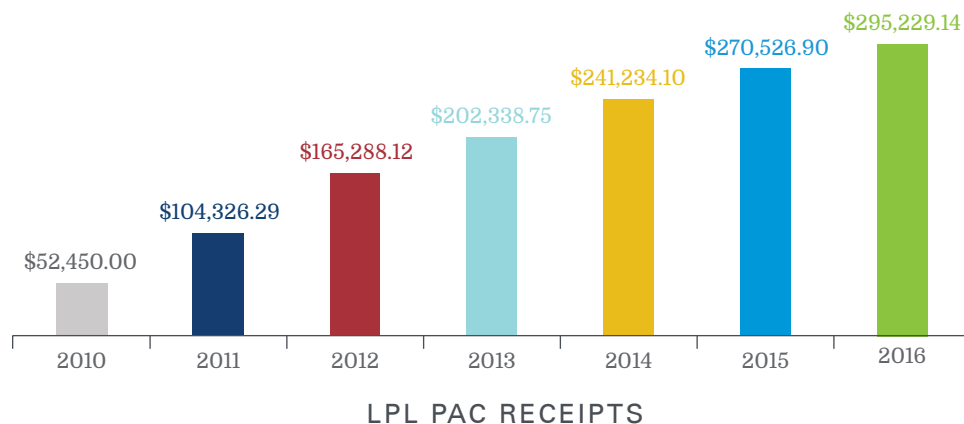
Peggy L. Ho
EVP, Government Relations
Chair, LPL PAC



WHAT IS A PAC?

PAC stands for Political Action Committee. A PAC is a government regulated organization formed to raise money for political campaign donations. PACs may be formed by individuals, non-profits, and most major corporations.

FINANCIAL HIGHLIGHTS



The LPL PAC was established in June 2010 and has seen steady growth year over year. In 2016, the LPL PAC received \$295,000 in contributions, a 9% increase over 2015.

WHY IS THE LPL PAC IMPORTANT TO LPL FINANCIAL?

The LPL PAC is an important tool for supporting the business goals and objectives of LPL Financial. Federal regulations strictly prohibit companies like LPL Financial from making campaign contributions directly to federal candidates. However, through a PAC, companies may donate to legislators running for office.

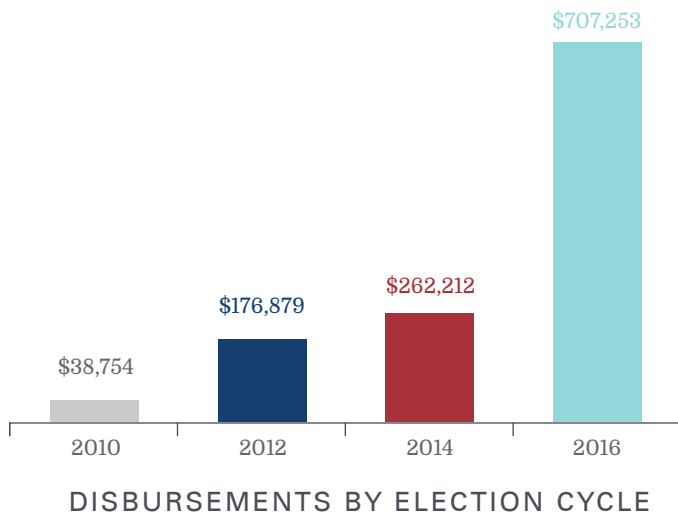
These contributions help LPL Financial foster relationships with those in Washington who can help shape our industry. LPL Financial is permitted to fund the administrative costs associated with operating the LPL PAC, ensuring that every dollar contributed by employees to the LPL PAC goes directly to candidates running for office.

WHY IS THE LPL PAC IMPORTANT TO YOU?

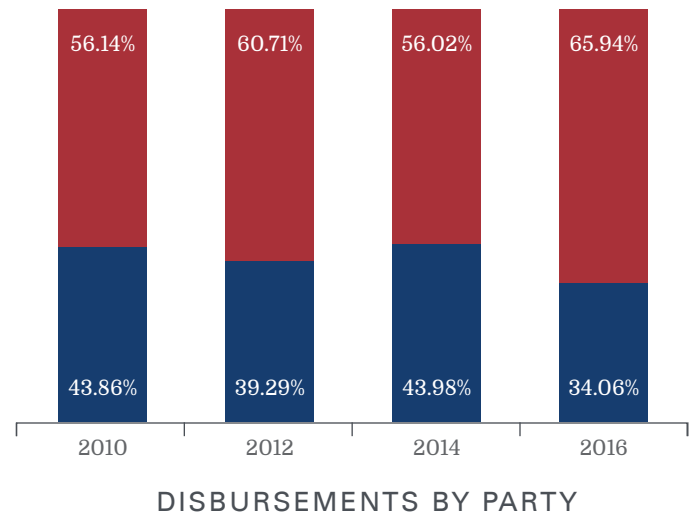
The LPL PAC is supported by LPL Financial employees and advisors who make voluntary personal contributions for the purpose of making donations to candidates for federal office.

Through the PAC, we can speak with one LPL Financial voice, so elected officials clearly hear our position on policies that affect independent financial advisors. A strong LPL PAC allows us to help tell the LPL Financial story and shape the future of our industry, instead of having other interests do it for us.

FINANCIAL HIGHLIGHTS



As the LPL PAC grows, we're able to amplify our collective voice in Washington, DC. During the 2015-2016 election cycle, the LPL PAC disbursed a total of \$707,253 to congressional campaigns. In 2016, we held more than 250 direct engagements with approximately 120 members of Congress and their staff.



The LPL PAC is a bipartisan political action committee and our disbursements reflect the current make-up of Congress.

HOW DOES THE LPL PAC SELECT CANDIDATES TO RECEIVE CONTRIBUTIONS?

Using information provided by senior management, coalitions, industry groups, and PAC members, candidates are assessed using the following criteria:

- Candidate's electability
- Candidate's position on key committees and working groups where legislation of importance to LPL Financial is considered and/or the candidate's demonstrated leadership, or potential for leadership, within Congress on pertinent issues
- Candidate's position or voting record on issues of direct concern to LPL Financial, our employees and financial advisors
- Geographic location of the area the candidate or elected official represents as it relates to where LPL Financial has or may have operations
- Knowledge of the financial services industry
- Background and experience

LPL PAC DISBURSEMENT RECIPIENTS

JANUARY 2016 – DECEMBER 2016

From January 1, 2016 through December 31, 2016, the LPL PAC disbursed \$446,500 to congressional campaigns and committees. Of that total, \$362,500 was disbursed to members of the House of Representatives and \$84,000 to members of the Senate. In addition, in this final year of the 2015-16 election cycle, the LPL PAC disbursed \$25,000 to industry trade association political action committees and leadership political action committees, as described in the following pages.

U.S. Senate Committees Supported by the LPL PAC

Senate Committee on Health, Education, Labor, and Pensions: This committee has jurisdiction over the Department of Labor and pension/retirement issues

Senate Committee on Finance: This committee has jurisdiction over taxation and revenue measures

Senate Committee on Banking: This committee has jurisdiction over banking, insurance, financial markets, and securities issues

MEMBERS OF THE SENATE

Senator Kelly Ayotte	R-NH	\$1,000
Senator Michael Bennet	D-CO	\$5,000
Senator Roy Blunt	R-MO	\$7,500
Senator John Boozman	R-AK	\$2,500
Senator Richard Burr	R-NC	\$4,500
Senator Ben Cardin	D-MD	\$2,500
Senator Tom Carper	D-DE	\$2,000
Senator Joe Donnelly	D-IN	\$1,000
Senator Corey Gardner	R-CO	\$2,500
Senator Heidi Heitkamp	D-ND	\$2,500
Senator Dean Heller	R-NV	\$2,500
Senator Johnny Isakson	R-GA	\$2,500
Senator Ron Johnson	R-WI	\$1,000

Senator Mark Kirk	R-IL	\$4,500
Senator Jerry Moran	R-KS	\$6,000
Senator Mitch McConnell	R-KY	\$5,000
Senator Rob Portman	R-OH	\$3,500
Senator Ben Sasse	R-NE	\$5,000
Senator Charles Schumer	D-NY	\$2,500
Senator Tim Scott	R-SC	\$5,500
Senator Richard Shelby	R-AL	\$2,000
Senator Jon Tester	D-MT	\$3,000
Senator John Thune	R-SD	\$2,500
Senator Pat Toomey	R-PA	\$2,500
Senator Ron Wyden	D-OR	\$5,000

LPL PAC DISBURSEMENT RECIPIENTS

U.S. House of Representatives Committees Supported by the LPL PAC

House Financial Services Committee: This committee has jurisdiction over the Securities & Exchange Committee, self-regulatory organizations such as FINRA, and our nation's banking and financial systems

House Ways and Means Committee: This committee is the chief tax writing committee of the House and has jurisdiction over all taxation, tariffs, and other revenue-raising measures

House Education and Workforce Committee: This committee has jurisdiction over retirement security issues

MEMBERS OF THE HOUSE OF REPRESENTATIVES

Congressman Andy Barr	R-KY	\$3,000
Candidate for Senate Evan Bayh	D-IN	\$2,500
Congresswoman Joyce Beatty	D-OH	\$3,500
Congressman Xavier Becerra	D-CA	\$2,000
Congressman Kevin Brady	R-TX	\$7,500
Congressman Mike Capuano	D-MA	\$2,500
Congressman Tony Cardenas	D-CA	\$2,500
Congresswoman Katherine Clark	D-MA	\$6,000
Congressman James Clyburn	D-SC	\$2,500
Congresswoman Barbara Comstock	R-VA	\$2,500
Congressman Ander Crenshaw	R-FL	\$2,500
Congressman Joe Crowley	D-NY	\$9,000
Congressman Carlos Curbelo	R-FL	\$2,500
Congresswoman Susan Davis	D-CA	\$3,500
Congressman Rodney Davis	R-IL	\$3,500
Congressman Bob Dold	R-IL	\$3,000
Congressman Daniel Donovan	R-NY	\$3,000
Congressman Sean Duffy	R-WI	\$1,000
Congressman Tom Emmer	R-MN	\$5,500
Congressman Mike Fitzpatrick	R-PA	\$1,000

Congressman Frank Guinta	R-NH	\$1,500
Congressman Brett Guthrie	R-KY	\$2,500
Congressman Denny Heck	D-WA	\$2,000
Congressman Jeb Hensarling	R-TX	\$5,000
Congressman French Hill	R-AK	\$6,000
Congressman Jim Himes	D-CT	\$3,000
Congressman George Holding	R-NC	\$5,000
Congressman Steny Hoyer	D-MD	\$7,500
Congressman Richard Hudson	R-NC	\$2,500
Congressman Bill Huizenga	R-MI	\$2,500
Congressman Duncan Hunter	R-CA	\$4,500
Congressman Will Hurd	R-TX	\$1,000
Congressman Lynn Jenkins	R-KS	\$3,500
Congressman Mike Kelly	R-PA	\$2,500
Congressman Ron Kind	D-WI	\$3,500
Congressman Pete King	R-NY	\$4,000
Congressman John Larson	D-CT	\$7,500
Congresswoman Mia Love	R-UT	\$2,500
Congressman Frank Lucas	R-OK	\$2,500
Congressman Blaine Luetkemeyer	R-MO	\$5,500

LPL PAC DISBURSEMENT RECIPIENTS

MEMBERS OF THE HOUSE OF REPRESENTATIVES

Congressman Bill Flores	R-TX	\$1,000
Congresswoman Carolyn Maloney	D-NY	\$1,000
Congressman Kevin McCarthy	R-CA	\$15,000
Congressman Patrick McHenry	R-NC	\$6,500
Congressman Pat Meehan	R-PA	\$7,500
Congresswoman Gwen Moore	D-WI	\$5,500
Congressman Seth Moulton	D-MA	\$3,500
Congressman Mick Mulvaney	R-SC	\$5,000
Congressman Richie Neal	D-MA	\$8,000
Congresswoman Kirsti Noem	R-SD	\$1,500
Congressman Bill Pascrell	D-NJ	\$2,500
Congressman Erik Paulsen	R-MN	\$4,000
Congressman Ed Perlmutter	D-CO	\$4,500
Congressman Scott Peters	D-CA	\$12,500
Congressman Robert Pittinger	R-NC	\$2,000
Congressman Bruce Poliquin	R-ME	\$6,000
Congressman Jared Polis	D-CO	\$5,000
Congressman Tom Reed	R-NY	\$2,500
Congressman Dave Reichert	R-WA	\$5,000
Congressman Phil Roe	R-TN	\$5,000
Congressman Todd Rokita	R-IN	\$1,000
Congressman Pete Roskam	R-IL	\$10,000

Congressman Steve Lynch	D-MA	\$5,000
Congressman Sean Patrick Maloney	D-NY	\$5,500
Congressman Dennis Ross	R-FL	\$5,000
Congressman Ed Royce	R-CA	\$10,000
Congresswoman Linda Sanchez	D-CA	\$2,500
Congressman Steve Scalise	R-LA	\$5,000
Congressman David Schweikert	R-AZ	\$2,500
Congressman David Scott	D-GA	\$5,000
Congresswoman Terri Sewell	D-AL	\$5,000
Congresswoman Kyrsten Sinema	D-AZ	\$5,000
Congressman Jason Smith	R-MO	\$1,000
Congressman Steve Stivers	R-OH	\$7,500
Congressman Mike Thompson	D-CA	\$5,000
Congressman Pat Tiberi	R-OH	\$2,500
Congressman Scott Tipton	R-CO	\$4,500
Congressman Juan Vargas	D-CA	\$5,000
Congresswoman Ann Wagner	R-MO	\$5,000
Congresswoman Mimi Walters	R-CA	\$10,000
Congressman Roger Williams	R-TX	\$2,500
Congressman Joe Wilson	R-SC	\$3,500
Congressman Kevin Yoder	R-KS	\$6,500
Congressman Todd Young	R-IN	\$1,000

LPL PAC DISBURSEMENT RECIPIENTS

Industry Trade Association PACs	Contributions
Securities Industry and Financial Markets Association (SIFMA)	\$5,000
Financial Services Round Table (FSR)	\$5,000
Insured Retirement Institute (IRI)	\$5,000

Leadership PACs and Committees	Contributions
New Democrat Coalition PAC	\$5,000
The New York Republican State Committee	\$5,000

In the 2015-2016 election cycle, 95% of candidates supported by the LPL PAC won re-election!

A low-angle photograph of the Washington Monument, a tall, white, obelisk-shaped structure, reaching towards a clear blue sky with scattered white clouds. Two American flags are visible in the foreground, flying from tall silver poles. The flag on the left is closer to the monument, while the one on the right is further away. A dark blue banner with a white border is superimposed over the upper part of the image, containing the text "TOGETHER WE MAKE A DIFFERENCE" in white, bold, sans-serif capital letters.

**TOGETHER WE MAKE
A DIFFERENCE**

LPL PAC MANAGEMENT

WHO MANAGES THE LPL PAC?

The LPL PAC is managed by a board of directors composed of LPL Financial employees across a number of business units. It's also advised by an advisory board of directors composed of top LPL Financial advisors from across the country. The boards meet monthly to discuss legislative issues, fundraising strategy, and handle the day-to-day operations of the LPL PAC.

2017 LPL PAC Board of Directors	2017 LPL PAC Advisory Board
Peggy Ho, Chair Executive Vice President, Government Relations	Ken Van Leeuwen, Chair Princeton, NJ
Scott Vock, Treasurer Vice President, Governance, Risk, & Compliance	Michael Brady Broomall, PA
Kathy Bakke, Assistant Treasurer Senior Vice President, Human Capital	Steven Budin Las Vegas, NV
Matthew Barhorst Senior Vice President, IAS Business Consulting	James Christy Herndon, VA
Heather Randolph Carter Executive Vice President, Corporate Communication	Jamie Cox Richmond, VA
Marc Ehlers Executive Vice President, Trading	Larry Leitch Towson, MD
Susan Fargo Senior Vice President, Business Consulting	John Milder Chicago, IL
Aaron Gordon Senior Vice President, Internal Consulting	Bruce Miller Charlotte, NC
Steve LaChance Senior Vice President, Regional Consulting	Dryden Pence Newport Beach, CA
Paul Nalbandian Vice President, IS Business Consulting	Patrick Sullivan Morristown, NJ
Chris Paul Senior Vice President, Technology	Kevin Supka Jenkintown, PA
Cheryl Trinidad Senior Vice President, Conference Experiences	Tom Tye Danville, KY
	Cary Wong Spokane Valley, WA

Government Relations

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San Diego, CA | Washington, DC