

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, 2021
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

(State or other jurisdiction of incorporation or organization)

20-3717839

(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 - par value \$0.001 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. x Yes o 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). x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	x	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 x No

The number of shares of Common Stock, par value \$0.001 per share, outstanding as of April 27, 2021 was 79,943,183.

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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 (“Exchange Act”), with the Securities and Exchange Commission (“SEC”). Our SEC filings are available to the public from the SEC’s internet site at SEC.gov.

We post the following filings to 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@lpl.com), telephone ((617) 897-4574) or mail (LPL Financial Investor Relations at 75 State Street, 22nd Floor, Boston, MA 02109). 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 and future share repurchases, including statements regarding future resolution of regulatory matters, legal proceedings and related costs;
- the Company’s future revenues and expenses;
- future affiliation models and capabilities;
- market and macroeconomic trends;
- projected savings and anticipated improvements to the Company’s operating model, services and technologies as a result of its investments, initiatives, programs and acquisitions;
- expected impacts of the coronavirus disease 2019 (“COVID-19”) pandemic on the Company’s businesses; 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 are based on the Company’s historical performance and its plans, estimates and expectations as of May 4, 2021. 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 the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity or the timing of events to be materially different than 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 revenues;
- effects of competition in the financial services industry;
- the success of the Company in attracting and retaining financial advisors and institutions, and their ability to market effectively financial products and services;

- whether retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company;
- changes in growth and profitability of the Company's fee-based business, including the Company's centrally managed advisory platform;
- 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 settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of our reserves;
- 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 its credit agreement and the indentures governing its senior notes;
- the price, the 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, including its acquisition involving the wealth management business of Waddell & Reed Financial, Inc., expense plans and technology initiatives;
- 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;
- the effects of the COVID-19 pandemic, including efforts to contain it; and
- the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2020 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, even if its estimates change, and you should not rely on statements contained herein as representing the Company's views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.

PART I — FINANCIAL INFORMATION

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

Business Overview

LPL is a leader in the markets we serve, supporting more than 17,000 financial advisors nationwide. We are steadfast in our commitment to the advisor-centered model and the belief that Americans deserve access to objective guidance from a financial advisor. At LPL, independence means that advisors have the freedom they deserve to choose the business model, services, and technology resources that allow them to run their perfect practice. And they have the freedom to manage their client relationships, because they know their clients best. Our mission is to take care of our advisors, so they can take care of their clients.

We do that through a singular focus on providing our advisors with the front-, middle- and back-office support they need to serve the large and growing market for comprehensive financial advice from an advisor. We believe that we are the only company that offers advisors the unique combination of an integrated technology platform, comprehensive self-clearing services and open architecture access to a wide range of non-proprietary products, all delivered in an environment unencumbered by conflicts from product manufacturing, underwriting and market-making.

We believe investors achieve better outcomes when working with a financial advisor. We strive to make it easy for advisors to do what is best for their clients, while protecting advisors and investors and promoting freedom and choice through access to a wide range of diligently evaluated non-proprietary products.

Executive Summary

Financial Highlights

Results for the first quarter of 2021 included net income of \$129.6 million, or \$1.59 per share, which compares to \$155.6 million, or \$1.92 per share, for the first quarter of 2020.

Asset Growth Trends

Total advisory and brokerage assets were \$958.3 billion as of March 31, 2021, up 43% from \$669.9 billion as of March 31, 2020. Total net new assets were \$28.9 billion for the three months ended March 31, 2021, compared to \$14.3 billion for the same period in 2020.

Net new advisory assets were \$22.7 billion for the three months ended March 31, 2021, compared to \$13.2 billion for the same period in 2020. As of March 31, 2021, our advisory assets were \$496.7 billion, up from \$322.3 billion as of March 31, 2020, an increase of 54%, and represented 52% of total advisory and brokerage assets served.

Net new brokerage assets were \$6.2 billion for the three months ended March 31, 2021, compared to \$1.2 billion for the same period in 2020. As of March 31, 2021, our brokerage assets were \$461.6 billion, up from \$347.6 billion as of March 31, 2020, an increase of 33%.

Gross Profit Trends

Gross profit, a non-GAAP financial measure, of \$579.4 million for the three months ended March 31, 2021, increased 1% from \$575.6 million for the three months ended March 31, 2020. Gross profit is calculated as total revenues, less commission and advisory expenses and brokerage, clearing and exchange fees. Management presents gross profit because we believe that measure may provide useful insight to investors in evaluating the Company's core operating performance before indirect costs that are general and administrative in nature. See footnote 9 to the Financial Metrics table within the "How We Evaluate Our Business" section for additional information on gross profit.

Shareholder Capital Returns

We returned \$20.0 million of capital, in the form of dividends, to shareholders during the three months ended March 31, 2021.

COVID-19 Response

In response to the COVID-19 pandemic, we have taken measures to protect the health and safety of our employees, as well as the stability and continuity of our operations. For example, we have equipped and enabled a substantial majority of employees to work remotely, implemented physical distancing and enhanced cleaning protocols throughout our corporate offices, and have worked closely with our vendors to maintain service continuity throughout the increased market volatility and operational volumes that occurred during the year. We also made extra support available to our advisors by extending service hours and providing additional resources to enable them to deliver differentiated services to their clients. Please consult Part I, "Item 1A. Risk Factors" in our 2020 Annual Report on Form 10-K for more information about the risks associated with COVID-19.

Our Sources of Revenue

Our revenues are 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 revenues through our bank sweep vehicles and money market programs 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.

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.

How We Evaluate Our Business

We focus on several key metrics in evaluating the success of our business relationships and our resulting financial position and operating performance. In April 2020, we updated our definition of net new assets to make our figures more comparable with other companies. Our updated definition now includes dividends and interest, and subtracts advisory fees. All net new asset figures below align with our new definition. Our key operating, business and financial metrics are as follows:

Operating Metrics (dollars in billions) ⁽¹⁾	As of and for the Three Months Ended March 31,	
	2021	2020
Advisory and Brokerage Assets		
Advisory assets ⁽²⁾⁽³⁾	\$ 496.7	\$ 322.3
Brokerage assets ⁽²⁾⁽⁴⁾	461.6	347.6
Total Advisory and Brokerage Assets⁽²⁾	\$ 958.3	\$ 669.9
Advisory Assets % of Total Advisory and Brokerage Assets	51.8 %	48.1 %
Net New Assets		
Net new advisory assets ⁽⁵⁾	\$ 22.7	\$ 13.2
Net new brokerage assets ⁽⁶⁾	6.2	1.2
Total Net New Assets⁽⁷⁾	\$ 28.9	\$ 14.3
Total Net New Assets Annualized Growth Rate ⁽⁸⁾	12.8 %	7.5%
Client Cash Balances⁽²⁾		
Insured cash account balances	\$ 37.4	\$ 34.5
Deposit cash account balances	7.9	8.7
Total Bank Sweep Balances	45.3	43.2
Money market account balances	1.3	1.8
Purchased money market fund balances	1.6	2.8
Total Client Cash Balances	\$ 48.3	\$ 47.8
Net Buy (Sell) Activity ⁽⁹⁾	\$ 17.4	\$ 0.2
Business and Financial Metrics (dollars in millions, except per share data)		
	As of and for the Three Months Ended March 31,	
	2021	2020
Advisors	17,672	16,763
Average Total Assets per Advisor ⁽¹⁰⁾	\$ 54.2	\$ 40.0
Employees - period end	4,815	4,358
Share Repurchases	\$ —	\$ 150.0
Dividends	\$ 20.0	\$ 19.7
% of Capital Returned to Shareholders ⁽¹¹⁾	14.0 %	101.3 %
Leverage Ratio ⁽¹²⁾	2.11	2.07

	Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 1,707.6	\$ 1,463.4
Net Income	\$ 129.6	\$ 155.6
Earnings per share ("EPS"), diluted	\$ 1.59	\$ 1.92
EPS prior to amortization of intangible assets and acquisition costs ⁽¹³⁾	\$ 1.77	\$ 2.06
Gross Profit ⁽¹⁴⁾	\$ 579.4	\$ 575.6
EBITDA ⁽¹⁵⁾	\$ 267.5	\$ 280.2
EBITDA as a % of Gross Profit	46.2 %	48.7 %
Core G&A ⁽¹⁶⁾	\$ 236.3	\$ 223.2

- (1) Totals may not foot due to rounding.
- (2) Advisory and brokerage assets consists of assets that are custodied, networked and non-networked and reflect market movement in addition to new assets, inclusive of new business development and net of attrition. Insured cash account balances, deposit cash account balances, money market account balances and purchased money market fund balances are also included in total advisory and brokerage assets.
- (3) Advisory assets consists of total advisory assets under custody at our broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"). Please consult the "Results of Operations" section for a tabular presentation of advisory assets.
- (4) Brokerage assets consists of brokerage assets serviced by advisors licensed with LPL Financial.
- (5) Net new advisory assets consists 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. Figures for net new advisory assets reported prior to April 2020 did not include dividends and interest or subtract advisory fees. The figure previously reported for the three months ended March 31, 2020 was an inflow of \$12.5 billion.
- (6) Net new brokerage assets consists 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. Figures for net new brokerage assets reported prior to April 2020 did not include dividends and interest. The figure previously reported for the three months ended March 31, 2020 was \$0.0 billion.
- (7) Includes \$11.8 billion of assets that transitioned onto our platform from BMO Harris, during the three months ended March 31, 2021.
- (8) Calculated as annualized current period net new assets divided by preceding period total advisory and brokerage assets.
- (9) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial. Reported activity does not include any other cash activity, such as deposits, withdrawals, dividends received or fees paid.
- (10) Calculated based on the end-of-period total advisory and brokerage assets divided by the end-of-period advisor count.
- (11) Percentage of capital returned to shareholders is calculated as dividends plus share repurchases, divided by net income plus amortization of intangible assets, net of tax.
- (12) A financial covenant from our credit agreement calculated as consolidated total debt to consolidated EBITDA. Please consult the "Debt and Related Covenants" section for more information.

- (13) EPS prior to amortization of intangible assets and acquisition costs is a non-GAAP financial measure defined as GAAP EPS plus the per share impact of amortization of intangible assets and acquisition costs. The per share impact is calculated as amortization of intangible assets expense and acquisition costs, net of applicable tax benefit, divided by the number of shares outstanding for the applicable period. Acquisition costs are the one-time costs to setup, onboard and integrate acquired entities. The Company presents EPS prior to amortization of intangible assets and acquisition costs because management believes that the metric can assist investors in comparing our performance to that of other companies on a consistent basis without regard to certain items which do not directly affect our ongoing operating performance. EPS prior to amortization of intangible assets and acquisition costs is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to GAAP EPS or any other performance measure derived in accordance with GAAP. Below is a reconciliation of EPS prior to amortization of intangible assets and acquisition costs to the Company's GAAP EPS for the periods presented:

EPS Reconciliation (in millions, except per share data)	Three Months Ended March 31,	
	2021	2020
GAAP EPS	\$ 1.59	\$ 1.92
Amortization of intangible assets	\$ 17.4	\$ 16.6
Acquisition costs	\$ 2.4	\$ —
Tax benefit	\$ (5.3)	\$ (4.6)
Amortization of intangible assets and acquisition costs, net of tax benefit	\$ 14.5	\$ 11.9
Diluted share count	81.6	81.2
EPS impact	\$ 0.18	\$ 0.15
EPS prior to amortization of intangible assets and acquisition costs	\$ 1.77	\$ 2.06

- (14) Set forth below is a calculation of gross profit, calculated as total revenues less advisory and commission expenses and brokerage, clearing and exchange fees. All other expense categories, including depreciation and amortization of fixed assets and amortization of intangible assets, are considered 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.

Gross Profit (in millions)	Three Months Ended March 31,	
	2021	2020
Total revenues	\$ 1,707.6	\$ 1,463.4
Advisory and commission expense	1,108.9	870.8
Brokerage, clearing and exchange fees	19.4	17.0
Gross profit^(†)	\$ 579.4	\$ 575.6

(†) Totals may not foot due to rounding.

- (15) EBITDA is a non-GAAP financial measure defined as net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, the Company's EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Below is a reconciliation of EBITDA to net income for the periods presented:

EBITDA Reconciliation (in millions)	Three Months Ended March 31,	
	2021	2020
Net income	\$ 129.6	\$ 155.6
Non-operating interest expense and other	25.1	29.3
Provision for income taxes	35.5	52.0
Depreciation and amortization	35.5	26.6
Amortization of intangible assets	17.4	16.6
Loss on extinguishment of debt	24.4	—
EBITDA	\$ 267.5	\$ 280.2

- (16) Core G&A is a non-GAAP financial measure. Core G&A consists of total operating expenses, excluding the following expenses: advisory and commission, regulatory charges, promotional, employee share-based compensation, depreciation and amortization, amortization of intangible assets, and brokerage, clearing and exchange. Management presents Core G&A because it believes Core G&A reflects the corporate operating expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as advisory and commission expenses, 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 operating expenses as calculated in accordance with GAAP. Below is a reconciliation of Core G&A against the Company's total operating expenses for the periods presented:

Operating Expense Reconciliation (in millions)	Three Months Ended March 31,	
	2021	2020
Core G&A	\$ 236.3	\$ 223.2
Regulatory charges	7.6	6.2
Promotional	54.2	57.4
Acquisition costs	2.4	—
Employee share-based compensation	11.4	8.6
Total G&A	311.8	295.4
Advisory and commission	1,108.9	870.8
Depreciation and amortization	35.5	26.6
Amortization of intangible assets	17.4	16.6
Brokerage, clearing and exchange	19.4	17.0
Total operating expenses	\$ 1,493.0	\$ 1,226.4

Legal and Regulatory Matters

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 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, 2021, 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 unaudited condensed consolidated financial statements.

In June 2018, the U.S. Court of Appeals for the Fifth Circuit invalidated regulations previously enacted by the U.S. Department of Labor ("DOL") that expanded the definition of "fiduciary" and would have resulted in significant new

prohibited transaction exemption requirements for our servicing of certain retirement plan accounts subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and individual retirement accounts (“IRAs”). In December 2020, the DOL finalized a new investment advice fiduciary prohibited transaction exemption with regard to such accounts that became effective on February 16, 2021. ERISA plans and IRAs comprise a significant portion of our business and we continue to expect that compliance with current and future laws and regulations with respect to retail retirement savings and reliance on prohibited transaction exemptions under such laws and regulations will require increased legal, compliance, information technology and other costs and could lead to a greater risk of class action lawsuits and other litigation.

In June 2019, the SEC adopted a new standard of conduct applicable to retail brokerage accounts (“Regulation BI”) with a compliance date of June 30, 2020. Regulation BI requires that broker-dealers act in the best interest of retail customers without placing their own financial or other interests ahead of the customer’s and imposes new obligations related to disclosure, duty of care, conflicts of interest and compliance. Certain state securities and insurance regulators have also adopted, proposed or are considering adopting similar laws and regulations. In addition, it is unclear how and whether other regulators, including banking regulators and state securities and insurance regulators, may respond to or attempt to enforce similar issues addressed by the newly proposed DOL Rule and Regulation BI. As of June 30, 2020, we implemented new procedures in accordance with Regulation BI.

Future laws and regulations, including the new rule proposed by the DOL and state rules relating to the standards of conduct applicable to both retirement and non-retirement accounts, may affect our business in ways that cannot be anticipated or planned for, and may have negative impacts on our products, services and results of operations.

Acquisitions, Integrations and Divestitures

We continuously assess the competitive landscape in connection with our capital allocation framework as we pursue acquisitions, integrations and divestitures. These activities are part of our overall growth strategy, but can distort comparability when reviewing revenue and expense trends for periods presented. Our recent acquisitions are as follows:

- Waddell & Reed Financial, Inc. (“Waddell & Reed”) - In December 2020, we entered into an agreement with Macquarie Management Holdings, Inc. (“Macquarie”) to acquire the wealth management business of Waddell & Reed. The transaction closed on April 30, 2021.
- Blaze Portfolio Systems LLC (“Blaze”) - In October 2020, we acquired Blaze, a technology company that provides an advisor-facing trading and portfolio rebalancing platform.
- E.K. Riley Investments, LLC (“E.K. Riley”) - In August 2020, we acquired business relationships with advisors from E.K. Riley, a broker-dealer and registered investment adviser (“RIA”).
- Lucia Securities, LLC (“Lucia”) - In August 2020, we acquired business relationships with advisors from Lucia, a broker-dealer and RIA firm.

See Note 4 - *Acquisitions*, within the notes to the unaudited condensed consolidated financial statements for further detail.

Economic Overview and Impact of Financial Market Events

Our business is directly and indirectly sensitive to several macroeconomic factors and the state of the U.S. financial markets. The global economy in general continued to show improvement in the first quarter of 2021, supported by additional fiscal stimulus, accommodative central bank policy and accelerating vaccine distribution. Despite clear progress, efforts to contain the COVID-19 pandemic continue to play a significant role in the global economy and the recovery has been uneven, with progress in some regions delayed by the impact of new COVID-19 variants as well as varying policy responses.

The outlook for the U.S. economy, in particular, has improved substantially over the first quarter of 2021. The Federal Reserve's ("Fed") most recent median GDP projection for 2021, released following its March 16-17, 2021 policy meeting, saw the economy growing 6.5% in 2021, a large upgrade from a median projection of 4.2% just three months earlier. According to the most recent estimate by the U.S. Bureau of Economic Analysis, the U.S. economy expanded at an annualized rate of 4.3% in the fourth quarter of 2020 after a dramatic rebound in the third quarter. Data received during the first quarter of 2021 suggests that growth has likely accelerated further from fourth quarter 2020 levels. The unemployment rate, which had spiked to 14.8% in April 2020 has declined steadily to 6.0% in March 2021, according to the Fed. The Fed also reports that consumer spending has increased, supported by an additional fiscal stimulus passed in March 2021, high savings levels and the gradual reopening of the economy. Business investment has continued to rebound and readings on both manufacturing and service sector activity are showing strong acceleration, although off of weak levels for those sectors most impacted by the pandemic.

The S&P 500 Index returned 6.2% during the first quarter of 2021. Smaller stocks significantly outperformed the larger stocks represented in the S&P 500 Index for the second straight quarter, as the Russell 2000 Index returned 12.7%. Value-style stocks performed better than their growth counterparts as leading value sectors energy and financials outperformed while the growth-heavy technology sector lagged. Non-U.S. stocks trailed their U.S. counterparts during the quarter as the U.S. dollar strengthened. Developed international equities returned 3.6% while emerging markets ("EM") returned 2.3%, based on the MSCI EAFE and MSCI EM indexes. Most fixed income sectors fell as interest rates rose sharply, with the 10-year Treasury yield climbing from 0.93% at year-end 2020 to 1.74% at the end of the first quarter 2021. The Bloomberg Barclays U.S. Aggregate Bond Index lost 3.4% over the quarter.

Our business is also sensitive to current and expected short-term interest rates, which are largely driven by Fed policy. During the first quarter of 2021, Fed policymakers maintained the target range for the federal funds rate at 0.0 to 0.25%. According to projection materials released following the conclusion of the March 16-17, 2021 policy meeting, the median expectation among meeting participants remains that the Fed will not begin raising rates until after 2023, although a few participants projected the Fed raising rates as early as 2022 and several in 2023. Federal Reserve Chair Jerome Powell continues to emphasize the Fed's belief that any near-term increase in inflation is likely to be transitory and that the Fed would like to see realized inflation moderately above 2.0% for a meaningful period of time before it would raise interest rates.

Please consult the "Risks Related to Our Business and Industry" section within Part I, "Item 1A. Risk Factors" in our 2020 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 months ended March 31, 2021 and 2020.

(Dollars in thousands)	Three Months Ended March 31,		% Change
	2021	2020	
REVENUES			
Advisory	\$ 722,046	\$ 579,027	24.7 %
Commission	557,229	503,444	10.7 %
Asset-based	264,706	285,506	(7.3)%
Transaction and fee	140,944	137,096	2.8 %
Interest income	6,518	9,542	(31.7)%
Other	16,174	(51,218)	(131.6)%
Total revenues	1,707,617	1,463,397	16.7 %
EXPENSES			
Advisory and commission	1,108,899	870,795	27.3 %
Compensation and benefits	161,540	146,802	10.0 %
Promotional	54,181	57,398	(5.6)%
Depreciation and amortization	35,499	26,644	33.2 %
Amortization of intangible assets	17,431	16,570	5.2 %
Occupancy and equipment	43,584	39,546	10.2 %
Professional services	15,625	14,605	7.0 %
Brokerage, clearing and exchange	19,364	17,024	13.7 %
Communications and data processing	11,993	10,835	10.7 %
Other	24,900	26,228	(5.1)%
Total operating expenses	1,493,016	1,226,447	21.7 %
Non-operating interest expense and other	25,059	29,318	(14.5)%
Loss on extinguishment of debt	24,400	—	100.0 %
INCOME BEFORE PROVISION FOR INCOME TAXES	165,142	207,632	(20.5)%
PROVISION FOR INCOME TAXES	35,522	51,991	(31.7)%
NET INCOME	\$ 129,620	\$ 155,641	(16.7)%

Revenues

Advisory

Advisory revenues primarily represent fees charged to clients of our advisors for the use of our corporate RIA advisory platform, and are based on the value of their advisory assets. Advisory fees are billed to clients in advance, on a quarterly basis, and are recognized as revenue ratably during the quarter. The majority of our 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 assets in an advisory account on the billing date determines the amount billed, and accordingly, the revenues earned in the following three-month period. Advisory revenues collected on our corporate advisory platform are proposed by the advisor and agreed to by the client and averaged 1.0% of the underlying assets for the three months ended March 31, 2021.

We also support separate investment adviser firms ("Hybrid RIAs"), through our hybrid advisory platform, which allows advisors to engage us for technology, clearing and custody services, as well as access to the capabilities of our investment platforms. The assets held under a Hybrid RIA's investment advisory accounts custodied with LPL Financial are included in total advisory assets and net new advisory assets. The advisory revenue generated by a Hybrid RIA is not included in our advisory revenues. We charge separate fees to Hybrid RIAs for technology, clearing, administrative, oversight and custody services, which are included in our transaction and fee revenues in our unaudited condensed consolidated statements of income. The administrative fees collected on our hybrid advisory platform vary and can reach a maximum of 0.2% of the underlying assets as of March 31, 2021.

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

	March 31,		\$ Change	% Change
	2021	2020		
Corporate platform advisory assets	\$ 317.5	\$ 200.7	\$ 116.8	58.2 %
Hybrid platform advisory assets	179.2	121.6	57.6	47.4 %
Total advisory assets ⁽¹⁾	\$ 496.7	\$ 322.3	\$ 174.4	54.1 %

(1) Totals may not foot due to rounding.

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

	Three Months Ended March 31,	
	2021	2020
Balance - Beginning of period	\$ 461.2	\$ 365.8
Net new advisory assets ⁽¹⁾	22.7	13.2
Market impact ⁽²⁾	12.8	(56.7)
Balance - End of period	\$ 496.7	\$ 322.3

(1) Net new advisory assets consists 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. Previously reported figures for net new advisory assets did not include dividends and interest or subtract advisory fees. The figure previously reported for the three months ended March 31, 2020 was an inflow of \$12.5 billion.

(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.

The growth in advisory revenues for the three months ended March 31, 2021 compared to 2020 was due to net new advisory assets resulting from our recruiting efforts and strong advisor productivity, as well as market gains as represented by higher levels of the S&P 500 Index.

Commission

We generate two types of commission revenues: sales-based commissions and trailing commissions. Sales-based commission revenues, which occur when clients trade securities or purchase various types of investment products, primarily represent gross commissions generated by our advisors. The levels of sales-based commission revenues 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. Trailing commission revenues, which are paid over time, are recurring in nature and are earned based on the market value of investment holdings in trail-eligible assets. We earn trailing commission revenues primarily on mutual funds and variable annuities held by clients of our advisors. See Note 3 - *Revenues*, within the notes to the unaudited condensed consolidated financial statements for further detail regarding our commission revenues by product category.

The following table sets forth our commission revenues included in our unaudited condensed consolidated statements of income (dollars in thousands):

	Three Months Ended March 31,		\$ Change	% Change
	2021	2020		
Sales-based	\$ 236,273	\$ 228,391	\$ 7,882	3.5 %
Trailing	320,956	275,053	45,903	16.7 %
Total commission revenues	\$ 557,229	\$ 503,444	\$ 53,785	10.7 %

The increase in sales-based commission revenues for the three months ended March 31, 2021 compared to 2020 was primarily driven by rising long-term interest rates that led to an increase in sales of annuities and fixed income products.

The increase in trailing commission revenues for the three months ended March 31, 2021 compared to 2020 was primarily due to the increase in value of annuities and mutual funds as a result of market increases.

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

	Three Months Ended March 31,	
	2021	2020
Balance - Beginning of period	\$ 441.9	\$ 398.6
Net new brokerage assets ⁽¹⁾	6.2	1.2
Market impact ⁽²⁾	13.5	(52.2)
Balance - End of period	\$ 461.6	\$ 347.6

(1) Net new brokerage assets consists 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. Previously reported figures for net new brokerage assets did not include dividends and interest or subtract advisory fees. The figure previously reported for the three months ended March 31, 2020 was \$0.0 billion.

(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.

While there has been a COVID-19 vaccine roll out and the number of cases in the United States is decreasing, that could change and we cannot predict how the ongoing COVID-19 pandemic and foreign and domestic responses to it will impact our future sales-based or trailing commission revenues. While domestic equity markets have recovered, COVID-19 cases remain widespread in many parts of the world, and significant market disruptions and volatility remain possible.

Asset-Based

Asset-based revenues consist of fees from omnibus processing and networking services (collectively referred to as "recordkeeping"), our sponsorship programs with financial product manufacturers and fees from our client cash programs. Omnibus processing revenues are paid to us by mutual fund product sponsors and are based on the value of custodied assets in advisory accounts and the number of brokerage accounts in which the related mutual fund positions are held. Networking revenues on brokerage assets are correlated to the number of positions we administer and are paid to us by mutual fund and annuity product manufacturers. We receive fees from certain financial product manufacturers in connection with sponsorship programs that support our marketing and sales education and training efforts. Client cash-based revenues are generated on advisors' clients' cash balances in

insured bank sweep accounts and money market programs. Pursuant to contractual arrangements, we receive fees based on account type and invested balances for administration and recordkeeping.

Asset-based revenues for the three months ended March 31, 2021 decreased compared to 2020 primarily due to decreased client cash revenues, partially offset by an increase in recordkeeping revenues and sponsorship programs.

Revenues for our recordkeeping and sponsorship programs for the three months ended March 31, 2021, which are largely based on the market value of the underlying assets, increased compared to 2020 due to the impact of market appreciation on the value of the underlying assets.

Client cash revenues for the three months ended March 31, 2021 decreased compared to 2020 due to the impact of a lower federal funds effective rate, partially offset by higher average client cash balances. For the three months ended March 31, 2021, our average client cash balances increased to \$48.4 billion compared to \$38.5 billion in 2020.

Transaction and Fee

Transaction revenues primarily include fees we charge to our advisors and their clients for executing certain transactions in brokerage and fee-based advisory accounts. Fee revenues primarily include IRA custodian fees, contract and licensing fees and other client account fees. In addition, we host certain advisor conferences that serve as training, education, sales and marketing events, for which we charge a fee for attendance.

Transaction and fee revenues increased for the three months ended March 31, 2021 compared to 2020 primarily due to an increase in technology fee revenues, partially offset by a decrease in transaction fees due to trading volatility in 2020 caused by the COVID-19 pandemic.

Interest Income

We earn interest income from client margin loans, cash segregated under federal and other regulations and cash equivalents. Period-over-period variances correspond to changes in the average balances of margin loans and cash balances as well as changes in interest rates.

Interest income for the three months ended March 31, 2021 decreased compared to 2020, primarily due to lower average interest rates.

Other

Other revenues primarily include mark-to-market gains or losses on assets held by us in our advisor non-qualified deferred compensation plan and model research portfolios, marketing allowances received from certain financial product manufacturers, primarily those who offer alternative investments, such as non-traded real estate investment trusts and business development companies, and other miscellaneous revenues.

Other revenues for the three months ended March 31, 2021 increased compared to 2020, primarily due to realized and 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, partially offset by a decrease in dividend income on assets held in our advisor non-qualified deferred compensation plan.

Expenses

Advisory and Commission

Advisory and commission expenses consist of the following: payout amounts that are earned by and paid out to advisors and institutions based on advisory and commission revenues earned on each client's account; production based bonuses earned by advisors and institutions based on the levels of advisory and commission revenues they produce; the recognition of share-based compensation expense from equity awards granted to advisors and financial institutions based on the fair value of the awards at grant date; and the deferred advisory and commissions fee expenses 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 ratio, which is a statistical or operating measure:

	Three Months Ended March 31,		Change
	2021	2020	
Payout ratio	85.62 %	85.07 %	55 bps

Our payout ratio for the three months ended March 31, 2021 increased compared to 2020, primarily due to price reductions on our corporate advisory platform.

Compensation and Benefits

Compensation and benefits include 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 three months ended March 31, 2021, compared to 2020.

	Three Months Ended March 31,		Change
	2021	2020	
Average number of employees	4,787	4,350	10.0%

Compensation and benefits for the three months ended March 31, 2021 increased compared to 2020, primarily due to an increase in salary and employee benefit expenses resulting from an increase in headcount.

Promotional

Promotional expenses include 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. The decrease in promotional expenses for the three months ended March 31, 2021 compared to 2020 was primarily driven by a decrease in advisor conference expenses due to conferences being cancelled or held in a virtual format in response to the COVID-19 pandemic, partially offset by an increase in costs associated with advisor loans.

Depreciation and Amortization

Depreciation and amortization relates to the use of fixed assets, which include internally developed software, hardware, leasehold improvements and other equipment. Depreciation and amortization for the three months ended March 31, 2021 increased compared to 2020, primarily due to our continued investment in technology to improve our advisor platform and end-client experience.

Occupancy and Equipment

Occupancy and equipment expenses include the costs of leasing and maintaining our office spaces, software licensing and maintenance costs and maintenance expenses on computer hardware and other equipment. Occupancy and equipment expenses for the three months ended March 31, 2021 increased compared to 2020, primarily due to an increase in costs related to software maintenance and licensing fees in support of our service and technology investments.

Non-Operating Interest Expense and Other

Non-operating interest expense and other include expenses from our senior secured credit facilities, senior unsecured notes, finance leases and other non-operating expenses. Non-operating interest expense and other for the three months ended March 31, 2021 decreased compared to 2020, primarily due to a lower outstanding principal balance on our senior secured term loan.

Loss on Extinguishment of Debt

On March 15, 2021, we closed debt transactions in which we increased the borrowing capacity and extended the maturity date of our existing senior revolving credit facility to 2026, issued senior unsecured notes due in 2029 and redeemed our existing senior unsecured notes due in 2025. In connection with these transactions, we incurred \$24.4 million as a loss on extinguishment of debt.

Provision for Income Taxes

We estimate our full-year effective income tax rate at the end of each reporting period. This estimate is used in providing for income taxes on a year-to-date basis and may change in subsequent interim periods. The tax rate in any quarter can be affected positively or negatively by adjustments that are required to be reported in the quarter in which resolution of a particular item occurs. The effective income tax rates reflect the impact of state taxes, settlement contingencies, tax credits and other permanent differences in tax deductibility of certain expenses.

Our effective income tax rate was 21.5% and 25.0% for the three months ended March 31, 2021 and 2020, respectively. The decrease in our effective income tax rate for the three months ended March 31, 2021 compared to 2020 was primarily due to an increase in tax benefits associated with stock compensation under Accounting Standards Codification (“ASC”) Topic 718, and a reduction in unrecognized tax benefits related to the statute of limitations.

COVID-19 Impact

On March 11, 2020, the World Health Organization designated the spread of COVID-19 as a pandemic. As of the date of this Quarterly Report on Form 10-Q, the COVID-19 pandemic has had a significant impact on global financial markets, and we continue to monitor its effects on the overall economy and our operations. We are not yet able to determine the full impact of the pandemic; however, should it continue, there could be a material and adverse financial impact to our results of operations. Please consult Part I, “Item 1A. Risk Factors” in our 2020 Annual Report on Form 10-K for more information about the risks associated with COVID-19.

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 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 capital returns to holders of our common stock. 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 external liquidity sources, we have adequate liquidity to satisfy out working capital needs, the payment of all of our obligations and the funding of anticipated capital expenditures for the foreseeable future.

Parent Company Liquidity

LPL Holdings, Inc. (“Parent”), the direct holding company of our operating subsidiaries, considers its primary source of liquidity to be corporate cash. We define corporate cash as the sum of (1) cash held at the Parent and its non-regulated subsidiaries, (2) cash held at The Private Trust Company, N.A. (“PTC”) in excess of our senior secured credit agreement (the “Credit Agreement”) capital requirements and (3) cash held at LPL Financial in excess of 10 percent of its aggregate debits, which represents five times the net capital LPL Financial is required to maintain under the terms of the Credit Agreement. We believe corporate cash is a useful measure of the Parent's liquidity as it is the primary source of capital above and beyond the capital deployed in our regulated subsidiaries. Corporate cash is monitored as part of our liquidity risk management. We target maintaining close to \$200 million in corporate cash to cover approximately 24 months of principal and interest due on our corporate debt. The Company maintains additional liquidity through a \$1 billion secured committed revolving credit facility. The Parent has the ability to borrow against the credit facility for working capital and general corporate purposes. Dividends from and excess capital generated by LPL Financial are the primary sources of corporate cash. Subject to regulatory approval or notification, capital generated by LPL Financial can be distributed to the Parent to the extent the capital levels exceed both regulatory requirements and internal capital thresholds. As of March 31, 2021, LPL Financial maintained excess regulatory capital of \$42 million over Credit Agreement requirements. During the three months ended March 31, 2021, LPL Financial paid dividends of \$175 million to the Parent.

Share Repurchases

We engage in share repurchase programs, which are approved by our board of directors (the “Board of Directors”), 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. We suspended share repurchases in early 2020 in light of the business and financial uncertainties created by the COVID-19 pandemic, which have since diminished. Our current capital deployment framework remains focused on investing in organic growth first, pursuing acquisitions where appropriate, and returning excess capital to shareholders. In the near term we are focused on allocating capital to organic growth and acquisitions, and will reassess capital deployment opportunities, including share repurchases over time. If we have excess capital to deploy beyond organic growth and acquisitions, we would consider restarting share repurchases. Also, the resumption, timing and amount of future share repurchases, if any, will be determined at our discretion within the constraints of our Credit Agreement, the indentures governing our senior unsecured notes (the “Indentures”) and consideration of our general liquidity needs. See Note 11 - *Stockholders’ Equity*, within the notes to the unaudited 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 the Board of Directors as well as certain limits under our Credit Agreement and the Indentures. See Note 11 - *Stockholders’ Equity*, within the notes to the unaudited condensed consolidated financial statements for additional information regarding our dividends.

LPL Financial Liquidity

LPL Financial relies primarily on customer payables to provide liquidity and to fund margin lending. LPL Financial maintains additional liquidity through external lines of credit totaling approximately \$575 million. LPL Financial also maintains a line of credit with the Parent.

External Liquidity Sources

The following table presents our external lines of credit at March 31, 2021 (dollars in millions):

Description	Borrower	Maturity Date	Outstanding	Available
Senior secured, revolving credit facility	LPL Holdings, Inc.	March 2026	\$ —	\$ 1,000
Broker-dealer revolving credit facility	LPL Financial LLC	July 2024	\$ —	\$ 300
Secured, uncommitted lines of credit	LPL Financial LLC	March 2022	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2021	\$ —	\$ 75
Unsecured, uncommitted lines of credit	LPL Financial LLC	September 2021	\$ —	\$ 50
Unsecured, uncommitted lines of credit	LPL Financial LLC	None	\$ —	\$ 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 our business strategy of generating and effectively deploying capital for the benefit of our shareholders.

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 cash equivalents on hand, cash segregated under federal and other regulations, 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 timing differences arising from the delayed receipt of client funds associated with the settlement of client transactions in securities markets. These timing differences are funded either with internally generated cash flows or, if needed, with funds drawn on our uncommitted lines of credit at LPL Financial or under one of our revolving credit facilities.

LPL Financial is subject to the Securities and Exchange Commission's ("SEC") Uniform Net Capital Rule, which requires the maintenance of minimum net capital. LPL Financial 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. At March 31, 2021, LPL Financial had net capital of \$98.9 million with a minimum net capital requirement of \$11.5 million.

LPL Financial's ability to pay dividends greater than 10% of its excess net capital during any 35-day rolling period requires approval from the Financial Industry Regulatory Authority ("FINRA"). In addition, payment of dividends is restricted if LPL Financial's net capital would be less than 5% of aggregate customer debit balances.

LPL Financial also acts as an introducing broker 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 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.

Debt and Related Covenants

The Credit Agreement and the Indentures contain 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 and the Indentures allow us to pay dividends and distributions or repurchase our capital 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, tax expense, depreciation and amortization, and further adjusted to exclude certain non-cash charges and other adjustments (including unusual or non-recurring charges) and gains, and to include future expected cost savings, operating expense reductions or other synergies from certain transactions.

As of March 31, 2021, we were in compliance with both financial covenants, 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	March 31, 2021	
	Covenant Requirement	Actual Ratio
Leverage Ratio (Maximum)	5.00	2.11
Interest Coverage (Minimum)	3.00	10.24

See Note 8 - *Long-term and Other Borrowings*, within the notes to the unaudited condensed consolidated financial statements for further detail regarding the Credit Agreement and the Indentures.

Off-Balance Sheet Arrangements

We enter into various off-balance-sheet arrangements in the ordinary course of business, primarily to meet the needs of our advisors' clients. These arrangements include Company commitments to extend credit. For information on these arrangements, see Note 10 - *Commitments and Contingencies* and Note 17 - *Financial Instruments with Off-Balance-Sheet Credit Risk and Concentrations of Credit Risk*, within the notes to the unaudited condensed consolidated financial statements.

Contractual Obligations

During the three months ended March 31, 2021, there were no material changes in our contractual obligations, other than in the ordinary course of business, from those disclosed in our 2020 Annual Report on Form 10-K. See Note 8 - *Long-term and Other Borrowings* and Note 10 - *Commitments and Contingencies*, within the notes to the unaudited 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 2020 Annual Report on Form 10-K, for further detail.

Fair Value of Financial Instruments

We use fair value measurements to record certain financial assets and liabilities at fair value and to determine fair value disclosures. See Note 5 - *Fair Value Measurements*, within the notes to the unaudited condensed consolidated financial statements for a detailed discussion regarding our fair value measurements.

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 2020 Annual Report on Form 10-K, we have disclosed those accounting policies that we consider to be significant in determining our results of operations and financial condition. There have been no changes to those policies that we consider to be material since the filing of our 2020 Annual Report on Form 10-K. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to GAAP.

Item 1. Financial Statements (unaudited)

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2021	2020
REVENUES		
Advisory	\$ 722,046	\$ 579,027
Commission	557,229	503,444
Asset-based	264,706	285,506
Transaction and fee	140,944	137,096
Interest income	6,518	9,542
Other	16,174	(51,218)
Total revenues	<u>1,707,617</u>	<u>1,463,397</u>
EXPENSES		
Advisory and commission	1,108,899	870,795
Compensation and benefits	161,540	146,802
Promotional	54,181	57,398
Depreciation and amortization	35,499	26,644
Amortization of intangible assets	17,431	16,570
Occupancy and equipment	43,584	39,546
Professional services	15,625	14,605
Brokerage, clearing and exchange	19,364	17,024
Communications and data processing	11,993	10,835
Other	24,900	26,228
Total operating expenses	<u>1,493,016</u>	<u>1,226,447</u>
Non-operating interest expense and other	25,059	29,318
Loss on extinguishment of debt	24,400	—
INCOME BEFORE PROVISION FOR INCOME TAXES	<u>165,142</u>	<u>207,632</u>
PROVISION FOR INCOME TAXES	<u>35,522</u>	<u>51,991</u>
NET INCOME	<u>\$ 129,620</u>	<u>\$ 155,641</u>
EARNINGS PER SHARE (Note 13)		
Earnings per share, basic	<u>\$ 1.63</u>	<u>\$ 1.96</u>
Earnings per share, diluted	<u>\$ 1.59</u>	<u>\$ 1.92</u>
Weighted-average shares outstanding, basic	<u>79,697</u>	<u>79,507</u>
Weighted-average shares outstanding, diluted	<u>81,622</u>	<u>81,166</u>

See notes to unaudited condensed consolidated financial statements.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Condition
(Unaudited)
(In thousands, except share data)

ASSETS	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 839,144	\$ 808,612
Cash segregated under federal and other regulations	839,428	923,158
Restricted cash	73,507	67,264
Receivables from:		
Clients, net of allowance of \$615 at March 31, 2021 and \$520 at December 31, 2020	453,132	405,106
Product sponsors, broker-dealers and clearing organizations	240,465	233,192
Advisor loans, net of allowance of \$7,362 at March 31, 2021 and \$6,763 at December 31, 2020	558,144	547,372
Others, net of allowance of \$3,238 at March 31, 2021 and \$3,101 at December 31, 2020	351,443	306,640
Securities owned:		
Trading — at fair value	47,964	29,252
Held-to-maturity — at amortized cost	11,972	13,235
Securities borrowed	13,565	30,130
Fixed assets, net of accumulated depreciation and amortization of \$524,766 at March 31, 2021 and \$489,997 at December 31, 2020	588,736	582,868
Operating lease assets	99,306	101,921
Goodwill	1,513,866	1,513,866
Intangible assets, net of accumulated amortization of \$629,442 at March 31, 2021 and \$612,011 at December 31, 2020	383,794	397,486
Deferred income taxes, net	24,246	24,112
Other assets	576,699	539,357
Total assets	<u>\$ 6,615,411</u>	<u>\$ 6,523,571</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Drafts payable	\$ 151,397	\$ 178,403
Payables to clients	1,294,664	1,356,083
Payables to broker-dealers and clearing organizations	125,563	89,743
Accrued advisory and commission expenses payable	195,044	187,040
Accounts payable and accrued liabilities	655,787	681,554
Income taxes payable	58,546	28,145
Unearned revenue	123,152	95,328
Securities sold, but not yet purchased — at fair value	1,316	206
Long-term and other borrowings, net	2,332,809	2,345,414
Operating lease liabilities	136,419	139,377
Finance lease liabilities	106,393	107,424
Total liabilities	<u>5,181,090</u>	<u>5,208,717</u>
Commitments and contingencies (Note 10)		
STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value; 600,000,000 shares authorized; 128,136,874 shares issued at March 31, 2021 and 127,585,764 shares issued at December 31, 2020	128	127
Additional paid-in capital	1,787,095	1,762,770
Treasury stock, at cost — 48,210,851 shares at March 31, 2021 and 48,115,037 shares at December 31, 2020	(2,406,221)	(2,391,062)
Retained earnings	2,053,319	1,943,019
Total stockholders' equity	<u>1,434,321</u>	<u>1,314,854</u>
Total liabilities and stockholders' equity	<u>\$ 6,615,411</u>	<u>\$ 6,523,571</u>

See notes to unaudited condensed consolidated financial statements.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands)

Three Months Ended March 31, 2020

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income (loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
BALANCE — December 31, 2019	126,494	\$ 126	\$ 1,703,973	46,260	\$ (2,234,793)	\$ —	\$ 1,554,567	\$ 1,023,873
Cumulative effect of accounting change							(7,317)	(7,317)
Net income, net of tax expense						—	155,641	155,641
Issuance of common stock to settle restricted stock units, net	315	—	—	122	(8,370)			(8,370)
Treasury stock purchases				1,810	(150,036)			(150,036)
Cash dividends on common stock							(19,713)	(19,713)
Stock option exercises and other	227	1	6,971	(14)	487		488	7,947
Share-based compensation	—		9,332					9,332
BALANCE — March 31, 2020	<u>127,036</u>	<u>\$ 127</u>	<u>\$ 1,720,276</u>	<u>48,178</u>	<u>\$ (2,392,712)</u>	<u>\$ —</u>	<u>\$ 1,683,666</u>	<u>\$ 1,011,357</u>

Three Months Ended March 31, 2021

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Other Comprehensive Income (loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
BALANCE — December 31, 2020	127,586	\$ 127	\$ 1,762,770	48,115	\$ (2,391,062)	\$ —	\$ 1,943,019	\$ 1,314,854
Net income, net of tax expense						—	129,620	129,620
Issuance of common stock to settle restricted stock units, net	296	—	—	120	(16,030)			(16,030)
Cash dividends on common stock							(19,980)	(19,980)
Stock option exercises and other	255	1	12,348	(24)	871		660	13,880
Share-based compensation			11,977					11,977
BALANCE — March 31, 2021	<u>128,137</u>	<u>\$ 128</u>	<u>\$ 1,787,095</u>	<u>48,211</u>	<u>\$ (2,406,221)</u>	<u>\$ —</u>	<u>\$ 2,053,319</u>	<u>\$ 1,434,321</u>

See notes to unaudited condensed consolidated financial statements.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 129,620	\$ 155,641
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	35,499	26,644
Amortization of intangible assets	17,431	16,570
Amortization of debt issuance costs	1,306	1,348
Share-based compensation	11,977	9,332
Provision for bad debts	1,977	2,691
Deferred income taxes	(133)	(89)
Loss on extinguishment of debt	24,400	—
Loan forgiveness	29,966	25,714
Other	(2,624)	(1,841)
Changes in operating assets and liabilities:		
Receivables from clients	(48,120)	73,192
Receivables from product sponsors, broker-dealers and clearing organizations	(7,273)	(41,036)
Advisor loans	(41,337)	(48,013)
Receivables from others	(45,002)	(56,089)
Securities owned	(18,399)	15,221
Securities borrowed	16,565	1,757
Operating leases	(343)	(371)
Other assets	(39,205)	(51,675)
Drafts payable	(27,006)	(68,804)
Payables to clients	(61,419)	270,009
Payables to broker-dealers and clearing organizations	35,820	25,858
Accrued advisory and commission expenses payable	8,004	(18,970)
Accounts payable and accrued liabilities	(20,629)	(27,763)
Income taxes receivable/payable	30,401	45,153
Unearned revenue	27,824	26,578
Securities sold, but not yet purchased	1,110	119
Net cash provided by operating activities	<u>60,410</u>	<u>381,176</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(41,109)	(33,973)
Purchase of securities classified as held-to-maturity	—	(3,793)
Proceeds from maturity of securities classified as held-to-maturity	1,250	1,250
Net cash used in investing activities	<u>(39,859)</u>	<u>(36,516)</u>

Continued on following page

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	225,000	616,000
Repayments of revolving credit facilities	(225,000)	(545,000)
Repayment of senior unsecured notes	(900,000)	—
Repayment of senior secured term loans	(2,675)	(2,675)
Proceeds from senior unsecured notes	900,000	—
Payment of debt issuance costs	(12,150)	—
Make-whole premium on redemption of senior unsecured notes	(25,875)	—
Payment of contingent consideration	(3,645)	(10,000)
Tax payments related to settlement of restricted stock units	(16,030)	(8,370)
Repurchase of common stock	—	(150,036)
Dividends on common stock	(19,980)	(19,713)
Proceeds from stock option exercises and other	13,880	7,947
Principal payment of finance leases and obligations	(1,031)	(996)
Net cash used in financing activities	<u>(67,506)</u>	<u>(112,843)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(46,955)	231,817
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of period	1,799,034	1,471,778
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of period	<u>\$ 1,752,079</u>	<u>\$ 1,703,595</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 33,729	\$ 37,842
Income taxes paid	\$ 5,101	\$ 6,928
NONCASH DISCLOSURES:		
Capital expenditures included in accounts payable and accrued liabilities	\$ 11,535	\$ 15,031
Lease assets obtained in exchange for operating lease liabilities	\$ —	\$ 3,447

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial condition that sum to the total of the same such amounts shown in the statement of cash flows.

	March 31,	
	2021	2020
Cash and cash equivalents	\$ 839,144	\$ 418,202
Cash segregated under federal and other regulations	839,428	1,217,692
Restricted cash	73,507	67,701
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 1,752,079</u>	<u>\$ 1,703,595</u>

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 financial 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 objective 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”), a Massachusetts holding corporation, is an intermediate holding company and directly or indirectly owns 100% of the issued and outstanding common stock of all of LPLFH’s indirect subsidiaries, including a captive insurance subsidiary (the “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 adviser that principally transacts business as an agent for its advisors and financial 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.
- Fortigent Holdings Company, Inc. and its subsidiaries provide solutions and consulting services to registered investment advisers (“RIAs”), banks and trust companies serving high-net-worth clients.
- 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 offers a trading and rebalancing platform to both the Company’s advisors and external clients.
- 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 also provides Individual Retirement Account (“IRA”) custodial services for LPL Financial. Each member of PTCH’s board of directors meets the direct equity ownership interest requirements that are required by the Office of the Comptroller of the Currency.
- LPL Employee Services, LLC is a holding company for Allen & Company of Florida, LLC (“Allen & Company”), an RIA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***Basis of Presentation***

The unaudited 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, intangible assets, allowance for doubtful accounts, share-based compensation, accruals for liabilities, income taxes, revenue and expense accruals, and other matters that affect the consolidated financial statements and related disclosures. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the results 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 consolidated financial statements.

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

The unaudited condensed consolidated financial statements include the accounts of LPLFH and its subsidiaries. Intercompany transactions and balances have been eliminated.

The unaudited condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of results of income, comprehensive income, financial position and cash flows in conformity with GAAP. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2020, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission ("SEC").

Recently Issued Accounting Pronouncements

There are no recently issued accounting pronouncements that would materially impact the Company's consolidated financial statements and related disclosures.

NOTE 3 - REVENUES

Revenues are recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are analyzed to determine whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the product or service before control is transferred to a customer. The indicators of which party exercises control include primary responsibility over performance obligations, inventory risk before the good or service is transferred and discretion in establishing the price.

Advisory

Advisory revenues represent fees charged to advisors' clients' accounts on the Company's corporate advisory platform. The Company provides ongoing investment advice and acts as a custodian, providing brokerage and execution services on transactions, and performs administrative services for these accounts. This series of performance obligations transfers control of the services to the client over time as the services are performed. These revenues are recognized ratably over time to match the continued delivery of the performance obligations to the client over the life of the contract. The advisory revenues generated from the Company's corporate advisory platform are based on a percentage of the market value of the eligible assets in the clients' advisory accounts. As such, the consideration for these revenues are variable and an estimate of the variable consideration is constrained due to dependence on unpredictable market impacts on client portfolio values. The constraint is removed once the portfolio value can be determined.

The Company provides advisory services to clients on its corporate advisory platform through the advisor. The Company is the principal in these arrangements and recognizes advisory revenues on a gross basis, as the Company is responsible for satisfying the performance obligations and has control over determining the fees.

Commission

Commission revenues represent sales commissions generated by advisors for their clients' purchases and sales of securities on exchanges and over-the-counter, as well as purchases of other investment products. The Company views the selling, distribution and marketing, or any combination thereof, of investment products to such clients as a single performance obligation to the product sponsors.

The Company is the principal for commission revenues, as it is responsible for the execution of the clients' purchases and sales, and maintains relationships with the product sponsors. Advisors assist the Company in performing its obligations. Accordingly, total commission revenues are reported on a gross basis.

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

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

	Three Months Ended March 31,	
	2021	2020
Commission revenues		
Annuities	\$ 280,776	\$ 245,662
Mutual funds	173,150	156,156
Fixed income	32,162	29,125
Equities	38,911	37,421
Other	32,230	35,080
Total commission revenues	\$ 557,229	\$ 503,444

The Company generates two types of commission revenues: sales-based commissions that are recognized at the point of sale on the trade date and trailing commissions that are recognized over time as earned. Sales-based commission revenues vary by investment product and are based on a percentage of an investment product's current market value at the time of purchase. Trailing commission revenues are generally based on a percentage of the current market value of clients' investment holdings in trail-eligible assets, and are recognized over the period during which services, such as ongoing support, are performed. As trailing commission revenues are based on the market value of clients' investment holdings, the consideration is variable and an estimate of the variable consideration is constrained due to dependence on unpredictable market impacts. The constraint is removed once the investment holdings value can be determined.

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

	Three Months Ended March 31,	
	2021	2020
Commission revenues		
Sales-based		
Annuities	\$ 95,539	\$ 92,525
Mutual funds	47,279	45,534
Fixed income	32,162	29,125
Equities	38,911	37,421
Other	22,382	23,786
Total sales-based revenues	\$ 236,273	\$ 228,391
Trailing		
Annuities	\$ 185,237	\$ 153,137
Mutual funds	125,871	110,622
Other	9,848	11,294
Total trailing revenues	\$ 320,956	\$ 275,053
Total commission revenues	\$ 557,229	\$ 503,444

Asset-Based

Asset-based revenues consist of fees from the Company's client cash programs, which consist of fees from its money market programs and insured bank sweep vehicles, sponsorship programs and recordkeeping.

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

Client Cash Revenues

Client cash revenues are generated based on advisors' clients' cash balances in insured bank sweep accounts and money market programs. The Company receives fees based on account type and invested balances for administration and recordkeeping. These fees are paid and recognized over time.

Sponsorship Programs

The Company receives fees from product sponsors, primarily mutual fund and annuity companies, for marketing support 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 some combination. As the value of product sponsor assets held in advisors' clients' accounts is susceptible to unpredictable market changes, these revenues include variable consideration and are constrained until the date that the fees are determinable.

Recordkeeping

The Company generates revenues from fees it collects for providing recordkeeping, account maintenance, reporting and other related services to product sponsors. This includes revenues from omnibus processing in which the Company establishes and maintains sub-account records for its clients to reflect the purchase, exchange and redemption of mutual fund shares, and consolidates clients' trades within a mutual fund. Omnibus processing fees are paid to the Company by the mutual fund or its affiliates and are 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. Recordkeeping revenues also include revenues from networking recordkeeping services. Networking revenues on brokerage assets are correlated to the number of positions or value of assets that the Company administers and are paid by mutual fund and annuity product manufacturers. These recordkeeping revenues are recognized over time as the Company fulfills its performance obligations. As recordkeeping fees are susceptible to unpredictable market changes that influence market value and fund positions, these revenues include variable consideration and are constrained until the date that the fees are determinable.

Depending on the contract, the Company is either principal or agent for recordkeeping revenues. In instances in which the Company is providing services to financial product manufacturers on behalf of third parties and does not have ultimate control of the service before transfer to the customer, the Company is considered to be an agent and reports revenues on a net basis. In other cases, where the Company uses a sub-contractor to provide services and is responsible for unperformed services, the Company is considered principal and reports revenues on a gross basis.

The following table sets forth asset-based revenues at a disaggregated level (in thousands):

	Three Months Ended March 31,	
	2021	2020
Asset-based revenues		
Client cash	\$ 97,104	\$ 151,398
Sponsorship programs	81,712	64,449
Recordkeeping	85,890	69,659
Total asset-based revenues	\$ 264,706	\$ 285,506

Transaction and Fee

Transaction revenues primarily include fees the Company charges to advisors and their clients for executing certain transactions in brokerage and fee-based advisory accounts. Transaction revenues are recognized at the point-in-time that a transaction is executed, which is generally the trade date. Fee revenues may be generated from advisors or their clients. Fee revenues primarily include IRA custodian fees, contract and licensing fees, and other client account fees. In addition, the Company hosts certain advisor conferences that serve as training, education, sales and marketing events, for which the Company collects a fee for attendance. Fee revenues are recognized when the Company satisfies its performance obligations. Recognition varies from point-in-time to over time depending on whether the service is provided once at an identifiable point-in-time or if the service is provided continually over the contract life.

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

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

	Three Months Ended March 31,	
	2021	2020
Transaction and fee revenues		
Point-in-time ⁽¹⁾	\$ 65,813	\$ 65,638
Over time ⁽²⁾	75,131	71,458
Total transaction and fee revenues	\$ 140,944	\$ 137,096

(1) Transaction and fee revenues recognized point-in-time include revenues such as transaction fees, IRA termination fees and technology fees.

(2) Transaction and fee revenues recognized over time include revenues such as error and omission insurance fees, IRA custodian fees and technology fees.

The Company is the principal and recognizes transaction and fee revenues on a gross basis as it is primarily responsible for delivering the respective services being provided, which is demonstrated by the Company's ability to control the fee amounts charged to customers.

Interest Income

The Company earns interest income from client margin loans, cash segregated under federal and other regulations and cash equivalents.

Other

Other revenues primarily include unrealized gains and losses on assets held by the Company for its advisor non-qualified deferred compensation plan and model research portfolios, marketing allowances received from certain financial product manufacturers, primarily those who offer alternative investments, such as non-traded real estate investment trusts and business development companies, and other miscellaneous revenues. These revenues are not generated from contracts with customers.

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. The increase in the unearned revenue balance for the three months ended March 31, 2021 is primarily driven by cash payments received or due in advance of satisfying the Company's performance obligations, offset by \$92.3 million of revenues recognized that were included in the unearned revenue balance as of December 31, 2020.

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.

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

NOTE 4 - ACQUISITIONS

On December 2, 2020, the Company entered into an agreement with Macquarie Management Holdings, Inc. ("Macquarie") to acquire the wealth management business of Waddell & Reed Financial, Inc. ("Waddell & Reed") for \$300 million. The transaction closed on April 30, 2021.

On October 26, 2020, the Company acquired Blaze Portfolio Systems LLC, a technology company that provides an advisor-facing trading and portfolio rebalancing platform. The Company paid \$11.6 million at closing and agreed to a potential contingent payment of up to \$4.0 million.

On August 18, 2020, the Company acquired business relationships with advisors from E.K. Riley Investments, LLC ("E.K. Riley") and Lucia Securities, LLC ("Lucia"), two unrelated broker-dealers and RIAs, for a combined \$18.4 million. Both transactions have potential contingent payments.

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 months ended March 31, 2021.

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, 2021 and December 31, 2020, the Company had the following financial assets and liabilities that are measured at fair value on a recurring basis:

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

Securities Owned 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. Examples of these securities include money market funds, U.S. treasury obligations, mutual funds, certificates of deposit and equity and debt securities.

The Company uses prices obtained from independent third-party pricing services to measure the fair value of its trading securities. Prices received from the pricing services are validated using various methods including comparison to prices received from additional pricing services, comparison to available quoted market prices and review of other relevant market data including implied yields of major categories of securities. In general, these quoted prices are derived from active markets for identical assets or liabilities. When quoted prices in active markets for identical assets and liabilities are not available, the quoted prices are based on similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. For certificates of deposit and treasury securities, the Company utilizes market-based inputs, including observable market interest rates that correspond to the remaining maturities or the next interest reset dates. At March 31, 2021, the Company did not adjust prices received from the independent third-party pricing services.

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

Other Assets — The Company's other assets include: (1) deferred compensation plan assets that are invested in 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 and auction rate notes, 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.

Accounts Payable and Accrued Liabilities — The Company's accounts payable and accrued liabilities include contingent consideration liabilities that are measured using Level 3 inputs.

Level 3 Recurring Fair Value Measurements

The Company determines the fair value for its contingent consideration obligations using a scenario-based approach whereby the Company assesses the expected number of future transactions. The contingent payment is estimated by applying a discount rate to the expected payment to calculate the fair value as of the valuation date. The Company's management evaluates the underlying projections and other related factors used in determining fair value each period and makes updates when there have been significant changes in management's expectations.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis at March 31, 2021 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 6,529	\$ —	\$ —	\$ 6,529
Securities owned — trading:				
Money market funds	132	—	—	132
Mutual funds	27,692	—	—	27,692
Equity securities	512	—	—	512
Debt securities	—	130	—	130
U.S. treasury obligations	19,498	—	—	19,498
Total securities owned — trading	47,834	130	—	47,964
Other assets	398,895	9,147	—	408,042
Total assets at fair value	\$ 453,258	\$ 9,277	\$ —	\$ 462,535
Liabilities				
Securities sold, but not yet purchased:				
Equity securities	\$ 83	\$ —	\$ —	\$ 83
Debt securities	—	1,233	—	1,233
Total securities sold, but not yet purchased	83	1,233	—	1,316
Accounts payable and accrued liabilities	—	—	3,300	3,300
Total liabilities at fair value	\$ 83	\$ 1,233	\$ 3,300	\$ 4,616

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis at December 31, 2020 (in thousands):

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 6,205	\$ —	\$ —	\$ 6,205
Securities owned — trading:				
Money market funds	125	—	—	125
Mutual funds	9,137	—	—	9,137
Equity securities	492	—	—	492
U.S. treasury obligations	19,498	—	—	19,498
Total securities owned — trading	29,252	—	—	29,252
Other assets	371,202	8,953	—	380,155
Total assets at fair value	\$ 406,659	\$ 8,953	\$ —	\$ 415,612
Liabilities				
Securities sold, but not yet purchased:				
Equity securities	\$ 203	\$ —	\$ —	\$ 203
Debt securities	—	3	—	3
Total securities sold, but not yet purchased	203	3	—	206
Accounts payable and accrued liabilities	—	—	3,228	3,228
Total liabilities at fair value	\$ 203	\$ 3	\$ 3,228	\$ 3,434

NOTE 6 - HELD-TO-MATURITY SECURITIES

The Company holds U.S. government notes, which are recorded at amortized cost because the Company has both the intent and the ability to hold these investments to maturity. Interest income is accrued as earned. Premiums and discounts are amortized using a method that approximates the effective yield method over the term of the security and are recorded as an adjustment to the investment yield.

The amortized cost, gross unrealized gain and fair value of held-to-maturity securities were as follows (in thousands):

	March 31, 2021	December 31, 2020
Amortized cost	\$ 11,972	\$ 13,235
Gross unrealized gain	116	159
Fair value	\$ 12,088	\$ 13,394

At March 31, 2021, the held-to-maturity securities were scheduled to mature as follows (in thousands):

	Within one year	After one but within five years	After five but within ten years	Total
U.S. government notes — at amortized cost	\$ 4,999	\$ 6,973	\$ —	\$ 11,972
U.S. government notes — at fair value	\$ 5,048	\$ 7,040	\$ —	\$ 12,088

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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NOTE 7 - GOODWILL AND OTHER INTANGIBLE ASSETS

The balances in goodwill and intangible assets were a result of various acquisitions. See Note 9 - *Goodwill and Other Intangible Assets*, in the Company's audited consolidated financial statements and the related notes in the 2020 Annual Report on Form 10-K for a discussion of the components of goodwill and additional information regarding intangible assets.

NOTE 8 - LONG-TERM AND OTHER BORROWINGS

The Company's outstanding borrowings were as follows (dollars in thousands):

Long-Term Borrowings	March 31, 2021			December 31, 2020			
	Balance	Applicable Margin	Interest Rate	Balance	Applicable Margin	Interest rate	Maturity
Term Loan B ⁽¹⁾	\$ 1,056,625	LIBOR+175 bps	1.86 %	\$ 1,059,300	LIBOR+175 bps	1.90 %	11/12/2026
2025 Senior Notes ⁽¹⁾⁽²⁾	—	Fixed Rate	— %	900,000	Fixed Rate	5.75 %	
2027 Senior Notes ⁽¹⁾⁽³⁾	400,000	Fixed Rate	4.63 %	400,000	Fixed Rate	4.63 %	11/15/2027
2029 Senior Notes ⁽¹⁾⁽⁴⁾	900,000	Fixed Rate	4.00 %	—	Fixed Rate	— %	3/15/2029
Total long-term borrowings	2,356,625			2,359,300			
Plus: Unamortized Premium	—			7,083			
Less: Unamortized Debt Issuance Cost	(23,816)			(20,969)			
Net Carrying Value	\$ 2,332,809			\$ 2,345,414			
Other Borrowings							
Parent Revolving Credit Facility	\$ —	ABR+25 bps	— %	\$ —	ABR+25 bps	— %	3/15/2026
Broker-Dealer Revolving Credit Facility	—	FFR+125 bps	— %	—	FFR+125 bps	— %	7/31/2024
Total borrowings	<u>\$ 2,332,809</u>			<u>\$ 2,345,414</u>			

- (1) No leverage or interest coverage maintenance covenants.
(2) The 2025 Notes were redeemed in March 2021.
(3) The 2027 Notes were issued in November 2019 at par.
(4) The 2029 Notes were issued in March 2021 at par.

Credit Agreement

On March 15, 2021, LPLFH and LPLH entered into a fifth amendment agreement (the "Amendment") to the Company's amended and restated credit agreement ("Credit Agreement"), which, among other things, increased the size of its senior secured revolving credit facility to \$1.0 billion and extended the maturity date of its senior secured revolving credit facility. In connection with the execution of the Amendment, the Company incurred \$3.2 million in costs, which are capitalized as debt issuance costs in the unaudited condensed consolidated statements of financial condition. The Credit Agreement subjects the Company to certain financial and non-financial covenants. As of March 31, 2021, the Company was in compliance with such covenants.

Issuance of 2029 Senior Notes

LPLH raised \$900.0 million in aggregate principal amount of 4.00% senior notes on March 15, 2021, which were issued at par ("2029 Senior Notes"). The 2029 Senior Notes are unsecured obligations, governed by an indenture, that will mature on March 15, 2029, and bear interest at the rate of 4.00% per year, with interest payable semi-annually. The Company may redeem all or part of the 2029 Senior Notes at any time prior to March 15, 2024 (subject to a customary "equity claw" redemption right) at 100% of the principal amount redeemed plus a "make-whole" premium. Thereafter, the Company may redeem all or part of the 2029 Senior Notes at annually declining redemption premiums until March 15, 2026, at and after which date the redemption price will be equal to 100% of the principal amount redeemed plus any accrued and unpaid interest thereon. In connection with the issuance of the 2029 Senior Notes, the Company incurred \$9.0 million in costs, which are capitalized as debt issuance costs in the unaudited condensed consolidated statements of financial condition.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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Issuance of 2027 Senior Notes

LPLH raised \$400.0 million in aggregate principal amount of 4.625% senior notes on November 12, 2019, which were issued at par ("2027 Senior Notes"). The 2027 Senior Notes are unsecured obligations, governed by an indenture, that will mature on November 15, 2027, and bear interest at the rate of 4.625% per year, with interest payable semi-annually. The Company may redeem all or part of the 2027 Senior Notes at any time prior to November 15, 2022 (subject to a customary "equity claw" redemption right) at 100% of the principal amount redeemed plus a "make-whole" premium. Thereafter, the Company may redeem all or part of the 2027 Senior Notes at annually declining redemption premiums until November 15, 2024, at and after which date the redemption price will be equal to 100% of the principal amount redeemed plus any accrued and unpaid interest thereon.

Redemption of 2025 Senior Notes

LPLH issued \$500.0 million aggregate principal amount of 5.75% senior notes on March 10, 2017 and \$400.0 million aggregate principal amount of 5.75% senior notes on September 21, 2017 (together, the "2025 Senior Notes"). The company used the proceeds from the issuance of the 2029 Senior Notes on March 15, 2021, along with existing corporate cash available, to redeem the 2025 Senior Notes. In connection with the transaction, the Company recognized \$24.4 million as a loss on extinguishment of debt on the unaudited condensed consolidated statements of income.

Term Loan B

Borrowings under the senior secured Term Loan B facility bear interest at a rate per annum of 175 basis points over the Eurodollar Rate or 75 basis points over the base rate (as defined in the Credit Agreement), and have no leverage or interest coverage maintenance covenants. The Eurodollar Rate option is the one-, two-, three- or six-month LIBOR rate, as selected by LPLH, or, with the approval of the applicable lenders, twelve-month LIBOR rate or the LIBOR rate for another period acceptable to the Administrative Agent (including a shorter period). The LIBOR rate, on which the Eurodollar Rate is based, is expected to be discontinued by June 30, 2023. The Credit Agreement permits LPLH to agree with the administrative agent for the Credit Agreement on a replacement benchmark rate subject to certain conditions (including that a majority of the lenders do not object to such replacement rate within a specified period of time following notice thereof from the administrative agent).

The Company is required to make quarterly payments on the Term Loan B facility equal to 0.25% of the aggregate principal amount of the loans under the Term Loan B facility.

Parent Revolving Credit Facility

Borrowings under the revolving credit facility bear interest at a rate per annum ranging from 125 to 175 basis points over the Eurodollar Rate or 25 to 75 basis points over the base rate, depending on the Consolidated Secured Debt to Consolidated EBITDA Ratio (as defined in the Credit Agreement).

Broker-Dealer Revolving Credit Facility

On July 31, 2019, LPL Financial, the Company's broker-dealer subsidiary, entered into a committed, unsecured revolving credit facility that matures on July 31, 2024 and allows for a maximum borrowing of \$300.0 million. Borrowings bear interest at a rate per annum ranging from 112.5 to 137.5 basis points over the Federal Funds Rate or Eurodollar Rate, depending on the Parent Leverage Ratio (each as defined in the broker-dealer credit agreement). 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, 2021.

Other External Lines of Credit

LPL Financial maintained six uncommitted lines of credit as of March 31, 2021. Two of the lines have limits that are unspecified, and that depend primarily on LPL Financial's ability to provide sufficient collateral. The other four lines have a total limit of \$275.0 million, one of which allows for collateralized borrowings while the other three allow for uncollateralized borrowings. There were no balances outstanding as of March 31, 2021.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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NOTE 9 - LEASES

The Company determines if an arrangement is a lease or contains a lease at inception. The Company has operating and finance leases for corporate offices and equipment with remaining lease terms of 1 to 16 years, some of which include options to extend the lease for up to 20 years. For leases with renewal options, the lease term is extended to reflect renewal options the Company is reasonably certain to exercise.

Operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As most of the Company's leases do not provide an implicit rate, the Company estimates its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. Lease expense for net present value of payments is recognized on a straight-line basis over the lease term.

Finance lease assets are included in fixed assets in the unaudited condensed consolidated statements of financial condition and at March 31, 2021 were \$101.0 million.

The components of lease expense were as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Operating lease cost	\$ 4,823	\$ 4,417
Finance lease cost:		
Amortization of right-of-use assets	\$ 1,286	\$ 1,285
Interest on lease liabilities	2,104	2,103
Total finance lease cost	\$ 3,390	\$ 3,388

Supplemental cash flow information related to leases was as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 5,406	\$ 5,000
Operating cash flows from finance leases	\$ 2,104	\$ 2,103
Financing cash flows from finance leases	\$ 1,031	\$ 997

Supplemental weighted-average information related to leases was as follows:

	March 31, 2021	December 31, 2020
Weighted-average remaining lease term (years):		
Finance leases	25.2	25.3
Operating leases	7.7	7.9
Weighted-average discount rate:		
Finance leases	7.83 %	7.82 %
Operating leases	7.08 %	7.07 %

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Maturities of lease liabilities as of March 31, 2021 were as follows (in thousands):

	Operating Leases	Finance Leases
2021 - remainder	\$ 16,617	\$ 6,659
2022	22,577	8,802
2023	22,222	8,577
2024	22,024	8,727
2025	21,724	8,879
Thereafter	75,333	224,760
Total lease payments	180,497	266,404
Less imputed interest	44,078	160,011
Total	<u>\$ 136,419</u>	<u>\$ 106,393</u>

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 its advisors, primarily to newly recruited advisors 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 joining LPL Financial. LPL Financial had no significant unfunded loan commitments at March 31, 2021.

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 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 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; potential opportunities for settlement and the status of any settlement discussions; as well as the potential

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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for insurance coverage and indemnification, if available. 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.

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 the 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 other actuarial assumptions. 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. As of March 31, 2021 and December 31, 2020, these self-insurance liabilities were \$57.2 million and \$51.5 million, respectively, and are included in accounts payable and accrued liabilities in the unaudited condensed consolidated statements of financial condition. Self-insurance related charges are included in other expenses in the unaudited condensed consolidated statements of income.

Other Commitments

As of March 31, 2021, the Company had approximately \$387.8 million of client margin loans that were collateralized with securities having a fair value of approximately \$542.9 million that LPL Financial can repledge, loan or sell. Of these securities, approximately \$67.1 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, 2021, there were no restrictions that materially limited the Company's ability to repledge, loan or sell the remaining \$475.8 million of client collateral.

Securities owned, trading, on the unaudited condensed consolidated statements of financial condition includes \$4.5 million pledged to the Options Clearing Corporation at both March 31, 2021 and December 31, 2020, and \$15.0 million pledged to the National Securities Clearing Corporation at both March 31, 2021 and December 31, 2020.

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 of Directors") as well as certain limits under the Credit Agreement and indentures. 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):

	2021		2020	
	Dividend per Share	Total Cash Dividend	Dividend per Share	Total Cash Dividend
First quarter	\$ 0.25	\$ 20.0	\$ 0.25	\$ 19.7

Share Repurchases

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

As of March 31, 2021, the Company was authorized to purchase up to an additional \$349.8 million of shares pursuant to share repurchase programs approved by the Board of Directors.

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

NOTE 12 - SHARE-BASED COMPENSATION

In November 2010, the Company adopted the 2010 Omnibus Equity Incentive Plan (as amended and restated in May 2015, the "2010 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. Since its adoption, awards have been and are only made out of the 2010 Plan.

As of March 31, 2021, the 2010 Plan had 20,055,945 shares authorized for grant and 2,072,500 shares remaining available for future issuance.

Stock Options and Warrants

The following table summarizes the Company's stock option and warrant activity as of and for the three months ended March 31, 2021:

	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding — December 31, 2020	2,000,383	\$ 45.57		
Granted	—	\$ —		
Exercised	(255,239)	\$ 48.32		
Forfeited and Expired	(18,550)	\$ 50.19		
Outstanding — March 31, 2021	<u>1,726,594</u>	\$ 45.12	5.18	\$ 167,553
Exercisable — March 31, 2021	<u>1,611,787</u>	\$ 42.82	4.98	\$ 160,123
Exercisable and expected to vest — March 31, 2021	<u>1,721,067</u>	\$ 45.01	5.16	\$ 167,196

The following table summarizes information about outstanding stock options and warrants as of March 31, 2021:

Range of Exercise Prices	Outstanding			Exercisable	
	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Life (Years)	Number of Shares	Weighted- Average Exercise Price
\$19.85 - \$25.00	379,343	\$ 19.85	4.87	379,343	\$ 19.85
\$25.01 - \$35.00	269,458	\$ 29.82	1.38	269,458	\$ 29.82
\$35.01 - \$45.00	335,412	\$ 39.64	5.82	335,412	\$ 39.64
\$45.01 - \$65.00	190,378	\$ 48.40	3.62	190,378	\$ 48.40
\$65.01 - \$75.00	247,823	\$ 65.53	6.87	246,312	\$ 65.50
\$75.01 - \$80.00	304,180	\$ 77.53	7.81	190,884	\$ 77.53
	<u>1,726,594</u>	\$ 45.12	5.18	<u>1,611,787</u>	\$ 42.82

The Company recognized share-based compensation related to the vesting of stock options awarded to employees and officers of \$0.8 million and \$1.4 million during the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, total unrecognized compensation cost related to non-vested stock options granted to employees and officers was \$1.9 million, which is expected to be recognized over a weighted-average period of 0.91 years.

LPL FINANCIAL HOLDINGS INC. AND SUBSIDIARIES
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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, for the three months ended March 31, 2021:

	Restricted Stock Awards		Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Units	Weighted-Average Grant-Date Fair Value
Outstanding — December 31, 2020	5,560	\$ 64.74	904,445	\$ 77.94
Granted	—	\$ —	436,872	\$ 143.53
Vested	—	\$ —	(295,871)	\$ 81.25
Forfeited	—	\$ —	(11,760)	\$ 83.38
Outstanding — March 31, 2021	5,560	\$ 64.74	1,033,686 ⁽¹⁾	\$ 104.65
Expected to vest — March 31, 2021	5,560	\$ 64.74	918,587	\$ 107.62

(1) Includes 53,133 vested and undistributed deferred stock units.

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 \$10.2 million and \$6.7 million of share-based compensation related to the vesting of these restricted stock awards and stock units during the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, total unrecognized compensation cost for restricted stock awards and stock units was \$79.2 million, which is expected to be recognized over a weighted-average remaining period of 2.49 years.

The Company also grants restricted stock units to its advisors and to financial institutions. The Company recognized share-based compensation of \$0.6 million and \$0.7 million related to the vesting of these awards during the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, total unrecognized compensation cost for restricted stock units granted to advisors and financial institutions was \$4.0 million, which is expected to be recognized over a weighted-average remaining period of 2.02 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,	
	2021	2020
Net income	\$ 129,620	\$ 155,641
Basic weighted-average number of shares outstanding	79,697	79,507
Dilutive common share equivalents	1,925	1,659
Diluted weighted-average number of shares outstanding	81,622	81,166
Basic earnings per share	\$ 1.63	\$ 1.96
Diluted earnings per share	\$ 1.59	\$ 1.92

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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, 2021 and 2020, stock options, warrants and stock units representing common share equivalents of 88,853 shares and 390,014 shares, respectively, were anti-dilutive.

NOTE 14 - INCOME TAXES

The Company's effective income tax rate differs from the federal corporate tax rate of 21.0%, primarily as a result of state taxes, settlement contingencies, tax credits and other permanent differences in tax deductibility of certain expenses. These items resulted in effective tax rates of 21.5% and 25.0% for the three months ended March 31, 2021 and 2020, respectively. The decrease in our effective income tax rate for the three months ended March 31, 2021 compared to 2020 was primarily due to an increase in tax benefits associated with stock compensation under Accounting Standards Codification ("ASC") Topic 718, and a reduction in unrecognized tax benefits related to the statute of limitations.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

NOTE 15 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has related party transactions with beneficial owners of more than ten percent of the Company's outstanding common stock. Additionally, through its subsidiary LPL Financial, the Company provides services and charitable contributions to the LPL Financial Foundation, an organization that provides volunteer and financial support within the Company's local communities.

The Company recognized revenues for services provided to these related parties of \$1.4 million and \$1.1 million during the three months ended March 31, 2021 and 2020, respectively. The Company incurred expenses for the services provided by these related parties of \$0.4 million and \$0.5 million during the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021 and 2020, receivables from and payables to related parties were not material.

NOTE 16 - NET CAPITAL AND REGULATORY REQUIREMENTS

The Company's registered broker-dealer, LPL Financial, is subject to the SEC's Net Capital Rule (Rule 15c3-1 under the Exchange Act), which requires the maintenance of minimum net capital. The net capital rules also provide that the 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 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 is a clearing broker-dealer and, as of March 31, 2021, had net capital of \$98.9 million with a minimum net capital requirement of \$11.5 million.

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, 2021 and December 31, 2020, LPL Financial and PTC met all capital adequacy requirements to which they were subject.

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**NOTE 17 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT RISK
AND CONCENTRATIONS OF CREDIT RISK**

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, 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 unaudited 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.

NOTE 18 - SUBSEQUENT EVENTS

On April 30, 2021, the Company paid \$300 million to acquire all the equity interest of the wealth management business of Waddell & Reed, which includes a broker-dealer and registered investment advisor, and certain of its subsidiaries.

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

We maintain trading securities owned 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 and to track the performance of our research models. These securities could include mutual funds, debt securities and equity securities. Changes in the value of our trading securities 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 securities owned 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 Service, Trading and Operations (“Care”) department.

Positions held to meet clearing deposit requirements consist of U.S. government 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 Care 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 system incidents or interruptions and human error, which can require customer trade corrections. We also have market risk on the fees we earn that are based on the market value of advisory and brokerage assets along with assets on which trailing commissions are paid, and assets eligible for sponsor payments.

As of March 31, 2021, the fair value of our trading securities owned was \$48.0 million and securities sold, but not yet purchased were immaterial. The fair value of securities included within other assets was \$408.0 million as of March 31, 2021. See Note 5 - *Fair Value Measurements*, within the notes to the unaudited condensed consolidated financial statements for information regarding the fair value of trading securities owned, securities sold, but not yet purchased and other assets associated with our client facilitation activities. See Note 6 - *Held-to-Maturity Securities*, within the notes to the unaudited condensed consolidated financial statements for information regarding the fair value of securities held to maturity.

Interest Rate Risk

We are exposed to risk associated with changes in interest rates. As of March 31, 2021, \$1.1 billion of our outstanding debt under our Credit Agreement 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 income before taxes given assets owned, which are 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):

	Outstanding Balance at March 31, 2021	Annual Impact of an Interest Rate ^(†) Increase of			
		10 Basis Points	25 Basis Points	50 Basis Points	100 Basis Points
Senior Secured Credit Facility					
Term Loan B	\$ 1,056,625	\$ 1,053	\$ 2,632	\$ 5,263	\$ 10,526

(†) Our interest rate for 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 8 - *Long-term and Other Borrowings*, within the notes to the unaudited condensed consolidated financial statements for additional information.

As of March 31, 2021, we offered our advisors and their clients two primary bank sweep vehicles that are interest rate sensitive: (1) our 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. In

addition, we offer our advisors and their clients a money market program, including money market accounts as well as the ability to participate in purchased money market funds. While clients earn interest on deposits in ICA and DCA, we earn a fee. The fees we earn from cash held in ICAs are based on prevailing interest rates in the current interest rate environment. The fees we earn from DCAs are calculated as a per account fee, and such fees increase as the federal funds target rate increases, subject to a cap. The fees we earn on cash balances in our advisors' clients' accounts in our money market program, including administrative and recordkeeping fees based on account type and the invested balances, are also sensitive to prevailing interest rates. Changes in interest rates and fees for the bank 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 insured bank 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. Credit risk includes the risk that loans we extend to advisors to facilitate their transition to our platform or to fund their business development activities are not repaid in full or on time. Credit risk also includes the risk that collateral posted with LPL Financial by clients to support margin lending or derivative trading is insufficient to meet clients' contractual obligations to LPL Financial. We bear credit risk on the activities of our advisors' clients, including the execution, settlement and financing of various transactions on behalf of these clients.

These activities are transacted on either a cash or margin basis. 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 immaterial during the three months ended March 31, 2021 and 2020. 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 (e.g., in the same industry), 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 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.

Operational Risk

Operational risk is defined as the risk of loss resulting from failed or inadequate processes or systems, actions by people or external events. We operate in diverse markets and are reliant on the ability of our employees and information technology systems, as well as third-party service providers and their systems, to manage a large volume of transactions and confidential information, including personally identifiable information, effectively and securely. These risks are less direct and quantifiable than credit and market risk, but managing them is critical, particularly in a rapidly changing operating environment with increasing transaction volumes and in light of increasing reliance on systems capabilities and performance, as well as third-party service providers. In the event of the breakdown, obsolescence or improper operation of systems, malicious cyber activity or improper action by employees, advisors or third-party service providers, we could suffer business disruptions, financial loss, data loss, regulatory sanctions and damage to our reputation. Although we have developed business continuity and disaster recovery plans, those plans could be inadequate, disrupted or otherwise unsuccessful in maintaining the competitiveness, stability, security or continuity of critical systems as a result of, among other things, obsolescence, improper operation, third-party dependencies or limitations of our current technology.

In order to assist in the mitigation and control of operational risk, we have an operational risk framework that is designed to enable assessment and reporting on operational risk across the firm. This framework aims to ensure policies and procedures are in place and appropriately designed to identify and manage operational 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. Notwithstanding the foregoing, 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” in our 2020 Annual Report on Form 10-K for more information about the risks associated with our technology, including risks related to security, our risk management policies and procedures, and the potential related effects on our operations.

Our senior management is monitoring developments in the COVID-19 pandemic and has implemented changes to our policies, procedures and operations to protect the integrity and continuity of our business and the health and safety of our employees. For example, we equipped and enabled a substantial majority of employees to work remotely, implemented physical distancing and enhanced cleaning protocols throughout our corporate offices and worked closely with our vendors to maintain service continuity throughout the market volatility and increased operational volumes that occurred from time to time during the pandemic. There can be no guarantee that our business continuity plans and the other efforts to manage the business implications of COVID-19 will be effective, or that there will not be material adverse effects on our results of operations. Please consult Part I, “Item 1A. Risk Factors” in our 2020 Annual Report on Form 10-K for more information about the risks associated with COVID-19.

Regulatory and Legal Risk

The regulatory environment in which we operate is discussed in detail within Part I, “Item 1. Business” in our 2020 Annual Report on Form 10-K. In recent years, and during the period presented in this Quarterly Report on Form 10-Q, we have observed the SEC, FINRA 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 2020 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.

Risk Management

We employ an enterprise risk management (“ERM”) framework that is intended to address key risks and responsibilities, enable us to execute our business strategy and protect our Company and its franchise. For a discussion of our ERM framework, please see the “Risk Management” section within Part II, “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2020 Annual report on Form 10-K.

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 quarter ended March 31, 2021, 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 unaudited 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 2020 Annual Report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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).
- 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).
- 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).
- 3.4 Fifth Amended and Restated Bylaws of LPL Financial Holdings Inc. (Incorporated by reference to the Form 8-K filed on March 12, 2014).
- 4.1 Indenture, dated March 15, 2021, among LPL Holdings, Inc., U.S. Bank National Association, as trustee, and certain subsidiaries of LPL Holdings, Inc. as guarantors (Incorporated by reference to the Form 8-K filed on March 15, 2021).
- 10.1 Fifth Amendment Agreement, dated March 15, 2021, among LPL Financial Holdings Inc., LPL Holdings, Inc., certain subsidiaries of the Company, as Subsidiary Guarantors (as defined therein), the Incremental Revolving Lenders (as defined therein), JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, letter of credit issuer and swingline lender, and the lenders and parties party thereto from time to time (Incorporated by reference to the Form 8-K filed on March 15, 2021).
- 10.2 BETA Services First Amended and Restated Master Subscription Agreement, dated as of January 29, 2021, between LPL Financial LLC and Refinitiv US LLC.*†
- 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.

† Pursuant to 17 C.F.R. §§ 230.406 and 230.83, the confidential portions of this exhibit have been omitted and are marked accordingly.

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 4, 2021

By: /s/ DAN H. ARNOLD
Dan H. Arnold
President and Chief Executive Officer

Date: May 4, 2021

By: /s/ MATTHEW J. AUDETTE
Matthew J. Audette
Chief Financial Officer

Date: May 4, 2021

By: /s/ BRENT B. SIMONICH
Brent B. Simonich
Chief Accounting Officer

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [**], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND IS THE TYPE THAT LPL FINANCIAL HOLDINGS INC. TREATS AS PRIVATE OR CONFIDENTIAL

**BETA SERVICES
FIRST AMENDED AND RESTATED
MASTER SUBSCRIPTION AGREEMENT**

This BETA Services First Amended and Restated Master Subscription Agreement (this “**Agreement**”) is entered into by and between Refinitiv US LLC, primarily located at 350 North Sunny Slope Road, Brookfield, WI 53005 (“**Refinitiv**”), and LPL Financial LLC (f/k/a LPL Financial Company), with its principal office at 75 State Street, 22nd Floor, Boston, MA 02109, (“**LPL**”), this 29th day of January, 2021 (the “**Effective Date**”). This Agreement amends and restates, in its entirety, the BETA Services Master Subscription Agreement dated January 5, 2009, as amended (the “**Original Agreement**”) between LPL Financial Company and Thomson Reuters (Markets) LLC (“**TR**”). As of the Effective Date, all rights and obligations and performance of the Parties under the Original Agreement, as amended and restated by this Agreement, shall be deemed rights, obligations and performance under this Agreement. The pricing reflected in Schedule A (Pricing and Services) commences as of the Effective Date.

WHEREAS, the Parties have executed several amendments to the Original Agreement since its execution, and the Parties desire to amend and restate the Original Agreement in its entirety;

WHEREAS, Refinitiv owns certain proprietary computer programs. Refinitiv’s BETA Services are provided through the BETA system, which includes (i) back office processing support for securities brokerage firms, (ii) front office integration and accessibility to the back office processing, (iii) near real time access to the back office application program through an interface (API), (iv) data file delivery of back office data, (v) an open API environment to BETA systems’ order management system, and (vii) the ability to receive selected, near real-time, BETA system back office transaction messages (collectively, the “**BETA System**”). Refinitiv also provides other optional services described on Schedule A. The BETA System and other optional services are, collectively with any successor computer programs provided to LPL by Refinitiv pursuant to this Agreement, referred to herein as “**BETA Services**”;

WHEREAS, LPL is an independent broker-dealer registered with the U.S. Securities and Exchange Commission and provides financial advisors and financial institutions with certain technology, research, clearing and compliance services;

WHEREAS, Refinitiv desires to provide, and LPL desires to obtain from Refinitiv, certain development services, hosting services and the right to use and permit the LPL Entities to use the BETA Services for the self-clearing of securities transactions and other related services, as more particularly described below and in accordance with the terms and subject to the conditions of this Agreement; and

WHEREAS, TR has changed its name to Refinitiv and desires that all references to TR in this Agreement shall mean Refinitiv.

NOW, THEREFORE, in consideration of the mutual promises and covenants exchanged herein, Refinitiv and LPL agree as follows:

1. Purpose; Applicability; Definitions; No Waiver.

1.1 Purpose. The purpose of this Agreement is to set forth the terms and conditions governing the rights, duties and obligations of the Parties hereto with respect to the Services to be provided by Refinitiv to the LPL Entities. Refinitiv will provide the Services to the LPL Entities in accordance with this Agreement, and LPL will use the Services in accordance with this Agreement.

1.2 Applicability. The terms and conditions set forth herein are specifically applicable to the Beta Services, and this Agreement does not apply to other services that Refinitiv may provide to LPL.

1.3 Definitions. Terms used with initial capital letters herein shall have the meaning ascribed to them in the body of this Agreement or in Section 33.

1.4 No Waiver. LPL and Refinitiv agree that this Agreement will amend, replace and supersede the Original Agreement in its entirety, but neither Party waives any of its rights, remedies or causes of action under the Original Agreement that existed prior to the Effective Date set forth above.

2. License Grant; Entities Covered; No Multiple Agreements.

2.1 License Grant. Subject to the terms and upon the conditions of this Agreement, Refinitiv hereby grants to LPL, its Affiliates and its and their associated advisors (whether employees, franchisees or affiliated independent advisors) and Correspondents, if any, that join LPL and/or its Affiliates after the Effective Date, and, subject to Section 2.3 below, Former Affiliates (collectively, the “**LPL Entities**”) a non-exclusive, nontransferable (except as permitted herein), non-sub-licensable, royalty-free, limited right and license to use the BETA Services and the Documentation, and a license to prepare Derivative Works of the Documentation, in each case solely for their business purposes in connection with the use of the Services. Except as set forth in this Section 2.1, LPL will not, without the express written permission of Refinitiv, sell, lease, or otherwise provide or make available the BETA Services to any third party, provided, however, that LPL may permit any agent or third party contractor providing services to LPL to access and use the BETA Services solely on behalf of LPL, as if such third party were an LPL Entity, without obtaining further

written permission of Refinitiv provided that LPL is fully responsible for ensuring that the non-Affiliated LPL Entities use of the BETA Services is in accordance with the terms of this Agreement.

2.2 Affiliates. Refinitiv acknowledges and agrees that LPL is the legal entity designated to acquire external resources that are utilized by LPL and its Affiliates. For purposes of this Agreement, the term “**Affiliate**” means, with respect to any entity, any other entity directly or indirectly Controlling, Controlled by or under common Control with such entity as of or after the Effective Date, for so long as such relationship is in effect (including Affiliates subsequently established by acquisition, merger or otherwise), and the term “**Control**” and its derivatives mean, with regard to any entity, the legal, beneficial or equitable ownership, directly or indirectly, of fifty percent (50%) or more of the capital stock (or other ownership interest, if not a corporation) of such entity ordinarily having voting rights.

2.3 Divested Entities. If any entity, or any division, business unit or department within an entity, ceases to qualify as an Affiliate of LPL (each such entity, division, business unit or department, a “**Former Affiliate**”), then, if requested by LPL in writing, Refinitiv shall, for up to twelve (12) months after the date on which the applicable Former Affiliate ceases to qualify as an Affiliate, or such other period as otherwise mutually agreed by the Parties in writing: (a) continue to provide Services to such Former Affiliate on the same terms and conditions as in this Agreement (including pricing); and (b) as applicable, at the request of LPL, provide such services as required to allow the Former Affiliate to receive the Services as set forth in this Agreement; provided, however, that the Former Affiliate is responsible for any increased costs incurred by Refinitiv to provide the Services to the divested entity as a then separate entity. For the purpose of calculating volume discounts, rebates and similar incentives, all Services provided hereunder will be consolidated with those provided to the Former Affiliate during such transitional period.

2.4 Acquired LPL Users. If LPL acquires a business entity that has an agreement with Refinitiv for use of the BETA System, LPL shall be entitled to add or convert the acquired entity’s users to LPL’s instance of the BETA System, and such additional users’ use of the BETA System shall be governed by this Agreement upon such acquisition. Further, LPL shall be entitled to terminate the agreement between Refinitiv and the acquired entity; provided, however, that the acquired entity, or its successor in interest, shall remain responsible for all fees relating to termination for convenience specified in such agreement, outstanding fees due and owing to Refinitiv, deconversion fees specified in the such agreement, and fees specified in such Agreement relating to

BETA System inquiry capabilities after the acquired entity is converted to LPL's instance of the BETA System (i.e., for historical data lookups and storage).

2.5 Prohibition on Multiple Agreements. During the Term, Refinitiv shall not knowingly enter into any other agreement for the provision of the Services with any Affiliate, company, business unit, department, division, organization or employee of LPL, of which Refinitiv is aware, without first obtaining prior written approval of LPL. Upon Refinitiv becoming aware of such Affiliate relationship, the Parties agree that this Agreement will govern the delivery of the Services to such Affiliate. Refinitiv understands that the purpose of this provision is to allow LPL to manage effectively its relationships with the numerous external resources that are utilized in transactions, which are critical to its business success.

3. Services Provided.

3.1 Services. During the Term, Refinitiv shall provide [the LPL Entities] with the Services that are set forth in this Agreement, the Schedules attached hereto and in each Statement of Work executed by the Parties from time to time.

3.2 Subcontracting. With respect to any Affiliates of Refinitiv, service providers, subcontractors, independent contractors, agents or the like who access, process or store LPL Data or have access to LPL systems or LPL facilities (collectively, "**Service Providers**") that Refinitiv uses in connection with Refinitiv performing its obligations hereunder or carrying out its activities hereunder, Refinitiv: (a) must notify LPL in writing of the scope of the proposed subcontract, the identity and qualifications of the Service Provider and the reasons for subcontracting the work in question (and allowing LPL a reasonable period of time for evaluation of Refinitiv's request); (b) must receive LPL's prior written consent to engage such Service Provider; (c) will ensure that any such Service Provider is bound by a written agreement with Refinitiv that contains provisions consistent with those set forth in this Agreement; and (d) will be responsible for any services performed by, and acts and omissions of, such Service Provider and Refinitiv shall be liable hereunder to LPL to the same extent as if Refinitiv performed such services or such acts or omissions were Refinitiv's. Notwithstanding the foregoing, approval of individuals is not required if they are engaged by Refinitiv through an agency or entity set forth on Schedule F or otherwise approved by LPL in accordance with this Section. Notwithstanding LPL's approval of a Service Provider, Refinitiv shall: (i) promptly pay for all services, materials, equipment and labor used by any Service Provider; (ii) remain LPL's sole point of contact for the subcontracted services; and (iii) at LPL's reasonable request, promptly remove and/or replace

any Service Provider. On a quarterly basis at the request of LPL, Refinitiv will prepare a report describing in reasonable detail: (A) a list of all Service Providers used by Refinitiv in connection with performing its obligations hereunder or carrying out its activities hereunder; (B) the functions performed by each such Service Provider; (C) Refinitiv's oversight policy with respect to Service Providers; (D) subject to Refinitiv's contractual confidentiality obligations, any instances where Refinitiv has knowledge that a Service Provider failed to meet its duties and obligations under agreements to which it is a party and that are related to the provision of the Services to LPL hereunder and/or failed to comply with Refinitiv's internal controls and procedures; and (E) any other details as LPL may reasonably request from time to time and which is commercially feasible for Refinitiv to provide (each, a "**Service Provider Report**"). As of the Effective Date, LPL consents to the engagement of the Service Providers set forth on Schedule F attached hereto.

3.3 Maintenance Services; Enhancements. During the Term, Refinitiv shall provide support to LPL in connection with the BETA Services and in accordance with the terms and conditions of this Agreement (the "**Maintenance and Support Services**"). Maintenance and Support Services include, without limitation, bug and break-fix service packs and, subject to the other terms and conditions of this Agreement, general enhancements to the BETA Services, which shall be made available to LPL by Refinitiv at no additional cost. Any other new features or services that may be developed by Refinitiv that are optional services and only offered to BETA Services' clients as an optional service during the Term of this Agreement (the "**Chargeable Enhancements**") shall be made available to LPL at the prices agreed to by the Parties, and upon such other terms as mutually agreed. All enhancements to the BETA Services, and any new features or services introduced by Refinitiv, shall remain the exclusive proprietary property of Refinitiv. Subject to the terms of the Performance Standards and Section 3.10 below, Refinitiv shall provide a minimum of thirty (30) days notice of any scheduled maintenance which will impact the availability of the BETA Services, and all scheduled maintenance shall be performed on Saturday or Sunday, unless otherwise agreed in writing.

3.4 Performance Standards. Refinitiv shall provide the BETA Services in accordance with the service level standards set forth in Schedule B hereto (each, a "**Performance Standard**"). The Parties shall work in good faith to amend and restate Schedule B within thirty (30) days of the Effective Date to revise the Performance Standards. Except to the extent that any delay is due solely to LPL, if the Parties have not reached agreement within such thirty (30) day period, or as may be mutually extended, then until such time as the amended and restated Schedule B is added to this Agreement by amendment, the maximum fees at risk shall be fifty percent (50%) of the Trade Processing

Charges per Schedule A. Refinitiv shall not be liable to LPL to the extent that a breach by LPL of its obligations under this Agreement results in Refinitiv's failure to perform the BETA Services in accordance with such affected Performance Standard. Additionally, the measurement and reporting of Performance Standards will be suspended during the period of a Force Majeure Event. Notwithstanding any other terms of this Agreement, if there is any conflict between the terms of this Agreement and the terms of Schedule B, then the terms of this Agreement shall prevail.

(a) Failure to Meet Performance Standards. If Refinitiv fails to meet a Performance Standard, Refinitiv shall: (i) investigate, assemble and where possible, using commercially reasonable efforts, preserve pertinent information with respect to such failure, and report in writing on the causes of such failure, including performing a root cause analysis of such failure as specified in Schedule B; (ii) minimize the impact of such failure by initiating remediation of such failure in accordance with the Performance Standard requirements; and (iii) take reasonable preventive measures so that the failure does not recur.

(b) Performance Credits. If Refinitiv fails to meet a Performance Standard as set forth in Schedule B and this Section 3.4(b), LPL shall be entitled to (i) recover the credits specified in Schedule B, not to exceed the then-applicable Maximum Fees at Risk as specified in Schedule B (the "**Performance Credits**"); and (ii) seek any other remedy to which it may be entitled under this Agreement.

(c) Reports. Refinitiv shall monitor its performance of the BETA Services and provide to LPL, by the fifteenth (15th) day after the end of each month during the Term, monthly reporting on the BETA Service's performance against the Performance Standards, and such other reports as the Parties may mutually agree are reasonably necessary or desirable from time to time.

3.5 Other Errors. Without limiting Refinitiv's obligations under Section 3.4, Refinitiv shall not charge LPL for the time required of Refinitiv personnel in correcting any errors by Refinitiv in the performance of the Services, including any failure of Refinitiv to perform in accordance with a Statement of Work. To the extent any Refinitiv errors in processing (such as, for example only, calculation errors or duplicate files), result in costs and expenses to LPL, LPL may submit the issue for review under the governance process set forth in Section 29 herein, and Refinitiv shall engage in good faith discussions with LPL regarding any Refinitiv liability for the costs and expenses incurred by LPL.

3.6 Third Party Embedded Code. To the extent that the BETA Services contain any embedded, third-party code, the terms of this Agreement

shall apply to such third-party code and LPL's use of the BETA Services, including such third-party code, will be governed by this Agreement and not any other terms. For the purposes of this Section 3.6, embedded code does not include interfaces to any third-party software or third-party systems. If LPL does not already have a direct agreement in place with the licensor of any such interface, Refinitiv shall provide LPL with the applicable third party terms in advance for review and, to the extent necessary, will provide LPL with reasonable assistance in negotiating the third party terms as may be required from time to time.

3.7 BETA Services User Committee. As a user of the Beta Services, LPL shall be entitled to membership in the BETA User Committee (the "BUC") and shall have the option to participate in BUC activities. BUC activities provide BETA Services' customers with opportunities to provide input about ideas for changes and improvements to the BETA Services and to receive communications about the status of new developments, forthcoming changes and other matters of common concern to users of the BETA Services.

3.8 Regulatory Changes.

(a) Refinitiv acknowledges that LPL's use of the Services is subject to applicable Laws including SEC and FINRA content and filing requirements, broker-dealer Laws, Sarbanes-Oxley Act of 2002 requirements and Laws regarding the handling, protection and sharing of Personal Information. If, at any time, LPL is notified (orally, in writing, via electronic communication or otherwise) by any of its customers, clients, FINRA, the SEC or any other governmental or regulatory agency (including self-regulatory organizations) that any part of the Services is not in compliance with any Laws that are applicable to such Services, and such organization or agency requests that LPL or Refinitiv change its processes or activities associated therewith, Refinitiv shall reasonably cooperate with LPL to address such concerns in accordance with this Agreement. The Parties shall work together to identify the impact of such changes on how LPL uses and Refinitiv provides the Services and will attempt in good faith to reach agreement on how Refinitiv implements any changes to the Services to comply with such regulatory changes. Refinitiv shall not charge LPL for required changes to the Services that are applicable to its customer base.

(b) Refinitiv shall provide Regulatory Mandatory Modifications as part of the Services in accordance with Schedule K. Subject to subsection (c) below, Refinitiv shall provide changes to the Services that are reasonably necessary to comply with the Laws and deliver related Deliverables reasonably necessary to assist LPL to comply with such requirements to the extent they are applicable to the use and provision of the Services. Unless such assistance and/or Deliverables are provided to LPL as part of the Transition Services, in which case they shall be provided at no Charge, Refinitiv

shall provide such assistance and deliver such Deliverables to LPL as may be reasonably required by LPL in writing, as follows: If changes in existing Laws either: (i) require substantial modifications to the Services hereunder or (ii) materially increase the cost of performance of the Services hereunder, a fee may be charged by Refinitiv for the amount actually incurred by Refinitiv as a direct result of compliance with such regulatory changes under either (i) or (ii) above, as applicable, as evidenced by reasonable written records provided by Refinitiv to LPL and detailing the amount of such fee and Refinitiv's calculation methodology of the fee (the "**Additional Cost**"). LPL shall reimburse Refinitiv for its pro-rata portion (or other equitable methodology) of the Additional Cost. Any Additional Cost in providing the Services shall be mutually agreed to by the Parties.

(c) If Refinitiv determines in good faith that any change to the Services under subsection (b) above is technically infeasible, or if LPL determines that any solution proposed by Refinitiv is deficient for any reason, then the Parties will submit the issue to the governance process for discussion in accordance with Section 29 herein. If LPL ultimately determines that it will need to find an alternative compliance solution, Refinitiv shall provide LPL with all data necessary for LPL to find an alternative compliance solution (to the extent that Refinitiv actually has such data) and such other reasonable assistance as LPL may request. The Parties shall use the governance process set forth in Section 30 herein to further discuss any reduction in the fees charged to LPL under this Agreement, in light of the fact that LPL must now source the compliance solution elsewhere. Notwithstanding the foregoing, if Refinitiv cannot provide a change required for LPL to meet a material and essential component of its regulatory compliance obligations, then LPL may terminate this Agreement upon no less than thirty (30) days prior written notice.

3.9 Requested Changes. During the Term, LPL may request that Refinitiv make a change to the BETA Services or add functionality to and/or enhancements for the BETA Services (each, an "**LPL Work Request**") or may engage Refinitiv to perform certain professional services and/or provide Deliverables and various consulting services ("**Professional Services**"). The Parties will handle all such requests in accordance with the process set forth in this Section 3.9. Refinitiv shall not have the right to reject LPL Work Requests unless Refinitiv reasonably determines that a request is not technically feasible; otherwise, Refinitiv shall use commercially reasonable efforts to develop the requested functionality and/or enhancements for the BETA Services in the commercially reasonable time period requested by LPL, in accordance with the Applicable Specifications agreed to and at the rates set forth in Schedule A and subject to the terms of such Schedule A, as documented in a Statement of Work.

(a) Statements of Work. In each instance when LPL desires to engage Refinitiv to perform Professional Services, LPL shall submit an LPL Work Request describing the requested Professional Services. Refinitiv will respond in writing to each

LPL Work Request within 5 Business Days and shall provide LPL with a high level written estimate or, if Refinitiv in its reasonable discretion has determined that it has not received sufficient information to formulate such an estimate, the Parties shall meet as soon as reasonably practical, but in no event later than 10 Business Days from receipt of the initial Work Request, to discuss and align in good faith on the requirements. Once the Parties are aligned on the requirements, Refinitiv shall provide the high level written estimate within 5 Business Days. Upon LPL's agreement to the proposal terms, the Parties shall enter into a statement of work in substantially the form attached hereto as Schedule G (each a "**Statement of Work**" or "**SOW**"), which SOW will define the Professional Services and Deliverables to be provided by Refinitiv thereunder and the Applicable Specifications, if any, for such Deliverables. At LPL's request, Refinitiv shall provide LPL with status updates and written reports on a regular basis in order to inform LPL about the progress of the Professional Services. Statements of Work shall be deemed incorporated into and made a part of this Agreement upon their execution by the Parties.

(b) Changes to Statements of Work. For any changes to a Statement of Work, the Parties shall follow the Change Request process set forth in Schedule G-1 (Change Request Process for SOWs) attached hereto.

(c) Testing and Acceptance of Deliverables Developed Pursuant to a SOW.

(1) With respect to any Deliverable developed under a Statement of Work: (A) Refinitiv shall provide notice to LPL of completion and shall deliver (or, as applicable, provide access to) any Deliverable to LPL for Evaluation, and (B) LPL shall be entitled to an Evaluation Period (as designated by LPL and set forth in the applicable Statement of Work) in which to Evaluate the Deliverable in accordance with the applicable Acceptance Criteria to determine if there is a Nonconformity. While a SOW may require that acceptance testing be conducted on an ongoing basis, LPL's acceptance of a Deliverable shall not be deemed to have taken place until LPL Accepts such Deliverable.

(2) LPL shall be entitled to either: (A) Accept the Deliverable; (B) Accept the Deliverable with a non-material Nonconformity or Nonconformities, in which case, LPL shall identify the Nonconformities and Refinitiv shall promptly correct all non-material Nonconformities unless otherwise agreed by the Parties in writing; or (C) if a material Nonconformity exists, reject the Deliverable, in which case, LPL shall promptly notify Refinitiv in writing but, in no event later than the end of the Evaluation Period of its rejection, and shall identify the material Nonconformities of the Deliverable that are the basis of the

rejection. Refinitiv shall, at its own expense, promptly correct all Nonconformities and shall promptly deliver to LPL the Deliverable containing such corrections, whereupon LPL shall have another Evaluation Period of the same length to re-evaluate the Deliverable (“**Subsequent Evaluation Period**”). To the extent LPL fails to provide notice of acceptance or rejection by the end of the Evaluation Period or the Subsequent Evaluation Period, as the case may be, Refinitiv may request in writing that LPL provide notice of acceptance or rejection, and LPL will use reasonable efforts to provide such notice of acceptance or rejection to Refinitiv promptly. Without limiting the foregoing, LPL’s payment for Deliverables shall not constitute LPL’s Acceptance of such Deliverables.

(3) In the event that Refinitiv fails to correct all Nonconformities identified during a Subsequent Evaluation Period to bring the applicable Deliverable in compliance with the Acceptance Criteria, then, LPL, at its sole option, and without prejudice to such other legal rights as it may have hereunder or otherwise, may: (A) repeat the procedure set forth above; or (B) extend the time for Refinitiv’s performance and require Refinitiv to formulate and implement a remediation plan, which may include an obligation to increase resources dedicated to complete the corrections; or (C) treat such failure as a material breach of the Statement of Work and terminate the applicable Statement of Work, in which case Refinitiv shall remit to LPL the fees paid by LPL for the Nonconforming Deliverable and all other Deliverables which are materially affected by such Nonconforming Deliverable.

3.10 Prior Notice of Material Changes. Refinitiv shall be responsible for all changes to the BETA Services. Refinitiv shall comply with the following change control requirements in making such changes. Prior to making any material changes to the manner in which the Services are provided under this Agreement, including changes to processes, IT systems, specifications, or other operational aspects of the Services, in each case which are reasonably likely, to the extent of Refinitiv’s knowledge, to materially affect the Services, or the performance of Refinitiv’s obligations under this Agreement, or the manner in which LPL uses the Services, Refinitiv shall provide reasonable notice of such anticipated change to LPL (which notice need not conform to the requirements of Section 34.1 but will be via e-mail communication), at the request of LPL, discuss such change in good faith with LPL, and shall not implement such change absent LPL’s consent thereto (not to be unreasonably withheld or delayed); provided, however, that, subject to LPL’s rights under Section 3.11 (Acceptance of BETA System), LPL’s consent to such change will not be required to the extent that such change does not result in any: (a) cost or expense

to LPL (including capital expenditure (CAPEX) costs); or (b) significant adverse effect on the BETA Services, the performance of Refinitiv's obligations under this Agreement, or the manner in which LPL uses the BETA Services. Notwithstanding the foregoing, Refinitiv may make changes to the BETA Services without LPL's consent in emergency circumstances, provided that Refinitiv provides notice to LPL of the change promptly following its implementation, and provided further that such changes do not result in a significant adverse effect on the BETA Services, the performance of Refinitiv's obligations under this Agreement, or the manner in which LPL uses the BETA Services.

3.11 Acceptance of BETA System.

(a) BETA System Notice and Acceptance Testing Commencement. Following such time that Refinitiv has completed its development of a BETA System modification and successfully completed its internal testing and review of such modification with no material Nonconformity being found, Refinitiv will make that modification available to LPL for LPL's user acceptance testing in one or more test environments to be provided by Refinitiv. Refinitiv shall make available to LPL such number of test or other non-production environments to which LPL has subscribed as set forth in Schedule A. Such environments shall conform to the specifications set forth in Schedule C to this Agreement. Refinitiv hereby grants LPL access to and rights to use such environments for testing in accordance with this Agreement.

(b) Refinitiv shall notify LPL of any general release cycle modification at least thirty (30) days in advance of the of the expected release of the modification into production. For any modification that does not fall within Refinitiv's general release cycle, Refinitiv will use best efforts to provide LPL with at least fifteen (15) days notice in advance of the expected release of the modification into production. During the applicable notice period, if LPL elects to test the modification, LPL shall notify Refinitiv of such election, and Refinitiv shall place the modification into LPL's test environment. Notwithstanding the foregoing, if Refinitiv reasonably determines that it must release a modification into the production environment on an emergency basis, Refinitiv will provide LPL with as much notice as practical given the circumstances.

(c) The date on which Refinitiv provides the modification to the test environment shall be referred to as the "**Acceptance Test Start Date.**" LPL shall have a commercially reasonable time period after the Acceptance Test Start Date, or such other period to which the Parties otherwise agree (the "**Test Period**"), to perform, or have performed, whatever acceptance testing LPL determines is necessary or desirable. Refinitiv will not introduce any modification into LPL's production environment if a mutually agreed upon material defect is identified by LPL. Refinitiv evaluates every change to the system on its impact to LPL. Where commercially reasonable and

technically feasible, if a change is not desired by LPL, Refinitiv will add the appropriate parameters to allow LPL to turn off such change. Upon completion of the Test Period, LPL shall be entitled to either: (i) Accept the modification; (ii) Accept the modification with a non-material Nonconformity and move to production; or (iii) if a material Nonconformity exists, reject the modification, in which case, LPL shall promptly notify Refinitiv in writing of its rejection, but in no event later than the end of the Test Period, and shall identify the material Nonconformities of the modification that are the basis of the rejection. Refinitiv shall, at its own expense, promptly correct all Nonconformities and shall promptly deliver to LPL the modification containing such corrections, whereupon LPL shall have another commercially reasonable Test Period to re-evaluate the modification (“**Subsequent Test Period**”).

(d) In the event that Refinitiv fails to correct all Nonconformities identified during a Subsequent Test Period to bring the applicable modification in compliance with the Acceptance Criteria, then, LPL, at its sole option, and without prejudice to such other legal rights as it may have hereunder or otherwise, may: (i) repeat the procedure set forth above; or (ii) extend the time for Refinitiv’s performance and require Refinitiv to formulate and implement a remediation plan, which may include an obligation to increase resources dedicated to complete the corrections; or (iii) reject the modification.

4. LPL Property. If LPL agrees to provide any LPL Property to Refinitiv for Refinitiv’s use in connection with Refinitiv’s performance of the Services, such LPL Property is made available “AS IS” and “WHERE IS” and with all faults, errors or defects, and any such faults, errors or defects in LPL Property shall not limit Refinitiv’s obligations, responsibilities or liabilities hereunder. Refinitiv will not use LPL Property for any other purpose other than in connection with Refinitiv’s performance of the Services. LPL Property is and shall remain the exclusive property of LPL. While LPL Property is in Refinitiv’s possession or under its control, and as applicable to the specific type of LPL Property, Refinitiv will: (a) not alter, deface or modify any tags or labels identifying LPL Property as such; (b) not assign or move, transfer, transmit, or otherwise make available any LPL Property to any third party without the prior written approval of LPL; (c) maintain LPL Property, where applicable, in good working order, ordinary wear and tear excepted, and be responsible for all maintenance and repair of LPL Property; (d) if applicable, comply with any LPL written policies made known to Refinitiv prior to the provisioning of LPL Property concerning access to, use of and security of LPL Property; (e) keep LPL Property free from all liens and encumbrances created by or through Refinitiv; and (f) bear all risk of loss of and/or damage to that LPL Property within its control. Refinitiv shall return LPL Property to LPL when Refinitiv no longer requires access to such LPL Property. At LPL’s written request, Refinitiv will display in a reasonably visible manner a legend indicating LPL’s ownership of any LPL Property. Immediately upon LPL’s written request or promptly upon termination or expiration of

this Agreement, Refinitiv will deliver to LPL all LPL Property, in the same condition as originally received, ordinary wear and tear excepted.

5. No Exclusivity; No Obligation to Order.

5.1 Refinitiv agrees that its relationship with LPL is not exclusive and, as such, LPL may remove any part of the Services from the scope of this Agreement by performing such Services itself or contracting with any third party (each a “**LPL Third Party Contractor**”) to perform such Services. Notwithstanding the foregoing, nothing in this Agreement shall be construed or interpreted as limiting LPL’s right or ability during the Term to change the requirements of LPL or increase or decrease its demand for Services. Unless otherwise set forth in this Agreement, LPL will give at least thirty (30) days’ prior notice of its election to remove any part of the Services from the scope of this Agreement pursuant to this section.

5.2 LPL shall have no obligation to order any Service solely by virtue of entering into this Agreement. Refinitiv acknowledges that this Agreement does not constitute a retainer, and that LPL is not required to order Services hereunder. Refinitiv is entitled to Charges only for Services ordered and performed under this Agreement or a Statement of Work, and no volume expectation, forecast, past performance or past course of dealing entitles Refinitiv to receive any amounts, nor shall it subject LPL to any liability, of any kind.

6. Cooperation with LPL Personnel and LPL Third Party Contractors.

6.1 Refinitiv shall, at no additional cost or expense to LPL, reasonably cooperate with and work in good faith with LPL or LPL Third Party Contractors (subject to Section 6.3 below) as described in this Section 6 or as reasonably requested by LPL, provided that where an LPL Third Party Contractor is a Refinitiv Competitor, the aforementioned obligations will apply to Refinitiv subject to the Parties’ agreement. Such cooperation will include, if applicable and requested by LPL:

(a) providing reasonable access to any Service Location, as necessary for employees or agents of LPL (the “**LPL Personnel**”) or LPL Third Party Contractors to perform the work assigned to such LPL Personnel or LPL Third Party Contractors in furtherance of the Services or in connection with the exercise of LPL’s rights under this Agreement;

(b) providing electronic and physical access to the business processes and Services Infrastructure reasonably requested by LPL for LPL Personnel or LPL Third

Party Contractors to perform the work assigned to them in furtherance of the Services or in connection with the exercise of LPL's rights under this Agreement;

(c) providing then-available written requirements, standards, policies or other applicable documentation for the business processes and Services Infrastructure, but only to the extent reasonably requested by LPL for LPL Personnel or LPL Third Party Contractors to perform the work assigned to them in connection with LPL's receipt and use of the Services or in connection with the exercise of LPL's rights under this Agreement and for no other purpose;

(d) minimizing any degradation in the provision of the Services caused by the adjustments made by Refinitiv in transferring Services to LPL Personnel or an LPL Third Party Contractor; and

(e) providing any other cooperation reasonably requested for LPL Personnel or LPL Third Party Contractors to perform the work assigned to them by LPL in connection with LPL's receipt and use of the Services or in connection with LPL's exercise of its rights under the Agreement.

6.2 Refinitiv and LPL shall each use commercially reasonable efforts to promptly notify the other Party when it becomes aware that an act or omission by an LPL Third Party Contractor will cause, or has caused, a problem or delay in providing the Services. In such event, Refinitiv shall use commercially reasonable efforts to work with LPL Personnel or, at LPL's direction, an LPL Third Party Contractor, to prevent (if possible) or circumvent the impact of such problem or delay. Refinitiv shall reasonably cooperate with LPL and LPL Third Party Contractors (and LPL shall likewise instruct LPL Personnel and LPL Third Party Contractors to reasonably cooperate with Refinitiv) to resolve differences and conflicts arising between the Services and other activities undertaken by LPL Personnel or LPL Third Party Contractors. Any notification provided in accordance with this Section 6.2 shall not in and of itself excuse Refinitiv from the performance of any of its obligations under this Agreement.

6.3 If any LPL Third Party Contractor would have access to Refinitiv intellectual property or a Refinitiv restricted area on Refinitiv premises, then Refinitiv may require such Third Party Contractor to enter into a reasonable confidentiality agreement. Refinitiv may prohibit such LPL Third Party Contractor from having access to any Refinitiv data center, equipment or premises where such LPL Third Party Contractor would have access to Personal Information of other Refinitiv customers.

7. Equipment and Infrastructure; Service Locations.

7.1 Services Infrastructure. Refinitiv, and not LPL, shall be responsible for all costs and expenses associated with Refinitiv's obligation to supply and maintain at all times Equipment, Software, supplies, materials, networks, space, and other facilities and infrastructure necessary to perform the Services in accordance with this Agreement during the Term (collectively, "**Services Infrastructure**") and shall be solely responsible for all upgrades, improvements, replacements and additions to the Services Infrastructure. LPL shall be responsible for obtaining, installing at its premises, and maintaining all Equipment, including telecommunications equipment, necessary for using the BETA Services.

7.2 Service Locations. The Services shall be provided and performed from premises owned or leased by Refinitiv as listed on Schedule L (each a "**Service Location**" and collectively, the "**Service Locations**"). Except for those offshore Service Locations set forth on Schedule F, without LPL's express written consent: (a) no Services will be provided at any location outside of the United States; and (b) Refinitiv shall not (or allow any Service Provider to) transmit, transfer, process, store or replicate LPL Data outside of the United States or provide access to or otherwise make available LPL Data to Personnel located outside of the United States. Notwithstanding LPL's consent as set forth above, with respect to any production support Services provided by Refinitiv to LPL from any offshore Service Location, Refinitiv shall retain the controls identified to LPL and notify LPL at least sixty (60) days prior to any changes to such controls. Identified controls include, but are not limited to, segregated offshore delivery center, segregated badge access and segregated network.

7.3 Relocation. Refinitiv will provide LPL with ninety (90) days prior written notice before performing any relocation of any Service Location. Refinitiv will manage any such relocation so as to remain at all times in compliance with its obligations in Schedule H, Information Security and Related Requirements. Each relocation shall be performed pursuant to a written plan prepared by Refinitiv sufficient to prevent any adverse impact on the Services as a result of the relocation and relocation-related activities. Refinitiv shall implement the plan in a manner that prevents any adverse impact on the Services. LPL shall have the right to review the plan prior to any such relocation, Refinitiv shall be responsible for the effectiveness and implementation of the plan as described herein.

7.4 Segregation. The Service Locations shall be physically and logically segregated from any third party other than Refinitiv Personnel. Refinitiv confirms that it has developed a process, which shall be shared with LPL at LPL's request, to ensure that any Refinitiv Personnel providing services to a third party participating in a business that is now or in the future competitive

with the business of LPL or any LPL Affiliate, does not have access to LPL Confidential Information.

7.5 Security. Without limiting Refinitiv's obligations under Section 20 (Confidentiality) below, Refinitiv will maintain and enforce at Refinitiv Service Locations security procedures at least at the levels and in accordance with the standards, protocols, requirements and guidelines set forth in Schedule H. Refinitiv will be responsible for and in violation of its obligations for any and all security breaches of every nature and type at its Service Locations.

7.6 Additional Relocation Requirements. Refinitiv shall provide LPL with advance notice of its intention to relocate the Service Locations and shall obtain LPL's written consent prior to relocating to any new Service Location outside of the United States as described below. Refinitiv shall not relocate to a new Service Location if such relocation would adversely affect the risk mitigation strategy reflected in the Business Continuity or Disaster Recovery Plan, provided, however, that, subject to the restrictions set forth in Section 7.2, the foregoing will not prevent Refinitiv from providing incremental services from such alternate Service Location to the extent required to address unplanned short-term fluctuations in Service demand requirements. In the event that Refinitiv, subject to compliance with all applicable Laws, proposes to move the Services to a new Service Location, Refinitiv shall provide LPL with a written proposal describing, in detail:

- (a) the new Service Location and the comparative operational, technical and security features;
- (b) Refinitiv's assessment of whether such a relocation will impact Refinitiv's ability to provide the Services in accordance with the Performance Standards and this Agreement;
- (c) the demographics of the area in which the new Service Location is located, including an assessment of the availability of qualified personnel, as well as any plans to relocate Refinitiv Personnel; and
- (d) how the new Service Location will satisfy all applicable LPL security requirements set forth in this Agreement that are then in effect and mandated at existing Service Locations (i.e., logical and physical security), as evidenced by completion of an appropriate site survey and/or other reasonable methods for which security requirements at the new Service Location can be demonstrated to be met.

7.7 Evaluation of Relocation Proposal. LPL shall have at least ninety (90) days to evaluate such relocation proposal to determine (and may meet with

Refinitiv to review) whether (a) such relocation will detrimentally impact the Services or the obligations of Refinitiv under this Agreement in any material respect; (b) such relocation will adversely affect the risk mitigation strategy reflected in the Business Continuity or Disaster Recovery Plan; (c) the new Service Location satisfies the applicable security requirements set forth in this Agreement; and (d) if the relocation will impact the Charges or taxes payable by LPL in connection with the Services. In connection with any such relocation, subject to this Section 7.7, Refinitiv shall pay or reimburse LPL for additional direct costs or expenses associated with such move (including any increased taxes) that will be incurred by LPL related to or resulting from any Refinitiv initiated relocation of any Service Location, including, any direct out-of-pocket costs or expenses (accompanied by supporting documentation) incurred by LPL as a result of such relocation. LPL shall provide Refinitiv with an estimate of such direct costs or expenses, and Refinitiv shall reimburse up to ten thousand dollars (\$10,000). If LPL seeks additional reimbursement then the Parties shall address the request through the governance process set forth in Section 29 of this Agreement.

7.8 Access. During the Term, Refinitiv shall provide to LPL and LPL Personnel, at no charge, reasonable access to the Service Locations. In addition, at LPL's request, Refinitiv shall provide reasonable access to such Service Locations by Governmental Audit Authorities.

8. Conduct of Refinitiv Personnel.

8.1 General. Whenever Refinitiv's employees, agents, representatives and, if permitted and approved by LPL pursuant to this Agreement, Service Providers and their respective personnel (collectively, "**Refinitiv Personnel**") are (a) present on LPL Premises; Refinitiv shall request such Refinitiv Personnel (collectively, "**Front Line Personnel**") to comply with LPL's policies and procedures, including safety and physical and information security procedures that are applicable to LPL's premises as the same may be amended from time to time. If such Front Line personnel refuse to comply they shall not be assigned as Front Line Personnel. At LPL's request and expense, Front Line Personnel will attend one or more training sessions with respect to LPL's on-site rules of behavior, work schedule, security procedures and such other policies and procedures as LPL, in its sole discretion, may deem appropriate.

8.2 Compliance. Refinitiv Personnel shall at all times perform the Services in a safe and professional manner and comply with all applicable Laws and other legal requirements, as such are amended from time to time. Refinitiv

shall remain responsible for all acts, omissions, obligations, services and functions performed by such Refinitiv Personnel to the same extent as if such acts, omissions, obligations, services and functions were performed by Refinitiv itself.

8.3 Replacement. At LPL's reasonable request, Refinitiv will exert best efforts to promptly replace any proposed or assigned Front Line Personnel providing Services to LPL under this Agreement.

8.4 Treatment of Security Information. Refinitiv and Refinitiv Personnel performing Services under the Agreement shall treat all passwords, access information and information concerning LPL's security systems (physical, electronic, and otherwise) as LPL Confidential Information in accordance with Section 21 (Confidentiality) of this Agreement without regard to any exclusion to LPL Confidential Information set forth in Section 20.3.

9. Key Personnel.

9.1 General.

(a) The Parties agree that there are certain individuals that will facilitate the accomplishment of the Services, as set forth in this Section 9.1 and as may be set forth in certain Statements of Work from time to time (each, a "**Key Person**" and collectively "**Key Personnel**"). Key Personnel shall be employees of Refinitiv or a Refinitiv Affiliate and may not be independent contractors or subcontractors. If any Key Personnel are designated in a SOW, Refinitiv shall perform Services related to such SOW through those Key Personnel and such additional Personnel as Refinitiv may from time to time determine to be required for the performance of Services. LPL may from time to time request a change in the positions designated as Key Personnel under this Agreement, and provide the reasons for such request. Refinitiv will consent to such change provided that LPL has provided a compelling rationale for such change, such change is in compliance with Refinitiv's policies of nondiscrimination, does not cause a commercially unreasonable impact on Refinitiv and is in compliance with the requirements by Law.

(b) The personnel providing Services hereunder and holding the following titles, or equivalent titles with substantially the same duties, at Refinitiv are hereby designated as Key Personnel under this Agreement: (a) Relationship Manager, (b) Executive Relationship Manager, (c) Global Business Director; and (d) Account Manager.

9.2 Level of Effort; Replacement. The Key Personnel, as part of their employment obligations to Refinitiv will devote the level of effort specified in the applicable Statement of Work, as the case may be, to the provision of

Services for, at a minimum, the period specified in the applicable Statement of Work, as the case may be, from the date he or she assumes the applicable position. In the event of the voluntary resignation, termination for cause, reduction in force, illness, disability or death of one of its Key Personnel during or after the specified period, Refinitiv shall: (a) provide LPL with as much notice as reasonably possible after the occurrence of such event in accordance with Refinitiv's policies; and (b) promptly identify and provide LPL the name of such replacement and an opportunity to meet with the replacement. If LPL seeks to object to the replacement it shall raise the objection with governance and remain in compliance with the terms set out in 9.1 above Except for the reasons set forth above, even after the period specified in the applicable Statement of Work, as the case may be, Refinitiv shall transfer, reassign or remove any of its Key Persons only after: (i) giving LPL reasonable prior notice of such action; (ii) identifying and providing LPL with a suitable replacement in a timely manner prior to such transfer, reassignment or removal; (iii) providing LPL with a plan describing the steps and knowledge transfer necessary to transition responsibility to the replacement; and (iv) providing reasonable assurance to LPL that such action will not have a material adverse impact on Refinitiv's performance of its obligations under the applicable SOW.

9.3 Succession Plan. Refinitiv shall maintain succession plans for each of the Key Personnel positions.

9.4 Project Managers. Where applicable, Refinitiv and LPL shall each designate a Project Manager who shall be the principal point of contact for all matters under the particular Statement of Work. The Project Managers designated in any Schedule or Statement of Work as having such authority shall have the authority to represent each of their respective Parties, as the case may be, pursuant to the procedures set forth herein or therein. Subject to Section 9.1 above, Refinitiv and LPL may each replace its Project Manager with a new Project Manager by providing written notice to the other Party's Project Manager. In addition, upon request from LPL, Refinitiv shall use commercially reasonable efforts to promptly replace the Refinitiv Project Manager and the Parties shall work in good faith to minimize any delays in the performance of the Statement of Work attributable to such replacement.

10. Refinitiv Personnel Screening and Background Checks.

10.1 Screening Measures. Without in any way limiting Refinitiv's obligations hereunder or in any Statement of Work, Refinitiv shall conduct the screening measures and background and security checks for Refinitiv Personnel as set forth below and in Schedule H attached hereto.

10.2 Failure to Meet Criteria. Refinitiv shall not allow any individual who does not meet the screening, background and security check criteria set forth below and in Schedule H (as determined by the results of such screening, background and security check) to perform work in connection with any of the Services.

10.3 Background Checks. Refinitiv agrees, prior to hire, to perform a background check in compliance with Applicable Law on any personnel (and will require the same of its subcontractors) who provide Services or access BETA Systems IS, data or premises. Background checks shall include:

- (a) Education: verification of any post-high school education degrees;
- (b) Employment: verification of employment within the past seven years or three most recent employers;
- (c) Identity: verification of the social security number (or similar applicable government-issued personal identification number) of the personnel;
- (d) Work Authorization: verification of authorization to work in any country in which the personnel is assigned to perform Services;
- (e) Criminal: in all countries and counties where the individual has lived during the last seven years, identification of any felony (or legally equivalent) convictions and misdemeanor (or legally equivalent) convictions for offenses based on dishonesty and/or of a monetary or financial nature, including, but not limited to, theft, fraud (credit card, bad checks or otherwise), shoplifting, forgery, counterfeiting or embezzlement;
- (f) Global Sanctions: including a review of:
 - (1) Specially Designated Nationals List published by the Office of Foreign Assets Controls of the U.S. Department of the Treasury (“**OFAC**”) or any other list maintained pursuant to any of the rules or regulations of OFAC;
 - (2) those otherwise subject to sanction under an OFAC implemented regulation or by similar regulation in Canada, the United Kingdom, the European Union, or elsewhere;
 - (3) those identified as a restricted party by the U.S. Federal Reserve List of Enforcement Actions or by other U.S. or international financial sanctions bodies; and

(4) those identified as a Politically Exposed Person (“**PEP**”) or the direct family member or close business associate of a PEP;

(5) Other: any additional checks as required by Refinitiv due to changes in regulatory or customer requirements.

10.4 **Removal.** If Refinitiv learns that any Refinitiv personnel that is (i) assigned to provide BETA Services to LPL; or (ii) has access to LPL Data, and in either of (i) or (ii) has been convicted of any felony of fraud, dishonesty, or financial crimes including identity theft, that occur subsequent to such initial screening and assignment, against Refinitiv employees who provide BETA Services, such personnel shall promptly be removed from providing BETA Services to LPL and such personnel’s access to LPL Data shall be immediately terminated. For clarity, Refinitiv is not required to rescreen employees nor require employees to self-report convictions.

11. Additional Requirements

11.1 **Services and Services Infrastructure Improvement and Evolution; Roadmap.** Refinitiv will cause the Services Infrastructure and the Services to evolve and to be modified, enhanced, supplemented and replaced as reasonably necessary for the Services Infrastructure and the Services to keep pace with overall improvements and technological advances in the provision of like services in the United States, including those changes made in response to regulatory changes. Without limiting the foregoing, on at least an annual basis, Refinitiv shall meet with LPL and provide a twelve (12) month roadmap, which shall be updated by Refinitiv annually throughout the Term, of its plans to evolve and update the Services Infrastructure and the Services.

11.2 **Quarterly Review.** On a quarterly basis, Refinitiv and LPL shall meet at a mutually agreeable time to discuss and review performance, risk and financial matters (“**Quarterly Review**”). Unless otherwise agreed, Quarterly Reviews will occur in the second (2nd) month of each calendar quarter to cover the previous calendar quarter.

11.3 **Notice of Material Events.** Refinitiv shall promptly (unless otherwise prevented by confidentiality obligations, and in such case as soon as permitted) notify LPL in writing of any Material Event (as defined below) of which Refinitiv becomes aware through exercise of due care throughout the Term. Any such notice will be provided to the LPL personnel listed on the LPL notification distribution list, and Refinitiv will be available then to discuss the circumstances leading to the events which are the subject matter of the notice provided for above. For purposes hereof, “**Material Event**” means any event or

series of events: (a) directly or indirectly caused by an act or omission of Refinitiv or any Service Provider that, to Refinitiv's actual knowledge, has or is reasonably expected to have a material adverse impact on the business, operations, assets, condition (financial or otherwise) or reputation of Refinitiv; or (b) that is reasonably likely to materially adversely impact the performance of Services hereunder. Any such disclosures by Refinitiv will expressly be subject to the provisions of Section 21 (Confidentiality).

11.4 Additional Information. LPL may at any time request from Refinitiv additional information with respect to the Services, and/or data related to LPL's use of the Services, and Refinitiv shall provide such information at no additional cost to LPL, provided that such request is commercially reasonable. If Refinitiv cannot itself provide the requested information, then LPL may request that Refinitiv have appropriate subject matter experts provide such additional information. In the event that such request exceeds what is commonly requested by Refinitiv's similarly-situated clients in general, Refinitiv and LPL will mutually agree on additional compensation to Refinitiv for such efforts prior to any obligation for Refinitiv to perform such tasks. Additionally, in the event that Refinitiv becomes aware: (a) that Refinitiv has breached this Agreement or (b) of issues or errors with regard to performance of the Services, Refinitiv will provide LPL with facts specific to the situation and Refinitiv's assessment of the impact on LPL.

11.5 Other Notices. In the event that Refinitiv becomes aware of any material issues, failures or errors with regard to performance of the Services or its obligations under this Agreement, Refinitiv will provide LPL with facts specific to the situation and Refinitiv's assessment of the impact on LPL.

12. LPL Data.

12.1 Supply of Data. LPL will timely supply Refinitiv, in a form reasonably acceptable to Refinitiv, with all data necessary for Refinitiv to perform the ongoing Services to be provided hereunder. It is the sole responsibility of LPL to ensure the completeness and accuracy of such data.

12.2 Ownership of Data. Refinitiv acknowledges and agrees that as between the Parties, all LPL Data is the sole and exclusive property of LPL.

12.3 Data Handling. Without limiting any other obligation of Refinitiv under this Agreement and any Schedule, Refinitiv shall not (a) sell, assign, lease, or otherwise dispose to any third party, or share with any third party, any LPL Data, except with respect to the processing of LPL Data in accordance with this Agreement or at the direction of LPL; or (b) commercially exploit for itself or on

any third party's behalf, any LPL customer, advisor, or employee Personal Information. Except as set forth in Schedule I (Summary of Record Retention Commitments), in no event will Refinitiv destroy LPL Data unless LPL has provided prior written approval for such destruction.

12.4 Use of LPL Masked Data for Testing. Refinitiv may, from time to time, use LPL Data for Data Masking solely for the purpose of testing the BETA Services. Refinitiv has provided LPL with its methodology for the creation of Masked Data and shall provide LPL with any changes to such methodology. At each quarterly review set forth in Section 11.1 above, the Parties shall review the methodology and discuss any changes. Refinitiv shall notify LPL in advance if it intends to conduct any such testing using any LPL Data other than Masked Data, unless such testing was requested by LPL.

13. Charges, Purchase Orders, Invoicing and Payment.

13.1 Charges.

(a) LPL shall pay the Charges for Services in accordance with Schedule A attached hereto and as may be adjusted as provided herein.

(b) Unless otherwise specified or approved in writing in advance by LPL: (i) the Charges shall conform with the rates set forth in Schedule A; (ii) actual Fees will not exceed the amount specified in Schedule A, as amended from time to time, or in a Statement of Work, including any Change Request, and (iii) Refinitiv will be responsible for the payment of its expenses relating to the provision of the BETA Services and will not be reimbursed for such expenses by LPL, except as set forth in Section 13.5 below. Except as expressly set forth in Schedule A or in a Statement of Work, or as otherwise agreed upon by the Parties in writing, there shall be no expenses, Charges or fees payable in respect of Refinitiv's performance of its obligations pursuant to this Agreement.

13.2 Purchase Orders. LPL may issue purchase order(s) to Refinitiv prior to the performance of certain Services (each, a "**Purchase Order**"). In the event of a conflict between the terms and conditions of this Agreement and the terms and conditions of any Purchase Order, the terms and conditions of this Agreement shall control. LPL currently employs processes for electronic generation of Purchase Orders the result of which will be the delivery by LPL of a Purchase Order through one or more of the following: electronic mail, other electronic method, facsimile or telephone. The Parties understand and agree that a Purchase Order generated electronically through LPL approved means and transmitted to Refinitiv through one or more of the foregoing channels constitutes a valid and legally binding order to purchase Services from Refinitiv

under this Agreement. Such electronic transmissions shall be deemed to satisfy all legal formalities requiring that agreements be in writing. Neither Party shall contest the validity or enforceability of any such electronic transmission under any applicable statute of frauds. Computer maintained records in hard copy form shall constitute business records and shall have the same validity as any other generally recognized business records. REFINITIV FURTHER UNDERSTANDS THAT ANY GOODS OR SERVICES PROVIDED TO LPL WITHOUT A VALID PURCHASE ORDER IS DONE SO AT REFINITIV'S OWN RISK.

13.3 Invoicing and Payment.

(a) Invoices. Refinitiv will submit itemized and detailed invoices for Charges to LPL and will provide appropriate supporting documentation reasonably requested by LPL. In order to be valid, an invoice must be consistent with Schedule A or the applicable Statement of Work or Purchase Order in all material respects, be sent to the invoice address specified in Section 13.3(c) below, separately list each category of Charges and taxes, and reference this Agreement and the applicable Statement of Work and Purchase Order, if any. Any invoices that are not valid will be returned unpaid to Refinitiv for correction and re-submittal, as appropriate. If a Purchase Order or applicable Statement of Work does not specify when Refinitiv shall invoice LPL for Services, then Refinitiv shall invoice LPL monthly in arrears by electronic invoice for all applicable charges, and Charges will be prorated for any partial month. No invoice shall include estimated charges. If payment of undisputed amounts is not received by Refinitiv within forty-five (45) days after LPL's receipt of Refinitiv's invoice in the form set forth above, Refinitiv shall provide LPL written notice of the same. All amounts mentioned in this Agreement are in U.S. Dollars. Prior to raising any claim for material breach due to non-payment of an invoice, Refinitiv shall submit the claim to the governance process set forth in Section 29 for attempted resolution.

(b) Segregation of Charges. Refinitiv shall provide detailed invoices or invoices accompanied by detailed reports that segregate the charges payable pursuant to this Agreement into the following separate categories for each applicable taxing jurisdiction: (i) those for taxable Services and products; (ii) those for nontaxable Services and products; and (iii) those for Services and products for which Refinitiv functions merely as a paying agent for LPL in receiving goods, supplies or services (including telecommunications, leasing and licensing arrangements) that otherwise are nontaxable or have previously been subject to tax.

(c) Address for Invoices. Invoices will be sent to the following address:

LPL Financial LLC
Attention: Accounts Payable
P.O. Box 502308
San Diego CA 92150-2308

or via electronic mail: ap.mailbox@lpl.com or such other address as LPL may direct in writing.

13.4 Utilities. All electrical utility service at LPL's offices shall be paid by LPL. Refinitiv shall arrange for the installation of all telecommunications services necessary (excluding the on-premises telecommunications equipment) for LPL's use of the BETA Services, and the charges for such telecommunications services will be passed through to and paid by LPL. Refinitiv shall cooperate in good faith with any third party vendor installing or otherwise servicing such telecommunications services, and Refinitiv shall work with such third party vendor to promptly complete all installations, upgrades and maintenance services in a manner that is minimally disruptive to LPL's business.

13.5 Expenses. LPL shall not reimburse Refinitiv for administrative or account management fees, or incidental expenses, provided that LPL will reimburse Refinitiv for direct expenses incurred by Refinitiv to provide the Services to Refinitiv that are expressly set forth in Schedule A or a Statement of Work. LPL may reimburse Refinitiv for travel expenses. If LPL agrees to reimburse Refinitiv for travel expenses: (a) all travel expenses must be pre-approved by LPL; (b) LPL shall reimburse only those expenses that comply with the expense policy attached hereto as Schedule J; (c) the reimbursement request must be supported with detailed receipts; and (d) the travel expenses must not exceed twelve percent (12%) of the Fees set forth in the applicable Statement of Work. Notwithstanding the foregoing, travel and related expenses shall not be reimbursed if Refinitiv's or its Personnel's place of business is located within a fifty (50) mile radius of the LPL location where Services are being rendered. Unless otherwise specified in the applicable Statement of Work, LPL will not be required to pay for any time spent by Refinitiv traveling, training or familiarizing itself with any software or systems required to perform the work identified in the relevant Statement of Work.

13.6 Withholding of Payment. LPL may, upon written notice (including by e-mail) to Refinitiv, on or before the due date (without prejudice to any other provisions of this Agreement, including LPL's right to review and/or

audit prior Charges and its right to be reimbursed in connection with any erroneous charge by Refinitiv), withhold payment of particular Charges that it disputes in good faith. In the event of such dispute, either Party may submit the dispute to the dispute resolution process described in Section 29 hereof.

13.7 Taxes.

(a) LPL Obligations. LPL will pay to Refinitiv any sales or use tax, whether federal, state or local, imposed on or arising out of the delivery of Services by Refinitiv. LPL shall not be responsible for paying any other taxes or fees of Refinitiv, including Refinitiv's licensing or business fees or assessments that are not specified as a sales or use tax. Once LPL has paid such tax to Refinitiv, LPL shall have no other responsibility with respect to such sales and use taxes and Refinitiv shall be responsible for promptly paying such tax to the appropriate taxing authority. If it is later determined that such tax, or any portion thereof, was not due, Refinitiv will promptly refund the amount thereof to LPL, together with interest on such refunded amount at the rate of two and one half percent (2.5%) per annum, regardless of whether Refinitiv has recovered such amount from such taxing authority. Refinitiv shall, on every taxable event, make all reasonable efforts to limit any and all tax consequences to LPL. Refinitiv is solely responsible for paying any and all taxes (including social security, employment and income) required by any Law or regulation pertaining to Refinitiv Personnel relating to this Agreement.

(b) Refinitiv Obligations. Refinitiv shall be responsible for: (i) franchise and privilege taxes on its business; (ii) taxes based on its net income or gross receipts (including withholding taxes imposed in lieu of income taxes); and (iii) sales, use, excise, value-added, services, consumption and other taxes and duties payable by Refinitiv on goods or services used or consumed by Refinitiv in providing the Services where the tax is imposed on Refinitiv's acquisition or use of these goods or services and the amount of tax is measured by Refinitiv's costs in acquiring these goods or services.

13.8 Tax Audits. If Refinitiv comes under audit by any taxing authorities and an audit issue arises that would create liability for LPL in connection with this Agreement, then Refinitiv must notify LPL of such audit issue as soon as possible but no later than thirty (30) days after Refinitiv becomes aware of the issue to allow LPL to assist in challenging the potential assessment. If notice is not provided to LPL in a timely manner, Refinitiv forfeits its ability to collect from LPL any tax assessments to the extent that LPL is actually prejudiced as a result of such failure to provide notice thereof. At no time shall LPL be responsible for any penalty or interest arising from the assessment levied or billed by the appropriate taxing authority.

14. Term.

14.1 Agreement Term; Renewal. This Agreement will be effective on the Agreement Effective Date and, unless earlier terminated as permitted herein, will terminate on the third (3rd) anniversary of the Effective Date (the “**Initial Term**”). This Agreement may be extended on the same terms and conditions at the option of LPL for up to three (3) additional renewal terms of one (1) year each (individually and collectively, the “**Extended Term**”) by written notice to Refinitiv, which notice shall not be given less than ninety (90) days prior to the expiration of the current Term, provided that, Refinitiv provides LPL with notice of each pending renewal one hundred and eighty (180) days and one hundred and twenty (120) days prior to expiration of the current Term. If LPL does not renew this Agreement, this Agreement shall terminate at the end of the given Term and any Transition Services. Any requested short term renewals (less than 12 months) (exclusive of any Transition Services) shall be subject to a Fee increase as set forth in Schedule A. The period of time commencing on the Effective Date and continuing through the expiration of the Extended Term, if any, or earlier termination of this Agreement pursuant to its terms, is referred to collectively hereinafter as the “**Term.**”

14.2 Statements of Work. The term of each Statement of Work shall be for the period indicated therein. The expiration or termination of any given Statement of Work shall not have any effect on any other Statement of Work in effect at such time. LPL may terminate any Statement of Work at any time for any reason or no reason by providing written notice to Refinitiv, but shall pay Refinitiv the Charges for Professional Services actually provided and Accepted up to the date of termination. If there are ramp-up and ramp-down Charges set out in the SOW those applicable Charges shall apply.

15. Termination. The following termination rights shall apply to this Agreement. LPL may exercise any of its termination rights in whole or in part.

15.1 For Material Breach by Refinitiv. If Refinitiv materially breaches this Agreement and such breach is capable of cure, then LPL may terminate this Agreement in whole or in part without penalty if: (a) LPL delivers a notice of default to Refinitiv; (b) Refinitiv fails to cure such breach within thirty (30) days following the date of the notice of default; and (c) following such cure period, LPL notifies Refinitiv of termination of this Agreement, which termination shall be effective upon the date specified in the notice. If Refinitiv materially breaches this Agreement and such breach is not capable of cure, then LPL may terminate this Agreement in whole or in part without penalty immediately and notify Refinitiv of termination of this Agreement, which termination shall be effective upon the date specified in the notice. Notwithstanding anything to the

contrary herein, if specified in LPL's termination notice, termination of this Agreement under this Section 15.1 shall terminate all outstanding Statements of Work. Refinitiv acknowledges and agrees that a compromise or breach of any Services Infrastructure, system or database: (i) that contains LPL Data resulting in the unauthorized access to, exfiltration of, or other unauthorized copying or removal of such LPL Data or (ii) that involves a compromise of any LPL Network resulting in data loss that cannot be readily recovered or resulting in costs to LPL of over fifty thousand dollars (\$50,000), shall be deemed a material breach of this Agreement. Notwithstanding anything to the contrary herein, any such compromise or breach shall entitle LPL, in addition to its other rights and remedies at law or in equity, to immediately terminate this Agreement as of the date of its termination notice.

15.2 For Material Breach by LPL. Refinitiv may, upon provision of written notice to LPL specifically stating Refinitiv's intent to terminate this Agreement, terminate this Agreement as of a date specified in the notice of termination if LPL fails to pay Refinitiv [**] of undisputed Charges invoiced under Schedule A for a period of at least [**], provided that Refinitiv has first attempted to resolve such issue through the governance process set forth in Section 29 herein and, unless otherwise agreed as a result of the governance process, LPL fails to make payment of such undisputed Charges within ninety (90) days of receipt of notice of termination of this Agreement from Refinitiv. Upon the effective date of termination, until such time as LPL has cured the non-payment of undisputed Charges, Refinitiv is not obligated to provide Transition Services described in Section 16.1. In addition, Refinitiv may, upon provision of written notice to LPL specifically stating Refinitiv's intent to terminate this Agreement, terminate this Agreement as of a date specified in the notice of termination if LPL commits a material breach of its confidentiality obligations under Section 20 herein with respect to any Strictly Confidential Information.

15.3 Both Parties. Each of LPL and Refinitiv may terminate this Agreement if any one of the following events occurs: (a) the other files a voluntary petition in bankruptcy or an involuntary petition is filed against it (and such petition is not dismissed within one hundred eighty (180) days); (b) the other is adjudged bankrupt; (c) a court assumes jurisdiction of the assets of the other under a federal reorganization act, or other statute; (d) a trustee or receiver is appointed by a court for all or a substantial portion of the assets of the other; (e) the other becomes insolvent, suspends business or ceases to conduct its business in the ordinary course; or (f) the other makes an assignment of its assets for the benefit of its creditors. Each Party will give prompt written notice of any such event relating to it.

15.4 Additional LPL Termination Rights.

(a) Failure to Achieve Acceptance Criteria or Acceptance Delay. If the events described in Section 15.1 above occur and LPL elects to exercise its termination rights with respect to a particular Statement of Work and such Statement of Work constitutes a material part of the Services being performed hereunder, LPL shall have the right, in addition to its other rights and remedies at law or in equity, to terminate this Agreement in its entirety without penalty by providing written notice to Refinitiv specifying the effective date of termination and the Agreement shall be terminated as of the date set forth for such termination in the written notice.

(b) Certain Actions/Investigations. If Refinitiv (or its successor) or its senior management becomes the subject of any action or investigation (including, but not limited to, relating to fraud or criminal action) by any government authority or regulatory agency which results in a direct material adverse effect on the business, operations or reputation of LPL (which effect can be demonstrated in any reasonable way and shall be deemed to have occurred in the event: (i) LPL has received complaints from customers; or (ii) LPL is required to notify advisors, its other customers, or a regulator of such action or investigation), then LPL shall have the right, in addition to its other rights and remedies at law or in equity, to terminate this Agreement without penalty by providing written notice of termination to Refinitiv as of the date set forth for such termination in the written notice.

(c) Force Majeure and Law. LPL shall have the right, in addition to its other rights and remedies at law or in equity, to terminate this Agreement in its entirety without penalty, upon the date specified in its written notice to Refinitiv, if during the Term: (i) as a result of the implementation of Refinitiv's Business Continuity and Disaster Recovery Plan, Force Majeure Event, or any other reason, Refinitiv is unable or fails, for any reason, to restore and return the provision and/or performance of the Services within two (2) Business Days of written notice from LPL; or (ii) Refinitiv's breach of Section 30 (Compliance with Laws).

(d) Unavailability of BETA System. Notwithstanding anything to the contrary in the Performance Standards, if the BETA System is unavailable at any point during the Term for [**], then LPL shall have the right to terminate the Agreement immediately upon written notice to Refinitiv.

(e) Chronic SLA Failure.

(1) Without limiting any other termination rights LPL may have under this Agreement, LPL shall have the right to terminate this Agreement upon written notice upon LPL's inability to use all or

substantially all of BETAHost, all or substantially all of BLServer or all or substantially all of BETA Access, or any combination thereof, for [**] in any twelve (12) month rolling period, and LPL shall not be required to grant Refinitiv a cure period prior to terminating the Agreement.

(2) In addition, if there are [**] or more Critical or High Incidents (as defined in Schedule 8 to Schedule B) within any twelve (12) month rolling period that are not resolved in accordance with Schedule 8 to Schedule B, then LPL shall have the right, upon written notice, to require Refinitiv to upgrade, enhance, modify or otherwise correct the Equipment, Software and/or communications facilities which are used to provide the Services so they are capable of performing in accordance with the Performance Standards. If such corrective action is not completed or is unsuccessful in restoring the Performance Standards, LPL shall have the right to terminate this Agreement with two (2) days written notice, and Refinitiv shall assist LPL in transitioning to another service provider.

15.5 Additional Remedies. In the event of any termination pursuant to Section 15.4 above, in addition to LPL's other rights and remedies at law or in equity, any amounts previously paid to Refinitiv for any Services not yet performed as of the date of such termination shall be refunded to LPL within ten (10) days of the applicable termination date.

15.6 Effect of Termination. Upon expiration or termination of this Agreement or any Services for any reason:

(a) Except as otherwise set forth in Section 16 (Transition Services) or Section 15.7 (Survival of Obligations) set out below, the rights and obligations of the Parties under this Agreement or with respect to the Services shall cease, provided, however, that Refinitiv shall continue to provide the Services and the rights and the obligations of the Parties under this Agreement shall continue until such time as LPL has effected an efficient and complete transition of the Services to LPL or another service provider, for a period of up to [**] unless otherwise mutually agreed; and

(b) Without limiting Refinitiv's obligations under Schedule H, Upon LPL's written request at any time or upon termination or expiration of this Agreement as a whole or in part, Refinitiv shall promptly deliver to LPL, destroy or make illegible (with LPL's prior written consent and in accordance with this Agreement), records, data, computer disks and tapes, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or tangible property of any type comprising or containing any LPL Data, and any and all copies and reproductions of any of such items in the possession or control of Refinitiv, (provided

that Refinitiv may retain a copy to the extent that the LPL Data resides on Refinitiv's backup, disaster recovery or business continuity systems and is not generally accessible), except as required for Transition Services, compliance with Section 23 (Reports; Books and Records; Liens) and compliance with Law. For clarity, with respect to the termination or expiration of only certain Services, the foregoing obligations shall apply only as related to such Services, as the case may be. Any LPL Data retained by Refinitiv pursuant to this Section 15.6 for the purpose of providing Transition Services, compliance with Section 23 (Reports; Books and Records; Liens) and compliance with Law shall be used by Refinitiv solely for such purpose, and for as long as it remains in Refinitiv's possession shall be maintained and used in accordance with the applicable provisions of this Agreement, including, without limitation, provisions governing confidentiality and data security and Schedule H.

15.7 Survival of Obligations. The rights and obligations of the Parties under the following provisions of this Agreement shall survive the termination or expiration of this Agreement: Section 15.5 (Additional Remedies), Section 15.6 (Effect of Termination), Section 15.7 (Survival of Obligations), Section 16 (Transition Services), Section 17 (Rights in Event of Bankruptcy), Section 18.4 (Fee Audits), Section 20 (Confidentiality), Section 22 (Proprietary Rights), Section 23 (Reports, Books and Records, Liens), Section 24 (Indemnification), Section 25 (Disclaimer of Warranties and Limitations of Liability), Section 26, (Use of the BETA Services), Section 29.3 (Uses, Dispute Escalation Process), Section 29.5 (Injunctive Relief), Section 29.6 (Right to Seek Additional Remedies), Section 30 (Applicable Law, Venue and Severability), Section 33 (General).

15.8 Source Code Escrow.

(a) Escrow Materials. If LPL desires that a copy of the Source Code (as defined below) be made available to it upon the occurrence of certain events and upon payment of the user Escrow Fee set out in Schedule A, Refinitiv shall deposit into escrow the Source Code for the BETA System (including the same for all updates, upgrades and deliverables) (the "**Escrow Materials**"). Upon a Release Event (as defined below), LPL shall have a non-exclusive and worldwide, irrevocable, perpetual license to use, copy, distribute, perform and prepare derivative works of the Escrow Materials, with the right to grant sublicenses to third parties to exercise such license, solely for the benefit of and on behalf of LPL and its Affiliates.

(b) Release Events. Within [**] after the Effective Date of this Agreement, Refinitiv, LPL and U.S. Bank National Association (the "**Escrow Agent**") shall enter into an escrow agreement substantially in the form of Schedule E attached hereto (the "**Escrow Agreement**") that shall provide for the release of the Escrow Materials to LPL upon the occurrence of the following release conditions (each, a

“**Release Event**”) provided that Refinitiv does not have the right to terminate due to material breach by LPL under Section 15.2 (For Material Breach by LPL) above: (i) the commencement of an involuntary bankruptcy, insolvency, liquidation, dissolution of Refinitiv (or its successors or assigns) or similar proceedings or events which remain in place for more than sixty (60) days; (ii) the voluntary bankruptcy, liquidation, dissolution of Refinitiv (or its successors or assigns) or similar proceedings; or (iii) Refinitiv (or its successors or assigns) announces that it will (A) cease, or ceases, to conduct the business Refinitiv in the ordinary course for any reason; (B) cease, or ceases to provide support for the BETA System; or (C) sell or transfer the portion of the Refinitiv business that includes the assets related to the BETA System to a third party and such third party will cease or ceases to provide support for the BETA System.

(c) Bankruptcy Code. All rights and interests granted to LPL hereunder are, for purposes of Section 365(n) of the United States Bankruptcy Code (the “**Bankruptcy Code**”), licenses of “intellectual property” within the meaning of Sections 101(35A) and 365 of the Bankruptcy Code. Refinitiv acknowledges that LPL, as a licensee of such rights and interests hereunder, will retain and may fully exercise all of its rights and interests under this Agreement and the Bankruptcy Code, and no subsequent sale or transfer of the intellectual property by Refinitiv, or by any successor in interest to Refinitiv, shall terminate or modify LPL’s rights and interests under this Agreement, whether LPL, or any successor in interest, receives notice of any such sale or transfer or objects to any such sale or transfer. Refinitiv further acknowledges that any Schedules are an “agreement supplementary to” this Agreement as such phrase is used in Section 365(n) of the Bankruptcy Code. The source code form of any Software embedded in or part of any Service shall be the “embodiment” of the intellectual property licensed to LPL under this Agreement (as that term is used in Section 365(n) of the Bankruptcy Code). In the event Refinitiv, or any successor in interest to Refinitiv, including a debtor-in-possession or trustee, rejects this Agreement under Section 365 of the Bankruptcy Code, LPL shall elect, and hereby does so elect prospectively, to retain its rights and interests to the intellectual property under this Agreement to the full extent permitted by Section 365(n) of the Bankruptcy Code, and hereby prospectively requests that Refinitiv and any successor in interest to Refinitiv, comply with the requirements of Section 365(n)(3) and (4) of the Bankruptcy Code. Refinitiv further acknowledges that, without in any way limiting Refinitiv’s obligations, LPL will be entitled to a complete duplicate of (and complete access to) any such intellectual property and all embodiments thereof upon written request by LPL (a) upon commencement of a bankruptcy or insolvency proceeding by or against Refinitiv, unless Refinitiv or its representative or trustee elects to continue to perform all of its obligations hereunder, or (b) if not delivered under clause (a) upon the rejection of this Agreement by or on behalf of Refinitiv. The Source Code as delivered by Refinitiv shall be deemed Confidential Information of Refinitiv under Section 20 of this Agreement and shall be subject to the provisions thereof.

(d) Source Code Defined. For purposes hereof, “**Source Code**” shall mean Software written in human-readable programming languages including all written comments and procedural code, such as job control language statements, all scripts or programs for building or assembling the source code, scripts or programs for deploying the code resulting from the build process and any ancillary scripts or programs normally used to operate, administer, or monitor the resulting system, in each case in a form intelligible to trained programmers and capable of being translated into object code for operation on computer equipment through assembly or compiling, and accompanied by design and technical documentation of a level sufficient to enable a reasonably skilled computer programmer or analyst to understand, build, compile, operate, modify, maintain, enhance and support the Software without the aid of Refinitiv engineers or any other person or reference to any materials that have not been provided to LPL or that are not part of the public domain.

16. Transition Services.

16.1 Transition Services. After notice of termination by either Party or non-renewal of this Agreement or at any time during the Term upon LPL’s request, Refinitiv cooperate with LPL in effecting an efficient and complete transition of the Services to LPL or another service provider. Such cooperation by Refinitiv will include transfer of any and all LPL Data, subject to Section 15.6 above, which shall include all records, files, information and procedures relating to the Services and reasonable opportunities to discuss the Services with appropriate employees of Refinitiv, and such other reasonable transition services as LPL shall request (collectively, the “**Transition Services**”). Refinitiv shall provide the Transition Services based on the rates set forth in Schedule A for resources required to provide the Transition Services. LPL shall pay the charges for de-conversion set forth on Schedule A and other fees for Transition Services as agreed by the Parties in writing. The Transition Services will be provided commencing upon notice of termination or non-renewal by LPL, as applicable, and shall continue to be provided by Refinitiv at LPL’s request until the completion of LPL’s conversion onto its own platform or a subsequent provider’s platform, provided, however, that LPL shall have the right to required Refinitiv to provide Transition Services for a minimum of [**] following either Party’s notice of termination or non-renewal of this Agreement. After the completion of the provision of the Transition Services by Refinitiv, Refinitiv shall, if requested and paid for by LPL, retain a copy of LPL’s and its Affiliates’ transaction data until such time as LPL sends a request for destruction of the same, provided that Refinitiv shall provide inquiry only services for the period after de-conversion. Upon the completion of such destruction, Refinitiv shall send LPL a written confirmation of the destruction of the LPL Data. In the event termination pursuant to Sections 15.1 then reasonable Transition Services shall be provided by Refinitiv [**]. In the event of one or more terminations pursuant to

any of Sections 15.1 or 15.4(a)-(d), then the minimum required Charges set forth in Schedule A are waived by Refinitiv.

16.2 Specific Performance. Refinitiv acknowledges that if it were to breach, or threaten to breach, its obligation to provide LPL with Transition Services, then: (a) LPL may be irreparably harmed; (b) money damages may not be an adequate remedy; and (c) continued provision of the Services and, to the extent relevant, Transition Services may best preserve the status quo pending resolution of any disputes then pending. Accordingly, LPL may seek to enforce Refinitiv's obligation to provide Transition Services and other material portions of the Services by a preliminary or permanent mandatory injunction, decree of specific performance or other appropriate equitable remedy. Refinitiv agrees to waive any requirement that LPL post a bond, or demonstrate irreparable harm, in the event that LPL brings an action seeking such an injunction.

17. Rights in the event of Bankruptcy. In the event that Refinitiv files, or has filed against it, a petition under the federal Bankruptcy Code (11 U.S.C. Section 101 et. seq.), LPL shall have the following rights, in addition to all other rights under the Bankruptcy Code and any other applicable Law:

17.1 Refinitiv acknowledges and agrees, and agrees not to contest any assertion by LPL, that: (a) this Agreement is an executory contract as defined in the Bankruptcy Code (11 U.S.C. Section 101 et. seq.); (b) the Refinitiv Property and the Intellectual Property rights therein constitute "intellectual property" as defined in 11 U.S.C. Section 101(35A); and (c) LPL is entitled to all of the rights and protections with respect to the Refinitiv Property as intellectual property, as provided in 11 U.S.C. Section 365(n).

17.2 In the event that any Party seeks to reject this Agreement pursuant to 11 U.S.C. Section 365(a), unless LPL notifies Refinitiv in writing that LPL has elected to treat this Agreement as terminated in accordance with Section 15.3 above, Refinitiv hereby agrees, and further acknowledges that this Agreement shall constitute a written request to Refinitiv pursuant to 11 U.S.C. Section 365(n)(4): (a) to perform all of its obligations under this Agreement; and (b) to not interfere with the rights of LPL under this Agreement.

18. Audits.

18.1 Applicability. During the Term, Refinitiv will participate in good faith and comply with the testing, reporting, audit and examination requirements, standards, protocols and guidelines set forth in this Agreement. Refinitiv shall provide any assistance reasonably requested by LPL or its designee in

conducting any such audit, which shall not include installing and operating audit software unless agreed upon by Refinitiv.

18.2 BETA Services and Security. During the Term, Refinitiv shall maintain commercially reasonable internal controls and processes commensurate with control processes maintained by service providers to the financial services industry of substantially similar size as Refinitiv with access to personal information and records of the type and scope to which Refinitiv has access under this Agreement, and such control processes shall conform to the requirements of this Agreement. During the Term, in addition to the third party audits required under the Agreement (collectively, “**Audit Reports**”), Refinitiv agrees to engage a third party in accordance with the terms of Schedule H (the “**Third Party Auditor**”), to conduct on-site audits of Refinitiv not more than one (1) time per year to verify Refinitiv’s compliance with its obligations set forth in this Agreement. During each calendar year, Refinitiv will cause to be conducted SSAE 18 SOC 1 Type 2, and SOC 2 Type 2 audits for BETA Systems production service location and Refinitiv’s BCP site by an independent public accounting firm (“**Refinitiv Auditor**”), and provide LPL with executive summaries of the resulting reports. Unless otherwise agreed by Refinitiv and LPL, each SOC 1, subject to the carve outs in Schedule H and SOC 2 audit shall be conducted with the objective of obtaining a final, unqualified audit opinion for the applicable audit period and, as such, Refinitiv shall promptly remediate any material weakness or deficiency revealed by any such audit. LPL and its external auditors will be provided executive summaries of relevant reports promptly, subject to the Refinitiv Auditor’s restricted use provisions contained within the reports, including any subsequent reports issued following Refinitiv’s remediation of material weaknesses or deficiencies, as soon as reasonably possible after the conclusion of such audit. LPL shall have the right to provide a copy of such reports to any applicable regulators and request confidential treatment; provided, however, that any such regulator’s refusal to agree to be bound by confidentiality terms shall not prevent such disclosure. Upon LPL’s written request, within thirty (30) days of the issuance of an Audit Report, Refinitiv will review the findings of such Audit Report with LPL. At LPL’s request, Refinitiv shall confirm in writing that there have been no changes in the relevant policies, procedures and internal controls since the completion of any such audit, or, as applicable, that material weaknesses or deficiencies have been remediated (i.e., through a representation letter provided by Refinitiv). SSAE18 shall mean the Statement on Standards for Attestation Engagements “Attestation Standards: Clarification and Recodification” issued by the AICPA Auditing Standards Board for reports dated after May 1, 2017. All audits shall be conducted during normal business hours and after reasonable notice to Refinitiv. If an audit conducted by the Third Party Auditor results in Refinitiv being

notified that it, its third-party providers, agents or permitted subcontractors are not in compliance with such requirements or this Agreement, Refinitiv shall, at its sole cost and expense, promptly take all necessary actions to bring itself into compliance, and shall promptly cause each of its agents, contractors and permitted subcontractors to take all necessary actions to bring themselves into compliance at its or their expense.

18.3 Confidentiality of Audits. Each Party agrees to hold confidential (in accordance with this Agreement) all information learned and determinations made in the course of any inspection or audit under this Section 19, except when it is necessary for a Party to reveal such information in order to enforce its rights under this Agreement and except when compelled by Laws.

18.4 Fee Audits. During the Term and for a period of twelve (12) months after the termination or expiration of this Agreement, Refinitiv shall retain complete and accurate records and supporting documentation sufficient to document Refinitiv's performance of the Services and to support the invoices submitted by Refinitiv to LPL under this Agreement. Upon at least thirty (30) days prior written notice from LPL, Refinitiv shall provide LPL, or its agent bound by substantially similar confidentiality obligations as LPL (an "**LPL Auditor**"), with access to such reasonable financial records and supporting documentation as may be requested by LPL or its designated third party auditor so that they may audit the Services provided and the Fees charged to LPL hereunder to determine if such Fees are accurate and in accordance with this Agreement. No Fee audit shall go back further than to January 1 of the last full calendar year preceding the date of the audit or, in the case of an audit after the Term, to the date that is twelve (12) months preceding the last day of the Term. A Fee audit shall occur no more than once in any twelve (12) month period, and the final Fee audit shall occur within twelve (12) months of Refinitiv's issuance of the final invoice following termination or expiration of this Agreement. If, as a result of such audit, an LPL Auditor reasonably determines that Refinitiv has overcharged LPL under this Agreement, LPL shall notify Refinitiv of the amount of such overcharge and Refinitiv shall promptly pay to LPL an amount equal to (a) the amount of the overcharge, (b) plus interest on the overpaid amount at the LIBOR rate or its replacement from the date of Refinitiv's receipt of such payment, and (c) in the event such overcharge, netted against any undercharges on the same invoice or invoice period, was two and a half percent (2.5%) or more of the invoiced amount, the reasonable costs and expenses incurred by LPL in conducting such audit. If, as a result of such audit, LPL or its designated third-party auditor reasonably determines that Refinitiv has undercharged, netted against any overcharges on the same invoice or invoice period, LPL under this Agreement, LPL shall notify Refinitiv of such undercharge, and pay Refinitiv the amount of such net undercharge.

18.5 Operational Audits. In addition to any other audit rights under this Agreement, LPL has the right to, by itself or with the assistance of a third party who shall execute a reasonable non-disclosure agreement with Refinitiv substantially in Refinitiv's standard form of non-disclosure agreement, upon thirty (30) days written notice to Refinitiv (unless required to provide shorter notice by a government authority or regulatory agency), once per year (unless required for regulatory reasons or as a result of in connection with Refinitiv's actual or reasonably likely material breach of this Agreement), visit the Service Locations and/or any other location at which LPL Data is accessed, processed or stored by Refinitiv or its Service Providers and participate in a supervised review of Refinitiv's processes during Refinitiv's normal business hours not to exceed two (2) Business Days unless the Parties agree otherwise to: (a) review records maintained by Refinitiv related to the performance of the Services to confirm compliance with this Agreement, including financial and other records that are specifically related to the provision of the Services provided to LPL or Charges billed to LPL; (b) review the controls (e.g., organizational controls, input/output controls, system modification controls, processing controls, system design controls and access controls) and the security and back-up practices and procedures; (c) review the integrity of data related to or concerning this Agreement and review the systems that process, store, support and transmit such data; (d) review the Refinitiv's measurement, monitoring and management tools; and (e) support LPL and any Affiliate of LPL to meet applicable legal, regulatory and Refinitiv contractual requirements. LPL will reasonably limit disruption to Refinitiv's business operations during such audit. The Parties shall conduct a planning session at least two (2) weeks in advance of the audit to the extent commercially practicable (unless a shorter period is required to prepare for an audit by a government authority or regulatory agency). Refinitiv shall be entitled to accompany LPL and its representatives while performing on-site audits. In connection with such audit, Refinitiv will grant LPL with access to Refinitiv's policies and procedures. If any issues that materially adversely affect the Services, in LPL's good faith determination, are found during any audit, Refinitiv shall work in good faith with LPL to provide a response plan ("**Response Plan**") to LPL within thirty (30) days following the completion of such audit, and Refinitiv shall remediate each such issue in a timely manner in accordance with Refinitiv's Response Plan. Without limiting any of the foregoing, with respect to an audit of items in part (a) above, LPL shall have the right to conduct such audit one time in any twelve (12)-month period (unless required for regulatory reasons or as a result of in connection with Refinitiv's actual or reasonably likely material breach of this Agreement).

18.6 Certifications. Throughout the Term of this Agreement, Refinitiv shall provide to LPL at the request of and at no cost to LPL, copies of

Refinitiv's, operational assessments questionnaires, reports of financial health, and any other documentation agreed upon by the Parties that reflects Refinitiv's regulatory and financial standing and the status of Refinitiv's controls for data processing. Unless prohibited by Applicable Law or contractual confidentiality obligations, Refinitiv shall promptly advise LPL of any material changes in Refinitiv's ownership or control, including Refinitiv's ownership or control of the BETA Services. Refinitiv will provide to LPL, promptly upon LPL's written request, copies of any certifications LPL may reasonably request in connection with the Services, including any ISO certifications, to the extent Refinitiv holds such certifications in the ordinary course of its business.

18.7 Back-Up Documentation. In addition to LPL's audit rights set forth herein and in the attachments hereto, as part of the Services, Refinitiv shall make available to LPL at or from Refinitiv's location: (a) such back-up documentation and other relevant information available to Refinitiv as may be requested by LPL from time to time in order to verify the accuracy of the reports provided by Refinitiv; and (b) sufficient documentation and other information requested by LPL from time to time to verify that Refinitiv's performance of the Services is in compliance with the Service Levels and this Agreement.

18.8 Regulatory Inspections. Unless prohibited by applicable Law, Refinitiv shall notify LPL promptly by telephone or by e-mail if any Governmental Audit Authority requests an inspection or makes written or oral inquiries of Refinitiv regarding any aspect of the Services, excluding routine Refinitiv inspections or inquiries. Unless otherwise required by applicable Law or law enforcement agency, Refinitiv shall not allow any Governmental Audit Authority to have access to any information relating to activities specific to LPL without giving LPL the right to have a representative present. Unless otherwise required by applicable Law, Refinitiv and LPL shall reasonably cooperate in resolving any concerns of any Governmental Audit Authority regarding any aspect of the Services.

18.9 Statement As To Compliance. To the extent LPL has a reasonable inquiry as to Refinitiv's compliance with this Agreement, Refinitiv shall promptly respond to such inquiry.

19. Representations and Warranties.

19.1 Power and Authority. Each Party represents and warrants to the other that it has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, on behalf of itself, its Affiliates and in the case of LPL the LPL Entities, and each SOW, and to perform its obligations hereunder and thereunder, and the execution and delivery of this Agreement,

including each SOW, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate actions.

(a) Refinitiv further represents and warrants to LPL that on a continuing basis during the Term: (i) Refinitiv is a company duly formed, validly existing and in good standing under the Laws of the jurisdiction in which it is organized, and is duly qualified and in good standing in each other jurisdiction where the failure to be so qualified and in good standing would have an adverse effect on its business, activities, ability to perform its obligations under this Agreement or compliance with any of its promises, representations and warranties hereunder; (ii) Refinitiv is financially solvent and has the ability to perform its obligations hereunder; and (iii) Refinitiv has all necessary power and authority to own, lease and operate its assets and to carry on its business as presently conducted and as it will be conducted pursuant to this Agreement.

(b) LPL further represents and warrants to Refinitiv that on a continuing basis during the term LPL is a company duly formed, validly existing and in good standing under the Laws of the jurisdiction in which it is organized, and is duly qualified and in good standing in each other jurisdiction where the failure to be so qualified and in good standing would have an adverse effect on its business, activities, ability to perform its obligations under this Agreement or compliance with any of its promises, representations and warranties hereunder including its rights to authorize Refinitiv to provide back office services for LPL Entities.

19.2 Title and Non-Infringement.

(a) Refinitiv hereby represents and warrants to LPL that it: (i) is either the owner of, or authorized to use, all information and material used in connection with this Agreement, including, but not limited to the Refinitiv Property; (ii) has and at all times will have the full legal right to provide the Services and the Deliverables provided under this Agreement; (iii) is authorized to grant LPL all rights and licenses granted under this Agreement, including, all rights, title, interest and ownership in and to all Deliverables; (iv) there is no claim, litigation or proceeding pending or, to its knowledge, threatened against Refinitiv with respect to the Services or Deliverables or any component thereof, alleging infringement of any Intellectual Property rights or contractual license right of any person; and (v) to the best of Refinitiv's knowledge, the Services and Deliverables shall be delivered to LPL free and clear of any claim of third party infringement of any Intellectual Property right.

(b) LPL hereby represents and warrants to Refinitiv that it has and at all times will have the full legal right to provide the LPL Data provided under this Agreement to Refinitiv as contemplated herein, and LPL has no knowledge of any claim,

litigation or proceeding pending or threatened against LPL with respect to LPL Data, alleging infringement of any Intellectual Property right of any person.

19.3 Compliance with Laws. Refinitiv hereby represents and warrants to LPL that in performing its obligations and exercising its rights under this Agreement, (a) Refinitiv will comply (and shall require all of its Personnel providing Services hereunder or otherwise involved in Refinitiv's performance under this Agreement to comply) and, subject to this Agreement, the Services shall comply, with all applicable Laws (and all changes in Laws) applicable to Refinitiv and the Services it provides hereunder, including the Foreign Corrupt Practices Act, the Gramm-Leach-Bliley Act, the Sarbanes Oxley Act, Regulation SP, M New York Cybersecurity Requirements for Financial Services Companies (23 NYCRR 500), , the California Consumer Privacy Act of 2018 and its successors, the US Patriot Act, the FCPA, Immigration Reform and Control Act of 1986 ("**IRCA**"), and other Laws relating to the employment or engagement of Personnel, employee tax withholding applicable to Personnel, and environmental and health and safety Laws; (b) Refinitiv shall, at no additional charge, promptly provide all assistance to LPL as reasonably necessary for LPL to respond to any regulatory inquiry or examination, or any LPL customer demand or request that is authorized by legislative or regulatory authority; and (c) Refinitiv will obtain, maintain and comply with all permits, licenses, authorizations, approvals and consents required in connection therewith.

19.4 No Bribery. Each Party represents and warrants to the other that it has not, and to such Party's knowledge no Representative of such Party or any other person on such Party's behalf has, in connection with any transaction concerning any goods or Services provided to LPL, offered or given anything of value to: (a) any official, member, employee or customer of a governmental entity, any political party or official thereof, or any candidate for political office; (b) any government-owned enterprise or member of the government; or (c) any other person, in such case while knowing or having reason to know that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any government agency customer, government-owned enterprise, member of the government or candidate for political office for the purpose of, in violation of applicable Law: (i) influencing any action or decision of such person, in his official capacity, including a decision to fail to perform his official function; (ii) inducing such person to use his influence with any government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality to assist such Party in obtaining or retaining business; (iii) securing any improper advantage; (iv) where such payment was contingent upon the award of a government contract to such Party; or (v) where such payment would constitute a bribe, kickback or illegal payment.

19.5 Personal Data. Refinitiv hereby represents and warrants that without LPL's express, written consent, it shall not sell, assign, lease, or otherwise dispose to any third party, or share with any third party any LPL client, advisor, or employee Personal Information, except in connection with processing LPL Data or providing the BETA Services in accordance with this Agreement, or commercially exploit for itself or on any third party's behalf, any LPL client, advisor, or employee Personal Information.

19.6 No Malicious Code.

(a) Refinitiv hereby represents and warrants to LPL that to the best of Refinitiv's knowledge the Services and Deliverables (as such Services and Deliverables are made available to LPL by Refinitiv) do not contain, and Refinitiv will not knowingly insert, introduce or include, and Refinitiv shall use industry standard virus detection mechanisms to ensure that any third party will not insert, introduce or include, into the BETA Services or any Deliverable, any Refinitiv Malicious Code. The term "**Refinitiv Malicious Code**" means any lock, dongle, clock, timer, counter, hardware key, copy protection feature, replication device, "virus" or "worm," as those terms are commonly used in the computer industry, or other software code, program code, programming instruction or set of instructions that may (i) lock, disable, or erase any software, programs, or data of LPL, its Affiliates, or its or their respective customers or suppliers; (ii) limit or prevent full use of the Services or any Deliverables as permitted under this Agreement (except for routine timeout and screen lock functions and similar features disclosed to LPL and included for standard security and operational purposes and that is not a self-help remedy); (iii) damage, harm or otherwise interfere with, interrupt or affect LPL's servers, data processing hardware (including terminals, auxiliary storage, and communication and peripheral devices), or operations in any manner without the authorization, knowledge or approval of any actual or intended user, operator, administrator, publisher, licensor or licensee; or (iv) require action or intervention by Refinitiv or any other person to allow use of the Services or Deliverables as permitted under this Agreement. Notwithstanding the foregoing, LPL acknowledges and agrees that Refinitiv shall not have any liability for any Refinitiv Malicious Code that is introduced into the BETA System or BETA Services (A) by LPL or any third party outside of Refinitiv's control; (B) via a network connection outside of Refinitiv's control, or (C) after the Services are outside of Refinitiv's control, provided that, in each of the foregoing (A) through (C), Refinitiv is not in breach of any obligations hereunder, including, without limitation, its obligations under Schedule H.

(b) LPL hereby represents and warrants to Refinitiv that LPL shall not knowingly provide to Refinitiv data, software or tools to be used with the Beta System that contains and LPL will not intentionally, or through LPL's gross negligence, insert any LPL Malicious Code. The term "**LPL Malicious Code**" means any lock, dongle, clock, timer, counter, hardware key, copy protection feature, replication device, "virus"

or “worm,” as those terms are commonly used in the computer industry, or other software code that may (A) lock, disable, or erase any software, programs, or data of Refinitiv, its Affiliates, or its or their respective customers or suppliers, (B) limit or prevent full use of the BETA Services in the ordinary course of Refinitiv’s business, (C) harm or otherwise interfere with Refinitiv’s servers or data processing hardware (including terminals, auxiliary storage, and communication and peripheral devices), or (D) require action or intervention by LPL or any other person to allow use of the BETA System in the ordinary course of Refinitiv’s business. Notwithstanding the foregoing, Refinitiv acknowledges and agrees that LPL shall not have any liability for LPL Malicious Code that is introduced into the BETA System or otherwise provided to Refinitiv (1) by Refinitiv or any third party outside of LPL’s control or (2) via a network connection outside of LPL’s control.

(c) A Party that provides Malicious Code to the other Party shall as soon as practicable correct and resolve all errors or inaccuracies in the other Party’s services and systems to the extent caused by such Malicious Code, provided that the impacted Party promptly notifies the other Party of any such error, inaccuracy or damage.

19.7 Disaster Recovery and Business Continuity. With respect to its disaster recovery and business continuity program(s) (the “**BC/DR Plan**”), Refinitiv hereby represents and warrants to LPL that: (a) it has in place and shall maintain in place and invoke as necessary, at all times throughout the Term, a DR/BCP (i) designed to enable Refinitiv to provide the BETA Services in accordance with this Agreement, including achieving the recovery time objective(s) and recovery point objective(s) documented in the DR/BCP and (ii) that meets the requirements of Schedule D; (b) during the Term it shall test the operability and effectiveness of such plan at least once every twelve (12) months and each time there is a material change to the DR/BCP; (c) it shall revise such plan as necessary to ensure continued operability; and (d) LPL shall be permitted to participate in each such test and Refinitiv shall provide LPL with no less than thirty (30) days prior written notice of each such test.

(a) Plan Summary. A summary of the BC/DR Plan is attached hereto as Schedule D-1. Refinitiv represents that such summary accurately describes Refinitiv’s BC/DR Plan as of the date hereof and that such BC/DR Plan addresses the Services to be provided under this Agreement and all of Refinitiv’s facilities, Equipment, Personnel and operations associated with the Services.

(b) Changes to Refinitiv BC/DR Plan. Refinitiv shall not make any changes to its BC/DR Plan that, in Refinitiv’s reasonable judgment, would jeopardize Refinitiv’s ability to provide the Services to be provided hereunder in the event Refinitiv suffers a Disruption or Health Event. If Refinitiv otherwise makes any material changes to its BC/DR Plan, Refinitiv shall promptly notify LPL of such changes and provide LPL

with an updated summary of its BC/DR Plan. Notwithstanding the foregoing, Refinitiv agrees that it will not make any changes that may degrade or lessen the protections and procedures of the BC/DR Plan.

(c) Disruptions and Health Events. Refinitiv's BC/DR Plan shall address testing, control functions, accountability and corrective actions to be implemented in accordance with its terms, as necessary, in the event of either: (i) a short-term or long-term business disruption caused by an event such as (but in no way limited to) power outages; communication or data processing systems failure(s) or losses; hazards or destruction at a Refinitiv Service Location; work stoppage issues affecting Refinitiv or Personnel; natural disasters; adverse weather conditions; political events; or other unplanned events (a "**Disruption**"); or (ii) a pandemic or epidemic, quarantine or government health alert (a "**Health Event**").

(d) Resiliency. The BC/DRP shall provide, without limitation, for resilient means of transmitting and processing data and off-site back-up of critical data files, program information, software, documentation, forms and supplies. Short term disruptions must be protected through workarounds, redundancy, and network diversity.

(e) LPL BC/DR Plan; Testing. Refinitiv shall cooperate with LPL in the development, implementation, execution, and reasonable testing of LPL's own business continuity and disaster recovery plan with respect to the Services and will reasonably assist LPL in the execution of its business continuity testing in accordance with LPL's timing requirements, which will be communicated to Refinitiv reasonably in advance. If Refinitiv provides electronic interchange of data with LPL, Refinitiv shall participate, if requested, in LPL data center exercises to validate recovery connectivity, which will also be communicated to Refinitiv as soon as reasonably possible, but not less than thirty (30) days in advance. Refinitiv shall continue to provide the Services to LPL in the event LPL activates its own business continuity and disaster recovery plan or moves to an interim site to conduct its business, including during tests of LPL's contingency operations plans.

(f) Invocation of BC/DR Plan. Refinitiv shall promptly notify LPL if Refinitiv invokes its BC/DR Plan with respect to any portion of the Services and shall coordinate with LPL and provide LPL with reasonable notice prior to returning to Refinitiv's primary processing environment from Refinitiv's disaster recovery environment. In the case of a Health Event, Refinitiv also shall contact LPL and secure its permission prior to sending any Personnel onto LPL Premises. Refinitiv shall comply with all federal and state government-imposed requirements regarding any Health Event.

19.8 No Litigation. Each of the Parties hereby represents and warrants to the other that there is no proceeding pending or, to the knowledge of the Party making the representation and warranty, threatened which challenges or may

have a material adverse effect on the BETA Services or this Agreement or the transactions contemplated by this Agreement.

19.9 Performance of the BETA Services. Refinitiv hereby represents and warrants to LPL that: (a) the BETA Services shall be performed in a timely, professional and workmanlike manner, consistent with generally accepted industry practices and procedures applicable to such Services, using a sufficient number of staff who are properly educated, trained, skilled, experienced and qualified for the work they are to perform; and (b) the BETA Services will be provided and the BETA System will function (i) with the same or better features and functionality as those included in the BETA Services and BETA System on the Effective Date, and Refinitiv shall take no action that will degrade, diminish, or eliminate such features and functionality unless Refinitiv provides LPL with advanced written notice of any such action, an opportunity for the Parties to discuss the action in good faith through the governance process set forth in this Agreement and LPL agrees in writing to the action; (ii) at all times in accordance with the requirements and specifications set forth at <https://www.betasyst.com/secure/BUC/>, which shall not be materially modified or amended without prior written notice to LPL that is adequate for LPL to analyze the impact of such change on LPL's use of the BETA Services and/or BETA System; and (iii) in accordance with the Documentation and the Performance Standards.

19.10 Deliverables. Refinitiv represents and warrants that any Deliverables delivered under this Agreement shall conform to the Applicable Specifications, shall have been or will be developed and provided in compliance with all Laws, and shall be free from all liens and encumbrances or other restrictions, except as otherwise set forth herein or as agreed by the Parties and set forth in an SOW.

19.11 Information and Physical Security.

(a) Refinitiv represents and warrants to LPL that Refinitiv shall establish and maintain safeguards against the destruction, loss, or alteration of the LPL Data in the possession or control of Refinitiv and its agents that are (i) no less rigorous than those maintained by Refinitiv for its other customers' information of a similar nature; and (ii) in compliance with the requirements of Schedule H. Without affecting any of Refinitiv's obligations or interfering with Refinitiv's ability to perform its obligations under this Agreement, LPL shall have the right, but not the obligation, to establish backup security for LPL Data and to keep backup LPL Data in its possession if it chooses. If LPL requests that Refinitiv create or provide any such alternative backups of LPL Data to LPL for maintenance on LPL or Refinitiv systems or equipment, LPL shall be responsible for all costs and expense of such alternatives. Refinitiv further

represents and warrants to LPL with respect to information and physical security as follows:

(1) Refinitiv personnel, permitted contractors and agents shall not attempt to access, share, copy, or allow access to, any LPL Data, except as necessary for Refinitiv to provide the Services or as expressly permitted by this Agreement;

(2) Refinitiv shall utilize and maintain technical, organizational, operational and systems security measures that are implemented to guard against the unauthorized access, alteration or destruction of LPL Data. Such measures shall include, without limitation, the use of software that: (1) requires all users to enter a user identification and password prior to gaining access to Refinitiv's and its third party providers' information systems; (2) controls and tracks the addition and deletion of users; and (3) controls and tracks user access to areas and features of the information systems;

(3) Without limiting any other provisions of this Agreement, Refinitiv shall, as part of the Services, maintain and enforce, at all locations where services relating directly or indirectly to the Services are performed, safety and physical and computer system security procedures that are at least (1) equal to mutually agreed industry standards for such types of service locations and (2) as rigorous as those procedures in effect at such locations as of the Effective Date;

(4) Refinitiv shall periodically test the software code and other aspects of the Services for potential areas where security could be breached on an annual basis. Refinitiv shall report to LPL promptly any breaches of security that impact LPL (including breaches of Refinitiv's security processes);

(5) If Refinitiv provides the BETA Services to LPL from a location that is shared with one or more third parties, Refinitiv shall develop a process, subject to LPL's prior written approval, not to be unreasonably withheld, and maintain such process, to restrict access in any such shared environment to that portion dedicated to the BETA Services only to Refinitiv's employees, or subcontractors or agents engaged in performing services for LPL directly relating to the BETA Services; and

(6) Refinitiv shall perform periodic vulnerability assessments of the BETA Services ("**Assessments**") in accordance with the terms of Schedule C. LPL shall have the right to discuss the executive

summaries provided of the results of such Assessments with the appropriate representatives of Refinitiv.

(b) Without limiting the foregoing, Refinitiv shall (i) establish procedures to protect the security and confidentiality of all Confidential Information and Personal Information; (ii) protect against any anticipated threats or hazards to the security or integrity of such information; (iii) protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to LPL, its Affiliates or their respective clients and customers; and (iv) otherwise comply with Privacy Laws applicable to Refinitiv.

19.12 Equal Opportunity Employer. Each Party represents that it provides equal employment opportunities for all individuals without regard to race, color, religion, national origin, sex, age, disability, sexual preference or other characteristics protected by Law.

20. Confidentiality.

20.1 Confidentiality Obligation. Each Party that receives Confidential Information (in such capacity the “**Receiving Party**”) from or on behalf of the other Party or any of its Affiliates or their respective customers and clients (in such capacity the “**Disclosing Party**”) shall hold such Confidential Information of the Disclosing Party in strict confidence. The Receiving Party shall have the limited right to use the Confidential Information only for the purposes of fulfilling its commitments and obligations to the Disclosing Party under this Agreement and for no other purpose. Except as permitted in the foregoing sentence or by prior written consent of the Disclosing Party, the Receiving Party shall not use, disclose or distribute to any person, firm or entity any Confidential Information, individually or in the aggregate (including any Anonymized Data except as permitted in this Agreement), and shall not permit any person, firm or entity to use, disclose or distribute any Confidential Information; provided that the Receiving Party may disclose or distribute such Confidential Information to the following: (a) its officers, employees and directors who have a business need to know such Confidential Information; and (b) its attorneys, accountants, consultants, agents, independent contractors or professional advisors (the “**Receiving Party Agents**”) who (i) have a business need to know such Confidential Information; and (ii) are subject to fiduciary, professional or written obligations of confidentiality substantially similar to, and no less restrictive than, the obligations set forth herein. The Receiving Party shall be responsible for ensuring that the Receiving Party Agents comply with the terms of this Agreement and shall remain ultimately responsible for the use, disclosure or distribution of Confidential Information by the Receiving Party Agents. Any failure by the Receiving Party Agents to comply with the terms hereof shall

constitute a material breach of this Agreement by the Receiving Party. Except in connection with the purposes identified above, the Receiving Party shall not copy or otherwise reproduce, or permit to be copied or otherwise reproduced, all or any part of the Disclosing Party's Confidential Information without the prior written consent of the Disclosing Party. The Receiving Party shall ensure that all Confidential Information disclosed to any Receiving Party Agent shall be marked as confidential or otherwise provided in a manner that clearly communicates the confidential nature of such information.

20.2 **Confidential Information.** As used in this Agreement, "**Confidential Information**" means all information that the Receiving Party receives from, or on behalf of, the Disclosing Party (or any of its Affiliates or their respective customers and clients) which is marked confidential or should reasonably be understood to be confidential because, without limitation, the disclosure of such information could result in competitive or other disadvantage to the Disclosing Party is private and confidential. Confidential Information includes, but is not limited to: (a) documents, records, communications, reports, forecasts, projections, product and service specifications, risk management strategies, regulatory matters and related strategies, litigation matters and related strategies, statistical models, formulae and algorithms, designs, pricing methods and policies, processes, methods of operation, techniques, arrangements, procedures, tools, strategic initiatives, insights or plans, business opportunities and strategies, proposals, creative plans and strategies, personnel information, policies, trade secrets, ideas, concepts, know-how, intangible rights, inventions, research and development, source code, systems, architecture, computer programs and database technologies, proprietary programs or initiatives, and such other trade secrets or information as may be supplied by or on behalf of a Disclosing Party and which is not generally ascertainable from public or published information; (b) information belonging or relating to the Disclosing's clients, clients' customers, service providers, consultants and other business relationships, including the existence or status of, and any non-public information concerning, arrangements between the Disclosing Party and its vendors; (c) non-public business, operational or financial results and projections, product development initiatives, trade secrets, business methods or processes, expansion plans and revenue and expense information; and (d) information which a reasonable person should know is confidential. In addition, the term "Confidential Information" shall be deemed to include: (i) any notes, analyses, compilations, abstracts, studies, interpretations, memoranda or other documents prepared by or on behalf of the Disclosing Party that contain, reflect or are based upon, in whole or in part, any Confidential Information; (ii) the fact that Confidential Information has been made available to the Receiving Party; and

(iii) the existence or status of, and any information concerning any project or this Agreement.

20.3 Exceptions. Confidential Information shall not include any information that the Receiving Party can demonstrate (a) is or becomes in the public domain or is or becomes generally known to the public through no fault or breach of confidentiality by such Receiving Party; (b) was known by the Receiving Party prior to its disclosure by the Disclosing Party and was not obtained in such circumstances subject to a requirement of confidentiality; (c) was developed independently of, and without the use of or access to, any Confidential Information exchanged pursuant to this Agreement; or (d) is received by Receiving Party in good faith and without restriction from a third party having the right to make such disclosure and not under a confidentiality obligation to Disclosing Party and which third party rightfully, to Receiving Party's knowledge, acquired such information. The foregoing exceptions shall not apply to any non-public Personal Information. For the avoidance of doubt, LPL shall be permitted to disclose to third that it is a client of Refinitiv and is authorized to use the Services

20.4 Required Disclosures. Despite the obligations of this Section 20, the Receiving Party may disclose the Confidential Information of the Disclosing Party to the limited extent such Confidential Information is required to be disclosed by the Receiving Party by Law or pursuant to an order of any court or administrative body; provided that the Receiving Party shall (a) provide the Disclosing Party with prompt notice of such request or order, including copies of subpoenas or orders requesting such Confidential Information to the extent it is legally permitted to do so; (b) cooperate reasonably with the Disclosing Party at Disclosing Party's cost and expense, in resisting the disclosure of such Confidential Information via a protective order or other appropriate legal action; and (c) shall not make disclosure pursuant thereto until the Disclosing Party has had a reasonable opportunity to resist such disclosure, unless the Receiving Party is ordered otherwise. Disclosure of any of LPL Confidential Information under the circumstances described in the preceding sentence shall not be deemed to render such ~~s~~LPL Confidential Information as non-confidential, and Refinitiv's obligations with respect to such LPL Confidential Information shall not be changed or lessened by virtue of any such disclosure. If such Confidential Information is required to be provided to a regulatory body, LPL shall request confidential treatment.

20.5 Ownership. All Confidential Information shall be and remain the sole and exclusive property of the Disclosing Party or its employees, suppliers or customers, as the case may be. Except as otherwise set forth in this Agreement, neither Party acquires any right, license or other interest or title in or to the

Disclosing Party's Confidential Information, including any rights to create Derivative Works of any Confidential Information, under this Agreement, except the limited right to use such Confidential Information in accordance with this Agreement. Except as expressly provided herein, LPL Confidential Information shall not be (a) used by Refinitiv other than as necessary for Refinitiv's performance of its obligations under this Agreement, including for testing of new enhancements and new releases of the BETA Services before the same are provided to LPL, and provided that Refinitiv uses only Masked Data versions of such LPL Confidential Information for such testing purposes, (b) disclosed, sold, assigned, leased or otherwise provided to or used for the benefit of any third party by Refinitiv, or (c) commercially exploited by or on behalf of Refinitiv.

20.6 Unauthorized Disclosure. The Receiving Party shall (a) promptly notify the Disclosing Party if the Receiving Party discovers or is notified of an unauthorized disclosure or release of, or access to, the Disclosing Party's Confidential Information (each, an "**Unauthorized Disclosure**") to or by any person obtaining or reasonably believed to have obtained such Confidential Information, or access to such Confidential Information, from or through the Receiving Party, (b) reasonably assist the Disclosing Party in any action taken against the person(s) responsible for such Unauthorized Disclosure; and (c) take immediate corrective action to cease the existing Unauthorized Disclosure and prevent any other or future Unauthorized Disclosures.

20.7 Return of Confidential Information. Upon written request by the Disclosing Party at any time, the Receiving Party shall (a) turn over to the Disclosing Party all Confidential Information, all documents or media containing the Confidential Information, and any and all copies or extracts thereof, or (b) destroy the Confidential Information, and any and all copies or extracts thereof, and provide the Disclosing Party with written certification of such destruction signed by an authorized representative of the Receiving Party. Notwithstanding the foregoing, each Party acknowledges that the Receiving Party shall not be required to comply with the foregoing to the extent that (i) the Confidential Information resides on the Receiving Party's backup, disaster recovery or business continuity systems, (ii) the Receiving Party is obligated by applicable Law or industry or governmental regulations to retain such Confidential Information, or (iii) the Receiving Party is required to retain such Confidential Information under Schedule H. In addition, upon termination or expiration of this Agreement, Refinitiv shall (A) with no less than thirty (30) days prior written notice to LPL, shred all documents containing LPL Data prior to disposal and (B) destroy all copies of the LPL Data and certify in writing to LPL that has complied with the requirements contained herein; provided, however, that Refinitiv shall not be required to destroy Confidential Information that Refinitiv is required to maintain as a (1) matter of Law, (2) to perform Transition

Activities, or (3) resides on its backup, disaster recovery, or business continuity systems so long as Refinitiv renders such information useless or inaccessible. All retained Confidential Information by Refinitiv shall continue to be treated as Confidential Information. If LPL Confidential Information cannot be erased from all forms of magnetic and electronic media, Refinitiv will use its commercially reasonable efforts to ensure that it cannot be recovered or accessed. Refinitiv shall at such time provide LPL with a certificate signed by an officer of Refinitiv certifying that all LPL Confidential Information has been returned to LPL or destroyed in accordance with the requirements set forth in this Agreement. Refinitiv shall state in writing the method of data destruction and the date completed. Notwithstanding the foregoing, Refinitiv will be permitted to retain LPL Confidential Information if such retention is strictly necessary to meet Refinitiv's legal compliance obligations, is done pursuant to Refinitiv's fully implemented and documented records management program, and is limited to the minimum LPL Confidential Information and minimum retention period needed to meet these obligations.

20.8 Trademarks, Trade Names, and Publicity. Neither Party shall use the other Party's name, service marks or trademarks, or refer to or identify the other Party in any advertising, publicity releases (including references on any customer lists, or posting on web-sites), or promotional or marketing correspondence to others without the other Party's prior written consent; provided, however, that a Party may announce this transaction in its public filings if required to do so by any Laws, and LPL may inform its advisors of the transaction contemplated hereby. To the extent it is legally permitted to do so, LPL shall (a) give Refinitiv prior written notice before it discloses this Agreement or any part thereof with any government agency, (b) seek confidential treatment for the entire Agreement and (c) redact all pricing information, security information and other relevant information reasonably requested by Refinitiv. Without the prior written consent of LPL, Refinitiv will not disclose, advertise or publish or permit the disclosure, advertisement or publication of the fact that Refinitiv has furnished or contracted to furnish to LPL any of the Services. Under no circumstances will LPL be required to provide any endorsements or recommendations of any kind to Refinitiv or any Party as it pertains to the Services, this Agreement or otherwise. LPL shall, in accordance with its corporate policy, consider in good faith, on a case by case basis and subject to being provided with sufficient notice, any reasonable request from Refinitiv to engage in any activity that would violate this Section 20.8.

20.9 Additional Remedies. The Receiving Party acknowledges and agrees that due to the unique nature of the Confidential Information there may be no adequate remedy at law for a breach by the Receiving Party of its obligations under this Section 20 and that such breach may cause irreparable harm to the

Disclosing Party. Therefore, notwithstanding Section 29 hereof, upon any such breach or any threat thereof, the Disclosing Party shall be entitled to seek appropriate equitable relief in addition to whatever remedies it may have at law, and shall be entitled immediately to enforcement of this Agreement in a court of competent jurisdiction by means of a decree of specific performance, an injunction without the posting of a bond or the requirement of any other guarantee or other security, and any other form of equitable relief. This provision is not a waiver of any other rights or remedies which the Disclosing Party may have under this Agreement, including the right to recover money damages.

20.10 Collection and Use of Personal Information. Other than as expressly permitted in this Agreement, Refinitiv shall not collect, use, transfer, transmit, store or otherwise process (collectively, “**Process**”) Personal Information, individually or in the aggregate, outside of the United States without the prior written consent of LPL. Refinitiv shall, upon written request by LPL and at mutually agreeable times and locations, meet with LPL to discuss Refinitiv’s compliance with its obligations under Laws applicable to Refinitiv with regard to Processing, exporting or disclosing to any third party any Personal Information.

20.11 Compromises and Breaches; Obligations.

(a) Refinitiv shall advise LPL promptly, in no event later than seventy-two (72) hours after such discovery, if it knows or reasonably believes that actual disclosure or improper use of LPL’s Confidential Information has occurred contrary to this Agreement, and without waiting for the conclusion of any internal investigation of such event. In the event Refinitiv knows or reasonably believes there is a compromise or breach of any Services Infrastructure that contains Personal Information, LPL Data or any other Confidential Information, Refinitiv shall notify LPL in writing by email to security.mailbox@lpl.com of such breach (but in any event no later than seventy-two (72) hours after such discovery) and without waiting for the conclusion of any internal investigation of such event. Refinitiv will promptly investigate and undertake at Refinitiv’s sole cost and expense any and all required and/or appropriate remediation efforts, including by promptly taking all measures to minimize the effect of such loss, unauthorized or inadvertent use, disclosure or access and to prevent its recurrence.

(b) Refinitiv shall not knowingly allow any security incident or compromise to persist for any amount of time in order to determine the identity of the perpetrator or for any other reason, except as required by Law, as requested by a law enforcement agency or as deemed necessary by Refinitiv to stop the security incident or compromise or prevent further compromise. In addition to any other right of LPL at law or in equity, including termination under Section 15 hereof (Termination), and in addition

to any other related obligations of Refinitiv hereunder: (i) Refinitiv shall reasonably cooperate with LPL to resolve any data privacy or security issues involving such Personal Information, and cooperate with LPL in LPL's preparation and delivery of any notifications to individuals or entities affected by such incident; (ii) except to the extent prohibited by applicable Law, Refinitiv shall promptly provide LPL applicable relevant and available information regarding such incident as reasonably requested by LPL, including but not limited to a description of the incident, the type of data that was the subject of the incident, any remedial steps taken (or planned to be taken) and any other information that LPL may require in order to meet its obligations with respect to Personal Information as imposed by applicable Law; and (iii) comply with any other obligations imposed by applicable Law as a result of such incident. Refinitiv acknowledges and agrees that: (A) LPL shall have the right to determine, in its sole discretion, when notice is appropriate under the circumstances of a particular event; (B) LPL shall prepare such notice, or have another party prepare such notice on its behalf; and (C) LPL shall have sole control over the content of each such notice. As between Refinitiv and LPL, to the extent that any such incident results from a breach by Refinitiv of its obligations hereunder or in a SOW, Schedule or Appendix, Refinitiv shall pay all costs and expenses and reimburse LPL for all reasonable costs and expenses associated with any incident, breach or compromise, including but not limited to costs and expenses relating to: (1) preparing and providing any notification to the individuals or entities affected by the incident and/or any governmental agency or regulatory body as determined in LPL's reasonable judgment applying the same procedures and processes in all material respects as it uses to make such determination in substantially similar situations; and (2) reasonable investigation and other related services (including forensics, counsel, crisis management, call center, and identity theft protection services, such as, but not limited to credit monitoring (as elected by individuals affected by the security breach)). The Parties acknowledge and agree that the Losses described in subsections (1) and (2) of the foregoing sentence shall be deemed direct Losses under this Agreement.

(c) Compliance with Privacy Policy. In addition to any other obligation of Refinitiv hereunder, Refinitiv shall comply with its own privacy policy applicable to the Services provided by Refinitiv under this Agreement. The privacy policy at www.refinitiv.com or any successor URL is and will remain the most up to date version of the Refinitiv privacy policy.

(d) Notification of Threat of Identity Theft. If, in the course of performing Services hereunder, any Refinitiv Key Personnel has actual knowledge of indicators of potential identity theft (e.g., identity theft red flags under the FTC Red Flags Rule or SEC Regulation S-ID) concerning an employee, individual shareholder or customer, or other person to whom such Services relate, Refinitiv shall promptly, unless prohibited by Law or law enforcement agency, notify LPL in writing of such situation.

21. Use of Third Party Market Data.

21.1 Refinitiv acknowledges that LPL Data includes information, including security and market data (the “**Third Party Market Data**”) licensed to LPL by third party providers (“**Market Data Providers**”). Refinitiv acknowledges and agrees that the receipt and use of the Third Party Market Data by Refinitiv hereunder is subject to certain other terms and conditions required by the applicable Market Data Providers and Refinitiv hereby agrees to comply with any conditions, restrictions or limitations imposed by any such Market Data Providers. As such, Refinitiv shall be liable and responsible for any actions or omissions, including any unauthorized or inadvertent receipt, use or misuse of Third Party Market Data, by it and its personnel in violation of the terms herein. Without limiting the foregoing, Refinitiv and its personnel shall only use the Third Party Market Data on behalf of LPL as necessary to provide the Services under this Agreement and for no other purpose whatsoever.

21.2 Restrictions. Restrictions imposed by Refinitiv’s Market Data Providers are set forth at <https://www.refinitiv.com/en/policies/third-party-provider-terms>.

22. Proprietary Rights.

22.1 Pre-existing IP. LPL and Refinitiv shall each retain exclusive ownership of all right, title and interest in and to their respective pre-existing Intellectual Property, including, but not limited to, their respective business methods and processes, workflows, Software, documentation, ideas, procedures, know-how, methods, as well as any improvements, enhancements and Derivative Works of such Intellectual Property and all related Intellectual Property rights and their respective Confidential Information (collectively referred to as “**Pre-existing IP**”). Except for the rights expressly granted by a Party to the other Party in this Agreement, neither LPL nor Refinitiv grants, assigns or in any way transfers any right, entitlement, privilege, permission, claim, title, ownership or interest in any Pre-existing IP, either implicitly or explicitly, by operation of law or otherwise. Refinitiv hereby grants to LPL and its Affiliates an irrevocable, unrestricted, non-exclusive, paid-up, perpetual, worldwide, transferable license to use, duplicate, modify, sublicense, distribute, and display any Refinitiv Pre-existing IP as necessary solely in connection with its use of the Services and Deliverables granted hereunder.

22.2 Refinitiv’s Ownership. As between Refinitiv and LPL, Refinitiv is and shall remain the sole and exclusive owner of all Refinitiv Property. Except for the rights and licenses expressly set forth in this Agreement, no other right is granted, no other use is permitted and all other rights are expressly reserved by Refinitiv.

22.3 LPL's Ownership. As between Refinitiv and LPL, LPL is and shall remain the sole and exclusive owner of all LPL Property. Except for the rights and licenses expressly set forth in this Agreement, no other right is granted, no other use is permitted and all other rights are expressly reserved by LPL.

22.4 Ownership of Deliverables. Unless otherwise expressly stated in a Statement of Work, all rights, including all Intellectual Property rights, title and interest in and to all Deliverables and all technology and materials contained therein other than LPL Property shall be owned solely and exclusively by Refinitiv, and LPL shall have the right to use such Deliverables as part of the BETA Services pursuant to its license rights as set forth herein.

22.5 LPL Marks. LPL hereby grants Refinitiv a worldwide, non-exclusive license to access and use LPL Marks during the Term solely for providing the Services and delivering the Deliverables hereunder. Refinitiv will be responsible for assuring that all Refinitiv Personnel are fully familiar with and abide by LPL's rules and guidelines governing the usage of LPL Marks. Refinitiv recognizes the validity of LPL Marks, and the ownership thereof by LPL, and will not at any time take any action nor fail to act, the result of which would either: (a) contest, impair or jeopardize in any way any of LPL's right, title and interest in and to LPL Marks or cause the validity or enforceability of LPL Marks or LPL's ownership thereof to be called into question or (b) invalidate or impair LPL Marks or tarnish, disparage, degrade, dilute or injure LPL Marks (or the goodwill associated therewith) or the reputation of LPL or any of its Affiliates. Except for the limited license rights granted in this Agreement in connection with and solely in furtherance of the performance of the Services, the Refinitiv will not acquire any right, title or interest in or to LPL Marks, nor will it be deemed to have made any usage of the same which may accord any such rights by the performance of obligations under this Agreement.

22.6 LPL Feedback. In connection with the activities under this Agreement, LPL may from time to time provide Feedback to Refinitiv. Notwithstanding any provision in this Agreement to the contrary, all Feedback is LPL Property. LPL hereby grants Refinitiv a perpetual, non-exclusive, worldwide, royalty-free right and license to use, copy, and display, modify, and create Derivative Works of such Feedback for all commercial purposes. For avoidance of doubt, Feedback will not include any of LPL's Confidential Information and Refinitiv agrees not to identify or designate LPL as the source of such Feedback. Feedback is provided "AS IS" without warranty of any kind and LPL hereby disclaims all warranties with respect to the Feedback, including, without limitation, all implied warranties of non-infringement, merchantability and fitness for any particular purpose. For avoidance of doubt, all specifications

and requirements provided by LPL, including without limitation those included in a SOW, are LPL's Confidential Information. LPL grants Refinitiv a non-exclusive license to use specifications and requirements provided by LPL for purposes of providing the Services to LPL.

23. Reports; Books and Records; Liens.

23.1 Reports. Without limiting Refinitiv's obligations under the Agreement, during the Term:

(a) Refinitiv shall provide LPL with all reports produced by the BETA Services as identified in or through the BETAHost online documentation site located at www.betasys.com/secure/userdoc/, as well as any other reports made available by Refinitiv to LPL historically or upon LPL's request. Refinitiv shall not cease to make available any such reports without LPL's consent, and Refinitiv shall deliver such reports as requested.

(b) LPL may identify and reasonably request additional reports to be generated by Refinitiv and delivered to LPL on an ad hoc or periodic basis.

23.2 Books and Records. Refinitiv will provide information so that LPL can maintain its books and records and will retain such information in accordance with Section 14 of Schedule H.

23.3 Destruction of Records. Refinitiv shall purge all Records only after the end of the Retention Period applicable to such Records and will perform such purge in a secure manner and in accordance with the terms of Schedule H and Schedule I (Summary of Refinitiv's Record Retention Policy) attached hereto.

23.4 Delivery of Records. Upon LPL's written request, Refinitiv shall provide to LPL, or if directed by LPL in writing, to a government authority or regulatory agency, copies of LPL Records, within a reasonable time period requested by LPL in writing. Unless such LPL Records are a part of any Service for which applicable fees apply, Refinitiv shall be entitled to bill LPL for such services at Refinitiv's then-current rate for comparable services; provided, however, that Refinitiv shall not be entitled to any fees or expenses which were not pre-approved by LPL in writing.

23.5 Discovery Requests. Refinitiv shall reasonably cooperate with any legal discovery requests made by LPL in writing. Refinitiv shall be entitled to bill LPL for such services, as they pertain to third party claims made only against LPL, at Refinitiv's then-current rate for comparable services; provided,

however, that Refinitiv shall not be entitled to any Charges or expenses which were not pre-approved by LPL in writing.

23.6 No Limitations. The provisions of this Section 23 shall in no way qualify or limit Refinitiv's covenants and obligations under Schedule I (Summary of Refinitiv's Record Retention Policy) attached hereto and made a part hereof.

24. Indemnification.

24.1 Obligation to Defend and Indemnify. Refinitiv shall defend the LPL Indemnitees from and against any and all claims, demands, investigations, and causes of action by third parties, threatened or actual (each, a "**Claim**") to the extent any such Claim is based on, arises from or relates to: (i) any allegation that any of the BETA System, Deliverables or Services, or any LPL Indemnitee's possession or use of the same in accordance with the terms of this Agreement, infringes or misappropriates any Intellectual Property right of any third party; (ii) any bodily injury (including death) or damage to or loss of any tangible personal or real property caused by the actions or omissions of Refinitiv, its Affiliates, any Refinitiv contractor or agent, or any of their respective directors, officers, employees, agents, contractors, successors, or assigns; (iii) any allegation that any of Refinitiv's personnel is an employee of LPL by virtue of performing any Services under this Agreement or otherwise; (iv) any expenses, including any taxes, which were the responsibility of Refinitiv hereunder; and (v) any gross negligence, willful misconduct or actual fraud of Refinitiv or Refinitiv Personnel in the performance of this Agreement. In addition, Refinitiv shall indemnify and hold each LPL Indemnitee harmless from and against any and all Losses incurred or suffered by any such LPL Indemnitee in connection with any Claim. Notwithstanding the foregoing, Refinitiv shall not be liable nor have any obligation to indemnify the LPL Indemnitees to the extent such Claims were caused by LPL's breach of this Agreement.

24.2 Additional Remedy. If LPL is enjoined or otherwise prohibited, or is reasonably likely in the opinion of LPL's counsel to be enjoined or otherwise prohibited, from using any of the BETA System, Deliverables or Services or any portion thereof, based on a Claim covered by Refinitiv's indemnification obligations, then Refinitiv shall, at its sole expense and option, and in addition to fulfilling its obligations to defend and indemnify hereunder, (i) obtain for LPL the right to use the applicable portion(s) of the BETA System, Deliverable or affected Services (as applicable); (ii) modify the applicable portion(s) of the BETA System, Deliverable or affected Services so as to render them non-infringing without substantially diminishing or impairing their functionality; (iii) replace the applicable portion of the BETA System,

Deliverable or affected Services with non-infringing replacement items of substantially similar functionality; or, but only after using commercially reasonable efforts to effect a solution under clauses (i), (ii) and (iii) above, (iv) promptly refund to LPL an equitable amount paid by LPL for the BETA System, Deliverables or affected Services.

24.3 Indemnification Procedure. In the event of a Claim for which an LPL Indemnitee seeks indemnification hereunder, the LPL Indemnitee shall promptly notify Refinitiv in writing of any such Claim and forward all related documents received with the Claim to Refinitiv. Refinitiv shall have sole control of the defense of any Claim, except that:

(a) the LPL Indemnitees reserve the right to be represented by counsel, and the LPL Indemnitees and their counsel shall have the right to participate in the defense or settlement of any Claim. Such representation shall be at the expense of the LPL Indemnitees.

(b) Refinitiv shall not agree to any settlement of any Claim without Refinitiv first obtaining LPL's prior written consent, which consent shall not be unreasonably withheld or delayed, if such settlement: (i) imposes restrictions or liability on any LPL Indemnitee; (ii) requires any action by any LPL Indemnitee; or (iii) in LPL's' reasonable opinion, may have an adverse effect on an LPL Indemnitee's reputation.

24.4 No Limitation. The foregoing indemnities will not be limited in any manner whatsoever by any required or other insurance coverage maintained by Refinitiv.

25. Disclaimer of Warranties and Limitations of Liability.

25.1 Disclaimer of Warranty. EXCEPT FOR THE EXPRESS WARRANTIES CONTAINED IN THIS AGREEMENT, NEITHER PARTY MAKES, AND HEREBY EXPRESSLY DENIES, REJECTS AND DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. IN PARTICULAR, REFINITIV DOES NOT WARRANT THE RESULTS OF THE USE OF THE BETA SERVICES, THAT OPERATION OF THE BETA SYSTEM SHALL BE UNINTERRUPTED, THAT ANY OR ALL FAILURES, DEFECTS OR ERRORS WILL BE CORRECTED OR THAT THE FUNCTIONS CONTAINED IN THE BETA SERVICES WILL OPERATE IN THE ENVIRONMENT SELECTED BY LPL. EACH PARTY HEREBY DISCLAIMS ANY AND ALL WARRANTIES

THAT MAY ARISE FROM COURSE OF DEALING, COURSE OF PERFORMANCE, OR USAGE OF TRADE.

25.2 Limitation of Liability. EXCEPT IN THE CASE OF (A) LOSSES ARISING FROM GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD IN A PARTY'S PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, (B) FULFILLMENT OF A PARTY'S INDEMNIFICATION OBLIGATIONS HEREUNDER, (C) LOSSES ARISING FROM A PARTY'S BREACH OF ITS CONFIDENTIALITY OR DATA PRIVACY AND SECURITY OBLIGATIONS UNDER THIS AGREEMENT (INCLUDING THOSE CONTAINED IN SCHEDULE H); OR (D) LOSSES ARISING FROM A PARTY'S VIOLATION OF APPLICABLE LAW, THE MAXIMUM AGGREGATE LIABILITY OF EACH PARTY TO THE OTHER FOR LOSSES RESULTING FROM ALL CLAIMS OR CAUSES OF ACTION ACCRUING FROM THE EFFECTIVE DATE AND THROUGHOUT THE TERM SHALL BE SUBJECT TO A CAP EQUAL TO [**]. FOR A BREACH OF CONFIDENTIALITY OR DATA PRIVACY AND SECURITY OBLIGATIONS UNDER THIS AGREEMENT (INCLUDING THOSE CONTAINED IN SCHEDULE H) THE MAXIMUM AGGREGATE LIABILITY OF EACH PARTY SHALL BE [**]. EXCEPT IN THE CASE OF GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD IN A PERFORMANCE OF ITS OBLIGATIONS UNDER THE AGREEMENT, OR FULFILLMENT OF A PARTY'S INDEMNIFICATION OBLIGATIONS HEREUNDER, NEITHER REFINITIV NOR LPL SHALL BE LIABLE TO THE OTHER OR TO ANY THIRD PARTY FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL LOSSES OR DAMAGES WHICH EITHER PARTY MAY INCUR OR EXPERIENCE ON ACCOUNT OF ENTERING INTO OR RELYING ON THIS AGREEMENT OR UTILIZING THE BETA SYSTEM, REGARDLESS OF WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR WHETHER IN AN ACTION IN CONTRACT, TORT, STRICT LIABILITY OR NEGLIGENCE, OR OTHER ACTIONS.

26. Use of the BETA Services.

26.1 General. LPL acknowledges that the software systems utilized by Refinitiv hereunder, including all enhancements thereto, and all screens and formats used in connection therewith, are the exclusive proprietary property of Refinitiv, and except as expressly permitted by this Agreement, LPL shall not publish, disclose, display, provide access to or otherwise make available any of the Refinitiv systems' software or products thereof, or any screens, formats, reports or printouts used, provided, produced or supplied from or in connection therewith, to any person or entity other than an employee of LPL without the

prior written consent of, and on terms acceptable to, Refinitiv, which consent shall not be unreasonably withheld; provided, however, that LPL may disclose to a governmental or regulatory agency or to customers of LPL any information expressly prepared and acknowledged in writing by Refinitiv as having been prepared for disclosure to such governmental or regulatory agency or to such customers. For so long as Refinitiv provides the BETA Services for LPL, all methods of data access to, or interactive or batch file transfer of, data on BETA System’s mainframe computer must be authorized by Refinitiv, and any unauthorized interactive or batch file transfer of data on BETA System’s mainframe computer via a program automated workstation or computer is explicitly prohibited.

26.2 Unauthorized Disclosure. The obligations of this Section 26 shall survive termination of this Agreement. LPL understands that the unauthorized publication or disclosure of any of Refinitiv’s software or copies thereof, or the unauthorized use of the BETA Services would cause irreparable harm to Refinitiv for which there is no adequate remedy at law. LPL therefore agrees that in the event of such Unauthorized Disclosure or use, Refinitiv may, at its discretion, seek to obtain immediate injunctive relief in a court of competent jurisdiction, or take such other steps as it deems necessary to protect its rights. If Refinitiv, in its reasonable, good faith judgment, determines that there is a material risk of such Unauthorized Disclosure or use, it may demand immediate assurances, satisfactory to Refinitiv, that there will be no such Unauthorized Disclosure or use. The rights of Refinitiv hereunder are in addition to any other remedies provided by Law.

27. Insurance Coverages. Refinitiv will, at its own cost and expense, obtain and maintain in full force and effect, with financially sound and reputable insurers having A.M. Best ratings of at least A (VII) or better, liability insurance to cover Refinitiv’s obligations under this Agreement.

27.1 Upon execution of this Agreement Refinitiv will provide LPL with certificates of insurance evidencing the following coverages and minimum amounts with such insurers:

COVERAGES	MINIMUM LIMITS OF LIABILITY
Workers’ Compensation & Employers Liability Insurance (as required by the state):	

Workers' Compensation: Employers Liability: a. Bodily Injury by accident b. Bodily injury by disease	Statutory Limits \$100,000 each accident \$100,000 each employee \$500,000 policy limit
Commercial General Liability Insurance (Primary & Umbrella) or Equivalent:	
Commercial General Liability Insurance including: a. Bodily Injury b. Broad Form Property Damage c. Contractual Liability d. Complete Operations (2 years after substantial completion of entirety of project)	\$1,000,000 per occurrence \$2,000,000 aggregate
Comprehensive Automobile Liability Insurance:	
To include non-owned, hired or rented vehicles as well as owned vehicles: a. Bodily Injury b. Property Damage	\$1,000,000/CSL per person \$1,000,000 for each accident/\$2,000,000 aggregate
Umbrella/Excess Liability Insurance:	
Excess/Umbrella Coverage providing additional limits for Comprehensive Automobile liability, Employer's Liability, and Commercial General Liability Insurance Coverages	\$2,000,000 as minimum limits of liability
Other:	
Fire or Extended Coverage Insurance on Equipment, tools and materials owned or rented by Refinitiv	Amount to be determined by Refinitiv as necessary to protect against loss.
Cybersecurity Insurance:	
Cybersecurity Insurance Coverage for losses from cyber incidents, including data breaches, business interruption and network damage	\$5,000,000 per occurrence. \$10,000,000 aggregate.

All insurance shall be primary and not contributing with any insurance coverage maintained by or its Affiliates.

27.2 Insurance Policies. Refinitiv will receive thirty (30) days' advance written notice in the event of a cancellation or material change in Refinitiv's insurance policy. Any insurance policy: (a) shall not be modified, altered or canceled without thirty (30) days' prior written notice to LPL and (b) shall be primary and not contributing with any insurance coverage maintained by LPL. When any insurance policy is renewed or replaced, the policy retroactive date must coincide with, or precede, the commencement of Services [on any Statement of Work]. Refinitiv will name LPL, its Affiliates and their respective officers, directors, employees and agents as additional insureds on applicable Commercial General Liability and Auto Policies.

27.3 Claims-Made Policies. In any policies written on a "claims-made" basis: (a) Refinitiv shall ensure that continuous coverage is maintained or an extended coverage period will be exercised for a period of not less than twenty-four (24) months, beginning from the time of issuance of final payment; (b) in the event a "claims-made" policy is not renewed or replaced, such policy must have an extended reporting period of two (2) years; and (c) the policies shall not contain any exclusion for claims arising out of purely business activities in which the insured professional is engaged as a sole proprietor, partner, officer, director or shareholder of a business enterprise.

28. Compliance with Laws.

28.1 General Compliance Obligations. Each Party is responsible for complying with all Laws that are applicable to such Party in its and its Personnel's performance of their respective obligations under this Agreement, including Laws relating to the provision or receipt of the Services, such as the United States Foreign Corrupt Practices Act, as amended, or any applicable comparable Laws from or to which Services are provided by Refinitiv (collectively, "FCPA"), IRCA, and other Laws relating to the employment or engagement of Personnel, employee tax withholding applicable to Personnel, and environmental and health and safety Laws. Each Party is responsible for the Personnel and asset costs associated with implementing changes to comply with the Laws and changes to such Laws that are the subject of this Section 28 after the Effective Date (except as provided elsewhere in this Agreement). Subject to the terms of this Agreement, each Party shall implement (and bear the costs associated with) any change in Laws applicable to it and its Personnel's performance under this Agreement prior to the deadline imposed by the regulatory or governmental body having jurisdiction for such requirement or change. For the avoidance doubt, this Section 30 shall not limit any applicable indemnities in this Agreement.

28.2 Equal Opportunity Employer. Refinitiv represents that it provides equal employment opportunities for all individuals without regard to race, color, religion, national origin, sex, age, disability, sexual preference or other characteristics protected by Law. Refinitiv will not recruit, hire, train, assign, compensate, discipline, promote, transfer or discharge any individuals who may be assigned to provide Services in violation of this equal employment opportunity policy.

28.3 USA Patriot Act and OFAC. Without limiting any other provision hereof, Refinitiv agrees that it shall not perform any Services, or subcontract with any third party to perform any Services from a location in any country that is: (a) subject to the Office of Foreign Assets Control sanctions that prohibit contractual arrangements such as those contemplated by this Agreement, or (b) designated as being of primary money laundering concern pursuant to the provisions of the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act of 2001).

29. Governance Process.

29.1 Generally. Each Party shall appoint personnel to serve on a three-tiered governance team. At the first level, each Party shall identify a relationship manager (“**Level 1**”). At the next level, each Party shall appoint a more senior person (Managing Director level at Refinitiv, Vice President at LPL) (“**Level 2**”). Each Party shall appoint Level 3 representatives, which shall be a senior executive (each, a “**Level 3**”). The Parties may mutually agree from time to time to change the composition and structure of the Level representatives.

29.2 Meetings. The Level 1 persons and their respective teams shall meet bi-weekly to receive a status report from the teams and address any potential roadblocks the teams believe may affect timely delivery of Services, including any pending Deliverables. The Level 1 representatives can decide to have these meetings on a less frequent basis.

29.3 Uses; Dispute Escalation Process. The governance process described in this Section 31 shall be used for negotiations and resolution of disputes and other issues that arise or occur between the Parties with respect to the subject matter of this Agreement, and such governance process shall begin reasonably promptly after a request for use of the governance process is provided to the other Party in a written notice (a “**Dispute Notice**”). Within thirty (30) days after such Dispute Notice, the Level 1 representatives of each Party shall meet to discuss the issue. If the Level 1 representatives cannot agree at the meeting to resolve the issue, each Party shall reduce to a writing their respective

positions and provide the other Party with the same no later than fifteen (15) days after such meeting. Within fifteen (15) days after such exchange, or as soon thereafter as can reasonably be scheduled, the Level 2 representatives shall meet to determine whether they can reach an agreement. If they cannot, the issue shall be escalated to the Level 3 representatives of each Party, who shall meet as reasonably practicable. Any of the meetings described in this Section 29.3 may be conducted by telephone, video conference or such locations as are mutually convenient, including during the governance process meetings set forth above. If the governance process involves consideration of a dispute for which a Party, acting in good faith, deems that time is of the essence, each of the preceding periods set forth in this Section 29.3 shall be shortened to address the dispute on such expedited basis as is reasonably practicable. Each Party shall treat all discussions and negotiations conducted by the Parties, including those conducted by the Relationship Managers, relating to such dispute as confidential and all such negotiations shall be considered to be compromise and settlement negotiations for purposes of applicable rules of evidence.

29.4 Continued Performance. Both Parties shall continue performing their obligations under this Agreement while any dispute is being resolved under the governance process unless and until the dispute is resolved or until this Agreement is terminated as provided herein.

29.5 Injunctive Relief. Notwithstanding anything to the contrary in this Section 31 each Party has the absolute right to seek preliminary restraining orders, preliminary injunctions or other equitable relief from a court of competent jurisdiction for any dispute under this Agreement, without resorting to the governance process set forth herein in the event such Party believes it is necessary to do so in order to protect its rights.

29.6 Right to Seek Additional Remedies. Notwithstanding Section 29.3, in the event a dispute is not resolved by the appointed representatives described in Section 29.1 above within thirty (30) days following the date of the Dispute Notice (and the Parties agree that upon the lapse of such thirty (30) day period, their respective representatives will be deemed to have promptly met and worked diligently and in good faith to resolve such dispute and acted pursuant to the other provisions of this Section 29), then each Party shall be free to pursue any and all remedies available to such Party, at law or in equity, subject to the terms of this Agreement. If any such dispute arises following the termination of this Agreement, each Party shall use its commercially reasonable efforts to follow a process consistent with that set forth in this Section 29.

30. Applicable Law, Venue and Severability.

30.1 Applicable Law, Venue. This Agreement and any dispute that arises between the Parties relating to, arising out of or in any way connected with this Agreement (including any transaction in connection therewith and any negotiation and discussion leading thereto, and including any Schedule, SOW or Appendix) or any term or condition hereof, or the performance by either Party of its obligations hereunder, shall be construed and enforced in accordance with the law of the State of New York without giving effect to any choice of law or conflict of law provisions. Any disputes arising under this Agreement will be brought and heard in the appropriate Federal or state court located in New York County in the State of New York and each of the Parties hereby irrevocably consents to the jurisdiction of such courts. **Each Party hereby irrevocably waives the right to a trial by jury in any action or proceeding arising out of this Agreement.**

30.2 Severability. In the event that any court having competent jurisdiction over the interpretation of this Agreement shall determine that one or more of the provisions contained in this Agreement shall be unenforceable in any respect, then such provision shall be deemed limited and restricted to the extent that such court shall deem it to be enforceable, and, as so limited or restricted, shall remain in full force and effect. In the event that any such provision or provisions shall be deemed wholly unenforceable, such provision shall be deemed deleted from this Agreement, and the remaining provisions shall remain in full force and effect. Any such judicial interpretation requiring limitation or deletion of a provision shall be valid only in the jurisdiction in which such interpretation is made.

31. Force Majeure. For the purposes of this Agreement, “**Force Majeure Event**” shall include any event, condition or circumstance set forth in the following sentence: (a) to the extent that and provided that such event, condition or circumstance is beyond the reasonable control of the Person affected thereby (the “**Affected Party**”); (b) the Affected Party is without fault in causing the event, condition or circumstance; and (c) despite all efforts of the Affected Party to prevent it or mitigate its effects (including, with respect to Refinitiv, efforts to implement its BC/DR Plan as required under this Agreement), such event, condition or circumstance prevents or materially hinders the performance by the Affected Party of its applicable obligations hereunder. Subject to the above, only the following events may be considered Force Majeure Events under this Agreement: (i) explosion and fire; (ii) flood, earthquake, storm or other natural calamity; (iii) war, insurrection, terrorist acts, civil unrest or riot; or (iv) pandemic. For the avoidance of doubt, the acts and omissions of Service Providers shall be deemed within the control of Refinitiv. If and to the extent that a Party’s performance of any of its obligations pursuant to this Agreement is prevented, hindered or delayed by a Force

Majeure Event, then the Affected Party shall be excused from such non-performance, hindrance or delay of those obligations affected by the Force Majeure Event, and if any BETA Services are suspended in all material respects during such period, LPL shall not be required to pay the Fees for such Services for the period during which such Services are suspended in all material respects. Such excused performance shall last only for so long as such Force Majeure Event continues and such Party continues to use all commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay, including through the use of alternative sources, workaround plans or other means. The Affected Party shall notify the other Party of the occurrence of the Force Majeure Event as soon as practicable after such event occurs (but in no event more than one (1) Business Day). Such notice shall describe in reasonable detail the nature of the Force Majeure Event, the cause and date of commencement of the occurrence(s), the anticipated scope and duration of the delay, and the proposed steps such Party will take to recommence performance of its obligations under this Agreement. The occurrence of a Force Majeure Event does not excuse, limit or otherwise affect Refinitiv's obligation to provide either normal recovery procedures or any other disaster recovery services required pursuant to this Agreement or to exercise immediately its DR/BCP upon suffering the Force Majeure Event. Upon the conclusion of a Force Majeure Event, the Affected Party shall take all reasonably necessary steps to resume the obligation(s) previously suspended. Notwithstanding the foregoing, an Affected Party shall not be excused under this Section 33 for any non-performance of its obligations under this Agreement having a greater scope or longer period than is justified by the Force Majeure Event. Nothing contained herein shall be construed as requiring an Affected Party to settle any strike, lockout or other labor dispute in which it may be involved.

32. General.

32.1 Notices. Any notice, request, demand or other communication required hereunder shall be in writing, shall reference this Agreement, and shall be deemed to be properly given: (a) when delivered personally; (b) when received by registered or certified mail, with written confirmation of receipt, postage prepaid; or (c) when received from a nationally recognized express courier (e.g., Federal Express, UPS or DHL), with written confirmation of receipt. All notices shall be sent to the addresses and positions set out below (or to such other address as may be designated by a Party by giving written notice to the other Party pursuant to this Section 34.1). For the avoidance of doubt, no notices may be made via email, facsimile or orally, provided that, operational and system notices may be provided electronically by email to the designated LPL email address with confirmation of receipt required by reply e-mail or email confirmation. Any notices not addressed as specified shall be deemed to not have been given or received.

LPL Notice Address:

LPL Financial, LLC
 75 State Street, 22nd Floor
 Boston, MA 02109
 Attn: Managing Director, Chief Legal Officer
 Counsel: _____

with a cc to:

LPL Financial LLC
 1055 LPL Way
 Ft. Mill, SC 29715
 Attn: Corporate Procurement

Refinitiv Notice Address

Refinitiv US LLC with a cc to: Refinitiv US LLC
 3 Times Square 350 North Sunny Slope Road
 New York, New York 10036 Brookfield, WI 53005
 Attn: Managing Director Wealth Attn Head of BETA Platform
 General Counsel Office-Wealth LPL Relationship Manager

32.2 No Third-Party Beneficiaries. This Agreement is entered into solely between and may be enforced only by, Refinitiv and LPL, and this Agreement is not intended to create and shall not be deemed to create any rights in third parties, including suppliers and customers of a Party hereto or its Affiliates, or to create any obligations of a Party hereto to any such third parties, except with respect to LPL Indemnitees and Former Affiliates, which shall constitute third Party beneficiaries hereunder.

32.3 Construction. This Agreement has been negotiated by the Parties and their respective counsel. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party as the drafter. Any references to any federal, state, local or foreign statute or law shall also refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. Unless the context otherwise requires: (a) a term has the meaning assigned to it in this Agreement; (b) forms of the word “include” mean that the inclusion is not limited to the items listed; (c) “or” is disjunctive but not exclusive; (d) words in the singular include the plural, and in the plural include

the singular; (e) provisions apply to successive events and transactions; (f) “hereof”, “hereunder”, “herein” and “hereto” refer to the entire Agreement and not any section or subsection; and (g) “\$” means the currency of the United States of America.

32.4 Captions and Section Headings. The captions and Article and Section headings used in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement.

32.5 Counterparts. This Agreement may be executed in one or more counterparts, with the same effect as if the Parties had signed the same document. Each counterpart so executed shall be deemed to be an original, and all such counterparts shall be construed together and shall constitute one agreement.

32.6 Electronic Copies. A copy of this Agreement executed by a Party hereto that is provided to the other Party via facsimile or other electronic means shall have the same effect as the original executed copy of this Agreement, as the case may be.

32.7 Modification; Subsequent Terms. No amendment or modification of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of Refinitiv and LPL. To the extent that the terms and conditions of the Schedules hereto or Exhibits to such Schedules (“**Subsequent Terms**”) conflict with or create an ambiguity when read with those herein, those Subsequent Terms shall control the interpretation and any conflict resolution thereof, but only to the extent the Parties have specifically identified in writing and have referenced the terms and conditions contained herein that they are attempting to modify or override.

32.8 Entire Agreement; Amendment. This Agreement, including the Exhibits and Schedule(s) hereto and thereto, constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes (a) all prior agreements or contemporaneous representations, discussions, proposals, negotiations, conditions, agreements, and communications, whether oral or written between the Parties relating to the subject matter of this Agreement, and (b) all past courses of dealing and industry custom. Notwithstanding the foregoing, the Thomson Reuters Services Agreement dated January 1, 2012 between the Parties (as amended “**TRSC**”) and all order forms thereunder shall remain in full force and effect pursuant to the terms of the TRSC.

32.9 Remedies Cumulative; Waiver. The enumeration herein of specific remedies shall not be exclusive of any other remedies, including any

remedies that the Parties may have at law or in equity. Subject to the notice requirements in Section 34.1 above, the waiver by either Party of a breach of or a default under any provision of this Agreement must be in writing, be specific as to the rights being waived and the intent of waiver, signed by the Party against which such waiver is being asserted and shall not be construed as a waiver of any subsequent breach of or default under the same or any other provision of this Agreement, nor shall any delay or omission on the part of either Party to exercise or avail itself of any right or remedy that it has or may have hereunder operate as a waiver of any right or remedy.

32.10 Non-Solicitation. Without the prior written consent of the other Party, neither Party shall employ or solicit for employment (including pursuant to a consulting relationship) (a) any employee of the other or its Affiliates, so long as such employee is employed by such Party or its Affiliates; or (b) any individual contingent workers or consultants currently providing services to such Party (“**Restricted Persons**”). The foregoing restrictions will apply during the Term of this Agreement and for nine (9) months after expiration of the Term or earlier termination of this Agreement. For the avoidance of doubt, neither Party is prohibited from employing a Restricted Person who (i) applies for a position in response to a posting, employment advertisement or other solicitation of employment directed at the general public, or whose résumé is posted by the individual, without solicitation from such Party, to an employment web site that is searchable by such Party, (ii) is directed to the other Party by employment search firms where such employment search firms are not directed by such Party or its Affiliates to initiate discussions with respect to the prospective employment of a Restricted Employee; or (iii) contact such Party or its Affiliates on his or her own initiative without any direct or indirect solicitation by the other Party or its Affiliates, in each case whether during the Term of this Agreement or thereafter.

32.11 Relationship of the Parties. Nothing contained in this Agreement shall be deemed or construed as creating a joint venture, general or limited partnership, branch or agency, employment, or fiduciary relationship between the Parties. Neither Party, nor either Party’s agents, have any authority of any kind to bind the other Party in any respect whatsoever, and the relationship of the Parties is, and at all times shall continue to be, that of independent contractors. This Agreement is not intended, nor shall it be construed, to bestow upon either Party any special treatment regarding any other arrangements, agreements or understandings that exist or may hereafter exist between the Parties or their Affiliates. Neither Party shall have any obligation to deal with the other in any capacity other than as set forth in this Agreement. Nothing herein shall cause either Party to be construed as or deemed to be a fiduciary with respect to the other Party or to any customer of LPL.

32.12 Refinitiv Personnel.

(a) None of the Refinitiv Personnel will be deemed employees or agents of LPL or any of its Affiliates. Refinitiv and Refinitiv Personnel are not eligible for, nor may they participate in, any employee benefit plans of LPL. All matters governing the employment of Refinitiv Personnel shall be Refinitiv's full responsibility.

(b) Refinitiv represents and warrants that each of its Personnel based in the United States of America has certified to it that it has completed the I-9 Process and that they are therefore authorized to work for Refinitiv in the United States of America. Refinitiv shall be responsible for handling and processing all immigration and employment-related issues and requirements (including processing visas and ensuring compliance with all applicable Laws) arising in connection with Personnel. Refinitiv shall, upon LPL's written request, to the extent permitted by Law, provide documentation reasonably required by LPL to verify that Refinitiv has complied with the requirements of this Section 34.12(b) and that Personnel have valid work authorizations and visas that permit them to perform the Services in the manner and locations set forth in this Agreement.

32.13 Assignment. Each Party shall provide the other with prompt written notice of any assignment of this Agreement.

32.14 Protective Procedures. Without limitation to any other provisions of this Agreement, Refinitiv shall maintain technical access control measures and policies to ensure that Refinitiv Personnel and any personnel of any Affiliate or contractor thereof does not have access to LPL Confidential Information to the extent such information may be used by such personnel to compete with LPL. Refinitiv shall not make any changes to such measures and policies that would effectively diminish LPL's protections or Refinitiv's obligations under this Agreement without LPL's written consent.

32.15 Equitable Relief. Each Party acknowledges and agrees that any failure by such Party to perform its obligations under this Agreement may result in irreparable harm to the other Party, because monetary damages alone will not provide sufficient relief, and that the other Party is therefore entitled to seek specific performance or an injunction (without any need or requirement to post a bond) to enforce all of its rights under this Agreement in accordance with the terms of this Agreement.

33. Definitions. The following terms, when used with initial capital letters in this Agreement, shall have the meaning ascribed below:

33.1 “**Accept**” shall mean as to any Deliverable, LPL’s written notice of its confirmation that LPL has determined that: (a) such Deliverable conforms with the relevant Acceptance Criteria applicable to such Deliverable and (b) the Documentation accurately describes the operation, use of and functionality of the Deliverable.

33.2 “**Acceptance Criteria**” shall mean those tests, processes, procedures and criteria, including Applicable Specifications, developed jointly by Refinitiv and LPL and approved in writing by LPL in its sole discretion, pursuant to which Deliverables shall be Evaluated.

33.3 “**Applicable Specifications**” shall mean the specifications, technical, business, operational, and functional requirements, standards and descriptions including the applicable format and content parameters, if any, applicable to the Services and Deliverables, as described in, and/or referenced by, the applicable Schedule or Appendix, any applicable Documentation, or other written document mutually agreed upon by the Parties.

33.4 “**Anonymized Data**” means the aggregated, anonymized statistical data that (a) is generated by Refinitiv as a result of its provision of Services to LPL; (b) does not contain any Personal Information; and (c) does not contain any data, information or traits (i) from which the identity of LPL, an LPL Affiliate or any of their respective clients or customers may be ascertained; or (2) that may identify LPL, a LPL Affiliate or any their respective customers or clients, as the source of any portion of such data.

33.5 “**Business Continuity and Disaster Recovery Plan**” or “**BC/DR Plan**” shall mean Refinitiv’s contingency plans, recovery plans, including disaster recovery plans, and proper risk controls designed to ensure Refinitiv’s continued performance under this Agreement, as such plans may be updated by Refinitiv from time to time subject to the provisions of Section 20.7.

33.6 “**Business Day**” shall mean the period between 12:00 AM EST and 11:59 PM EST every day, except Saturday, Sunday, or NYSE holidays.

33.7 “**Correspondent**” shall mean a customer that has an agreement with LPL or its Affiliates for the purpose of performing middle and back processing on behalf of such customer.

33.8 “**Data Masking**” means the process of changing certain data elements of a data set so that the structure of the data remains the similar while the information itself is replaced so that it does not contain any Personal Information and does not contain any data, information or traits (a) from which

the identity of LPL, an LPL Affiliate or any of their respective clients or customers may be ascertained; or (b) that may identify LPL, an LPL Affiliate or any their respective customers or clients, as the source of any portion of such data.

33.9 “**Documentation**” means user manuals, technical manuals, product descriptions, service guides and the like that are made generally available by Refinitiv to users of the BETA System. BETA has provided the applicable Documentation as of the Effective Date to LPL. Changes to the Documentation shall not operate to reduce or diminish the features, functions or capabilities of the BETA System.

33.10 “**Charges**” shall mean any charges or fees paid or payable (and with respect to Charges that are payable, for Charges payable for completed Services) by LPL to Refinitiv (or its Affiliates) under this Agreement. “Charges” shall include, but shall not be limited to, the Fees.

33.11 “**Deliverables**” shall mean any items specified as “deliverables” in a Schedule, SOW or in an Appendix and all other materials and tools provided or to be provided to LPL in the course of Refinitiv providing Services hereunder, including, but not limited to, under any Schedule, or Statement of Work, such as Software, Software customizations, data, reports, and/or Documentation, whether in written or electronic form.

33.12 “**Derivative Work**” shall mean a work that is based upon one or more preexisting works and that, if prepared without the authorization of the owner of the preexisting work, would constitute a copyright infringement, or any improvement, enhancement, modification or adaptation of or to a preexisting work.

33.13 “**Designated Regulatory Entity**” shall mean the [**], the [**], the [**] and the [**].

33.14 “**Equipment**” shall mean computers and related equipment, including central processing units and other processors, controllers, modems, communications and telecommunications equipment (voice, data and video), cables, storage devices, printers, terminals, other peripherals and input and output devices, and other tangible mechanical and electronic equipment intended for the processing, input, output, storage, manipulation, communication, transmission, networking and retrieval of information and data.

33.15 “**Evaluate**” or “**Evaluation**” means with respect to a Deliverable, inspect, test or otherwise evaluate the Deliverable against the applicable Acceptance Criteria.

33.16 “**Evaluation Period**” has the meaning set forth in the applicable Statement of Work.

33.17 “**Fees**” means the fees set forth on Schedule A or an a Statement of Work.

33.18 “**Feedback**” shall mean any idea, suggestion, recommendation, feedback or design concerning the Services or any Deliverable or Documentation associated with the Services, and specifically including specifications, requirements, designs and the like that LPL provides to Refinitiv in connection with this Agreement, including with respect to LPL-requested enhancements, modifications, customizations or other changes or additions.

33.19 “**Governmental Audit Authority**” shall mean the Designated Regulated Entities and any other federal or state department, agency or instrumentality of a government, including any state-owned or state-controlled instrumentality of a government or governmental or quasi-governmental entity of any nature with authority over Refinitiv or LPL.

33.20 “**I-9 Process**” shall mean Refinitiv’s and its Personnel’s employment eligibility and record keeping requirements under the Immigration Reform and Control Act of 1986, the Immigration Reform Act of 1990 and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as the same shall be amended from time to time.

33.21 “**Intellectual Property**” means all: (a) ideas, designs, concepts, methods, processes, trade secrets, techniques and apparatus; (b) patents, patent applications, patent disclosures, inventions, discoveries and/or improvements (whether patentable or not); (c) trademarks, service marks, trade dress, trade names, logos, corporate names, Internet domain names, and registrations and applications for the registration thereof together with all of the goodwill associated therewith (“**Marks**”); (d) copyrights and copyrightable works (including computer programs and mask works) and registrations and applications thereof; (e) trade secrets and know-how; (f) any work of authorship, including any associated copyright, industrial design or moral rights recognized by Law; (g) waivable or assignable rights of publicity, waivable or assignable moral rights; (h) unregistered and registered design rights and any applications for registration thereof; (i) database rights and all other forms of proprietary

technology or material; and (j) all statutory, common-law, and other similar rights in any and all jurisdictions and countries related to any of the foregoing.

33.22 “**Laws**” means any law, by-law, stated policy, declaration, decree, directive, legislative enactment, statute, order, ordinance, regulation, rule or other binding action of or by an federal, state, municipal, local, territorial or other domestic or foreign government department, security exchange, association, registered securities association, registered clearing agency, municipal securities rulemaking board, regulatory authority, judicial or administrative body and any rules and regulations of self-regulatory organizations that may be applicable to a Party and its Affiliates in the provision or receipt and use of the Services and/or Deliverables hereunder, in each case that are in effect from time to time during the Term of this Agreement.

33.23 “**LPL Agent**” shall mean the agents, contractors, subcontractors, suppliers and representatives of LPL (excluding Refinitiv and Refinitiv Personnel).

33.24 “**LPL Data**” shall mean the following data and information, whether provided or produced before, on, or after the Effective Date, and whether owned by LPL or by others, including data owned by customers and clients of a LPL Affiliate: (a) all data and information that is provided by or on behalf LPL, or by or on behalf of LPL Agents, customers and clients, to Refinitiv and/or Refinitiv Personnel hereunder by means of, or in connection with, this Agreement; (b) all data and information about a LPL customer or end user that is generated through the use of the Services or performance of Services hereunder or is a derivative thereof; and (c) all reports produced by Refinitiv and any data and information included therein, pursuant to this Agreement. Without limiting the generality of the foregoing, LPL Data includes Anonymized Data and Personal Information collected or derived in connection with the use of the Services and/or performance of the Services.

33.25 “**LPL Indemnitee(s)**” shall mean LPL, its Affiliates, and their respective officers, directors, shareholders, employees and agents (as such persons and entities may exist at any time during the term of this Agreement and thereafter), and their respective successors and assigns.

33.26 “**LPL Networks**” shall mean collectively, all Software and Equipment owned or leased by or licensed to LPL or a LPL Agent.

33.27 “**LPL Premises**” shall mean the premises of LPL or a LPL Affiliate.

33.28 “**LPL Property**” shall mean any and all property belonging to LPL or an Affiliate of LPL and provided to (or access to which is provided to Refinitiv in connection with this Agreement), including: (a) all documents, materials and tangible property, including all tangible embodiments of LPL Confidential Information, and all reports, communications, designs, data, analyses, source code, Software, tools, digital images, methodologies, specifications, models, prototypes, samples, and any other materials including improvements, enhancements and Derivative Works thereto and thereof; (b) LPL Confidential Information; (c) LPL Networks; (d) LPL Marks; (e) Feedback; (f) Deliverables; and (g) LPL Data.

33.29 “**Loss**” or “**Losses**” shall mean any and all damages, losses, costs, obligations, claims, causes of action, demands, assessments, judgments, settlements or liability, including regulatory and other fines and penalties, and all reasonable costs and expenses (including prejudgment interest and other interest, penalties and reasonable attorneys’, accountants’ and/or expert witness fees and disbursements) of defending any of the foregoing or of enforcing this Agreement.

33.30 “**Masked Data**” means the end result of the Data Masking process.

33.31 “**Nonconformity**” or “**Nonconformities**” shall mean: (a) a failure of a given Service or Deliverable or a component of any of the foregoing to conform to the Applicable Specifications or Acceptance Criteria; or (b) any other or Service Problem or Service Failure in a given Service or Deliverable, or a component of any of the foregoing.

33.32 “**Party**” or “**Parties**” means LPL and/or Refinitiv as the context so requires.

33.33 “**Person**” shall mean an individual, partnership, corporation, limited liability company, joint venture, trust, unincorporated association or any other entity.

33.34 “**Personal Information**” shall mean any personally identifiable information or data (including each of the following: name, social security number, telephone number, bank account or other financial institution account number, credit or debit card number, driver’s license number, passport number and any other government-issued identification number) of, concerning or relating to an employee, customer or prospective customer of LPL or a client of LPL, or any information or data that identifies or that could be used to identify an individual or otherwise relates to an identified individual that Refinitiv

collects, receives or derives hereunder from interactions with an employee, customer or prospective client/customer of LPL or a client of LPL (including investors in investment companies managed by LPL).

33.35 “**Personnel**” shall mean Refinitiv’s employees and, as and if permitted and approved by LPL pursuant to this Agreement, Service Providers and their respective personnel.

33.36 “**Privacy Laws**” shall mean (A) Title V of the Gramm-Leach-Bliley Act, as it may be amended, and any regulations promulgated thereunder; (B) other applicable federal and state data security Laws, including but not limited to Massachusetts General Laws Chapter 93H and 201 CMR 17.00 and the Cybersecurity Requirements for Financial Services Companies issued by the New York State Department of Financial Services (NYDFS) (“**Cybersecurity Rule**”) (23 NYCRR §500); and (C) all applicable domestic and foreign data protection and security laws, treaties and or regulations including without limitation the GDPR.

33.37 “**Project Manager(s)**” shall mean those individual designated as “Project Managers,” “Designated Contacts” or any similar designation set forth in an Schedule or Appendix.

33.38 “**Refinitiv Property**” shall mean Refinitiv’s Pre-existing IP and all improvements, customizations and enhancements to such Pre-existing IP not otherwise owned by LPL pursuant to Section 24.1.

33.39 “**Regulatory Mandatory Modification**” means a modification to the BETA System Services required to comply with the requirements of the Designated Regulatory Entities including the required modifications for rules, regulations and procedure changes by the Designated Regulatory Entities modifications.

33.40 “**Representatives**” shall mean Personnel and attorneys, accountants and other advisors to Refinitiv.

33.41 “**Services**” shall mean any services performed or provided by Refinitiv or on behalf of Refinitiv and as permitted under this Agreement, including (a) the BETA Services, (b) services described in any Schedules, (c) Maintenance and Support Services, (d) Professional Services, and (e) Transition Services.

33.42 “**Service Problem**” or “**Service Failure**” has the meaning set forth in the applicable Schedule or Appendix.

33.43 “**Software**” shall mean any software programs and programming, applications, operating systems, utilities and interfaces, and all documentation relating thereto, together with all corrections, improvements, updates, releases and new versions thereof.

The following terms are defined in the Sections of this Agreement identified below:

Term:	Section:
Acceptance Test Start Date	3.11(c)
Additional Cost	3.8(b)
Affected Party	31
Affiliate	2.2
Agreement	preamble
Assessments	19.11(a)(6)
Audit Reports	18.2
Bankruptcy Code	15.8(c)
BC/DR Plan	19.7
BETA Services	preamble
BETA System	preamble
BUC	3.7
Chargeable Enhancements	3.3
Claim	24.1
Confidential Information	20.2
Control	2.2
Cybersecurity Rule	33.36
Disclosing Party	20.1
Dispute Notice	29.3
Disruption	19.7(c)
Effective Date	preamble
Escrow Agent	15.8(b)
Escrow Agreement	15.8(b)
Escrow Materials	15.8(a)
Extended Term	14.1
FCPA	28.1
FINRA	34.13
Force Majeure Event	31
Former Affiliate	2.3
Front Line Personnel	8.1
Health Event	19.7(c)
Initial Term	14.1
IRCA	19.3
Key Person or Key Personnel	9.1
Level 1	29.1
Level 2	29.1

Level 3	29.1
LPL	preamble
LPL Auditor	18.4
LPL Entities	2.1
LPL Malicious Code	19.6(b)
LPL Personnel	6.1(a)
LPL Third Party Contractor	5.1
LPL Work Request	3.9
Maintenance Support Services	3.3
Market Data Providers	21.1
Marks	34.21
Material Event	11.3
MSRB	33.13
OCC	33.13
OFAC	10.3
Original Agreement	preamble
PEP	10.3
Performance Credits	3.4(b)
Performance Standard	3.4
Pre-existing IP	22.1
Process	20.10
Professional Services	3.9
Protective Procedures	32.14
Purchase Order	13.2
Receiving Party	20.1
Receiving Party Agents	20.1
Quarterly Review	11.2
Refinitiv	preamble
Refinitiv Auditor	18.2
Refinitiv Malicious Code	19.6(a)
Refinitiv Personnel	8.1
Release Event	15.8(b)
Response Plan	18.5
Restricted Persons	32.10
SEC	34.13
Service Failure	3.4(a)
Services Infrastructure	7.1
Services Location or Services Locations	7.2

Service Provider Report	3.2
Service Providers	3.2
Source Code	15.8(d)
Subsequent Evaluation Period	3.9(c)(2)
Subsequent Terms	32.7
Subsequent Test Period	3.11(c)
Term	14.1
Test Period	3.11(c)
Third Party Auditor	18.2
Third Party Market Data	21.1
TR	preamble
Transition Services	16.1
TRSC	32.8
Unauthorized Disclosure	20.6

34. Schedules. The following Schedules are incorporated into this Agreement by this reference:

Schedule A	Pricing and Services
Schedule A-1	BETAHOST Description of Services
Schedule B	Performance Standards
Schedule C	Test Environment Specifications
Schedule D	BC/DR Plan
Schedule E	Escrow Agreement
Schedule F	Service Providers
Schedule G	Form of Statement of Work
Schedule G-1	Change Request Process for SOWs
Schedule H	Information Security and Related Requirements
Schedule I	Summary of Refinitiv's Record Retention Policy
Schedule J	LPL Expense Policy
Schedule K	Regulatory Mandatory Modifications
Schedule L	Service Locations

Schedule A
Pricing and Services

Schedule A-1
BETAHOST Description of Services

Schedule B
Performance Standards

Schedule C
Test Environment Specifications

Schedule D
BC/DR Plan

Schedule E
Escrow Agreement

Schedule F
Service Providers

Schedule G
Form of Statement of Work

To be completed within thirty (30) days of Effective Date.

Schedule G-1
Change Request Process for SOWs

To be completed within thirty (30) days of Effective Date.

Schedule H
Information Security and Related Requirements

Schedule I
Summary of Refinitiv's Record Retention Policy

Schedule J
LPL Expense Policy

Schedule K
Regulatory Mandatory Modifications

Schedule L
Service Locations

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 4, 2021

/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 4, 2021

/s/ Matthew J. Audette

Matthew J. Audette
Chief Financial Officer
(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, 2021 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 4, 2021

/s/ Dan H. Arnold

Dan H. Arnold
President and Chief Executive 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, 2021 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 4, 2021

/s/ Matthew J. Audette

Matthew J. Audette
Chief Financial Officer