

Risk Factors Comparison 2025-02-20 to 2024-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Our business, operations and financial results are subject to varying degrees of risk and uncertainty. We are providing the following summary of risk factors to enhance readability of our risk factor disclosure. Material risks that may adversely affect our business, operations and financial results include, but are not limited to, the following: Risks Related to Our Business and Industry • We depend on our ability to attract and retain experienced and productive advisors, and we are subject to competition in all aspects of our business. • Our financial condition and results of operations may be adversely affected by market fluctuations and other economic factors. • Significant interest rate changes could affect our profitability and financial condition. • Any damage to our reputation could harm our business and lead to a loss of revenue and net income. • Our business is subject to risks related to litigation, arbitration claims and regulatory actions. • There are risks inherent in the independent broker- dealer business model. • We rely on third- party service providers, including off- shore providers, to perform technology, processing and support functions, and our operations are dependent on financial intermediaries that we do not control. • Lack of liquidity or access to capital could impair our business and financial condition. • Our business could be materially adversely affected as a result of the risks associated with acquisitions, investments, and strategic relationships. • Our risk management policies and procedures may not be **effective in** fully ~~effective in~~ mitigating our risk exposure in all ~~market~~ environments or against all types of risks. • We face competition in attracting and retaining key talent. • The securities settlement process exposes us to risks related to adverse movements in price. • Our indebtedness could adversely affect our financial condition and may limit our ability to use debt to fund future capital needs. • Restrictions under our Credit Agreement may prevent us from taking actions that we believe would be in the best interest of our business. • Provisions of our Credit Agreement and certain of the Indentures could discourage an acquisition of us by a third- party. • Our insurance coverage may be expensive, **and losses we incur** may exceed ~~our the~~ limits of **our** insurance coverage, **or may not be covered at all**. • Poor service or performance of the financial products that we offer or competitive pressures on pricing of such services or products may cause clients of our advisors to withdraw their assets on short notice. • A loss of our marketing relationships with manufacturers of financial products could harm our relationship with our advisors and, in turn, their clients. • Changes in U. S. federal income tax law could make some of the products distributed by our advisors less attractive to clients. Risks Related to Our Regulatory Environment • Any failure to comply with applicable federal or state laws or regulations, or self- regulatory organization rules, exposes us to litigation and regulatory actions, which could increase our costs or negatively affect our reputation. • Regulatory developments could adversely affect our business by increasing our costs or making our business less profitable. • We are subject to various regulatory requirements, which, if not complied with, could result in the restriction of the conduct or growth of our business. • Failure to comply with ERISA regulations and certain tax- qualified plan laws and regulations could result in penalties against us. Risks Related to Our Technology • We rely on technology in our business, and technology and execution failures could subject us to losses, litigation and regulatory actions. • Our information technology systems may be vulnerable to security risks. • A cyber- attack or other security breach of our technology systems or those of our advisors or third- party vendors could negatively impact our normal operations and, as a result, subject us to significant liability and harm our reputation. • Failure to comply with the complex privacy and data protection laws and regulations to which we are subject could result in adverse action from regulators and adversely affect our business, reputation, results of operations and financial condition. • Failure to maintain technological capabilities, flaws in existing technology, difficulties in upgrading our technology platform or the introduction of a competitive platform could have a material adverse effect on our business. • Inadequacy or disruption of our business continuity and disaster recovery plans and procedures in the event of a catastrophe could adversely affect our business. Risks Related to Ownership of Our Common Stock • The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for our investors. • We are a holding company and rely on dividends, distributions and other payments, advances and transfers of funds from our subsidiaries to meet our debt service and other obligations. • Our future ability to pay regular dividends to holders of our common stock or repurchase shares are subject to the discretion of our Board and will be limited by our ability to generate sufficient earnings and cash flows. We derive a large portion of our revenue from commissions and fees generated by our advisors. Our ability to attract and retain experienced and productive advisors has contributed significantly to our growth and success, and our strategic plan is premised upon continued growth in the number of our advisors and the assets they serve. If we fail to attract new advisors or to retain and motivate our current advisors, replace our advisors who retire, or assist our retiring advisors with transitioning their practices to other advisors on our platform, or if advisor migration away from wirehouses to independent channels slows, our business may suffer. The market for experienced and productive advisors is highly competitive, and we devote significant resources to attracting and retaining well- qualified advisors. In attracting and retaining advisors, we compete directly with a variety of financial institutions such as wirehouses, regional broker- dealers, banks, insurance companies, other independent broker- dealers and RIA firms. If we are not successful in retaining highly qualified advisors, we may not be able to recover the expense involved in attracting and training these individuals. There can be no assurance that we will be successful in our efforts to attract and retain the advisors needed to achieve our growth objectives. More broadly, we are subject to competition in all aspects of our business from: • brokerage and investment advisory firms, including national and regional firms, as well as Independent RIAs; • asset management firms; • commercial banks and thrift institutions; • insurance companies; • other clearing / custodial technology companies; and • investment firms offering so- called “ robo ” advice solutions. Many of our competitors have substantially greater resources than we do and may offer a broader range of services and financial products across more markets. Some of our competitors operate in

a different regulatory environment than we do, which may give them certain competitive advantages in the services they offer. For example, certain of our competitors only provide clearing services and consequently would not have any supervision or oversight liability relating to actions of their financial advisors. We believe that competition within our industry will intensify as a result of consolidation and acquisition activity and because new competitors face few barriers to entry, which could adversely affect our ability to recruit new advisors and retain existing advisors. If we fail to continue to attract highly qualified advisors, or if advisors licensed with us leave us to pursue other opportunities, we could face a significant decline in market share, commission and fee revenue or net income. We could face similar consequences if current or potential clients of ours, including current clients that use our outsourced customized clearing, advisory platforms or technology solutions, decide to use one of our competitors rather than us. If we are required to increase our payout of commissions and fees to our advisors in order to remain competitive, our net income could be significantly reduced. Significant downturns and volatility in equity and other financial markets have had and could continue to have an adverse effect on our financial condition and results of operations. General economic and market factors can affect our commission and fee revenue. For example, a decrease in market levels or market volatility can:

- reduce new investments by advisors' new and existing clients in financial products that are linked to the equity markets, such as variable life insurance, variable annuities, mutual funds and managed accounts;
- reduce trading activity, thereby affecting our brokerage commission revenue and our transaction revenue;
- reduce the value of advisory and brokerage assets, thereby reducing advisory fee revenue, trailing commission revenue and asset-based fee revenue; and
- motivate clients to withdraw funds from their accounts, thereby reducing advisory and brokerage assets, advisory fee revenue and asset-based fee revenue.

Other more specific trends may also affect our financial condition and results of operations, including, for example, changes in the mix of products preferred by investors may result in increases or decreases in our fee revenue associated with such products depending on whether investors gravitate towards or away from such products. The timing of such trends, if any, and their potential impact on our financial condition and results of operations are beyond our control. In addition, because certain of our expenses are fixed, our ability to reduce them in response to market factors over short periods of time is limited, which could negatively impact our profitability. Our revenue is exposed to interest rate risk primarily from changes in fees payable to us from banks participating in our client cash programs and changes in interest income earned on deposits in third-party bank accounts and short-term U. S. treasury bills, which are generally based on prevailing interest rates. Our revenue from our client cash programs has declined in the past as a result of a low interest rate environment, and our revenue may decline in the future due to decreases in interest rates, decreases in client cash balances or mix shifts among the current or future deposit sweep vehicles, client cash account or money market accounts that we offer. **Though Such a decline has occurred, and could occur in the future. The Federal Reserve steadily increased its target federal funds rate in 2022 and 2023 to combat rising inflation, and while we have experienced a sustained there is no guarantee of further increases, or that the higher interest rate environment will be sustained, the target federal funds rate was reduced in the second half of 2024, with further reductions anticipated.** If the Federal Reserve ~~continues to reduce~~ **reduce** its target federal funds rate from current levels, our revenue will be impacted. Our revenue from our client cash programs also depends on our success in placing deposits and negotiating favorable terms in agreements with third-party banks and money market fund providers participating in our programs, as well as our success in offering competitive products, program fees and interest rates payable to clients. The expiration of contracts with favorable pricing terms, less favorable terms in future contracts, the inability to place deposits with third-party sweep banks, or changes in client cash or money market accounts that we offer could result in declines in our revenue. A sustained low interest rate environment may also have a negative impact upon our ability to negotiate contracts with new banks or renegotiate existing contracts on comparable terms with banks participating in our client cash programs. Even in a rising interest rate environment, if balances or yields in our client cash programs decrease, future revenue from our client cash programs may be lower than expected. We have spent many years developing our reputation for integrity and client service, which is built upon our support for our advisors through: enabling technology, comprehensive clearing and compliance services, practice management programs and training and in-house research. Our ability to attract and retain advisors and employees is highly dependent upon external perceptions of our level of service, business practices and financial condition. Damage to our reputation could cause significant harm to our business and prospects and may arise from numerous sources, including:

- litigation or regulatory actions;
- failing to deliver acceptable standards of service and quality, including technology or cybersecurity failures;
- compliance failures; and
- unethical behavior and the misconduct of employees, advisors or counterparties.

Negative perceptions or publicity regarding these matters could damage our reputation among existing and potential advisors and employees, and could lead advisors to terminate their agreements with us, which they generally have the right to do unilaterally upon short notice. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us. These occurrences could lead to loss of revenue and lower net income. **From time to time As is common in our industry,** we have been subjected to and are currently subject to legal and regulatory proceedings arising out of our business operations, including lawsuits, arbitration claims, governmental subpoenas and regulatory, governmental and self-regulatory organization ("SRO") inquiries, investigations and enforcement proceedings, as well as other actions and claims. Many of our legal claims are initiated by clients of our advisors and involve the purchase or sale of investment securities, but other claims and proceedings may be, and have been, initiated by state-level and federal regulatory authorities and SROs, including the SEC, FINRA and state securities regulators, as well as clients of Independent RIAs. The outcomes of any such legal or regulatory proceedings, including litigations, arbitrations, inquiries, investigations and enforcement proceedings by the SEC, FINRA, DOL and state securities regulators or attorneys general, are difficult to predict. A negative outcome in such a matter could result in substantial legal liability, censures, penalties and fines, disgorgement of profits, restitution to customers, remediation, the issuance of cease-and-desist orders, or injunctive or other equitable relief against us. Further, such negative outcomes individually or in the aggregate may cause us significant reputational harm and could have a material adverse effect on our ability to recruit or retain financial

advisors or institutions, or our results of operations, cash flows or financial condition. We may face liabilities for deficiencies or failures in our supervisory and regulatory compliance systems and programs. We may also face liabilities for actual or alleged breaches of legal duties to clients of our advisors or Independent RIAs, including in respect of issues related to the financial products we make available or the investment advice or securities recommendations our advisors or Independent RIAs provide to their clients. In addition, the administration of client accounts involves operational processes such as recordkeeping and accounting, security pricing, corporate actions, and account reconciliations that are complex and rely on various tools and resources. Failure to properly perform operational tasks or errors in the design or function of these tools, could subject us to regulatory sanctions, penalties or litigation and result in reputational damage, and liability to clients. We are subject to various standards of care, including in some cases fiduciary obligations. Moreover, new and developing state and federal regulatory requirements with respect to standards of care and other obligations, as discussed under “ Risks Related to Our Regulatory Environment ” below, may introduce new grounds for legal claims or enforcement actions against us in the future, in particular with respect to our brokerage services. We may also become subject to claims, allegations and legal proceedings related to employment matters, including wage and hour, discrimination or harassment claims, or matters involving others’ intellectual property or other proprietary rights, including infringement or misappropriation claims. Compared to wirehouses and other employee model broker- dealers, we generally offer advisors wider choice in operating their businesses with regard to product offerings, outside business activities, office technology and supervisory models. Our approach may make it more challenging for us to comply with our supervisory and regulatory compliance obligations, particularly in light of our limited on- site supervision and the complexity of certain advisor business models. Misconduct and errors by our employees, advisors or Independent RIAs could be difficult for us to detect and could result in actual or alleged violations of law by us, investigations, litigation, regulatory sanctions, or serious reputational or financial harm. Although we have designed policies and procedures to comply with applicable laws, rules, regulations and interpretations, we cannot always prevent or detect misconduct and errors by our employees, advisors or Independent RIAs, and the precautions we take to prevent and detect these activities may not be effective in all cases. Prevention and detection among our advisors, who are typically not our direct employees and some of whom tend to be located in small, decentralized offices, present additional challenges, particularly in the case of complex products or supervision of outside business activities, including those conducted through Independent RIAs. In addition, although we provide our advisors with requirements and recommendations for their office technology, we cannot fully control or monitor the extent of their implementation of our requirements and recommendations. Accordingly, we cannot assure that our advisors’ technology meets our standards, including with regard to information security and cybersecurity. We also cannot assure that misconduct or errors by our employees, advisors or Independent RIAs will not lead to a material adverse effect on our business, or that our insurance will be available or sufficient to cover the cost to our business of such misconduct or errors. We rely on outsourced service providers to perform certain technology, processing and support functions. For example, we have an agreement with Refinitiv US LLC (“ BETAHost ”), under which it provides us key operational support, including data processing services for securities transactions and back office processing support. Our use of third- party service providers may decrease our ability to control operating risks and information technology systems risks. Any significant failures by BETAHost or our other service providers could cause us to sustain serious operational disruptions and incur losses and could harm our reputation. These third- party service providers are also susceptible to operational and technology vulnerabilities, including cyber- attacks, security breaches, ransomware, fraud, phishing attacks and computer viruses, which could result in unauthorized access, misuse, loss or destruction of data, an interruption in service or other similar events that may impact our business. We cannot assure that our third- party service providers will be able to continue to provide their services in an efficient, cost- effective manner, if at all, or that they will be able to adequately expand their services to meet our needs and those of our advisors. An interruption in or the cessation of service by a third- party service provider and our inability to make alternative arrangements in a timely manner could cause a disruption to our business and could have a material impact on our ability to serve our advisors and their clients. In addition, we cannot predict the costs or time that would be required to find an alternative service provider. We have transitioned certain business and technology processes to off- shore providers, which has increased the related risks described above. For example, we rely on several off- shore service providers, operating in multiple locations, for functions related to cash management, account transfers, information technology infrastructure and support and document indexing, among others. To the extent third- party service providers are located in foreign jurisdictions, we are exposed to risks inherent in such providers conducting business outside of the United States, including international economic and political conditions as well as natural disasters, and the additional costs associated with complying with foreign laws and fluctuations in currency values. We expect that our regulators would hold us responsible for any deficiencies in our oversight and control of our third- party relationships and for the performance of such third parties. If there were deficiencies in the oversight and control of our third- party relationships, and if our regulators held us responsible for those deficiencies, our business, reputation and results of operations could be adversely affected. In addition, certain aspects of our operations are dependent on third- party financial institutions that we do not control, such as clearing agents, securities exchanges, clearing houses and other financial intermediaries. Any failure of these intermediaries, or any interruption in their operations, either on a widespread or individual basis, could adversely affect our ability to execute transactions, service our clients and manage our exposure to risk. In the event of such failure or interruption, there is no guarantee that we would be able to find adequate and cost- effective replacements on a timely basis, if at all. Like us, these intermediaries are exposed to risks related to fluctuations and volatility in the financial markets and broader economy, as well as specific operational risks related to their business, such as those related to technology, security and the prevailing regulatory environment. Because we rely on these intermediaries, we share indirect exposure to these risks. If these risks were to materialize, or if there was a widespread perception that they could materialize, our business, reputation and results of operations could be adversely affected. Liquidity, or ready access to funds, is essential to our business. We expend significant resources investing in our business, particularly with respect to our technology and service platforms. In

addition, we must maintain certain levels of required capital. As a result, reduced levels of liquidity could have a significant negative effect on us. Some potential conditions that could negatively affect our liquidity include: • illiquid or volatile markets; • diminished access to debt or capital markets; • unforeseen cash or capital requirements; • actual or alleged events of default under our Credit Agreement, Broker- Dealer Revolving Credit Facility, Indentures or other agreements governing our indebtedness; • regulatory penalties or fines, settlements, customer restitution or other remediation costs; or • adverse legal settlements or judgments. The capital and credit markets continue to experience varying degrees of volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for businesses similar to ours. Without sufficient liquidity, we could be required to limit or curtail our operations or growth plans, and our business would suffer. 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 flow or, if needed, with funds drawn under our revolving credit facility, Broker- Dealer Revolving Credit Facility or uncommitted lines of credit. We may also need access to capital in connection with the growth of our business, through acquisitions or otherwise. In the event current resources are insufficient to satisfy our needs, we may need to rely on financing sources such as bank debt. The availability of additional financing will depend on a variety of factors such as: • market conditions; • the general availability of credit; • the volume of trading activities; • the overall availability of credit to the financial services industry; • our credit ratings and credit capacity; and • the possibility that current or future lenders could develop a negative perception of our long- or short- term financial prospects as a result of industry- or company- specific considerations. Similarly, our access to funds may be impaired if regulatory authorities or rating organizations take negative actions against us. Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to satisfy statutory capital requirements, generate commission, fee and other market- related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue different types of capital than we would otherwise, less effectively deploy such capital, or bear an unattractive cost of capital, which could decrease our profitability and significantly reduce our financial flexibility. Our business could be materially adversely affected as a result of the risks associated with acquisitions, investments and strategic relationships. We have made acquisitions and investments and entered into strategic relationships in the past and plan to pursue further acquisitions, investments and strategic relationships in the future, including in connection with our institution offering and Liquidity & Succession solution. These transactions are accompanied by risks. For instance, an acquisition could have a negative effect on our financial and strategic position and reputation, **the synergies expected to result from a business combination could fail to materialize**, or the acquired business could fail to further our strategic or financial goals. We can provide no assurances that advisors who join LPL Financial through acquisitions or investments in advisor practices will remain at LPL Financial. Moreover, we may not be able to successfully integrate acquired businesses into ours, and therefore we may not be able to realize the intended benefits from an acquisition. **We** ~~For example, we~~ may have a lack of experience in new markets, products or technologies brought on by the acquisition, ~~and~~ we may have an initial dependence on unfamiliar supply or distribution partners, **or the resources necessary to integrate an acquired business may exceed our expectations or the resources we have available**. An acquisition may create an impairment of relationships with customers or suppliers of the acquired business or our advisors or suppliers. All of these and other potential risks ~~may~~ **could disrupt our existing business, as well as the businesses we seek to acquire, and could** serve as a diversion of our management’s attention or other resources from other business concerns, and any of these factors could have a material adverse effect on our business. For more information about risks relating to updating our technology in connection with our business development opportunities, see “We rely on technology in our business, and technology and execution failures could subject us to losses, litigation and regulatory actions” below. We have adopted policies ~~and~~, procedures **and an overarching policy management framework** to identify, monitor and manage our ~~risk risks~~. These policies and procedures, however, may not be **fully effective nor** ~~and may not~~ be adapted quickly enough to **effectively** ~~respond effectively to changed~~ **changing** circumstances ~~in~~. Some of our **evolving business and regulatory environment. Various Company risk and** compliance and risk evaluation functions ~~depend upon~~ **rely on** information technology systems, information provided by ~~others~~ **third parties** and ~~public~~ **publicly available** information ~~regarding about~~ markets, clients or other matters ~~that are otherwise accessible by us~~ **relevant to our business and operations**. In some cases, however, that information may not be available, accurate, complete or up- to- date. Also, because many of our advisors work in decentralized **or branch** offices, additional risk management challenges exist, including ~~with regard to~~ advisor office technology, vendors and **third party- providers, supervision and oversight, business continuity,** information security practices, **and training and awareness**. In addition, our existing systems, policies and procedures, and staffing levels may be insufficient to support a significant increase in our advisor population. Any such increase could require us to increase our costs, **including information technology costs**, in order to maintain our **compliance and risk management and compliance** obligations, or strain our existing policies and procedures as we evolve to support a larger advisor population. If our systems, policies and procedures are not effective, or if we are not successful in **capturing identifying, monitoring, and managing the** risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that could have a material adverse effect on our business and financial condition. Our success depends upon the continued services of our key senior management personnel, including our executive officers and senior managers. Each of our executive officers is an employee at will, and none has an employment agreement. The loss of one or more of our key senior management personnel, and the failure to recruit a suitable replacement or replacements, could have a material adverse effect on our business. Moreover, our success and future growth depends upon our ability to attract and retain qualified employees. There is significant competition for qualified employees in the financial services industry, and we may not be able to retain our existing employees or fill new positions or vacancies created by expansion or turnover. The loss or unavailability of these individuals could have a material adverse effect on our business. LPL Financial provides clearing services

and trade processing for our advisors and their clients and certain institutions. Broker- dealers that clear their own trades are subject to substantially more regulatory requirements than brokers that outsource these functions to third- party providers. Errors in performing clearing functions, including clerical, technological and other errors related to the handling of funds and securities held by us on behalf of our advisors' clients, could lead to censures, fines or other sanctions imposed by applicable regulatory authorities, as well as losses and liabilities in related lawsuits and proceedings brought by our advisors' clients and others. Any unsettled securities transactions or wrongly executed transactions may expose our advisors and us to losses resulting from adverse movements in the prices of such securities. At December 31, ~~2023~~ **2024**, we had total indebtedness of \$ ~~3.5~~ **7.5** billion, of which \$ ~~2.1~~ **3** billion is subject to floating interest rates. Our level of indebtedness could increase our vulnerability to general adverse economic and industry conditions. It could also require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes. In addition, our level of indebtedness may limit our flexibility in planning for changes in our business and the industry in which we operate and limit our ability to borrow additional funds. With interest rate increases, our interest expense has increased because borrowings under our Credit Agreement are based on variable interest rates. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful or feasible. Our Credit Agreement restricts our ability to sell assets. Even if we could consummate those sales, the proceeds that we realize from them may not be adequate to meet any debt service obligations then due. Furthermore, if an event of default were to occur with respect to our Credit Agreement, our Broker- Dealer Revolving Credit Facility or other future indebtedness, we could lose access to these sources of liquidity and our creditors could, among other things, accelerate the maturity of our indebtedness. Our Credit Agreement and the Indentures governing our **senior unsecured notes (the "Notes")** permit us to incur additional indebtedness. Under our Credit Agreement we have the right to request additional commitments for new term loans, new revolving credit commitments and increases to then- existing term loans and revolving credit commitments subject to certain limitations. Although the Credit Agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. In addition, other obligations that do not qualify as " indebtedness " under the terms of our Credit Agreement are not restricted by that agreement. To the extent new debt or other obligations are added to our currently anticipated debt levels, the substantial indebtedness risks described above would increase. A credit rating downgrade would not impact the terms of our repayment obligations under the Credit Agreement or the Indentures. However, **our credit rating does impact the interest rate of our revolving credit facility and Term Loan A. Further**, a credit rating downgrade to a below investment grade rating could cause currently suspended restrictive covenants and guarantees under certain of our Indentures to automatically be reinstated. Any such downgrade would negatively impact our ability to obtain comparable rates and terms on any future refinancing of our debt and could restrict our ability to incur additional indebtedness. In addition, if such downgrade were to occur, or if ratings agencies indicated that a downgrade may occur, perceptions of our financial strength could be damaged, which could affect our client relationships and decrease the number of investors, clients and counterparties that do business with us. Our Credit Agreement contains customary restrictions on our activities, including covenants that may restrict us from: • incurring additional indebtedness or issuing disqualified stock or preferred stock; • declaring dividends or other distributions to stockholders; • repurchasing equity interests; • redeeming indebtedness that is subordinated in right of payment to certain debt instruments; • making investments or acquisitions; • creating liens; • selling assets; • guaranteeing indebtedness; • engaging in certain transactions with affiliates; • entering into agreements that restrict dividends or other payments from subsidiaries; and • consolidating, merging or transferring all or substantially all of our assets. These restrictions may prevent us from taking actions that we believe would be in the best interest of our business. Our ability to comply with these restrictive covenants will depend on our future performance, which may be affected by events beyond our control. If we violate any of these covenants or covenants under our Broker- Dealer Revolving Credit Facility and are unable to obtain waivers, we would be in default under our Credit Agreement or the Broker- Dealer Revolving Credit Facility, as applicable. As a result, payment of the indebtedness could be accelerated, which may permit acceleration of indebtedness under the Indentures and other agreements that contain cross- default or cross- acceleration provisions. If our indebtedness is accelerated, we may not be able to repay that indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our indebtedness is in default for any reason, our business could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of our common stock and may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions. Certain provisions of our Credit Agreement and the Indentures could make it more difficult or more expensive for a third- party to acquire us, and any of our future debt agreements may contain similar provisions. Upon the occurrence of certain transactions constituting a change of control, all indebtedness under our Credit Agreement may be accelerated and become due and payable and, under certain of the Indentures, noteholders will have the right to require us to repurchase ~~our senior unsecured notes (the "Notes")~~ issued under such Indentures at a purchase price equal to 101 % of the principal amount of such Notes plus accrued and unpaid interest, if any, to but not including the purchase date. A potential acquirer may not have sufficient financial resources to purchase our outstanding indebtedness in connection with a change of control. We are subject to claims in the ordinary course of business. These claims may involve substantial amounts of money and involve significant defense costs. It is not always possible to prevent or detect activities giving rise to claims, and the precautions we take may not be effective in all cases. We maintain voluntary and required insurance coverage, including, among others, general liability, property, director and officer, excess Securities Investor Protection Corporation, business interruption, cyber and data breach, error and omission and fidelity bond insurance. We have self- insurance for certain

potential liabilities through a wholly- owned captive insurance subsidiary. While we endeavor to self- insure and purchase coverage that is appropriate based on our assessment of our risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Assessing the probability of a loss occurring and the timing and amount of any loss related to a regulatory matter or a legal proceeding is inherently difficult, and 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. The availability of coverage depends on the nature of the claim and the adequacy of reserves, which in turn 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. Further to the difficulties noted above regarding assessing the probability of a loss occurring and the timing and amount of any loss related to a regulatory matter or a legal proceeding, such assessment requires complex judgments, 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 for insurance coverage and indemnification, if available. In addition, certain types of potential claims for damages cannot be insured. Our business may be negatively affected if in the future unforeseen circumstances cause us to exceed the limits of our insurance coverage or some or all of our insurance proves to be unavailable to cover our liabilities related to legal or regulatory matters. Such negative consequences could include additional expense and financial loss, which could be significant in amount. In addition, insurance claims may harm our reputation or divert management resources away from operating our business. Clients of our advisors have control over their assets that are served under our platforms. Poor service or performance of the financial products that we offer, the emergence of new financial products or services from others, harm to our reputation or competitive pressures on pricing of such services or products may result in the loss of clients. In addition, we must monitor the pricing of our services and financial products in relation to competitors and periodically may need to adjust commission and fee rates, interest rates on deposits and margin loans and other fee structures to remain competitive. Competition from other financial services firms, such as reduced or zero commissions to attract clients or trading volume, direct- to- investor online financial services, including so- called “ robo ” advice, or higher deposit rates to attract client cash balances, could result in pricing pressure or otherwise adversely impact our business. The decrease in revenue that could result from such an event could have a material adverse effect on our business. Our curated product platform offers no proprietary financial products. To help our advisors meet their clients’ needs with suitable investment options, we have relationships with many of the industry- leading providers of financial and insurance products. We have sponsorship agreements with ~~some~~ manufacturers of fixed and variable annuities, mutual funds and exchange- traded funds that, subject to the survival of certain terms and conditions, may be terminated by the manufacturer upon notice. If we lose our relationships with one or more of these manufacturers, our ability to serve our advisors and, in turn, their clients, and our business, may be materially adversely affected. As an example, certain variable annuity product sponsors have ceased offering and issuing new variable annuity contracts. If this trend continues, we could experience a loss in the revenue currently generated from the sale of such products. In addition, certain features of such contracts have been eliminated by variable annuity product sponsors. If this trend continues, the attractiveness of these products would be reduced, potentially reducing the revenue we currently generate from the sale of such products. Some of the financial products distributed by our advisors, such as variable annuities, enjoy favorable treatment under current U. S. federal income tax law. Changes in U. S. federal income tax law, in particular with respect to variable annuity products, or with respect to tax rates on capital gains or dividends, could make some of these products less attractive to clients and, as a result, could have a material adverse effect on our business, results of operations, cash flows or financial condition. Any failure to comply with applicable federal or state laws or regulations, or SRO rules, exposes us to litigation and regulatory actions, which could increase our costs or negatively affect our reputation. Our business, including securities and investment advisory services, is subject to extensive regulation under both federal and state laws, rules and regulations, as well as SRO rules. Our subsidiary LPL Financial is: • registered as a clearing broker- dealer with the SEC, each of the 50 states, the District of Columbia, Puerto Rico and the U. S. Virgin Islands; • registered as an investment adviser with the SEC; • registered as an introducing broker- dealer with the CFTC; • a member of FINRA and various other SROs, and a participant in various clearing organizations, including the Depository Trust Company, the National Securities Clearing Corporation and the Options Clearing Corporation; and • subject to oversight by the DOL relative to its servicing of retirement plan accounts subject to ERISA and the Code. **In addition, another subsidiary, LPL Enterprise, is an introducing broker- dealer to LPL Financial. LPL Enterprise was created as part of our new business model that supports insurance companies and asset managers ability to provide financial services and expand their respective service capabilities. LPL Enterprise is: • registered as an introducing broker- dealer with the SEC, each of the 50 states, the District of Columbia, Puerto Rico and the U. S. Virgin Islands; • a member of FINRA; and** The primary SRO of LPL Financial’ s and LPL Enterprise’ s broker- dealer activity is FINRA, and the primary regulator of LPL Financial’ s **and LPL Enterprise’ s** investment advisory activity is the SEC. LPL Financial **is and LPL Enterprise are** also subject to state laws, including state “ blue sky ” laws, and the rules of the Municipal Securities Rulemaking Board for its municipal securities activities. The CFTC has designated the NFA as LPL Financial’ s primary regulator for futures and commodities trading activities. The SEC, FINRA, DOL, CFTC, NFA, OCC, various securities and futures exchanges and other United States and state- level governmental or regulatory authorities continuously review legislative and regulatory initiatives and may adopt new or revised laws, regulations or interpretations. There can be no assurance that other federal or state agencies will not attempt to further regulate our business or that specific interactions with foreign countries or foreign nationals will not trigger regulation in non- U. S. law in particular circumstances. These legislative and regulatory initiatives may affect the way in which we conduct our business and may make our business model less profitable. Our ability to conduct business in the jurisdictions in which we currently operate depends on our compliance with the laws, rules and regulations promulgated by federal regulatory bodies and the regulatory authorities in

each of the states and other jurisdictions in which we do business. Our ability to comply with all applicable laws, rules and regulations and interpretations is largely dependent on our establishment and maintenance of compliance, audit and reporting systems and procedures, as well as our ability to attract and retain qualified compliance, audit, supervisory and risk management personnel. We cannot assure you that our systems and procedures are, or have been, effective in complying with all applicable laws, rules and regulations and interpretations. In particular, the diversity of information security environments in which our services are offered makes it difficult to ensure a uniformly robust level of compliance. Regulators have in the past raised, and may in the future raise, concerns with respect to the quality, consistency or oversight of certain aspects of our compliance systems and programs and our past or future compliance with applicable laws, rules and regulations. As of the date of this Annual Report on Form 10-K, we have a number of pending regulatory matters. For example, in ~~October-August 2022-2024~~, ~~we the Company~~ received a request for information from the SEC ~~regarding certain elements in connection with an investigation of the Company's compliance-cash management program for corporate advisory accounts, which based on the nature of the request, we believe is part of an industry-wide inquiry. The Company has been cooperating~~ with records preservation requirements for business-related electronic communications stored on personal devices or messaging platforms that we have not approved. Under the SEC's proposed resolution, we would pay a \$50.0 million civil monetary penalty. As a result of the foregoing, we have recorded \$40.0 million in other-- ~~the request~~ expense on the consolidated statements of income for the year ended December 31, 2023, to reflect the amount of the penalty that is not covered by our captive insurance subsidiary. We have not yet reached a settlement in principle with the SEC, and any settlement agreement remains subject to negotiation of the civil monetary penalty and definitive documentation. For more information, see Note 14- Commitments and Contingencies within the notes to the consolidated financial statements in this Annual Report on Form 10-K. Violations of laws, rules or regulations and settlements in respect of alleged violations have in the past resulted in, and could in the future result in, legal liability, censures, penalties and fines, disgorgement of profits, restitution to customers, remediation, the issuance of cease- and- desist orders or injunctive or other equitable relief against us, which individually or in the aggregate could negatively impact our financial results or adversely affect our ability to attract or retain financial advisors and institutions. Depending on the nature of the violation, we may be required to offer restitution or remediation to customers, and the costs of doing so could exceed our loss reserves. We have established a captive insurance subsidiary that underwrites insurance for various regulatory and legal risks, although self- insurance coverage is not available for all matters, and may not be sufficient to protect us from losses we may incur. For more information about the potential limits of our insurance coverage, including our self- insurance coverage, see "Our insurance coverage may be expensive , and losses we incur may exceed our the limits of insurance our coverage , or may not be covered at all" above. Our profitability could be affected by rules and regulations that impact the business and financial communities generally and, in particular, our advisors and their clients, including changes to the interpretation or enforcement of laws governing standards of care applicable to investment advice and recommendations, taxation, the classification of our independent advisors as independent contractors rather than our employees, trading, electronic commerce ~~communication~~, privacy, data protection and anti- money laundering. Failure to comply with these rules and regulations could subject us to regulatory actions or litigation and it could have a material adverse effect on our business, results of operations, cash flows or financial condition. New laws, rules and regulations, or changes to the interpretation or enforcement of existing laws, rules or regulations, could also result in limitations on the lines of business we conduct or plan to conduct, modifications to our current or future business practices, compressed margins, increased capital requirements and additional costs. The regulatory environment , including a significant number of rule proposals from the SEC, continues to evolve, and will likely ~~with the potential to~~ increase the complexity of operating our business. ~~This includes overlapping state and federal rules and guidance that impose requirements on varying segments of our business, such as interpretations regarding standards of care . For example, regulators have introduced and adopted the North American Securities Administrators Association ("NASAA ") has proposed a model conduct rules- rule for that subject broker- dealers and investment advisers for state securities regulators to review and propose for adoption as a higher statute. To the extent any state adopts such a rule and in the event the rule differs from the federal standard , we would be subject to various standards of care throughout multiple jurisdictions . This includes the SEC's Reg BI, fiduciary duty rules in Massachusetts and Nevada, and state best interest standards applicable to broker- dealers or the sale of certain annuity and insurance products. In addition, the DOL proposed a "Retirement Security Rule" that would broaden the definition of fiduciary advice and modify the prohibited transaction exemptions that enable firms to receive various types of compensation.~~ These developments could negatively impact our results, including by increasing our expenditures related to legal, compliance, and information technology and could result in other costs, including greater risks of client lawsuits and enforcement activity by regulators. These changes may also affect the array of products and services we offer to clients and the compensation that we and our advisors receive in connection with such products and services. It is unclear how and whether other regulators, including the SEC, FINRA, DOL, banking regulators and other state securities and insurance regulators may respond to, or enforce elements of, these new regulations, or develop their own similar laws and regulations. The impacts, degree and timing of the effect of these laws and future regulations on our business cannot now be anticipated or planned for, and may have further impacts on our products and services and the results of operations. Consult the "Retirement Plan Services Regulation" section within Part I, "Item 1. Business" for specific information about risks associated with DOL regulations and related exemptions and their potential impact on our operations. In addition, the Dodd- Frank Act enacted wide- ranging changes in the supervision and regulation of the financial industry designed to provide for greater oversight of financial industry participants, reduce risk in banking practices and in securities and derivatives trading, enhance public company corporate governance practices and executive compensation disclosures and provide for greater protections to individual consumers and investors. Certain elements of the Dodd- Frank Act remain subject to implementing regulations that are yet to be adopted by the applicable regulatory agencies. Compliance with these provisions could require us to review our product and service offerings for potential changes and would likely result in increased

compliance costs. Moreover, to the extent the Dodd- Frank Act, or other existing or new laws and regulations affect the operations, financial condition, liquidity and capital requirements of financial institutions with which we do business, those institutions may seek to pass on increased costs, reduce their capacity to transact, or otherwise present inefficiencies in their interactions with us. It is not possible to determine the extent of the impact of any new laws, regulations or initiatives that may be imposed, or whether any existing proposals will become law. New laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business. Likewise, federal and state standards prohibiting discrimination on the basis of disability in public accommodations and employment, including those related to the Americans with Disabilities Act, are evolving to require an increasing number of public spaces, including web- based applications, to be made accessible to the disabled. As a result, we could be required to make modifications to our internet- based applications or to our other client- or advisor- facing technologies, including our website, to provide enhanced or accessible service to, or make reasonable accommodations for, disabled persons. This adaptation of our websites and web- based applications and materials could result in increased costs and may affect the products and services we provide. Failure to comply with federal or state standards could result in litigation, including class action lawsuits. In sum, our profitability may be adversely affected by current and future rulemaking and enforcement activity by the various federal, state and self- regulatory organizations to which we are subject. The effect of these regulatory developments on our business cannot now be anticipated or planned for, but may have further impacts on our products and services and results of operations. The business activities that we may conduct are limited by various regulatory agencies. Our membership agreement with FINRA may be amended by application to include additional business activities, **as it was in 2024**. This application process is time- consuming and may not be successful. As a result, we may be prevented from entering into or acquiring new potentially profitable businesses in a timely manner, or at all. In addition, as a member of FINRA, we are subject to certain regulations regarding changes in control. FINRA Rule 1017 generally provides, among other things, that FINRA approval must be obtained in connection with any transaction resulting in a 25 % or more change in the ownership of a FINRA member that results in one person or entity directly or indirectly owning or controlling 25 % or more of such member. Similarly, the OCC imposes advance approval requirements for a change of control, and control is presumed to exist if a person acquires 10 % or more of our common stock. These regulatory approval processes can result in delay, increased costs or impose additional transaction terms in connection with a proposed change of control or material change in business operations of us or a FINRA member that we seek to acquire. As a result of these regulations, our future efforts to sell shares, raise additional capital or participate in acquisition activity may be delayed, prohibited or limited. In addition, the SEC, FINRA, CFTC, OCC and NFA have extensive rules and regulations with respect to capital requirements. Our registered broker- dealer subsidiaries, including LPL Financial, are subject to Rule 15c3- 1 (“ Net Capital Rule ”) under the Exchange Act, and related requirements of SROs. The CFTC and NFA also impose net capital requirements. The Net Capital Rule specifies minimum capital requirements that are intended to ensure the general soundness and liquidity of broker- dealers. Because our holding companies are not registered broker- dealers, they are not subject to the Net Capital Rule. However, the ability of our holding companies to withdraw capital from our broker- dealer subsidiaries, including LPL Financial, could be restricted in the event they experience a net capital shortfall, which in turn could limit our ability to repay debt, redeem or repurchase shares of our outstanding stock or pay dividends. A large operating loss or charge against net capital could also adversely affect our ability to expand or maintain our present levels of business. As discussed above, we are subject to ERISA and Section 4975 of the Code, and to regulations promulgated thereunder, insofar as we provide services with respect to plan clients, or otherwise deal with plans, participants and certain types of investment / savings accounts that are subject to ERISA or the Code. ERISA imposes certain duties on persons who are “ fiduciaries ” (as defined in Section 3 (21) of ERISA and the related rules or interpretations) and prohibits certain transactions involving plans subject to ERISA and fiduciaries or other service providers to such plans. Non- compliance with or breaches of these provisions may expose an ERISA fiduciary or other service provider to liability under ERISA, which may include monetary and criminal penalties as well as equitable remedies for the affected plan. Section 4975 of the Code prohibits certain transactions involving “ plans ” (as defined in Section 4975 (e) (1)), which include, for example, IRAs and certain Keogh plans and other qualified savings accounts, and service providers, including fiduciaries (as defined in Section 4975 (e) (3)), to such plans. Section 4975 also imposes excise taxes for violations of these prohibitions. Our failure to comply with ERISA and the Code could result in significant penalties against us that could have a material adverse effect on our business or severely limit the extent to which we could act as fiduciaries for or provide services to these plans. Our business relies extensively on electronic data processing, storage and communications systems. In addition to better serving our advisors and their clients, the effective use of technology increases efficiency and enables firms like ours to reduce costs, support our regulatory compliance and reporting functions, and better serve advisors and their clients. Our continued success will depend, in part, upon our ability to continue to invest significant resources on our technology systems in order to: • successfully maintain and upgrade the capabilities and resiliency of our systems; • address the needs of our advisors and their clients by using technology to provide products and services that satisfy their demands while ensuring the security of the data involving those products and services; • use technology effectively and securely to support our regulatory compliance and reporting functions; • comply with the changing landscape of laws and regulations that govern protection of personally identifiable information; and • retain skilled information technology employees. Extraordinary trading volumes, malware, ransomware or attempts by hackers to introduce large volumes of fraudulent transactions into our systems, beyond reasonably foreseeable spikes in volumes, could cause our computer systems to operate at an unacceptably slow speed or even fail. Failure of our systems, which could result from these or other events beyond our control, or an inability or failure to effectively upgrade those systems, implement new technology- driven products or services, or implement adequate disaster recovery capabilities, could result in financial losses, unanticipated disruptions in our service, liability to our advisors or advisors’ clients, compliance failures, regulatory sanctions and damage to our reputation. We continually update our technology platform with the goal of improving its reliability, resiliency, security and functionality, including in connection with regulatory

requirements, acquisitions and strategic relationships. While we seek to implement these updates with no or limited interruption to our operations or the availability of our systems, we may not be successful and resulting interruptions could be widespread, lengthy, or both. Even if no interruption occurs, these updates may not result in the benefits to our systems that we contemplate. For example, we are upgrading our technology systems in connection with our current and future business development opportunities, pending acquisitions, investments and strategic relationships. These efforts involve a significant investment of financial and personnel resources and we cannot guarantee that these upgrades or the investments that support them will be completed successfully, on time or at all, or that they will not result in interruptions to the availability of our technology systems or business operations. More generally, our failure to upgrade our systems successfully could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to achieve our growth objectives. For more information about risks related to upgrading our technology platform, see “ Failure to maintain technological capabilities, flaws in existing technology, difficulties in upgrading our technology platform or the introduction of a competitive platform could have material adverse effect on our business ” below. Our operations rely on the secure processing, storage and transmission of confidential and other proprietary information in our computer systems and networks, including personally identifiable information of advisors and their clients, as well as our employees. Although we take protective measures and endeavor to strengthen the security **and resiliency** of these systems ~~as circumstances warrant~~, our computer systems, software and networks are ~~to some degree~~ vulnerable to **information breaches**, unauthorized access, human error, computer viruses, denial- of- service attacks, malicious code, spam attacks, phishing, ransomware or other forms of social engineering and other events that could impact the security, reliability, confidentiality, integrity and availability of our systems **(collectively, “ Security Events ”)**. To the extent third parties, such as product sponsors, also retain ~~similarity~~ **similarly** sensitive information about our advisors ~~or~~, their clients **or our employees**, their systems may face similar vulnerabilities **that could result in Security Events for us**. We are not able to protect against these ~~Security events~~ **Events** completely given the rapid evolution of new vulnerabilities, the complex and distributed nature of our systems, our interdependence on the systems of other companies and the increased sophistication of potential attack vectors and methods against our systems. In particular, advisors work in a wide variety of environments, and although we require our advisors to maintain certain minimum security levels and adopt certain security procedures by policy, we cannot ensure the universal or consistent compliance with these policies across all of our advisors, or that our policy will be adequate to address the evolving threat environment. If one or more of these ~~Security events~~ **Events** occur, they could jeopardize our own, our advisors’ or their clients’, or our counterparties’ confidential and other proprietary information processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our own, our advisors’ or their clients’, our counterparties’, or third parties’ operations. As a result, we could be subject to litigation, client loss, reputational harm, regulatory sanctions and financial losses that are either not insured or are not fully covered through any insurance we maintain. If any person, including any of our employees or advisors, negligently disregards or intentionally breaches our established controls with respect to confidential client data **or other confidential information**, or otherwise mismanages or misappropriates that data **or information**, we could also be subject to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution in one or more jurisdictions. We currently, and may in the future, use, develop, and incorporate ~~within our technology platform and services~~, systems and tools that ~~incorporate~~ **leverage artificial intelligence and other machine learning and large language models, including generative** artificial intelligence (**collectively, “ AI ”**) ~~and machine learning, including generative~~ **within our technology platform and services**. ~~AI~~ **AI** ~~As with many innovations, AI and machine learning present~~ **presents** risks and challenges that could adversely impact our business. The development, adoption, and application of ~~generative~~ **AI technologies** are still in their early stages, and ineffective or inadequate **AI governance**, development or deployment practices **by us or** by third- party developers or vendors could result in unintended consequences. For example, AI algorithms that we use may be flawed or may be based on datasets that are biased or insufficient. In addition, any latency, disruption, or failure in our AI and **related machine learning** systems or infrastructure could result in delays or errors in our products and services. Developing, testing, and deploying resource- intensive AI systems may require additional investment and increase our costs. There also may be real or perceived social harm, unfairness, or other outcomes that undermine public confidence in the use and deployment of AI ~~and machine learning~~. Any of the foregoing may result in harm to our business, results of operations, or reputation. The legal and regulatory landscape surrounding ~~AI and machine learning technologies~~ is rapidly evolving and remains uncertain, including in the areas of intellectual property, cybersecurity, privacy and data protection. For example, there is uncertainty around the validity and enforceability of intellectual property rights related to use, development and deployment of AI ~~and machine learning~~. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs and may limit our ability to **use, develop, or deploy** ~~or use~~ **AI and machine learning technologies**. Failure to appropriately respond to this evolving landscape may result in legal liability, regulatory action or brand and reputational harm. The secure **and reliable** transmission of confidential information, including **financial account information and** personally identifiable information, over public networks is a critical element of our operations. As part of our normal operations, we maintain and transmit confidential information about clients of our advisors, our advisors and our employees, as well as proprietary information relating to our business operations. The risks related to transmitting data and using service providers outside of and storing or processing data within our network are increasing based on escalating and **complex** malicious cyber activity, including activity that originates outside of the United States from criminal elements and hostile nation- states. Cybersecurity requires ongoing investment and diligence against evolving threats and is subject to federal and state regulation relating to the protection of confidential information. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures, to make required notifications, **to restore our systems and fully recover from a Security Event**, or to update our technologies, websites and web- based applications to comply with industry and regulatory standards, but we may not have adequate personnel, financial or other resources to fully meet these

threats and evolving standards. We will also be required to effectively and efficiently govern, manage and ensure timely enhancements to our systems, including in their design, architecture and interconnections as well as their organizational and technical protections. The SEC has ~~proposed~~ **adopted** new cybersecurity regulations for **broker-dealers and** investment advisers, and other new regulations may be promulgated by relevant federal and state authorities at any time. In addition, compliance with regulatory expectations may become increasingly complex as more state regulatory authorities issue or amend regulations, which sometimes conflict, governing handling of confidential information by companies within their jurisdiction. Several states have promulgated cybersecurity requirements that impact our compliance obligations. Compliance with these regulations also could be costly and disruptive to our operations, and we cannot provide assurance that the impact of these regulations would not, either individually or collectively, be material to our business. Our application service provider systems maintain and process confidential data on behalf of advisors and their clients, some of which is critical to our advisors' business operations. If our application service provider systems are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons or malicious computer code, we or our advisors could experience data loss, operational disruptions, financial loss, harm to reputation, regulatory violations, class action and commercial litigation and significant business interruption or loss. In addition, vulnerabilities of our external service providers or within our software supply chain could pose security risks to ~~client~~ **the confidential information of advisors and their clients**. If any such disruption or failure occurs, or is perceived to have occurred, we or our advisors may be exposed to unexpected liability, advisors or their clients may withdraw assets, our reputation may be harmed and there could be a material adverse effect on our business. Further, any actual or perceived **data** breach or cybersecurity attack directed at other financial institutions or financial services companies, whether or not we are targeted, could lead to a general loss of customer confidence in the use of technology to conduct financial transactions, which could negatively impact us, including the market perception of the effectiveness of our security measures and technology infrastructure. The occurrence of any of these events may have a material adverse effect on our business or results of operations. Even though we monitor and seek to improve the security of our information technology systems, they remain vulnerable to security risks, and there can be no guarantee that they will not be subject to unauthorized access. We rely on our advisors and employees to comply with our policies and procedures **and to implement controls** to safeguard confidential data, but ~~disloyal~~ **we remain exposed to the risk of malicious** or negligent **acts by** insiders ~~pose risks~~. The failure of our advisors and employees to comply with such policies and procedures, either intentionally or unintentionally, could result in the loss or wrongful use of their clients' confidential information or other sensitive information, **as well as result in aspects of our technology systems malfunctioning, being disabled or failing to work as designed**. In addition, even if we and our advisors comply with our policies and procedures, persons who circumvent security measures or bypass authentication controls could infiltrate or damage our systems or facilities and wrongfully use our confidential information or clients' confidential information or cause interruptions or malfunctions in our operations. Cyber-attacks can be designed to collect information, manipulate, destroy or corrupt data, applications, ~~or accounts~~ **and, or** to disable the functioning or use of applications or technology assets. Such activity could, among other things: • damage our reputation; • allow competitors or hackers access to our proprietary business information; • **disrupt the normal operations of our services and technology**; • subject us to liability for a failure to safeguard client data; • result in the termination of relationships with our advisors; • subject us to regulatory sanctions or obligations, based on state law or the authority of the SEC and FINRA to enforce regulations regarding business continuity planning or cybersecurity; • subject us to litigation by consumers, advisors or other business partners that may suffer damages as a result of such activity; • result in inaccurate financial data reporting; and • require significant capital and operating expenditures to investigate and remediate a breach. As malicious cyber activity **becomes more complex and** escalates, including activity that originates outside of the United States, the risks we face relating to transmission of data and our use of service providers outside of our network, as well as the storing or processing of data within our network, intensify. While we maintain cyber liability insurance, this insurance does not cover certain types of potential losses and, for covered losses, may not be sufficient in amount to protect us against all such losses. A cyber-attack or other security breach of our technology systems or those of our advisors or third-party vendors could negatively impact our normal operations, and as a result, subject us to significant liability and harm our reputation. We cannot be certain that our systems and networks will not be subject to successful attacks, despite the measures we have taken and may take in the future to address and mitigate cybersecurity, privacy and technology risks. Additionally, in the course of operations, we **rely upon the technology systems of, and** share sensitive proprietary information and personal data with **and** vendors, third parties and other financial institutions. We also rely upon software and data feeds from various third parties. Although we have a third party **risk** management program and conduct due diligence **regarding cybersecurity and data protection practices** before **integrating our systems or** sharing sensitive data with third-party vendors, this due diligence may not uncover administrative, technical or electronic gaps or flaws in their processes or systems. In the past, **we and third parties on whose systems we rely** have experienced **limited breaches of information security Security Events that** with our vendors, which have led to **resulted in the temporary interruption of our operations, breach** notification costs and reputational harm with regulators, current and potential advisors, and advisors' clients, and we may experience similar or more significant events in the future. Future ~~data security~~ **Security incidents-Events** involving individual and regulatory notifications could lead to litigation involving other financial institutions, class actions, regulatory investigations or other harm. ~~Data security~~ **Security incidents-Events** within the financial services industry are increasing, and threat actors continue to find novel ways to attack ~~security environments~~ **technology platforms and services**. In light of the diversity of our advisors' security environments and the increasing sophistication of malicious actors, **an attack a Security Event** could occur and persist for an extended period of time without detection. We expect that any investigation of a **Security Event** ~~cyber-attack~~ could take substantial amounts of time, and that there may be extensive delays before we obtain full and reliable information **and otherwise resume normal operations**. In some cases, **circumstances** the nature of the attack **a Security Event** may be such that ~~full~~ **complete** and reliable information **about its cause, scope and nature** may ~~never~~ **not** be

available **as we attempt to respond to it**. During such time we would not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all of which would further increase the costs and consequences of such ~~an attack~~ **a Security Event**. These ~~incidents~~ **Security Events** could involve operational disruptions, notification costs, ransom payments and reputational harm, investigations, litigation and fines with regulators, and increases in insurance premiums as well as litigation, financial disputes and reputational harm with current and potential advisors and advisors' clients. Many aspects of our business are subject to comprehensive legal requirements concerning the collection, use and sharing of personal information, including **advisor**, client and employee information. This includes rules adopted pursuant to the Gramm- Leach- Bliley Act and an ever- increasing number of state laws and regulations, such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act. Similar laws are in force in **several other states** ~~Colorado, Connecticut, Utah, and Virginia~~, and other such laws will go into force over the next few years. We continue our efforts to safeguard the ~~data~~ **personal information** entrusted to us in accordance with applicable law and our internal data protection policies, including taking steps to reduce the potential for the improper use or disclosure of personal information. We continue to monitor regulations related to data privacy and protection on both a domestic and international level to assess requirements and impacts on our business operations. The evolving patchwork of differing state and federal privacy and data security laws increases the cost and complexity of operating our business and our exposure to regulatory investigations, enforcement, fines, and penalties, any of which could negatively impact our business and operations. Failure to comply with these obligations could result in **damage to our reputation and** legal liability, censures, penalties and fines, disgorgement of profits, restitution to customers, remediation, the issuance of cease- and- desist orders, or injunctive or other equitable relief against us, which individually or in the aggregate could negatively impact our financial results or adversely affect our ability to attract ~~or retain financial advisors and institutions~~. ~~Depending on the nature of the violation, we may be required to offer restitution or remediation to customers, and the costs of doing so could exceed our loss reserves.~~ We believe that our future success will depend in part on our ability to anticipate and adapt to technological advancements required to meet the changing demands of our advisors and their clients. We depend on highly specialized and, in many cases, proprietary technology to support our business functions, including among others: • securities trading and custody; • portfolio management; • performance reporting; • customer service; • accounting and internal financial processes and controls; and • regulatory compliance and reporting. Our continued success depends on our ability to effectively adopt new or adapt existing technologies to meet changing client, industry and regulatory demands. The emergence of new industry standards and practices could render our existing systems obsolete or uncompetitive. There cannot be any assurance that another company will not design a similar or better platform that renders our technology less competitive. Maintaining competitive technology requires us to make significant capital investments, both in the near term and longer- term. There cannot be any assurance that we will have sufficient resources to adequately update and expand our information technology systems or capabilities, or offer our services on the personal and mobile computing devices that may be preferred by our advisors and / or their clients, nor can there be any assurance that any upgrade or expansion efforts will be sufficiently timely, successful, secure and accepted by our current and prospective advisors or their clients. The process of upgrading and expanding our systems has at times caused, and may in the future cause, us to suffer system degradations, outages and failures. If our technology systems were to fail and we were unable to recover in a timely way, we would be unable to fulfill critical business functions, which could lead to a loss of advisors and could harm our reputation. A breakdown in advisors' systems could have similar effects. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to disciplinary action and to liability to our advisors and their clients. Security, stability and regulatory risks also exist because parts of our infrastructure and software are beyond their manufacturer' s stated end of life. We are working to mitigate such risks through additional controls and increased modernization spending, although we cannot provide assurance that our risk mitigation efforts will be effective, in whole or in part. For more information about risks related to upgrading our technology, see " We rely on technology in our business, and technology and execution failures could subject us to losses, litigation and regulatory actions " above. We have made significant investments in our infrastructure, and our operations are dependent on our ability to protect the continuity of our infrastructure against damage from catastrophe or natural disaster, breach of security, ransomware attack, human error, loss of power, computer and / or telecommunications failure, or other natural or man- made events. A catastrophic event could have a direct negative impact on us by adversely affecting our advisors, employees or facilities, or an indirect impact on us by adversely affecting the financial markets or the overall economy. While we have implemented business continuity and disaster recovery plans and maintain business interruption insurance, it is impossible to fully anticipate and protect against all potential catastrophes. In addition, we depend on the adequacy of the business continuity and disaster recovery plans of our third- party service providers, including off- shore service providers, in order to prevent or mitigate service interruptions. If our business continuity and disaster recovery plans and procedures, or those of our third- party service providers, were disrupted or unsuccessful in the event of a catastrophe, we could experience a material adverse interruption of our operations. The market price of our common stock may fluctuate substantially due to the following factors (in addition to the other risk factors described in this Item 1A): • actual or anticipated fluctuations in our results of operations, including with regard to interest rates or revenue associated with our client cash programs; • variance in our financial performance from the expectations of equity research analysts; • conditions and trends in the markets we serve; • announcements of significant new services or products by us or our competitors; • additions or changes to key personnel; • the commencement or outcome of litigation or arbitration proceedings; • the commencement or outcome of regulatory actions, including settlements with the SEC, FINRA, DOL or state securities regulators; • changes in market valuation or earnings of our competitors; • the trading volume of our common stock; • future sales of our equity securities; • changes in the estimation of the future size and growth rate of our markets; • legislation or regulatory policies, practices or actions, including developments related to the " best interest " and " fiduciary " standards of care; • political developments **, including elections and appointments**; and • general economic conditions. In addition, the

equity markets in general have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. These broad market and industry factors may materially harm the market price of our common stock irrespective of our operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against the affected company. This type of litigation could result in substantial costs and a diversion of our management's attention and resources. ~~We have~~ **LPL Financial Holdings Inc. has** no direct operations and ~~derive~~ **derives** all of ~~our~~ **its** cash flow from ~~our~~ **its direct and indirect** subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments or distributions to meet any existing or future debt service and other obligations. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to ~~us~~ **LPL Financial Holdings Inc.** . In addition, FINRA regulations restrict dividends in excess of 10 % of a member firm's excess net capital without FINRA's prior approval. Compliance with this regulation may impede our ability to receive dividends from our broker-dealer subsidiaries. For more information about potential limits on our ability to receive dividends from our broker-dealer subsidiaries, see " We are subject to various regulatory requirements, which, if not complied with, could result in the restriction of the conduct or growth of our business " above. Our Board declared quarterly cash dividends on our outstanding common stock in ~~2023~~ **2024** and has authorized us to repurchase shares of the Company's issued and outstanding shares of common stock. The declaration and payment of any future quarterly cash dividend or any additional repurchase authorizations will be subject to the Board's continuing determination that the declaration of future dividends or repurchase of our shares are in the best interests of our stockholders and are in compliance with our Credit Agreement, the Indentures and applicable law. Such determinations will depend upon a number of factors that the Board deems relevant, including future earnings, the success of our business activities, capital requirements, alternative uses of capital, general economic, financial and business conditions, and the future prospects of our ~~own~~ business. The future payment of dividends or repurchases of shares will also depend on our ability to generate earnings and cash flows. If we are unable to generate sufficient earnings and cash flows from our business, we may not be able to pay dividends on our common stock or repurchase additional shares. In addition, our ability to pay cash dividends on our common stock and repurchase shares is dependent on the ability of our subsidiaries to pay dividends, including compliance with limitations under our Credit Agreement and the Indentures. Our broker-dealer subsidiaries, including LPL Financial, are subject to requirements of the SEC, FINRA, CFTC, NFA and other regulators relating to liquidity, capital standards and the use of client funds and securities, which may limit funds available for the payment of dividends to us.