

## **LPL FINANCIAL HOLDINGS INC.**

### **EQUITY OWNERSHIP GUIDELINES FOR MANAGING DIRECTORS**

The Compensation and Human Resources Committee of the Board of Directors (the "Compensation Committee") of LPL Financial Holdings Inc. (the "Company") has adopted these equity ownership guidelines (the "Ownership Guidelines") to align the interests of senior management with the interests of the Company's stockholders and to further promote the Company's commitment to sound corporate governance.

#### **Application**

Effective on January 1, 2014, the Ownership Guidelines shall apply to any person currently or in the future holding the title of Managing Director or above of LPL Financial LLC or an affiliate (each, an "MD"), and shall apply to each such MD for so long as he or she serves as a Managing Director.

#### **Ownership Guidelines**

Each MD is required to hold shares of common stock of the Company ("Shares") at least equal in value to three times his or her annual base salary, *provided however*, that the Chief Executive Officer of the Company is required to hold Shares at least equal in value to six times his or her annual base salary (the "Minimum Holding Requirement"). To attain this ownership threshold, each MD will have the longer of (i) five years, or (ii) the period of time needed to satisfy the Minimum Holding Requirement through the retention of Shares (on an after-tax basis) issued or vested and issuable pursuant to long-term incentive awards.

The Compensation Committee shall review any failure by an MD to achieve compliance with his or her Minimum Holding Requirement within the applicable time period, and shall determine whether a penalty, if any, shall be imposed on the MD for failure to comply.

#### **Calculations and Statements**

On March 1st of each year, the Company will determine each MD's Minimum Holding Requirement. During the first quarter of each year, the Company will deliver to each MD a statement of his or her equity holdings (the "Statement") that count towards the satisfaction of his or her Minimum Holding Requirement.

The following holdings will count as Shares for purposes of satisfying the Minimum Holding Requirement:

- Shares held through a 401(k), savings and profit sharing plans;
- After-tax spread value of all vested stock options, as measured on December 31 of the year preceding the delivery of the Statement; and
- All outstanding Shares (other than unvested restricted stock) held by the MD.

For purpose of clarity, Shares shall not include any unvested options, restricted stock units, warrants or other rights not listed above exercisable for or convertible into Shares. Outstanding Shares shall only count towards an MD's Minimum Holding Requirement to the extent that such Shares are (i) owned outright by the MD; or (ii) held in trust for the sole benefit of the MD or his or her spouse.

In the event there is a decline in the Company's stock price that causes a MD's holdings to fall below the MD's Minimum Holding Requirement, the MD will not be required to purchase additional shares to meet the threshold, but such MD shall not sell or transfer any Shares until the Minimum Holding Requirement has again been achieved.

### **Exceptions**

The Ownership Guidelines may be waived, at the discretion of the Compensation Committee if compliance would create severe hardship or prevent an MD from complying with a court order, as in the case of a divorce settlement. It is expected that these instances will be rare.