

FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the
Continued Membership
of
LPL Financial LLC,
(CRD No. 6413)

Notice Pursuant to
Rule 19h-1
Securities Exchange Act
of 1934

SD-2425

September 11, 2025

I. Introduction

On September 6, 2024, LPL Financial LLC (“LPL” or “Firm”) submitted a Membership Continuance Application (“MC-400A” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.¹ The Application seeks to permit the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

II. The Statutorily Disqualifying Event

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of a Securities and Exchange Commission (“SEC” or “Commission”) Order dated August 14, 2024 (“SEC Order”).² The SEC Order found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 204-2(a)(7) thereunder.³ The SEC Order also found that LPL failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-

¹ See MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 13, 2024, attached as Exhibit 1.

² See SEC Order, *In re LPL Financial LLC*, Exchange Act Release No. 100709 (Aug. 14, 2024), attached as Exhibit 2. The SEC Order also triggered disqualification under Rules 262(b)(2), 506(d)(2)(ii), and 602(e) of the Securities Act of 1933 and Rule 503(b)(2) of Regulation Crowdfunding. On August 14, 2024, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024), attached as Exhibit 3.

³ See Exhibit 2 at p. 6.

4(b)(4) thereunder within the meaning of SEA Section 15(b)(4)(E), and Section 204 of the Advisers Act and Rule 204-2(a)(7) thereunder within the meaning of Section 203(e)(6) of the Advisers Act.⁴

According to the SEC Order, from at least June 2019, LPL employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications were not maintained or preserved by the Firm.⁵ Further, LPL failed to implement a system reasonably expected to determine whether personnel were following its policies and procedures that prohibit off-channel communications.⁶

The Firm was censured, ordered to cease and desist from committing or causing any future violations, ordered to pay a civil money penalty of \$50,000,000, and ordered to comply with certain undertakings.⁷ The Firm represented that it paid the penalty⁸ and is in compliance with the undertakings, including having retained an independent compliance consultant who completed an initial review and report with recommendations that LPL has determined to adopt.⁹

III. Remedial Measures

In its Application, the Firm represented that it undertook several proactive steps prior to the issuance of the SEC Order to enhance its policies and procedures, as well as increase training on the use of approved communication methods including on personal devices.¹⁰ Additionally, the Firm implemented changes to the technology available to its employees including the use of Firm-approved texting software that captures messages between advisors and clients in a compliant way.¹¹ According to the SEC Order, the Commission considered the Firm's prompt remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement.¹²

IV. Firm Background

LPL has been a FINRA member since February 16, 1973.¹³ The Firm is headquartered in Fort

⁴ *Id.*

⁵ *Id.* at p. 2, para. 3.

⁶ *Id.* at p. 2, para. 4.

⁷ *Id.* at pp. 6-12.

⁸ *See* Exhibit 1 at FINRA pp. 4, and 22.

⁹ *See* LPL Consolidated Discovery Responses dated January 10, 2025, July 14, 2025, and August 5, 2025, collectively attached as Exhibit 4, at FINRA pp. 1-2, para. 1, and p. 57.

¹⁰ *See* Exhibit 1 at FINRA pp. 25-26.

¹¹ *Id.*

¹² *See* Exhibit 2 at p. 6, para. 29.

¹³ *See* LPL's Central Registration Depository ("CRD") Excerpt – Organization Registration Status, attached as Exhibit 5.

Mill, South Carolina with 20,808 branches (1,117 of which are Offices of Supervisory Jurisdiction).¹⁴ The Firm employs approximately 32,167 registered representatives (7,492 of which are registered principals), 258 operations professionals, and 31,204 non-registered fingerprint employees.¹⁵ The Firm presently employs 15 statutorily disqualified individuals.¹⁶

LPL is approved to engage in the following lines of business:¹⁷ exchange member engaged in exchange commission business other than floor activities; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities broker; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; broker or dealer selling gas or oil interests; put and call broker or dealer or option writer; investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions; trading securities for own account; private placements of securities; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union; engages in other securities business (investment advisor); effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account; engages in other non-securities business (general agent for life and disability insurance; introducing broker for its customers in commodities, commodity futures, and commodity options).¹⁸

PL is a member of the following self-regulatory organizations (“SROs”): Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); and National Securities Clearing Corporation (“NSCC”).¹⁹

Recent Examinations

In the past two years, FINRA completed one routine examination which resulted in a Cautionary Action Letter (“CAL”) to the Firm, and six non-routine examinations of the Firm, each resulting in a CAL. The SEC completed five examinations of LPL, with four of them resulting in deficiency letters.

A. FINRA Routine Examination

In March 2025, FINRA completed a routine examination of LPL that resulted in a CAL based on nine exceptions.²⁰ Specifically, the Firm failed to establish adequate supervisory systems and

¹⁴ FINRA confirmed this through analysis of the Firm’s information contained in CRD, last performed on August 25, 2025.

¹⁵ *Id.*

¹⁶ *Id.* See Appendix A.

¹⁷ See CRD Excerpts - Types of Business and Other Business Descriptions, collectively attached as Exhibit 6.

¹⁸ *Id.* at FINRA p. 2.

¹⁹ Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on August 25, 2025.

²⁰ See Disposition Letter for Examination No. 20230770199 dated March 13, 2025, Examination Report dated

written supervisory procedures (“WSPs”) to ensure compliance with Regulation Best Interest’s (“Reg BI”) duty of care, and to accurately and timely report customer complaints to FINRA.²¹ LPL also failed to have proper supervisory controls over transactions in municipal securities trading at a market discount, as well as for the review, approval, and monitoring of private security transactions and outside business activities.²² The Firm did not adequately supervise suspended representatives, and failed to prevent five suspended representatives from receiving commissions during their suspension.²³ LPL also did not ensure customers properly acknowledged loss of life or death benefits when replacing variable annuities, and failed to timely and accurately process customer checks, resulting in a shortfall in its customer reserve formula.²⁴ The Firm responded in writing that it took steps to address the issues, which include policy and procedure enhancements and conducting additional trainings.²⁵

B. FINRA Non-Routine Examinations

In September 2025, FINRA issued a CAL to LPL based on the Firm’s late reporting of 28,386 TRACE-eligible U.S. Treasury Securities transactions, and the Firm’s failure to report to TRACE 2,108 TRACE-eligible Agency Debt Securities transactions.²⁶

In June 2025, FINRA issued a CAL to LPL based on the Firm’s submission of Personally Identifiable Information (“PII”) data to the Customer and Account Information System (“CAIS”) in open text fields, and its failure to maintain reasonable WSPs relating to supervision of the accuracy of records submitted to CAIS.²⁷

In February 2025, FINRA issued a CAL to the Firm to advise that it violated FINRA Rule 1017(a)(7) by seeking to register a natural person with two or more specified risk events in the prior five years, without first submitting a written request for a materiality consultation or filing a continuing membership application seeking approval of the contemplated activity.²⁸

In January 2025, FINRA issued a CAL to the Firm based on its deficient supervisory system, and

December 13, 2024, and Firm Response dated February 14, 2025, collectively attached as Exhibit 7.

²¹ *Id.* at FINRA pp. 5, 9.

²² *Id.* at FINRA pp. 5, 10, and 11.

²³ *Id.* at FINRA pp. 6-8.

²⁴ *Id.* at FINRA pp. 6, 8.

²⁵ *Id.* at FINRA pp. 15-31. FINRA continued its review of the Firm’s supervision of direct business transactions, as well as trading activity of certain representatives.

²⁶ See CAL for Examination No. 20240827874 dated September 3, 2025, attached as Exhibit 8. The Firm was not required to provide a written response.

²⁷ See CAL for Examination No. 20250846808 dated June 12, 2025, attached as Exhibit 9. The Firm was not required to provide a written response.

²⁸ See CAL for Examination No. 20240837334 dated February 19, 2025, attached as Exhibit 10. The Firm was not required to provide a written response.

WSPs that were not reasonably designed to achieve compliance with FINRA rules concerning Consolidated Audit Trail (“CAT”) reporting.²⁹ The Firm also failed to report the required second or millisecond granularity on the event timestamps and/or electronic timestamps of 950,837 events for manual orders submitted to the CAT from June 22, 2020, through May 31, 2024.³⁰ In addition, the Firm reported in error 178 MEIR events to the CAT that it was not required to report from June 22, 2020, through December 12, 2023.³¹

In December 2024, FINRA issued a CAL to the Firm based on LPL’s failure to disclose to FINRA disciplinary actions against eight associated persons that resulted in the withholding of compensation or of any other remuneration in excess of \$2,500, in violation of FINRA Rules 4530(a)(2) and 2010.³² During the same period, LPL failed to establish, maintain, and enforce written procedures reasonably designed to ensure compliance with FINRA Rule 4530(a)(2) because the Firm had no written guidance regarding its reporting obligations under Rule 4530(a)(2), in violation of FINRA Rules 3110(b) and 2010.³³

In October 2023, FINRA issued a CAL to the Firm based on LPL’s failure to reasonably supervise Donor Advised Fund (“DAF”) accounts from January 2020 until at least September 2022.³⁴

C. SEC Examinations

In July 2025, the SEC concluded an examination and issued a deficiency letter to the Firm detailing the Firm’s non-compliance with Exchange Act Rule 15c3-3 and FINRA Rule 3110.³⁵ Specifically, the Firm did not obtain and preserve a written notification from each bank with which Rule 15c3-3(f) required it to maintain a Customer Reserve Bank Account, PAB Reserve Bank Account, or Special Account.³⁶ The Firm incorrectly computed its customer reserve and lacked reasonably designed WSPs for reviewing its customer reserve computation.³⁷ In response, the Firm stated that it implemented new bank counterparty surveillance procedures, enhanced its computation process,

²⁹ See CAL for Examination No. 20220765720 dated January 7, 2025, attached as Exhibit 11. The Firm was not required to provide a written response.

³⁰ *Id.*

³¹ *Id.*

³² See CAL for Examination No. 20230802769 dated December 19, 2024, attached as Exhibit 12. The Firm was not required to provide a written response.

³³ *Id.*

³⁴ See CAL for Examination No. 20220736901 dated October 12, 2023, attached as Exhibit 13. The Firm was not required to provide a written response.

³⁵ See SEC Examination Letter, SEC File No. 008-17668 dated July 21, 2025, and Firm Response dated August 21, 2025, collectively attached as Exhibit 14.

³⁶ *Id.* at FINRA p. 3. The Commission staff acknowledged that the Firm obtained updated written notifications from the correct banks during the course of the exam. *Id.*

³⁷ *Id.*

and updated its WSPs.³⁸

In July 2025, the SEC concluded another examination that resulted in a deficiency letter to the Firm pertaining to one of the Firm's registered representatives failure to disclose eight outside business activities ("OBAs") and failure to maintain an accurate Form U4, as well as the Firm's failure to implement WSPs related to supervision of OBA disclosures.³⁹ The Firm's written response indicated the representative provided notification for all active OBAs, updated his Form U4, and was disciplined.⁴⁰

In June 2025, the SEC concluded an examination of the Firm that identified the Firm's failure to provide required trade confirmations for dividend reinvestment plan transactions and its failure to establish WSPs reasonably designed to achieve compliance with FINRA Rule 2330's sales practice standards regarding recommended purchases and exchanges of deferred variable annuities.⁴¹ The Firm responded in writing that it will provide enhanced quarterly account statements including enhanced dividend reinvestment plan disclosures and is also enhancing its annuity order entry system to clarify that monthly income on applications is pre-transaction, updating CPS procedures to document client income needs, and has implemented a manual review process for variable annuity orders to aid in preventing incomplete submissions.⁴²

In November 2023, the SEC concluded an examination of the Firm that identified the Firm's failure to enforce its WSPs to comply with FINRA Rule 3110(b)(1), as evidenced by the Firm's inability to supply corroborating documentation that a prospectus was delivered to a client, because a Firm employee failed to make an appropriate entry in the Firm's Prospectus Delivery Log (Form 631).⁴³ The Firm responded in writing that the Firm's financial professionals and supervisors were made aware of the SEC finding, and the supervisors discussed and reinforced the importance of completing the Form 631 when required.⁴⁴

In September 2023, the SEC concluded an examination of the Firm and identified no deficiencies.⁴⁵

³⁸ *Id.* at FINRA pp. 6-8.

³⁹ *See* SEC Examination Letter, SEC File No. 008-17668 dated July 8, 2025, and Firm Response dated August 7, 2025, collectively attached as Exhibit 15.

⁴⁰ *Id.* at FINRA pp. 7-9.

⁴¹ *See* SEC Examination Letter, SEC File No. 008-17668 dated June 25, 2025, and Firm Response dated July 25, 2025, collectively attached as Exhibit 16.

⁴² *Id.* at FINRA pp. 7-8.

⁴³ *See* SEC Examination Letter, SEC File No. 8-17668 dated November 17, 2023, and Firm Response dated December 18, 2023, collectively attached as Exhibit 17.

⁴⁴ *Id.* at FINRA pp. 4-8.

⁴⁵ *See* SEC Examination Letter, SEC File 008-17668 dated September 27, 2023, attached as Exhibit 18.

Regulatory Actions

In the past two years, LPL has been the subject of recent disciplinary matters resulting in two Letters of Acceptance, Waiver, and Consent (“AWCs”) entered into with FINRA and five state orders issued by Pennsylvania, Massachusetts, New Hampshire, and South Dakota. The SEC also recently issued three orders to the Firm, none of which required the filing of a SEA Rule 19h-1 Notice.

A. FINRA Actions

On December 20, 2024, the Firm entered into an AWC with FINRA in connection with the Firm’s submission of 5,800 blue sheets which contained inaccurate information for approximately 205,000 transactions in violation of FINRA Rules 8211, 8213, and 2010.⁴⁶ The Firm consented to a censure and to pay a \$900,000 fine.⁴⁷

On December 27, 2023, the Firm entered into an AWC with FINRA in connection with the Firm’s failure to reasonably supervise direct business transactions, which caused LPL to maintain inaccurate books and records.⁴⁸ The Firm also provided inaccurate information to customers about switch transactions and failed to reasonably supervise these transactions.⁴⁹ LPL also failed to establish, maintain, and enforce a supervisory system reasonably designed to supervise recommendations of publicly traded securities of business development companies (“BDCs”).⁵⁰ The Firm consented to a censure, a \$5.5 million fine, to pay restitution of \$651,374.51 plus interest, and to complete an undertaking to resolve the supervisory issues related to BDCs.⁵¹

B. Massachusetts State Actions

On June 5, 2025, the Firm entered into a Consent Order with the Commonwealth of Massachusetts Office of the Secretary of the Commonwealth Securities Division in connection with the Firm charging unreasonable commission to its retail customers over a five-year period from April 30, 2020, to April 30, 2025.⁵² The commissions charged were in excess of five percent of the principal amount on certain equity transactions.⁵³ The Firm was censured and ordered to cease and desist

⁴⁶ See FINRA AWC 2020067449801 dated December 20, 2024, and Disclosure Occurrence Composite for Occurrence 2374229, collectively attached as Exhibit 19.

⁴⁷ *Id.* at FINRA p. 4. The Firm paid the fine on January 5, 2025. *Id.* at FINRA p. 9, para 13(c).

⁴⁸ See FINRA AWC 2017052494701 dated December 27, 2023, and Disclosure Occurrence Composite for Occurrence 2314691, collectively attached as Exhibit 20.

⁴⁹ *Id.* at FINRA p. 2.

⁵⁰ *Id.*

⁵¹ *Id.* at FINRA p. 8. The Firm paid the fine on January 9, 2024. *Id.* at FINRA p. 18, para. 13(c). The Firm also completed all required undertakings. See Exhibit 4 at FINRA pp. 2, 6, 7, 8.

⁵² See Consent Order, *In re LPL Financial LLC-Retail Minimum Commissions*, Docket No. 2025-0189 (Mass. Sec. Div. June 5, 2025), attached as Exhibit 21.

⁵³ *Id.* at FINRA p. 3.

from future violations, to pay an administrative fine in the amount of \$25,000, to pay restitution in an amount no less than \$47,422.32 plus interest to the affected Massachusetts customers, and to complete other undertakings including a written certification that the Firm has changed its policies and procedures concerning unreasonable, unfair, or excessive commissions.⁵⁴

On October 3, 2023, the Firm entered into a Consent Order with the Commonwealth of Massachusetts Office of the Secretary of the Commonwealth Securities Division in connection with the Firm's improper use of electronic signatures and failure to exercise appropriate supervision of an LPL branch office.⁵⁵ LPL was censured and ordered to cease and desist from future violations, to pay a \$250,000 fine, and to conduct a comprehensive review of its policies and procedures related to branch reviews and supervision of branch managers.⁵⁶

C. Pennsylvania Action

On March 6, 2025, the Firm entered into a Consent Agreement and Order with the Commonwealth of Pennsylvania Department of Banking and Securities based on LPL operating in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et seq. by failing to register one of its representatives as an investment adviser representative in Pennsylvania from June 2023 until September 2024.⁵⁷ LPL consented to pay an administrative assessment in the amount of \$55,000.⁵⁸

D. New Hampshire Action

On March 20, 2025, the Firm became the subject of a Consent Order with the State of New Hampshire Department of State Bureau of Securities Regulation pertaining to a former registered representative of LPL engaging in off-channel from December 2018 to August 2021.⁵⁹ The Firm consented to pay an administrative fine in the amount of \$325,000 plus a \$25,000 investigative fee.⁶⁰

E. South Dakota Action

On April 29, 2025, the Firm became the subject of a Consent Order issued by the South Dakota

⁵⁴ *Id.* at FINRA pp. 5-9. The Firm represents it is in compliance with the Consent Order. *See* Exhibit 4 at FIRA pp. 60-61.

⁵⁵ *See* Consent Order, *In re LPL Financial LLC*, Case No. E-2022-0055 (Mass. Sec. Div. Oct. 3, 2023), attached as Exhibit 22.

⁵⁶ *Id.* at FINRA pp. 11-15. The Firm represents that it paid the fine and completed the undertakings. *See* Exhibit 4 at FINRA p. 3, para. 5.

⁵⁷ *See* Consent Agreement and Order, *Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. LPL Financial LLC*, Docket No. 250007 (SEC-CAO) (Mar. 6, 2025), attached as Exhibit 23.

⁵⁸ *Id.* at p. 2. FINRA Staff confirmed that the administrative assessment was paid on March 13, 2025.

⁵⁹ *See* Consent Order, *In re LPL Financial LLC*, Case No. C-2024-00025 (N.H. Dept. of State Mar. 20, 2025), and Disclosure Occurrence Composite for Occurrence 2386729, collectively attached as Exhibit 24.

⁶⁰ *Id.* at FINRA p. 3, para 5. The Firm paid the fine. *Id.* at FINRA pp. 8, 9, paras. 12(c) and 13.

Division of Insurance Department of Labor and Regulation pertaining to LPL's agents substituting their own email addresses instead of respective client email addresses and signing client documents on their behalf, as well as failing to maintain accurate books and records in violation failing to establish, maintain and enforce an adequate supervisory system.⁶¹ The Firm consented to pay a \$35,000 civil money penalty.⁶²

F. SEC Actions and Other Statutory Disqualification Matters

On January 17, 2025, the SEC issued an order finding that from at least May 2019 through December 2023, LPL failed to follow its own anti-money laundering ("AML") policies and procedures concerning its Customer Identification Program ("CIP") and ongoing customer due diligence obligations, thereby willfully violating Section 17(a) of the Exchange Act and Rule 17a-8 thereunder.⁶³ The Firm consented to cease and desist from committing further violations and was Ordered to pay a civil money penalty in the amount of \$18,000,000 and comply with certain undertakings.⁶⁴

On December 20, 2024, the SEC issued an order finding that LPL willfully violated the recordkeeping and reporting requirements of Section 17(a)(1) of the Exchange Act and Rules 17a-4(j) and 17a-25 thereunder by failing to furnish promptly true and complete EBS information as requested by Commission staff from at least July 2018 through May 2021.⁶⁵ The Firm consented to a censure and to pay a civil money penalty in the amount of \$900,000.⁶⁶

On September 30, 2021, the SEC issued an order finding the Firm willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, and was the cause of one of its registered representatives' violations of Sections 17(a)(2) and (3) of the Securities Act of 1933 and Section 206(2) of the Investment Advisers Act of 1940, due to the Firm's failure to verify and respond to conflicting information when it opened a customer account and processed wire transfers at the

⁶¹ See Consent Order, *In re LPL Financial LLC* (South Dakota Div. of Ins. Apr. 29, 2025), and Disclosure Occurrence Composite for Occurrence 2395653, collectively attached as Exhibit 25.

⁶² *Id.* at FINRA p. 2. The Firm paid the penalty on April 29, 2025. *Id.* at FINRA p. 5, para. 13(c).

⁶³ See Order, *In re LPL Financial LLC*, Exchange Act Release No. 102224 (Jan. 17, 2025), and Disclosure Occurrence Composite for Occurrence No. 2378371, collectively attached as Exhibit 26. This order subjects the Firm to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference section 15(b)(4)(D). The Firm submitted an MC-400A application to FINRA on February 13, 2025, and FINRA intends to submit a separate Notice to the Commission related to that event.

⁶⁴ *Id.* at FINRA p. 10. The civil money penalty was paid on January 23, 2025. *Id.* at FINRA p. 16, para. 13. FINRA staff confirmed that the Firm is in compliance with the ordered undertakings that the Firm was required to complete thus far.

⁶⁵ See Order, *In re LPL Financial LLC*, Exchange Act Release No. 102008 (Dec. 20, 2024), and Disclosure Occurrence Composite for Occurrence No. 2376183, collectively attached as Exhibit 27. This order subjects the Firm to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference section 15(b)(4)(D).

⁶⁶ *Id.* at FINRA pp. 4-6. FINRA staff confirmed that LPL paid the civil money penalty. *Id.* at FINRA p. 11. As there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is not required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

request of an unregistered investment advisor.⁶⁷ LPL was censured, ordered to pay disgorgement of \$114,318, and prejudgment interest of \$26,884,⁶⁸ as well as a civil money penalty of \$750,000.⁶⁹

V. Prior SEA Rule 19h-1 Notices

The Firm has not been the subject of prior SEA Rule 19h-1 or 19d-1 Notices.

VI. The Firm's Proposed Continued Membership with FINRA and Plan of Heightened Supervision

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision ("Supervision Plan" or "Plan") as a condition of its continued membership with FINRA:⁷⁰

LPL Financial LLC (the "Firm") is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934 ("Exchange Act"), which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission ("SEC" or "Commission") dated August 14, 2024, which found that the Firm willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder and Section 204 of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 204-2(a)(7) thereunder ("SEC Order"). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E) of the Exchange Act and Section 203(e)(6) of the Advisers Act.

In consenting to this Supervision Plan ("Supervision Plan"), the Firm agrees to the following:

1. The Firm shall comply with all the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC

⁶⁷ See Order, *In re LPL Financial LLC*, Exchange Act Release No. 93201 (Sept. 30, 2021), and Disclosure Occurrence Composite for Occurrence No. 2156192, collectively attached as Exhibit 28. This order subjects the Firm to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference section 15(b)(4)(D).

⁶⁸ *Id.* at FINRA p. 9. According to the order, the disgorgement and pre-judgment interest are deemed satisfied.

⁶⁹ *Id.* pp. 9 FINRA Staff confirmed that LPL paid the penalty. See Exhibit 4 at FINRA p. 56. As there are no sanctions in effect for Statutory Disqualification purposes, an application to continue in membership is not required under FINRA rules. See also [FINRA Regulatory Notice 09-19](#) (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

⁷⁰ See Executed Consent to Plan of Heightened Supervision dated July 10, 2025, attached as Exhibit 29.

Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.

4. The Firm shall provide FINRA's Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 37 of the SEC Order.
5. This Supervision Plan shall take effect on the date the SEC issues its Letter of Acknowledgement ("LOA") in this matter. The Supervision Plan shall be in effect until FINRA's receipt of the Firm's final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.
7. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
8. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at SDMailbox@FINRA.org.

VII. Discussion

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating LPL's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on LPL's securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933, specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid. Additionally, the Firm represented that it is in compliance

with the ordered undertakings.⁷¹

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Specifically, the Firm rolled out an on-channel texting application tool to facilitate compliant communications between LPL advisors and their clients and enhanced its trainings.

It is well settled that a firm's regulatory history bears upon the assessment of its ability to comply with securities law and regulations. *See In the Matter of the Continued Association of Craig Scott Taddonio with Meyers Associate, L.P.*, SD-2117, slip op. at 24-25 (FINRA NAC Mar. 8, 2017). However, the corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC Jan. 1, 2011) (where a firm's corrective actions negated Member Regulation's assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190 (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

In its evaluation of the Firm's Application, FINRA considered the Firm's recent regulatory and disciplinary history and notes that, as of the date of this Notice, the Firm has paid all fines and complied with all undertakings ordered by regulators. None of these matters would prevent the continuance of the Firm as a FINRA member. With respect to the Firm's recent examinations, the Firm took multiple steps to resolve the noted exceptions and deficiencies, including the enhancement of its processes and procedures, and implementing additional trainings.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan, which bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. Following the approval of the Firm's continued membership in FINRA, FINRA intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

The Department is further reassured by the progress the Firm has made on the undertakings required by the SEC. Specifically, the Firm retained a compliance consultant, and that consultant has completed its comprehensive review of LPL's policies, procedures, and training related to the use and preservation of electronic communications. In addition, the compliance consultant submitted a written report of its findings to SEC Staff, and LPL has determined to adopt the recommendations in that report.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's, representations made pursuant

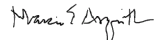
⁷¹ See Exhibit 4, at FINRA p. 57.

to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves LPL's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is also registered with DTC and NSCC. These SROs has been provided with the terms and conditions of LPL's proposed continued membership and concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



Marcia E. Asquith
Executive Vice President & Corporate Secretary

APPENDIX A

[REDACTED]

[REDACTED]

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[REDACTED]

EXHIBITS

SD-2425

1. MC-400A and related attachments compiled by CRED, with a cover memorandum dated September 13, 2024.
2. SEC Order, *In re LPL Financial LLC*, Exchange Act Release No. 100709 (Aug. 14, 2024).
3. SEC Waiver, *In re Off-Channel Communications at Registered Entities*, Securities Act Release No. 11298 (Aug. 14, 2024).
4. LPL Consolidated Discovery Responses dated January 10, 2025, July 14, 2025, and August 5, 2025.
5. CRD Excerpt – Organization Registration Status.
6. CRD Excerpts - Types of Business and Other Business Descriptions.
7. CAL for Examination No. 20230770199 dated March 13, 2025, Examination Report dated December 13, 2024, and Firm Response dated February 14, 2025.
8. CAL for Examination No. 20240827874 dated September 3, 2025.
9. CAL for Examination No. 20250846808 dated June 12, 2025.
10. CAL for Examination No. 20240837334 dated February 19, 2025.
11. CAL for Examination No. 20220765720 dated January 7, 2025.
12. CAL for Examination No. 20230802769 dated December 19, 2024.
13. CAL for Examination No. 20220736901 dated October 12, 2023.
14. SEC Examination Letter, SEC File No. 8-17668 dated July 21, 2025, and Firm Response dated August 21, 2025.
15. SEC Examination Letter, SEC File No. 8-17668 Miami, FL, Branch Office (CRD No. 407955), and Miami Beach, FL Branch Office (CRD No. 697923) dated July 8, 2025, and Firm Response dated August 7, 2025.
16. SEC Examination Letter, SEC File No. 009-17668 dated June 25, 2025, and Firm Response dated July 25, 2025.
17. SEC Examination Letter, SEC File No. 8-17668 dated November 17, 2023, and Firm Response dated December 18, 2023.

18. SEC Examination Letter, SEC File 8-17668 dated September 27, 2023.
19. FINRA AWC 2020067449801 dated December 20, 2024, and Disclosure Occurrence Composite for Occurrence 2374229.
20. FINRA AWC 2017052494701 dated December 27, 2023, and Disclosure Occurrence Composite for Occurrence 2314691.
21. Consent Order, *In re LPL Financial LLC-Retail Minimum Commissions*, Docket No. 2025-0189 (Mass. Sec. Div. June 5, 2025).
22. Consent Order, *In re LPL Financial LLC*, Case No. E-2022-0055 (Mass. Sec. Div. Oct. 3, 2023).
23. Consent Agreement and Order, *Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. LPL Financial LLC*, Docket No. 250007 (SEC-CAO) (March 6, 2025).
24. Consent Order, *In re LPL Financial LLC*, Case No. C-2024-00025 (N.H. Dept. of State March 20, 2025), and Disclosure Occurrence Composite for Occurrence 2386729.
25. Consent Order, *In re LPL Financial LLC* (South Dakota Div. of Ins. April 29, 2025), and Disclosure Occurrence Composite for Occurrence 2395653.
26. Order, *In re LPL Financial LLC*, Exchange Act Release No. 102224 (Jan. 17, 2025), and Disclosure Occurrence Composite for Occurrence No. 2378371.
27. Order, *In re LPL Financial LLC*, Exchange Act Release No. 102008 (Dec. 20, 2024), and Disclosure Occurrence Composite for Occurrence No. 2376183.
28. Order, *In re LPL Financial LLC*, Exchange Act Release No. 93201 (Sept. 30, 2021), and Disclosure Occurrence Composite for Occurrence No. 2156192.
29. Executed Consent to Plan of Heightened Supervision dated July 10, 2025.