

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-2460

January 5, 2026

I. Introduction

On February 13, 2025, 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 Section 15(b)(4)(D), as a result of a January 17, 2025 order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder (“SEC Order”).² According to the SEC Order, from at least May 2019 through December 2023, LPL failed to follow its own anti-money laundering (“AML”) policies and procedures regarding its Customer Identification Program (“CIP”) and ongoing customer due diligence obligations.³ Among other problems, LPL failed to properly verify new accounts, failed to timely close accounts that did not pass its CIP screening measures, and failed to close or restrict certain accounts,

¹ See MC-400A and related attachments compiled by CRED, with a cover memorandum dated February 24, 2025, attached as Exhibit 1.

² See SEC Order, *In re LPL Financial, LLC*, Exchange Act Release No. 102224, Advisers Act Release No. 6825 (Jan. 17, 2025), attached as Exhibit 2.

³ *Id.* at p. 2, para. 1.

such as cannabis-related and foreign accounts, that were prohibited under LPL's AML policies.⁴

The Firm was censured, ordered to cease and desist from committing or causing any future violations of Section 17(a) of the Exchange Act and Rule 17a-8 thereunder, ordered to pay a civil monetary penalty of \$18,000,000, and ordered to comply with certain undertakings.⁵

III. Remedial Measures

According to the SEC Order, the Commission considered the Firm's remedial actions and cooperation with the SEC when determining to accept the Offer of Settlement.⁶ The SEC Order notes that after the SEC began its investigation, the Firm retained a third-party compliance consultant ("Consultant") to review and assess its policies, procedures, and practices related to CIP and customer due diligence ("CDD").⁷ The Consultant completed one review and provided recommendations to LPL, which the Firm has taken steps to implement, including updating its AML/CIP policies and procedures, creating a centralized repository for CIP documentation, and improving training for current and new employees.⁸ The training topics include required CIP documentation, documentation related to due diligence, and customer risk rating methodology (which includes ratings for cannabis-affiliated accounts and foreign accounts).⁹ The Firm represented that these trainings are in addition to its annual BSA/AML training, which will be reviewed and updated, as needed, every year.¹⁰ The Firm expects that the Consultant will conduct two additional reviews over the next 12-18 months.¹¹

The SEC Order further notes that LPL has made changes to its leadership and organization since the start of the investigation, including the appointment of new personnel in key legal and compliance roles, and that it has increased resources allocated to its compliance

⁴ *Id.* at p. 2, para. 2.

⁵ *Id.* at pp. 7-11. The Firm paid the penalty on January 23, 2025. *See* Exhibit 1 at FINRA p. 3, Item 4 and at FINRA p. 23. The Firm indicated that it has continued the engagement of a compliance consultant as required by the undertakings from the SEC Order, and that the consultant completed its interim report. *Id.* at FINRA p. 26. *See also* Firm Discovery Responses dated May 23, 2025, Second Firm Discovery Responses dated June 27, 2025, Third Firm Discovery Responses dated November 14, 2025 and Fourth Firm Discovery Responses dated December 12, 2025, with attachments, collectively attached as Exhibit 3 at FINRA p. 1.

⁶ *See* Exhibit 2 at p. 7.

⁷ *Id.*

⁸ *See* Exhibit 3 at FINRA pp. 4, 7, 10-14. *See also* Exhibit 2 at p. 7.

⁹ *See* Exhibit 3 at FINRA pp. 5-7.

¹⁰ *Id.* at FINRA p. 7.

¹¹ *Id.* at FINRA p. 5.

program, including specifically in relation to its AML program.¹² The Firm's Application also notes that LPL created a working group to address all outstanding CIP and AML issues.¹³

IV. Firm Background

The Firm has been a FINRA member since February 16, 1973.¹⁴ It is headquartered in Fort Mills, South Carolina, with 20,963 branches (1,092 of which are Offices of Supervisory Jurisdiction).¹⁵ The Firm employs approximately 33,021 registered representatives (7,484 of which are registered principals), 236 operations professionals, and 31,481 non-registered fingerprint employees.¹⁶ It presently employs 14 statutorily disqualified individuals.¹⁷

LPL is approved to engage in the following lines of business: 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

The Firm is a member of the following self-regulatory organizations ("SROs"): Municipal Securities Rulemaking Board ("MSRB"), The Depository Trust Company ("DTC"),

¹² See Exhibit 2 at p. 7. See also Exhibit 3 at FINRA p. 8, for detail on the personnel changes made at the Firm.

¹³ See Exhibit 1 at FINRA pp. 24-25. See also Exhibit 3 at pp. 4-5 fn. 1.

¹⁴ See Central Registration Depository ("CRD") Excerpt – Organization Registration Status, attached as Exhibit 4.

¹⁵ FINRA confirmed this through analysis of the Firm's information contained in CRD, last performed on November 10, 2025.

¹⁶ *Id.*

¹⁷ *Id.* See Appendix A for statutorily disqualified individuals.

¹⁸ See CRD Excerpts – Types of Business and Other Business Descriptions, collectively attached as Exhibit 5.

National Securities Clearing Corporation (“NSCC”), and Fixed Income Clearing Corporation – Government Securities Division (“FICC-GOV”).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 seven non-routine examinations of the Firm, each resulting in a CAL. The SEC completed three examinations of LPL, with all 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 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 November 2025, FINRA issued a CAL to LPL based on LPL’s failure to report fractional share trades to the FINRA Nasdaq Trade Reporting Facility and the Over-the-Counter Reporting Facility from January 2018 through September 2021 and failure to establish,

¹⁹ Membership in these organizations was verified by FINRA staff through a search of public member directories, last performed on November 6, 2025.

²⁰ See Disposition Letter for Examination No. 20230770199 dated March 13, 2025, Examination Report dated December 13, 2024, and Firm Response dated February 14, 2025, collectively attached as Exhibit 6.

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.

maintain, and enforce a supervisory system, including WSPs, reasonably designed to comply with FINRA's trade reporting rules.²⁶

In September 2025, FINRA issued a CAL to LPL based on the Firm's deficient supervision of a former representative and the designation of his wife and children as beneficiaries on a customer's account.²⁷ FINRA issued a second CAL to the Firm in September 2025 based on deficiencies in the Firm's reporting of TRACE-eligible securities transactions.²⁸

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.²⁹

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.³⁰

In January 2025, FINRA issued a CAL to the Firm based on its deficient supervisory system, and WSPs that were not reasonably designed to achieve compliance with FINRA rules concerning Consolidated Audit Trail ("CAT") reporting.³¹ 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, 2024.³² 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, 2023.³³

²⁶ See CAL for Examination No. 20220744165 dated November 21, 2025, attached as Exhibit 7. The Firm was not required to provide a written response.

²⁷ See CAL for Examination No. 20230804781 dated September 23, 2025, attached as Exhibit 8. The Firm was not required to provide a written response.

²⁸ See CAL for Examination No. 20240827874 dated September 3, 2025, attached as Exhibit 9. The Firm was not required to provide a written response.

²⁹ See CAL for Examination No. 20250846808 dated June 12, 2025, attached as Exhibit 10. The Firm was not required to provide a written response.

³⁰ See CAL for Examination No. 20240837334 dated February 19, 2025, attached as Exhibit 11. The Firm was not required to provide a written response.

³¹ See CAL for Examination No. 20220765720 dated January 7, 2025, attached as Exhibit 12. The Firm was not required to provide a written response.

³² *Id.*

³³ *Id.*

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 2010.³⁴ 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 2010.³⁵

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 3110.³⁶ 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.³⁷ The Firm incorrectly computed its customer reserve and lacked reasonably designed WSPs for reviewing its customer reserve computation.³⁸ In response, the Firm stated that it implemented new bank counterparty surveillance procedures, enhanced its computation process, and updated its WSPs.³⁹

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.⁴⁰ The Firm's written response indicated the representative provided notification for all active OBAs, updated his Form U4, and was disciplined.⁴¹

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

³⁴ See CAL for Examination No. 20230802769 dated December 19, 2024, attached as Exhibit 13. The Firm was not required to provide a written response.

³⁵ *Id.*

³⁶ 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.

³⁷ *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.*

³⁸ *Id.*

³⁹ *Id.* at FINRA pp. 6-8.

⁴⁰ 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.

⁴¹ *Id.* at FINRA pp. 7-9.

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.⁴² 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.⁴³

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, a Multi-State action, and three state orders issued by Pennsylvania, New Hampshire, and South Dakota. The SEC also recently issued three orders to the Firm, one 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 2010.⁴⁴ The Firm consented to a censure and to pay a \$900,000 fine.⁴⁵

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.⁴⁶ The Firm also provided inaccurate information to customers about switch transactions and failed to reasonably supervise these transactions.⁴⁷ 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").⁴⁸ The Firm consented to a censure, a \$5.5 million fine,

⁴² 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.

⁴³ *Id.* at FINRA pp. 7-8.

⁴⁴ See FINRA AWC 2020067449801 dated December 20, 2024, and Disclosure Occurrence Composite for Occurrence 2374229, collectively attached as Exhibit 17.

⁴⁵ *Id.* at FINRA p. 4. The Firm paid the fine on January 5, 2025. *Id.* at FINRA p. 9, para 13(c).

⁴⁶ See FINRA AWC 2017052494701 dated December 27, 2023, and Disclosure Occurrence Composite for Occurrence 2314691, collectively attached as Exhibit 18.

⁴⁷ *Id.* at FINRA p. 2.

⁴⁸ *Id.*

to pay restitution of \$651,374.51 plus interest, and to complete an undertaking to resolve the supervisory issues related to BDCs.⁴⁹

B. Multi-State Action

The Firm recently entered settlements with multiple states regarding excessive commission prices (“Multi-State Settlement”). For instance, 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 commissions (in excess of five percent) to its retail customers over a five-year period from April 30, 2020, to April 30, 2025.⁵⁰ In the Massachusetts matter, the Firm was censured and ordered to cease and desist from future violations, to pay an administrative fine of \$25,000, to pay restitution of \$47,422.32 plus interest, and to complete other undertakings including a written certification that the Firm has changed its policies and procedures concerning unreasonable, unfair, or excessive commissions.⁵¹

Thus far, LPL has also entered into similar consent orders with regulators in Alabama, Alaska, Arkansas, Montana, New Mexico, Ohio, Oregon, Pennsylvania, South Dakota, Utah and West Virginia as part of the Multi-State Settlement.⁵² The Firm has paid all fines associated with the Multi-State Settlements⁵³ and represents that it is current on all restitution payments.⁵⁴ LPL further represents that it has met or will meet all deadlines associated with each of the consent orders and is in compliance with each consent order to

⁴⁹ *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 and paid restitution. *See* Proof of Payment, Proof of Restitution, and Correspondence from Firm to FINRA dated February 27, 2024, collectively attached as Exhibit 19.

⁵⁰ *See* Consent Order, *In re LPL Financial LLC-Retail Minimum Commissions*, Docket No. 2025-0189 (Mass. Sec. Div. June 5, 2025), attached as Exhibit 20.

⁵¹ *Id.* at FINRA pp. 5-9. The Firm represents it is in compliance with the Massachusetts order and has paid the fine. *See* Exhibit 3 at FINRA pp. 15, 17-18, 20.

⁵² *See* Consent Order, *In re LPL Financial LLC*, Admin Order No. CO-2025-0028 (Ala. Sec. Comm’r. Nov. 10, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Order No. 25-69-S (Alaska Div. of Bank. and Sec. Oct. 27, 2025); Consent Order, *In re LPL Financial LLC*, Order No. S-25-0019-25-OR01 (Ark. Sec. Com. Oct. 13, 2025); Consent Order, *In re LPL Financial LLC*, Case No. SEC-2025-58B (Mont. Comm’r. of Sec. and Ins. Nov. 5, 2025); Consent Order, *In re LPL Financial LLC*, Case No. MS-23-7-10-3 (NM Sec. Div. Nov. 6, 2025); Administrative Consent Order, *In re LPL Financial LLC*, Order No. 25-016 (Ohio Div. of Sec. Nov. 18, 2025); Final Order, *In re LPL Financial LLC*, Case No. S-25-0036 (Oregon Div. of Fin. Regulation Oct. 6, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Docket No. 250033 (SEC-CAO) (Commw. of Pa. Dep’t of Banking and Sec. Oct. 7, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions* (S.D. Div. of Ins. Oct. 16, 2025); Stipulation and Consent Order, *In re LPL Financial LLC*, Docket No. SD-25-0025 (Utah Div. of Sec. Oct. 23, 2025) and Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Case No. 25-0058 (W.V. Sec Comm’r. Oct. 21, 2025), collectively attached as Exhibit 21.

⁵³ *See* Exhibit 3 at FINRA pp. 18, 20-31.

⁵⁴ *Id.* at FINRA pp. 17-18.

date.⁵⁵ Finally, LPL represents that it has provided a certification to each of the states that its policies and procedures have been changed to ensure that all commissions are fair and reasonable, that commissions on equity and option orders are capped at 5%, and it, further, implemented a daily report to identify commissions exceeding that threshold so they can be investigated and remediated.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 communications 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 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

⁵⁵ *Id.* at FINRA p. 17.

⁵⁶ *Id.* at FINRA pp. 17-18.

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 22.

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 23.

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

system.⁶¹ The Firm consented to pay a \$35,000 civil money penalty.⁶²

F. SEC Actions and other Statutory Disqualification Matters

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 2021.⁶³ The Firm consented to a censure and to pay a civil money penalty in the amount of \$900,000.⁶⁴

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 request of an unregistered investment advisor.⁶⁵ LPL was censured, ordered to pay disgorgement of \$114,318, and prejudgment interest of \$26,884,⁶⁶ as well as a civil money penalty of \$750,000.⁶⁷

V. **Prior SEA Rule 19h-1 Notices**

LPL has been the subject of one prior SEA Rule 19h-1 Notice. On August 14, 2024, 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 24.

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. 102008 (Dec. 20, 2024), and Disclosure Occurrence Composite for Occurrence No. 2376183, collectively attached as Exhibit 25. 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).

⁶⁴ *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.

⁶⁵ 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 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).

⁶⁶ *Id.* at FINRA p. 9. According to the order, the disgorgement and pre-judgment interest are deemed satisfied.

⁶⁷ *Id.* FINRA staff confirmed that LPL paid the penalty. 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.

SEC issued an order finding 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.⁶⁸ The 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-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.⁶⁹ Specifically, the SEC found that 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.⁷⁰ Further, the Firm failed to implement a system reasonably expected to determine whether personnel were following its policies and procedures that prohibit off-channel communications.⁷¹ 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.⁷²

On September 11, 2025, FINRA filed a Rule 19h-1 Notice approving the continued membership of LPL notwithstanding the existence of its statutory disqualification stemming from the August 14, 2024 order from the SEC described above.⁷³ The Commission acknowledged FINRA’s Notice on November 20, 2025.⁷⁴

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.⁷⁵

⁶⁸ See Order, *In re LPL Financial LLC*, Exchange Act Release No. 100709 (Aug. 14, 2024), attached as Exhibit 27.

⁶⁹ *Id.* at p. 6.

⁷⁰ *Id.* at p. 2, para. 3.

⁷¹ *Id.* at p. 2, para. 4.

⁷² *Id.* at pp. 6-12. The Firm represented to FINRA that it paid the penalty and is in compliance with the undertakings. See Exhibit 3 at FINRA pp. 1-2. This order subjects the Firm to statutory disqualification as defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference sections 15(b)(4)(D) and (E).

⁷³ See *In re the Continued Membership of LPL Financial LLC*, SD-2425 (FINRA Sept. 11, 2025) and SEC’s Letter of Acknowledgement dated November 20, 2025, collectively attached as Exhibit 28 at FINRA pp. 1-16.

⁷⁴ *Id.* at FINRA pp. 17-18.

⁷⁵ See Executed Plan of Heightened Supervision, dated October 14, 2025, attached as Exhibit 29.

LPL Financial LLC (“LPL” or “Firm”) is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Securities Exchange Act of 1934 (“Exchange Act”), incorporating by reference Section 15(b)(4)(D), as a result of a January 17, 2025, order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”), which found that the Firm willfully violated its obligation under Section 17(a) of the Exchange Act and Rule 17a-8 thereunder. (“SEC Order”).

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

1. The Firm must comply with the undertakings outlined in the SEC Order.
2. The Firm must maintain copies of all correspondence between the Firm and SEC staff regarding requests to extend the procedural dates relating to the undertakings specified in the SEC Order in a readily accessible place for ease of review by FINRA staff.
3. The Firm must maintain copies of all reports issued by the Compliance Consultant (“Consultant”) referenced in the SEC Order along with all recommendations, the Firm’s responses to such recommendations (whether contesting the Consultant’s recommendations or documenting compliance), implementation plans, and proof of implementation. The Firm must maintain these documents in a readily accessible place for ease of review by FINRA staff.
4. The Firm must provide FINRA’s Statutory Disqualification Group with copies of all written certifications the Firm submits to the SEC regarding the undertakings specified in the SEC Order.
5. The Firm must provide its annual AML Compliance training to all AML Compliance, New Account Operations, and Operations Access Control personnel involved in Customer Identification Program (“CIP”) or Customer Due Diligence (“CDD”). The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm must provide its annual AML Compliance training to all newly hired AML Compliance, New Account Operations, and Operations Access Control personnel involved in CIP or CDD and do so within 90 days from the date of commencement of onboarding. The Firm must retain a record of said new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. The Firm must, at least annually, after receiving the SEC’s Letter of Acknowledgment (“LOA”) in this matter, review and update, as necessary, its training materials for the training described in Paragraphs 5 and 6 above. The Firm must maintain all documentation evidencing this review in a readily accessible place for ease of review by FINRA staff.

8. This Plan shall take effect on the date the SEC issues its LOA in this matter. The Plan shall be in effect until December 31, 2027, after which time the Plan and its provisions thereto will expire.
9. All requested documents and certifications under this Plan of Heightened Supervision must be sent directly to the SD Group at SDMailbox@finra.org.
10. The Firm must obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Plan of Heightened Supervision.
11. The Firm must submit any proposed changes or other requested information under this Plan of Heightened Supervision to FINRA's SD 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. Moreover, the full amount of the civil monetary penalty was promptly paid and the Firm represented that it is in compliance with the ordered undertakings, including having already implemented many of the consultant's recommendations. This demonstrates the Firm's recognition that its AML deficiencies were serious and that it intends to ensure future violations do not occur.

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm's remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Even before settling with the SEC, the Firm retained a consultant to start reviewing and improving its CIP and CDD policies and practices. The Firm made enhancements to its policies and procedures, implemented new training, made changes to its leadership and organization, and created a working group to address CIP and AML issues. The above measures demonstrate the Firm's resolve to

ensure its policies, procedures, and practices are updated and effective in combating the type of misconduct that led to the SEC Order. Moreover, these efforts, including personnel training, will keep Firm employees educated on the risks inherent to the CIP and CDD space and help them conduct thorough and meaningful CIP and CDD reviews. Finally, the increase in resources the Firm has devoted to improving these areas of compliance underscores the importance that the Firm places on avoiding recidivist misconduct. The Consultant's two additional reviews of the Firm's policies and procedures will help further ensure the Firm remains vigilant in these areas of compliance and its practices are up-to-date with current standards in the industry.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan which is sufficiently stringent to address the misconduct identified in the SEC Order. The Plan is designed to bolster the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. The requirement that the Firm maintain records of its compliance with the undertakings and provide key documentation to FINRA will allow FINRA to monitor the Firm's progress in improving its AML program beyond the reviews already being conducted by the consultant. LPL's commitment to provide annual AML compliance training to personnel involved in CIP and CDD reviews, and to annually update those materials as needed, directly addresses the SEC Order's findings that the Firm's personnel failed to conduct adequate reviews. This underscores the Firm's commitment to ensuring key personnel are cognizant of the issues that led to the SEC Order; which will work to mitigate the risk of repeat misconduct. The training will also ensure those personnel are aware of developments in AML which should increase the Firm's chances of maintaining compliance as these areas evolve in the future. 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.

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 evaluating the Firm's Application, FINRA considered the Firm's recent regulatory and disciplinary history. Member Supervision acknowledges the Firm's recent disciplinary

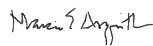
matters, but notes that none of those matters involved AML or CIP deficiencies. Furthermore, as of the date of this Notice, the Firm has paid all fines and complied with all undertakings imposed in those matters, demonstrating the Firm's commitment to satisfying its regulatory responsibilities. The Firm has also represented that it is in compliance with all its obligations under the recent Multi-State Settlement. The Firm has further taken proactive and corrective measures to resolve examination exceptions, including enhancing its policies and procedures and implementing additional training, reinforcing its commitment to continuous improvement. Consistent with FINRA's approach in LPL's recent 19h-1 matter, FINRA has considered the Firm's proactive response coupled with its ongoing compliance with its regulatory obligations and concludes that it is appropriate to approve the Firm's application.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made pursuant 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, NSCC, and FIC-GOV. These SROs has been provided with the terms and conditions of LPL's proposed continued membership and concur with FINRA.

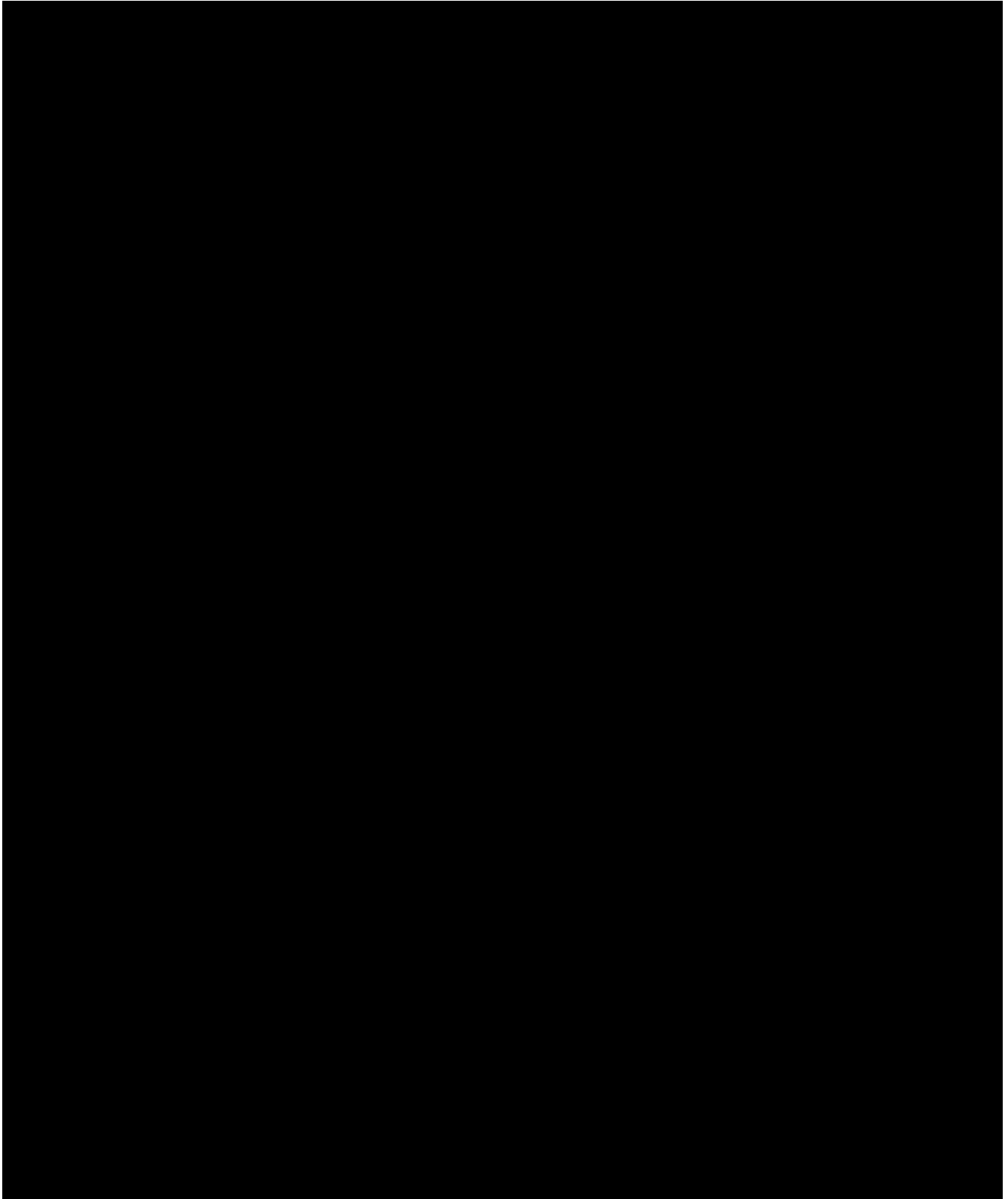
In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



Marcia E. Asquith
Executive Vice President & Corporate Secretary

Appendix A



EXHIBITS

SD-2460

1. MC-400A and related attachments compiled by CRED, with a cover memorandum dated February 24, 2025.
2. SEC Order, *In re LPL Financial, LLC*, Exchange Act Release No. 102224, Advisers Act Release No. 6825 (Jan. 17, 2025).
3. Firm Discovery Responses dated May 23, 2025, Second Firm Discovery Responses dated June 27, 2025, Third Firm Discovery Responses dated November 14, 2025 and Fourth Firm Discovery Responses dated December 12, 2025, with attachments,
4. CRD Excerpt – Organization Registration Status.
5. CRD Excerpts – Types of Business and Other Business Descriptions.
6. Disposition Letter for Examination No. 20230770199 dated March 13, 2025, Examination Report dated December 13, 2024, and Firm Response dated February 14, 2025.
7. CAL for Examination No. 20220744165 dated November 21, 2025.
8. CAL for Examination No. 20230804781 dated September 23, 2025.
9. CAL Examination No. 20240827874 dated September 3, 2025.
10. CAL for Examination No. 20250846808 dated June 12, 2025.
11. CAL for Examination No. 20240837334 dated February 19, 2025.
12. CAL for Examination No. 20220765720 dated January 7, 2025.
13. CAL for Examination No. 20230802769 dated December 19, 2024.
14. SEC Examination Letter, SEC File No. 008-17668 dated July 21, 2025, and Firm Response dated August 21, 2025.
15. SEC Examination Letter, SEC File No. 008-17668 dated July 8, 2025, and Firm Response dated August 7, 2025.
16. SEC Examination Letter, SEC File No. 008-17668 dated June 25, 2025, and Firm Response dated July 25, 2025.

17. FINRA AWC 2020067449801 dated December 20, 2024, and Disclosure Occurrence Composite for Occurrence 2374229.
18. FINRA AWC 2017052494701 dated December 27, 2023, and Disclosure Occurrence Composite for Occurrence 2314691.
19. Proof of Payment, Proof of Restitution, and Correspondence from Firm to FINRA dated February 27, 2024.
20. Consent Order, *In re LPL Financial LLC-Retail Minimum Commissions*, Docket No. 2025-0189 (Mass. Sec. Div. June 5, 2025).
21. Consent Order, *In re LPL Financial LLC*, Admin Order No. CO-2025-0028 (Ala. Sec. Comm'r. Nov. 10, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Order No. 25-69-S (Alaska Div. of Bank. and Sec. Oct. 27, 2025); Consent Order, *In re LPL Financial LLC*, Order No. S-25-0019-25-OR01 (Ark. Sec. Com. Oct. 13, 2025); Consent Order, *In re LPL Financial LLC*, Case No. SEC-2025-58B (Mont. Comm'r of Sec. and Ins. Nov. 5, 2025); Consent Order, *In re LPL Financial LLC*, Case No. MS-23-7-10-3 (NM Sec. Div. Nov. 6, 2025); Administrative Consent Order, *In re LPL Financial LLC*, Order No. 25-016 (Ohio Div. of Sec. Nov. 18, 2025); Final Order, *In re LPL Financial LLC*, Case No. S-25-0036 (Oregon Div. of Fin. Regulation Oct. 6, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Docket No. 250033 (SEC-CAO) (Commw. of Pa. Dep't of Banking and Sec. Oct. 7, 2025); Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions* (S.D. Div. of Ins. Oct. 16, 2025); Stipulation and Consent Order, *In re LPL Financial LLC*, Docket No. SD-25-0025 (Utah Div. of Sec. Oct. 23, 2025) and Consent Order, *In re LPL Financial LLC – Retail Minimum Commissions*, Case No. 25-0058 (W.V. Sec Comm'r. Oct. 21, 2025).
22. 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).
23. 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.
24. Consent Order, *In re LPL Financial LLC* (South Dakota Div. of Ins. Apr. 29, 2025), and Disclosure Occurrence Composite for Occurrence 2395653.
25. Order, *In re LPL Financial LLC*, Exchange Act Release No. 102008 (Dec. 20, 2024), and Disclosure Occurrence Composite for Occurrence No. 2376183.
26. Order, *In re LPL Financial LLC*, Exchange Act Release No. 93201 (Sept. 30, 2021), and Disclosure Occurrence Composite for Occurrence No. 2156192.

27. Order, *In re LPL Financial LLC*, Exchange Act Release No. 100709 (Aug. 14, 2024).
28. *In re the Continued Membership of LPL Financial LLC*, SD-2425 (FINRA Sept. 11, 2025) and SEC's Letter of Acknowledgement dated November 20, 2025.
29. Executed Plan of Heightened Supervision, dated October 14, 2025.