

LPL FINANCIAL FIRM BROCHURE
BANK WEALTH PROGRAM (BWP)

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This brochure provides information about the qualifications and business practices of LPL Financial. If you have any questions about the contents of this brochure, please contact LPL Financial at lplfinancial.adv@lpl.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL Financial also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

The Bank Wealth Program ("BWP") was launched in May of 2015 by LPL Financial; therefore there are no material changes to this brochure to report.

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### ITEM 4 ADVISORY BUSINESS

#### Introduction

LPL Financial LLC (“LPL”) is an investment advisor registered with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940. LPL has provided advisory services as a registered investment advisor since 1975. Note that registration as an investment advisor with the SEC does not imply a certain level of skill or training. As of December 31, 2014, LPL managed approximately \$114 billion of client assets on a discretionary basis and approximately \$2.5 billion of client assets on a non-discretionary basis. LPL is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

#### Types of Advisory Services

LPL offers various types of advisory services and programs, including wrap fee programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, and retirement plan consulting services. This Brochure provides a description of the advisory services offered under LPL’s Bank Wealth Program (“BWP”). For more information about LPL’s advisory services and programs other than BWP, please contact LPL for a copy of a similar brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

BWP is a program offered by LPL to clients that are banks, corporate trustees, thrifts, trust companies, broker-dealers, investment advisors, and other financial institutions (“Financial Institution”) and offers various levels of investment advisory, technology, research and back office services to those clients. LPL acts as a service provider to Financial Institutions who then choose how to use the LPL services and how to shape the advice and services they are providing to the end clients of the Financial Institution (“Client”).

The BWP program is an open architecture program allowing flexibility to the Financial Institution to use the available LPL services to design the best product for their Client. Financial Institutions choose which components they wish to use within BWP. There are four basic components of BWP:

1. **Technology:** BWP Technology includes access to a user portal to create and deliver Client proposals, investor questionnaires and reporting.
2. **Research:** BWP Research is made available through the LPL Research Department. LPL’s Research Department makes available investment research materials, which include recommendations on asset allocation and mutual funds, and ETFs. When LPL provides investment research, LPL makes no analysis of and does not consider Clients’ individual circumstances or objectives, and does not tailor any model asset allocation to any specific client’s needs, circumstances or objectives. The BWP Research offering consists of:
  - Manager due diligence on a selected list of available managers including managers available within the BWP UMA (detailed below) and separately managed account managers accessed through BWP technology. It is important to note that LPL does not perform, and has no obligation to perform, due diligence or other research with respect to investment managers or funds that are not on LPL’s current Recommended Manager Line-Up Sheet (“Non-Covered Managers”), even if Performance Reports prepared by LPL include data provided by such Non-Covered Managers.
  - Model creation and management by LPL Research.
  - A set list of deliverables created by LPL Research for Financial Institution use.
  - Access to economic commentary and capital markets research.
  - Access to LPL’s “Portfolio Designer” system for client investment planning.
  - Access to the LPL Financial Portal, a web based tool to access research investment information, client performance results, client portfolio accounting and other consulting information.



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### 3. Trade Implementation and Portfolio Management

- **SMA Program:** LPL will provide access to a platform through which the Financial Institution may engage third-party managers (“Portfolio Managers”) who will direct and manage the Client accounts. Financial Institutions may choose to implement investment decisions by designating the Client accounts as SMA accounts and completing the required paperwork to process those accounts with SMA managers. LPL will facilitate the delivery of the required paperwork to the SMA managers for the designated SMA accounts.
- **UMA Program:** Alternatively, Financial Institution can choose to implement investment decisions through the LPL platform using centralized portfolio management in the UMA program.
  - The BWP UMA program is a unified management account program that combines managed accounts comprised of individual securities, mutual funds and ETFs in one diversified portfolio. LPL acts as the Sponsor, otherwise known as the Investment Manager, of the UMA program. LPL may also act in other capacities within the program as detailed below. Additionally, third parties may also participate in the programs as Research Providers or Overlay Managers as detailed below.
  - A Financial Institution whose Client participates in the UMA establishes a discretionary account that is invested in a manner consistent with one of several multi-manager, multi-asset allocation strategies created by LPL or by the Financial Institution.
  - Specifically, responsibilities for management of accounts participating in the UMA are divided as follows:
    - LPL and/or the Financial Institution are responsible for the creation of a series of models with varying asset allocations and risk profiles. The Financial Institution is responsible for recommending which model(s) a Client may invest in. To create the models, LPL conducts initial and ongoing due diligence on investment advisers known as Research Providers that provide their own model portfolio allocations. LPL will also conduct due diligence on and recommend ETFs and mutual funds for models. It is the Financial Institution who makes the final recommendation to the Client with regard to which models they should invest in.
    - LPL may also act as a Research Provider in the BWP UMA program. In cases where LPL acts as a Research Provider its services as such are provided in addition to the other services provided by LPL, and LPL shall be entitled to collect fees from Financial Institutions for such services.
    - LPL also acts as the overlay manager in the BWP UMA program to implement investment decisions made by Financial Institutions. As the Overlay Manager, LPL is responsible for making discretionary trading decisions to implement the models in the BWP UMA program. The Overlay Manager may execute transactions according to its tax efficient management strategy, which may cause it to delay or defer causing the account to mirror its applicable model. Accordingly, the Overlay Manager may take actions for certain accounts that it does not for other accounts, even when such accounts are all intended to be managed to the same model. The Overlay Manager is responsible for providing periodic rebalancing services so the allocation of these accounts remains consistent with the selected model(s). Unless otherwise directed by a Financial Institution, Overlay Manager is responsible for seeking best



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execution on transactions for BWP UMA accounts unless otherwise directed by a client. In its role as overlay manager, LPL may take actions for certain accounts that it does not take for other accounts (e.g., for example, in the case of investment restrictions imposed on an account), even when such accounts are intended to be managed according to the same model portfolio.

- Notwithstanding the above, Financial Institutions are responsible for the implementation and coordination of any fixed income securities in UMA accounts.

4. **Back Office Services:** To the extent agreed upon by LPL and Financial Institution, LPL may perform back office functions on behalf of the Financial Institution including, but not limited to, Client fee calculation and processing.

#### ITEM 5 FEES AND COMPENSATION

Financial Institutions pay a fee set forth in the agreement between the Financial Institution and LPL. The base fee is typically a percentage of the assets held in each SMA or UMA account, as applicable. The fee varies depending on which investment model the Financial Institution chooses, for example, its own model, an LPL, or a third party manager model. If the base fee falls below a minimum amount, which is set forth in the agreement and varies by Financial Institution, the Financial Institution is still responsible for paying the minimum amount. Additional fees may be charged for additional services, such as tax management services or strategist services. BWP also may provide reporting services on brokerage accounts, and a flat annual fee is charged for such services.

#### ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This Item is not applicable. LPL does not accept performance-based fees.

#### ITEM 7 TYPES OF CLIENTS

LPL's BWP program offers services to Financial Institution clients only. At this time, BWP is only for use by Financial Institutions.

Except as detailed in the agreement between LPL and the Financial Institution, LPL does not require a minimum asset amount for Financial Institutions to participate in BWP.

#### ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Financial Institution has access to various research reports and model portfolios to which they may refer in determining investment advice provided to Clients. The Financial Institution chooses the research methods, investment style and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

LPL's Research Department makes recommendations regarding asset allocation, mutual funds, ETFs and money managers. Financial Institutions may or may not follow these recommendations in providing investment advice. LPL Research also constructs asset allocation model portfolios and provides recommendations on the funds and research providers to populate those models. In constructing these models, LPL Research uses the following investment strategies: Diversified, Diversified Plus, and Alternative Strategy. Although these descriptions are written in terms of individual equities and/or bonds, they include mutual funds or ETFs whose portfolios consist of the type of equities or bonds referenced.



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- **Diversified.** The Diversified investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. The strategy is subject to minimal constraints, which allows for a relatively pure implementation of LPL Research's investment advice. In general, Diversified portfolios should be considered by investors seeking investments in primarily stocks and bonds, along with the occasional non-traditional asset class to take advantage of potential market opportunities. Diversified portfolios will hold primarily traditional asset classes. Secondly, if a non-traditional asset class represents the investment that provides the most appropriate means of taking advantage of a market opportunity, it will be included in the recommendation. The non-traditional investments included in Diversified portfolios are more standard, such as conservative balanced strategies. Diversified portfolios tend to be steady in their number of positions. These portfolios tend to remain consistently diversified.
- **Diversified Plus.** The Diversified Plus investment strategy seeks to promote capital appreciation by seeking the appropriate balance of return potential and risk control. Diversified Plus portfolios are more suited to those investors who seek investment opportunities, regardless of asset class, and are comfortable holding esoteric investments. Diversified Plus portfolios include any asset class — including alternative strategy asset classes that may incorporate strategies such as absolute return or managed futures. Diversified Plus portfolios look both at traditional and non-traditional asset classes and may hold more esoteric investments, if that is considered the most appropriate opportunity. If many opportunities exist in the market, Diversified Plus portfolios can be constructed using a wider array of asset classes and may include a larger number of targeted investments to gain desired exposures. Alternatively, if there are fewer opportunities, Diversified Plus portfolios will be more concentrated in fewer holdings.
- **Alternative Strategy.** The Alternative Strategy investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. Unlike the other two strategies that may have an allocation to alternative strategy or non-traditional assets classes, this portfolio typically has an allocation to non-traditional asset classes. This strategy extends the diversification beyond the core style box asset classes into strategies with lower correlation to stocks and bonds in order to lower risk, as defined by standard deviation and maximum drawdown (peak to trough loss), while attempting to maintain long-term performance similar to other portfolios in the same investment objective.

#### Types of Investments and Risks

Depending on the type of service being provided, LPL can recommend different types of securities whose underlying investments may include mutual funds, unit investment trusts ("UITs"), closed end funds, ETFs, collective investment trusts, equities, fixed income securities, options, hedge funds, managed futures, and structured products. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated with investing and with some types of investments, or underlying investments of recommended investment, that LPL may recommend depending on the service provided.

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.



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- *Closed-End/Interval Funds.* Clients should be aware that closed-end funds available within the program may not give investors the right to redeem their shares, and a secondary market may not exist. Therefore, clients may be unable to liquidate all or a portion of their shares in these types of funds. While the fund may from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program may be suspended under certain circumstances.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs may be closed and liquidated at the discretion of the issuing company.
- *Exchange-Traded Notes (ETNs).* An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks. ETNs may be closed and liquidated at the discretion of the issuing company.
- *Leveraged and Inverse ETFs, ETNs and Mutual Funds.* Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions may be magnified over time. Some deviations from the stated objectives, to the positive or negative, are possible and may or may not correct themselves over time. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- *Options.* Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.



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- *Structured Products.* Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- *High-Yield Debt.* High-yield debt is issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.
- *Hedge Funds and Managed Futures.* Hedge and managed futures funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.
- *Business Development Companies (BDCs).* BDCs are typically closed-end investment companies. Some BDCs primarily invest in the corporate debt and equity of private companies and may offer attractive yields generated through high credit risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private REITs and limited partnerships, investors are exposed to significant market, credit and liquidity risks. In addition, fueled by the availability of low-cost financing, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors' exit opportunities may be limited only to periodic share repurchases by the BDC at high discounts.
- *Variable Annuities.* If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- *Company Stock.* If company stock is available as an investment option to client in a retirement plan, and if client chooses to invest in company stock, client should understand the risks associated with holding company stock in a retirement plan. These risks may include, but are not necessarily limited to, lack of liquidity, over-dependency on client's employer, and less flexibility to change the allocation of plan assets. Client should pay careful consideration to the benefits of a diversified portfolio. Although diversification is not a guarantee against loss, it can be an effective strategy to help manage investment risk.





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### ITEM 9 DISCIPLINARY INFORMATION

As an investment advisor and broker-dealer regulated by the SEC, LPL was found by the SEC to have willfully violated Rule 30(a) of Regulation S-P, which requires broker-dealers and investment advisors to have written policies and procedures that are reasonably designed to safeguard customer records and information. The SEC ordered LPL to cease and desist from committing future violations of Rule 30(a), censured it for its conduct, and ordered it to pay the \$275,000 penalty (2008).

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity contracts, REITs and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000 and restitution of \$1,664, 592 (2015).
- LPL's processing and supervision of the sale of alternative investments, including non-traded real estate investment trusts, resulting in a censure and fine of \$950,000 (2014).
- LPL's systems and procedures related to the review and retention of email, resulting in a censure, fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL's supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and fine of \$400,000 (2012).
- LPL's procedures regarding its review of e-mail communications, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on transmittals of cash and securities from customer accounts to third party accounts, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$175,000 (2010).
- Allegations that LPL failed to reasonably supervise a registered representative regarding his use of strategies and recommendations involving UITs, resulting in a censure and fine of \$125,000 (2008).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$300,000 (2006).
- LPL's procedures regarding mutual fund Class B and C shares, resulting in a censure and fine of \$2,400,000 (2005).
- LPL's procedures on supervision activities of its registered representative in connection with wire transfers, resulting in a censure and fine of \$75,000 (2005).
- Allegations that LPL maintained revenue sharing programs in which mutual fund complexes paid a fee for preferential treatment, resulting in a censure and fine of \$3,602,398 (2005).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject to orders related to the violation of state laws and regulations in connection with its brokerage activities. In 2014, LPL submitted to two consent orders with the Illinois Securities Department in connection with (i) findings that LPL failed to detect improper and fraudulent conduct by one of its IARs, resulting in a censure, fine of \$500,000, and restitution to impacted customers; and (ii) certain variable annuity exchange transactions, in particular, relating to failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law, resulting in a censure, fine of \$2,000,000, and restitution to impacted customers. In 2013, LPL submitted to a consent order with the Massachusetts Securities Division in connection with the sale of non-traded real estate investment trusts to Massachusetts residents in excess of Massachusetts concentration limits. LPL agreed to a censure, fine of \$500,000, and restitution to impacted customers.

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).





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### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a small number of employee IARs whose services are limited to servicing certain small IRA accounts. IARs are registered representatives of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as a transfer agent with the SEC and as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

LPL has an arrangement with Independent Advisers Group ("IAG"), a registered investment advisor and related person of LPL. LPL has been retained by IAG to provide research and model portfolio management services through IAG.

LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for client accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to an advisory account. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

LPL has an arrangement with Fortigent, LLC ("Fortigent"), a registered investment advisor and related person of LPL. LPL and Fortigent have entered into an agreement for LPL to provide overlay portfolio management services to Fortigent clients in Fortigent's Access Overlay II Program.

### ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

#### Executive Summary

Securities and Exchange Commission (SEC) Rule 204A-1 (the Rule) under the Investment Advisers Act of 1940, as amended, requires investment advisors to adopt codes of ethics. The Rule requires an investment advisor's code of ethics to set forth standards of conduct and requires supervised persons to comply with applicable federal securities laws. Codes of ethics must address personal trading, including the reporting of personal securities holdings and transactions and the pre-approval of certain investments. This document contains the Code of Ethics for the LPL Financial family of affiliated companies (collectively referred to as "LPL Financial"\*), each of which is defined on Schedule A.

#### Covered Persons

Personnel that are covered (Covered Persons) under LPL Financial Code of Ethics (the Code) include the following:

- Home office employees
- Financial advisors
- Registered assistants
- Registered program managers

Covered Persons are considered access persons under the Rule and are required to adhere to all policies and to report to LPL Financial as described herein. Employees of The Private Trust Company, certain non-registered personnel (such as non-registered assistants and program managers), and temporary or contract workers are excluded from the requirements of the Code and are not Covered Persons



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### Compliance with Securities Laws

Covered Persons are required to abide by all applicable federal securities laws. Policies concerning these securities laws are discussed in other manuals and guides. Covered Persons are not permitted, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client to:

- Defraud such client in any manner
- Mislead a client, including by making any statement that omits material facts
- Engage in any act, practice, or course of conduct that operates or would operate as a fraud or deceit on a client
- Engage in any manipulative practice with respect to such client
- Engage in any manipulative practice with respect to securities, including price manipulation
- Favor the interests of one client over another client
- Profit personally, directly or indirectly, as a result of knowledge about a security or a transaction

### Conflicts of Interest

LPL Financial and its Covered Persons have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. Covered Persons should avoid even the appearance of a conflict of interest and should fully disclose all material facts concerning any conflict that does arise with a client.

### Insider Trading

In accordance with the Insider Trading and Securities Fraud Enforcement Act of 1988, Covered Persons may not trade a security while in the possession of non-public information about the security. Additionally, Covered Persons may not disseminate or tip such information to others who may trade the security. Material information includes any information that a reasonable investor would consider in making an investment decision. Non-public information is information that has not been disseminated in a manner that would make it generally available to investors. A Covered Person who has reason to believe that he or she, or a customer, is in possession of "inside information" should contact LPL Financial Legal Department prior to taking any action.

### Protecting Confidentiality

In the course of normal business activities, Covered Persons may receive confidential information concerning clients and potential clients. To maintain client confidence and trust, this information must be handled with integrity and discretion. As a general rule, confidential information pertaining to a client of LPL Financial should never be communicated to anyone other than the financial advisors (FAs), assistants, and employees of LPL Financial who need to know, and where appropriate, to the participants involved in a specific transaction. A judgment about who needs to know about particular client information depends on the facts and circumstances, and should be discussed by the Covered Person with his or her supervisor (e.g., for FAs, the branch office manager or the Compliance Department). Examples of persons within

LPL Financial who may need to know include senior management and Compliance staff. In the event confidential client information is communicated, the recipient of the information should be advised of its confidential nature, that it is given solely for the purpose of fulfilling his or her responsibilities with the client, and that it is not to be disclosed in any other form to any other person.

### Personal Securities Transactions

All Covered Persons must comply with LPL Financial policies regarding personal securities transactions. In addition to the following policies, other policies concerning personal securities transactions are discussed in other manuals and guides.

- Purchases of limited or private offerings require pre-approval from the Compliance Department prior to proceeding with a transaction.
- LPL Financial prohibits Covered Persons from acquiring any securities in an initial public offering without prior written approval from



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the Compliance Department.

- Research employees must obtain pre-clearance prior to placing any transaction in any reportable security as defined below.

Covered Persons are required to adhere to LPL Financial policy concerning restricted trading periods that may be in place from time to time. This policy may prohibit Covered Persons from engaging in transactions in securities on an LPL Financial blackout list until the stated blackout period has elapsed.

#### Violations of the Code

Any violation or non-compliance with the Code must be immediately reported to the chief compliance officer and to the Legal Department. Examples include non-compliance with applicable rules and regulations, fraud, or illegal acts involving any aspect of the firm's business, material misstatements in client records or reports, or any activity that is harmful to clients. Any violation of the Code may result in disciplinary action including but not limited to warning, fines, disgorgement, suspension, demotion, or termination of employment or licensing. Violations can be reported via the Code of Ethics Violations Reporting Form or via email at [LPLFinancial.CodeofEthicsViolations@lpl.com](mailto:LPLFinancial.CodeofEthicsViolations@lpl.com).

#### Personal Securities Holdings

LPL Financial policy permits Covered Persons to maintain personal securities accounts or holdings at LPL Financial and other financial institutions. Holdings include those securities in which a covered person has any direct or indirect beneficial ownership (including a trust). A covered person is considered to be the beneficial owner of an account in which he or she has any financial interest or ability to exercise control and of any account belonging to immediate family members (including any relative by blood or marriage) sharing the covered person's household. Covered Persons must notify the Compliance Department of, and receive prior written approval for, opening accounts or holding personal securities at financial institutions other than LPL Financial. Covered Persons are either required to set up LPL Financial to receive duplicate copies of statements for the accounts held at other financial institutions or to report them directly to LPL Financial on no less than an annual basis.

#### Periodic Reporting

##### *Transaction Reports*

The Rule requires all Covered Persons to report certain security and transaction information to LPL Financial on a periodic basis. LPL Financial will generate the reporting internally for all securities and transactions within LPL Financial accounts. For securities and transactions held at other financial institutions, LPL Financial will rely on either duplicate statements or forms received within the Compliance Department for securities and transactions for the vast majority of Covered Persons.

##### *Quarterly Transaction Reports*

Covered Persons are required to provide LPL Financial with quarterly information regarding all transactions involving reportable securities within 30 days of each calendar quarter end. As stated above, LPL Financial will rely on either duplicate statements or forms received within the Compliance Department for transactions for the vast majority of Covered Persons.

Purchases or sales subject to an automatic dividend reinvestment plan need not be reported. Transactions held outside of a brokerage account must be reported within 30 days of each calendar quarter end.

##### *Holdings Reports*

Within 10 days of becoming associated with LPL Financial, Covered Persons must provide holding information for all reportable securities. All holdings reports must be current as of a date not more than 45 days prior to becoming a covered person. Holdings information must be updated on an annual basis thereafter and must be current as of a date not more than 45 days prior to the date the holdings report is



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submitted.

As stated above, LPL Financial will rely on either duplicate statements or forms received within the Compliance Department for transactions for the vast majority of Covered Persons. Transactions held outside of a brokerage account must be reported within 30 days of each calendar quarter end.

#### Reportable Securities

All securities are reportable (reportable securities) on the periodic reporting, except:

- Direct obligations of the U.S. government
- Money market instruments (bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high-quality short-term debt instruments), where "high-quality short-term debt instrument" is defined to mean any instrument having a maturity at issuance of fewer than 366 days and which is rated in one of the highest two rating categories by a nationally recognized statistical rating organization, or which is unrated but is of comparable quality
- Shares issued by money market funds
- Shares issued by open-end mutual funds (other than exchange-traded funds)
- Shares issued by open-end unit investment trusts (other than exchange-traded funds)

#### Acknowledgement of Receipt of Code

All Covered Persons are required to acknowledge receipt of delivery of this Code from LPL Financial, as well as any amendments to the Code that may be delivered. Additionally, it is the responsibility of all Covered Persons to read, understand and abide by all aspects of the Code.

#### Standards of Business Conduct

LPL Financial requires all Covered Persons to conduct all business dealings in an ethical fashion and to abide by not only the technical requirements of this Code, but also to the spirit in which it is intended.

#### **ITEM 12 BROKERAGE PRACTICES**

LPL does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions ("soft dollar benefits"). LPL does not consider, in selecting or recommending broker-dealers, whether LPL or a related person of LPL receives client referrals from a broker-dealer or third party. Within the BWP, LPL also does not integrate LPL's brokerage services, and Financial Institutions, in most cases, direct trades to ConvergeX or other third party broker-dealers.

#### **ITEM 13 REVIEW OF ACCOUNTS**

The Financial Institution is responsible for meeting with Clients and performing reviews of the investment allocation for Client accounts.



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The Financial Institution receives Clients' performance reports on a quarterly basis. The performance reports may then be forwarded by the Financial Institution to their respective Clients

#### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

##### **Client Referrals**

There are no client referral programs in place within BWP.

##### **Other Compensation**

LPL and LPL employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event. Product sponsors also pay for, or reimburse LPL for the costs associated with, education or training events that are attended by LPL employees and for LPL-sponsored conferences and events.

#### **ITEM 15 CUSTODY**

Within BWP, LPL does not currently custody the assets for any Financial Institution or their Clients. Assets are maintained at a custodian other than LPL.

#### **ITEM 16 INVESTMENT DISCRETION**

LPL takes investment discretion to the extent necessary to implement the trading instructions of the Financial Institutions that implement through the UMA program.

#### **ITEM 17 VOTING CLIENT SECURITIES**

Except as Financial Institution has otherwise instructed LPL, to the extent Financial Institution receives centralized portfolio management services provided by LPL, LPL will vote proxies on the Financial Institution's behalf. LPL has adopted policies and procedures in order for LPL to vote securities in the best interest of its clients, including Financial Institution. LPL has contracted with a third party vendor to make proxy voting recommendations and handle the administrative functions of voting proxies. Although LPL retains authority to vote client proxies, it is LPL's general policy to vote according to the recommendations of the third party vendor. Any exceptions to this general policy are referred to LPL's Research Department, which makes the determination as to how to vote the proxy in accordance with the best interest of the client. A copy of LPL's proxy voting policies is available upon request. Financial Institution may obtain information about how LPL voted with respect to securities held in an Account contacting LPL.

In the case of voluntary corporate actions, LPL intends to follow the instructions provided by the Research Providers unless, in the determination of LPL, such instructions are overtly contrary to a client's best interest or instructions. Prior to making such determination, however, LPL will first determine if it has a conflict of interest with any of the companies involved in the corporate action. If LPL does have a conflict of interest, LPL will follow the instructions provided by the Research Provider without reviewing individual Financial Institution interests.

LPL and the Research Providers are not obligated to render any advice or take any action on behalf of Financial Institution with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the account, or the issuers thereof. The client retains the right and obligation to take action with respect to legal proceedings relating to securities held in the account.



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#### **ITEM 18 FINANCIAL INFORMATION**

LPL is a qualified custodian as defined in Rule 206(4)-2, and is therefore not required to include a balance sheet for its most recent financial fiscal year.



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#### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL.

#### Brochure Supplements for Certain LPL Financial Employees:

George Burton White	LPL Financial LLC
John J. Canally, Jr.	75 State Street, 24th Floor, Boston, MA 02109
Joseph Edwin Rackley	(617) 423-3644 <a href="http://www.lpl.com">www.lpl.com</a>
Anthony Valeri	LPL Financial LLC
Marcus Ehlers	4707 Executive Drive, San Diego, CA 92121 (800) 558-7567
Kirby Horan-Adams	LPL Financial LLC
Joy Goble	4828 Parkway Plaza, Charlotte, NC 28217
Adam I. Cohen	Fortigent, LLC
Steven James Snyder	2600 Tower Oaks Boulevard, Suite 300, Rockville, MD 20852

May 15, 2015

This Brochure Supplement provides information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to this Brochure Supplement. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of this Brochure Supplement. You may also contact your LPL investment advisor representative with questions.

Additional information about these LPL employees or officers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note that although these LPL employees or officers included in this Brochure Supplement are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and this Brochure Supplement at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com).

#### Educational Background and Business Experience

George Burton White was born in 1969. He has a BBA from the College of William and Mary. He is a Managing Director and Chief Investment Officer of LPL, and has served in that position since 2009. He joined LPL in 2007 as a Managing Director and Director of Research. Prior to joining LPL, he was Managing Director and Director of Research at Wachovia Securities from 2000 to 2007.

John J. Canally, Jr., was born in 1964. He has a BA from Villanova University. He is Senior Vice President and Economist at LPL and joined the LPL Research Department in 2007. Prior to joining LPL, he was a Senior Investment Strategist at PNC Wealth Management.

Kirby Lepak Horan-Adams was born in 1976. She has a BA in Math and Economics from Trinity College, an MBA and MSF from Boston College, and a JD from Boston College Law School. She is Senior Vice President and Director of Research at LPL and joined the LPL Research Department in 2006. Prior to joining LPL, she was an analyst at Cerulli Associates.





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Joseph Edwin Rackley was born in 1981. He has an AB in History from Brown University. He is a Vice President for LPL Financial Research and has been with the firm since 2008. Prior to joining LPL, he served as a Vice President in the Advisory Services Group at Wachovia Securities, LLC.

Anthony Gino Valeri was born in 1970. He has a BA from the University of California at San Diego. He is Senior Vice President, Market Strategist, at LPL and joined the LPL Research Department in 2002. He has been employed by LPL since 1993.

Marcus Ehlers was born in 1960. He has a BA from the University of Iowa. He is an Executive Vice President of Trading and Commissions at LPL and joined LPL in 2010. Prior to joining LPL, Mr. Ehlers was an internal business consultant at Fidelity Investments from 2009 to 2010, and a Vice President at Schwab Institutional prior to 2009.

Kirby Lepak Horan-Adams was born in 1976. She has a BA in Math and Economics from Trinity College, an MBA and MSF from Boston College, and a JD from Boston College Law School. She is Senior Vice President and Director of Research at LPL and joined the LPL Research Department in 2006. Prior to joining LPL, she was an analyst at Cerulli Associates.

Joy Goble was born in 1956. She has a BA in Psychology from Erskine College and an MA in Organizational Communication from Queens University. She has been with LPL Financial since 2007 and is currently serving as the Head of Preservation Strategy. Prior to joining LPL Ms. Goble was SVP and Head of Product Management at First Charter Bank.

Adam I. Cohen was born in 1967. He has a BA in History from the College of Wooster and an MBA from Loyola University of Chicago's Quinlan School of Business. Mr. Cohen oversees Wealth Solutions for LPL and has been with Fortigent since 2012. Prior to joining Fortigent, Mr. Cohen oversaw institutional and private client portfolios at Cardinal Trust and Investments.

Steven James Snyder was born in 1973. He has a BA in Economics and a BS in Cognitive Science from the University of California at San Diego. He is the Research Operating Officer of LPL, and has served in that position since 2014. Prior to joining LPL, Mr. Snyder was Head of Due Diligence at Fortigent. Prior to Fortigent, he was a Due Diligence analyst at Dunham & Associates.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Each of Mr. White, Mr. Canally, Ms. Horan-Adams, Mr. Rackley, Mr. Valeri, Mr. Ehlers and Ms. Goble is a registered representative of LPL. Each of Mr. Cohen and Mr. Snyder has an application pending to register as a registered representative of LPL and is an investment adviser representative of Fortigent, LLC ("Fortigent"), a registered investment adviser and related person of LPL. LPL is a registered broker-dealer and member of FINRA. Although these individuals are, or will be, registered representatives of LPL, they do not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Each of these individuals receives a regular salary and bonus.

#### **Supervision**

Each of the individuals in this Brochure Supplement in the Research Department reports up to Mr. White, the Chief Investment Officer of LPL. As Chief Investment Officer, Mr. White is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The LPL Advisory Business Oversight Committee is responsible for making determinations with respect to the firm's policies for its business as an investment advisor, including review of certain services and products offered through the programs. The advice provided by each of the individuals in this Brochure Supplement also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

