



Dear LPL Financial Clients:

In light of recent financial events in Europe and their impact on the markets and on some in the financial services industry, I would like to take this opportunity to share some information about LPL Financial and the firm's singular focus on enabling advisors to help their clients reach their financial goals.

Business model

While LPL Financial and your advisor are closely following events overseas and the impact the European debt crisis may have on domestic markets, it is important to note that LPL Financial does not directly invest in European debt securities. In fact, LPL Financial does not engage in the business practices of investment banks or provide other alternative financial services. We do not engage in market-making activities nor do we engage in proprietary trading for our own account, which means we do not hold any securities on our balance sheet that are open to market risk. Our trading activities are focused solely on facilitating trades for our advisors' clients, and not on speculative trading for the firm's own account. In addition, we have no exposure to mortgage-related investments or securities, nor do we provide loans to hedge funds or other speculators.

What LPL Financial does provide is technology, brokerage, and investment advisory services through business relationships with independent financial advisors, registered investment advisors (RIAs), and financial institutions and their financial representatives, all of whom we refer to collectively as our "customers." We offer these customers access to a broad array of financial products and services to support them in providing financial advice and brokerage services to retail investors. Our financial advisors and institutions are our only customers; we do not market directly to investors.

Financial performance and liquidity position

As a Financial Industry Regulatory Authority (FINRA) member firm subject to the federal securities laws and the rules of industry self-regulatory organizations, LPL Financial has always carried out our obligations to protect customer assets in our custody with the utmost care and scrupulous adherence to financial protection rules, including those governing the segregation of customer assets. Moreover, LPL Financial maintains net capital well in excess of requirements set out by our regulators; as of September 30, 2011, we exceeded our net capital requirement by \$120 million.

Because the vast majority of LPL Financial advisors are independent contractors rather than employees, LPL Financial does not have a high degree of fixed costs. A significant portion of our expenses is directly tied to revenue performance, which means much of our expense base automatically adjusts to any reductions in revenue that may occur. Our revenue is derived through approximately 4,900 business relationships, including relationships with financial advisors, banks, credit unions, investment companies, insurance carriers, and other financial institutions. No single relationship accounts for more than 3% of our revenue.

Counter-party risk assessment

Our Governance, Risk, and Compliance Department routinely reviews our counter-party risk as well as those LPL Financial does business with to limit our exposure to risk. The team monitors all outstanding debits and credits and the firms that clear those trades to ensure they are healthy and do not pose a risk to LPL Financial or our advisors' clients. This process includes extensive research, due diligence, financial analysis, and forward-looking measures of financial strength and sustainability.

Client account protection

LPL Financial is a member of the Securities Investor Protection Corporation (SIPC). Membership provides protection for customer accounts up to \$500,000, of which \$250,000 may be claims for cash, in the unlikely event that LPL Financial were to fail financially. (For an explanatory brochure, visit www.sipc.org.) Moreover, LPL Financial accounts have additional securities protection to cover the net equity of client accounts up to an overall aggregate firm limit of \$750,000,000, subject to conditions and limitations. This coverage is underwritten by London Insurers through the Lloyds of London syndicates. Account protection applies when a SIPC member firm fails financially and is unable to meet its obligations to



securities clients, but it does not protect against losses from the rise and fall in the market value of investments. This extensive coverage reflects a strong commitment to serving your investment needs.

As always, our focus remains on our customers and their clients and on helping you meet your financial needs and goals, especially during periods of financial uncertainty and market volatility of the sort we have been experiencing. We remain committed to doing so in the months and years to come. Thank you for the opportunity to partner with your financial advisor to serve your financial needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Moore".

Robert J. Moore
Chief Financial Officer
LPL Financial

The LPL Financial family of affiliated companies includes LPL Financial and UVEST Financial Services Group, Inc., each of which is a member of FINRA/SIPC. To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

Not FDIC/NCUA Insured	Not Bank/Credit Union Guaranteed	May Lose Value
Not Guaranteed by any Government Agency	Not a Bank/Credit Union Deposit	