

LPL Financial Holdings Inc.

Form DEF 14A

March 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material under §240.14a-12

LPL Financial Holdings Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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2016 PROXY STATEMENT

Notice of Annual Meeting of Stockholders to be held on May 10, 2016

Member FINRA/SIPC.

75 State Street, Boston, MA 02109-1827

March 29, 2016

Dear Fellow Stockholders:

It is my pleasure to invite you to attend the 2016 Annual Meeting of Stockholders of LPL Financial Holdings Inc. The meeting will be held on Tuesday, May 10, 2016, at 12:00 p.m., local time, at our offices located at 75 State Street, Boston, Massachusetts 02109. Holders of record of our common stock as of March 11, 2016 are entitled to notice of and to vote at the 2016 Annual Meeting.

The Notice of Annual Meeting of Stockholders and the proxy statement that follow describe the business to be conducted at the meeting.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe this approach will allow us to provide you with the information you need while expediting your receipt of these materials, lowering our costs of delivery, and reducing the environmental impact of our annual meeting. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so at no charge upon your request. For more information, please refer to the Notice of Internet Availability of Proxy Materials that we mailed to you on or about March 29, 2016.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

You are welcome to attend the annual meeting. However, even if you plan to attend, please vote your shares promptly to ensure they are represented at the meeting. You may submit your proxy by Internet or telephone, as described in the following materials, or if you request printed copies of these materials, by completing and signing the proxy card and returning it in the envelope provided. If you decide to attend the meeting and wish to change your proxy, you may do so automatically by voting in person at the meeting.

We ask you to RSVP if you intend to attend the annual meeting. Please refer to page 1 of the accompanying proxy statement for further information concerning attendance at the annual meeting.

On behalf of the Board of Directors, I thank you for your continued support of LPL Financial Holdings Inc.

Sincerely,

Mark S. Casady
Chair and CEO

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75 State Street, Boston, MA 02109-1827
Notice of Annual Meeting of Stockholders

Time and Date 12:00 p.m., local time, on Tuesday, May 10, 2016

Location LPL Financial Holdings Inc.
75 State Street
Boston, Massachusetts 02109

Items of Business (1) Elect the nine nominees named in this proxy statement to the Board of Directors of LPL Financial Holdings Inc.;
(2) Ratify the appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016;
(3) Hold an advisory vote on executive compensation; and
(4) Consider and act upon any other business properly coming before the 2016 annual meeting of stockholders (the "Annual Meeting") and at any adjournment or postponement thereof.

Record Date Stockholders of record as of 5:00 p.m. Eastern Time on March 11, 2016 (the "Record Date") will be entitled to vote at the Annual Meeting and any postponements or adjournments thereof.

Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

Cameras and electronic recording devices are not permitted at the Annual Meeting.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS SET FORTH IN THE FOLLOWING MATERIALS. YOU MAY VOTE YOUR SHARES AND SUBMIT A PROXY THROUGH THE INTERNET OR BY TELEPHONE AS DESCRIBED HEREIN OR, IF YOU REQUESTED PRINTED COPIES OF THESE MATERIALS, BY SIGNING AND RETURNING A PROXY CARD.

By Order of the Board of Directors,

Gregory M. Woods
Secretary

Boston, Massachusetts
March 29, 2016

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2016:

THIS PROXY STATEMENT AND LPL FINANCIAL HOLDINGS INC.'S 2015 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT WWW.LPL.COM. ADDITIONALLY, IN ACCORDANCE WITH SEC RULES, YOU MAY ACCESS THESE MATERIALS ON THE WEBSITE INDICATED IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS, WHICH YOU HAVE RECEIVED FROM COMPUTERSHARE SHAREOWNER SERVICES.

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

2016 Annual Meeting of Stockholders

Time and Date 12:00 p.m., local time, on Tuesday, May 10, 2016

Location LPL Financial Holdings Inc.
75 State Street
Boston, Massachusetts 02109

Record Date 5:00 p.m. Eastern Time on March 11, 2016

Voting Shareholders as of the Record Date are entitled to one vote per share on each matter to be voted upon at the Annual Meeting.

Entry Everyone attending the Annual Meeting will be required to present both proof of ownership of the Company's common stock and valid picture identification, such as a driver's license or passport. If your shares are held in the name of a bank, broker, or other holder of record, you will need a recent brokerage account statement or letter from your bank, broker, or other holder reflecting stock ownership as of the Record Date. If you do not have both proof of ownership of the Company's common stock and valid picture identification, you may not be admitted to the Annual Meeting.

Voting Proposals

Proposal	Board Recommendation	Page Reference
Proposal 1: Election of Directors	FOR all nominees	<u>6</u>
Proposal 2: Ratification of the Appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as Our Independent Registered Public Accounting Firm	FOR	<u>59</u>
Proposal 3: Advisory Vote on Executive Compensation	FOR	<u>62</u>

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General Information

LPL FINANCIAL HOLDINGS INC.
Proxy Statement
2016 Annual Meeting of Stockholders
General Information

Introduction

This proxy statement and the accompanying Notice of Annual Meeting of Stockholders are being furnished to the holders of common stock, \$0.001 par value per share (the "Common Stock"), of LPL Financial Holdings Inc., a Delaware corporation (the "Company"), in connection with the solicitation of proxies on behalf of the board of directors of the Company (the "Board" or the "Board of Directors") for use at the 2016 annual meeting of stockholders (the "Annual Meeting") and any adjournment or postponement thereof. The Annual Meeting will be held on Tuesday, May 10, 2016, at the offices of LPL Financial, 75 State Street, Boston, Massachusetts 02109 at 12:00 p.m., local time.

Stockholders who wish to attend the Annual Meeting in person must follow the instructions under the section below entitled "Attending the Annual Meeting."

The Board has made this proxy statement and the Company's 2015 annual report on Form 10-K (the "Annual Report") available to you through the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies for use at the Annual Meeting. As a stockholder of the Company as of 5:00 p.m. Eastern Time on March 11, 2016 (the "Record Date"), you are invited to attend the Annual Meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

Record Date, Shares Outstanding, and Quorum

On the Record Date, there were 89,001,449 outstanding shares of Common Stock. Only stockholders of record as of the Record Date will be entitled to vote at the Annual Meeting. A list of stockholders of record entitled to vote will be available at the meeting. In addition, you may contact our corporate secretary, at our address as set forth above, to make arrangements to review a copy of the stockholder list at our offices, for any purpose germane to the meeting, between the hours of 9:00 a.m. and 5:00 p.m., local time, on any business

day from April 29, 2016 up to the time of the Annual Meeting.

The presence in person or by proxy of a majority of shares of Common Stock outstanding and entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. Both abstentions and broker non-votes will be counted as present in determining the presence of a quorum. A "broker non-vote" is a proxy from a broker or other nominee indicating that such person has not received instructions from the beneficial owner on a particular matter with respect to which the broker or other nominee does not have discretionary voting power. Brokers have the discretion to vote their clients' proxies only on routine matters. At our Annual Meeting, only the ratification of our auditors is a routine matter. Each share of Common Stock is entitled to one vote.

Notice of Electronic Availability of Proxy Statement and Annual Report

As permitted by the Securities and Exchange Commission (the "SEC"), we are making this proxy statement and our Annual Report available to our stockholders electronically through the Internet. On or about March 29, 2016, a Notice of Internet Availability of Proxy Materials (the "Notice") was mailed to stockholders of record as of the Record Date. We are furnishing our proxy materials to our stockholders through the Internet in lieu of mailing a printed copy of our proxy materials to each record holder of Common Stock. You will not receive a printed copy of our proxy materials unless you request one. The Notice instructs you as to how you may access and review on the Internet all of the important information contained in these proxy materials or request a printed copy of those materials. The Notice also instructs you as to how you may vote your proxy.

Attending the Annual Meeting

We invite all stockholders to attend the Annual Meeting. If you are a record holder of our Common Stock, which means that your shares are represented by ledger entries in your own name directly registered with our transfer agent,

Computershare Shareowner Services, you must bring valid picture identification with you to the Annual Meeting to allow us to verify your ownership. If your Common Stock is held in "street name," which means that the shares are held for your benefit in the name of a broker, bank, or

General Information

other intermediary, you must bring a brokerage account statement or letter from your broker, bank, or other intermediary reflecting stock ownership in order to be admitted to the Annual Meeting. Please note that if you hold your Common Stock in street name, you may not vote your shares in person unless you obtain a legal proxy from your broker, giving you the right to vote the shares at the Annual Meeting.

If you do not have both proof of ownership of Common Stock and valid picture identification, you may not be admitted to the Annual Meeting.

If you plan to attend the Annual Meeting, please be sure to RSVP via email to lplfinancialannualmeeting@lpl.com. Please include your name and phone number in your response. A confirmation, including driving directions and additional meeting information, will be emailed to registered participants.

Items of Business to be Voted upon at Annual Meeting

- n To elect all of the nine nominees named in this proxy statement to the Board of Directors for a one-year term;
- n To ratify the appointment of Deloitte & Touche LLP by the Audit Committee of the Board of Directors as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
- n To hold an advisory vote on executive compensation; and
- n To consider and act upon any other business properly coming before the Annual Meeting and at any adjournment or postponement thereof.

Manner of Voting

If you are a record holder of our Common Stock, you may vote in one of the following ways:

By Internet: by following the Internet voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on May 9, 2016.

By Mail: by marking, dating, and signing your printed proxy card (if received by mail) in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials for receipt prior to the Annual Meeting.

By Telephone: by following the telephone voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on May 9, 2016.

In Person: by voting your shares in person at the Annual Meeting (if you satisfy the admission requirements, as described above). Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone, or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

General Information

If your shares are held in street name through a broker, bank, or other intermediary, your broker, bank, or other intermediary should give you instructions for voting your shares. In these cases, you may vote by Internet, telephone, or mail, as instructed by your broker, bank, or other intermediary. You may also vote in person if you obtain a legal proxy from your broker, giving you the right to vote the shares at the Annual Meeting.

Shares of Common Stock represented by properly executed proxy cards received by the Company in time for the meeting will be voted in accordance with the instructions specified in the proxies. If you submit a proxy but do not indicate any voting instructions, your shares will be voted "FOR" the election as a

director of each nominee named in this proxy statement; "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm; and "FOR" the proposal regarding an advisory vote on executive compensation.

Our management and Board of Directors know of no other matters to be brought before the Annual Meeting. If other matters are properly presented to the stockholders for action at the Annual Meeting or any adjournments or postponements thereof, it is the intention of the proxy holders named in the proxy card to vote in their discretion on all matters on which the shares of Common Stock represented by such proxy are entitled to vote.

Voting Requirements

Proposal One—Election of Directors

Our bylaws provide that a nominee for director will be elected if the number of votes properly cast "for" such nominee's election exceeds the number of votes properly cast "against" such nominee's election; however, if the number of persons properly nominated for election to the Board of Directors exceeds the number of directors to be elected, the directors will be elected by the plurality of the votes properly cast. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the election of directors.

Proposal Two—Ratification of Appointment of Deloitte & Touche LLP

The proposal to ratify the appointment of Deloitte & Touche LLP will be determined by a majority of the votes cast on the matter affirmatively or negatively in person or by proxy at the Annual Meeting. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the proposal.

Proposal Three—Advisory Vote on Executive Compensation

Because the proposal to approve, on an advisory basis, the compensation awarded to named executive officers for the fiscal year ended December 31, 2015 is a non-binding, advisory vote, there is no required vote that would constitute approval. The vote is advisory and non-binding in nature but our Compensation and Human Resources Committee (the "Compensation Committee") will take into account the outcome of the vote when considering future executive compensation arrangements. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the proposal.

Revocation of Proxies

If you submit a proxy, you are entitled to revoke your proxy at any time before it is exercised in one of the following ways: by attending the Annual Meeting and voting in person, by submitting a duly executed proxy bearing a later date, or by sending written notice of revocation to our corporate secretary at LPL Financial Holdings Inc., 75 State Street, Boston, Massachusetts 02109. A stockholder of record who voted through the Internet or by telephone may also

change his or her vote with a timely and valid later Internet or telephone vote, as the case may be. Any stockholder of record as of the Record Date attending the Annual Meeting may vote in person whether or not a proxy has previously been given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy. If you hold your shares in street name and would like to change your voting instructions, please follow the instructions provided to you by your broker, bank, or other intermediary.

General Information

Solicitation of Proxies

The Board of Directors of LPL Financial Holdings Inc. is soliciting proxies. Copies of proxy materials and the Annual Report will be supplied to brokers, dealers, banks and voting trustees, or their nominees, for the purpose of soliciting proxies from beneficial owners, and we will reimburse such record holders for their reasonable expenses.

Stockholders who elect to vote through the Internet or by telephone may incur costs such as telecommunication and internet access charges for which the stockholder is solely responsible. The telephone and Internet voting facilities for stockholders of record will close at 11:59 p.m. Eastern Time on May 9, 2016. The Company will otherwise pay the expenses of solicitation of proxies.

Householding

Only one copy of the Notice is being delivered to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. We will undertake to deliver promptly, upon written or oral request, a separate copy of the Notice to a stockholder at a shared address to which a single copy of the Notice was delivered. You may make a written or oral request by sending a written notification to our corporate secretary at LPL Financial Holdings Inc., 75 State Street, Boston, Massachusetts 02109, or by calling our offices at (617) 423-3644, extension 0, and providing your name, your shared address, and the address to which we should direct the additional copy of the Notice. Multiple stockholders sharing an address who have received one copy of the Notice and would prefer us to mail each stockholder a separate copy of future mailings should contact us at the address or telephone number above. Additionally, if current stockholders with a shared address received multiple copies of the Notice and would prefer us to mail one copy of future mailings to stockholders at the shared address, please notify us at the address or telephone number above.

General Information About Corporate
Governance and the Board of Directors

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. In support of that philosophy, we have adopted many leading corporate governance practices, including those summarized below and elsewhere in this proxy statement

BOARD PRACTICES

Independence	<p>A majority of our directors must be independent. Currently, all of our directors other than our chief executive officer are independent, and all of our committees consist exclusively of independent directors.</p>
Lead Independent Director	<p>Our corporate governance guidelines require the Board to have an independent lead director if the chair of the Board is not an independent director. The lead director is elected annually by the non-management directors and performs many of the functions that an independent chair would perform.</p>
Diversity of Relevant Experiences	<p>Our goal is a balanced and diverse Board, with members whose skills, background and experience are complementary and, together, cover the spectrum of areas that impact our business.</p>
Director Tenure Policies	<p>Any director who begins service after January 1, 2014 and reaches the age of 75 will retire effective at the end of his or her term. In addition, a director is required to offer to tender his or her resignation for consideration by the Board upon retirement from or any change in the principal occupation or principal background association held when such director originally joined the Board.</p>
Director Overboarding Policy	<p>Any director who is not serving as chief executive officer of a public company is expected to serve on no more than four public company boards (including our Board), and any director serving as a chief executive officer of a public company is expected to serve on no more than three outside public company boards (including the board of his or her own company).</p>
Committee Membership	<p>The Board appoints members of its committees on an annual basis, with the Nominating and Governance Committee reviewing and recommending committee membership, and assignments rotate periodically.</p>
Board Self-evaluations	<p>The Board conducts an annual of evaluation of its performance, operations, size and composition, with the Nominating and Governance Committee overseeing the evaluation process, which also encompasses the Board's committees.</p>
Board Refreshment	<p>Our Board's composition represents a balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors combined with fresh perspectives from newer directors. We have added four independent directors since 2013, including the new nominee we are recommending for election at the Annual Meeting.</p>
Annual Management Succession Planning Review	<p>Our Board and Compensation and Human Resources Committee conduct an annual review of management development and succession planning.</p>

STOCKHOLDER RIGHTS

Annual Election of Directors	<p>All directors are elected annually, which reinforces our Board's accountability to our stockholders.</p>
Majority Voting Standard for Director Elections	<p>Our by-laws mandate that directors be elected under a "majority voting" standard in uncontested elections. Any director who does not receive more votes "for" his or her election than votes "against" must tender his or her resignation and, if our Board accepts the resignation, step down from our Board.</p>
Single Voting Class	<p>LPL Financial Holdings Inc.'s common stock is the only class of voting shares outstanding.</p>

COMPENSATION PRACTICES

Follow Leading Practices

See “Compensation Discussion and Analysis - Compensation Policies and Practices.”

Proposal 1: Election of Directors

Proposal 1: Election of Directors

As of March 29, 2016, our Board of Directors consisted of nine directors: eight independent directors and our chief executive officer. One of our directors, Richard W. Boyce, has chosen not to stand for re-election at the Annual Meeting.

Based on the recommendation of the nominating and governance committee of the Board (the "Nominating and Governance Committee"), our Board has selected Marco W. ("Mick") Hellman as a new nominee to stand for election at the Annual Meeting. Accordingly, nine director nominees are standing for election at the Annual Meeting, each of whom has been nominated by our Board based on the recommendation of the Nominating and Governance Committee. Each director nominee would hold office until the annual meeting of stockholders in 2017 and until his or her respective successor shall have been elected.

The Nominating and Governance Committee conducts an annual evaluation of, among other things, the Board's size, composition and performance, in connection with our ongoing efforts to ensure that the Board has the appropriate mix of expertise, skills, perspectives and competencies. In discussing these matters, the Board considered whether to nominate an additional director.

In doing so, the Board evaluated candidates according to the principles set forth in the corporate governance guidelines applicable to the Company (the "Corporate Governance Guidelines"). The Board sought an individual with an established record of significant accomplishment in business and areas relevant to our strategies. Further, the Board looked for a candidate with integrity, independence of thought and judgment, forthrightness, analytical skills and a commitment to the Company and the interests of all stockholders. In addition, the Board expects any additional director to satisfy the equity ownership guidelines applicable to non-employee directors and to demonstrate the ability to devote significant time and attention to our Board.

As part of this process, members of the Nominating and Governance Committee conducted discussions with many of the Company's major stockholders. In the course of these consultations, some stockholders indicated a view that a director who is affiliated with or knowledgeable about the perspectives of our long-term investors could further complement the Board's existing strengths. Mr. Hellman was suggested by certain stockholders. As part of the process of considering Mr. Hellman as a potential nominee to the Board, the Nominating and Governance Committee

and other members of the Board met with Mr. Hellman both in person and telephonically. Mr. Hellman also met with members of the Company's senior management team. After the course of this evaluation process, the Nominating and Governance Committee determined that Mr. Hellman's background, skills and investor orientation, among other factors, would make him a valuable addition to our Board.

As described in detail below, all our nominees have considerable professional and business expertise. The recommendation of our Board of Directors is based on its carefully considered judgment that the experience, qualifications, attributes, and skills of our nominees qualify them to serve on our Board of Directors.

If any of our nominees is unable or unwilling to serve on our Board of Directors, the shares represented by your proxy will be voted for the election of such other person as may be nominated by our Board of Directors. In addition, in full compliance with all applicable state and federal laws and regulations, we will file an amended proxy statement and proxy card that, as applicable, (1) identifies the alternate nominee(s), (2) discloses that any such nominee has consented to being named in the revised proxy statement and to serve if elected, and (3) includes the disclosure required by Item 7 of Schedule 14A with respect to any such nominee. We know of no reason why any nominee would be unable or unwilling to serve. All nominees have consented to be named in this proxy statement and to serve if elected.

Director Qualifications and Experience

We seek a Board that, as a whole, possesses the experiences, skills, backgrounds and qualifications appropriate to function effectively in light of the Company's current and evolving business circumstances. It is the policy of the Board that directors should possess strong personal and professional ethics, integrity and values; be business savvy and genuinely interested in the Company; and be committed to representing the long-term interests of our stockholders. Although we do not have a formal policy regarding diversity, our goal is a balanced and diverse Board,

with members whose skills, background and experience are complementary and, together, cover the spectrum of areas that impact our business.

Since 2013, our Board of Directors will have added four new independent directors: Anne M. Mulcahy, H. Paulett Eberhart, Viet D. Dinh and Mr. Hellman, with Mr. Hellman being nominated for election at this

Proposal 1: Election of Directors

Annual Meeting. Through the addition of these directors, the Board of Directors gains seasoned leaders, as well as particularly relevant experience related to strategic oversight and execution, business innovation, technology, accounting, risk management, legal affairs and government matters. The addition of these directors also reflects our balanced approach to director tenure, allowing the Board to benefit from the experience of longer-serving directors as well as fresh perspectives from newer directors:

Tenure on Board	Number of Director Nominees
More than 10 years	3
5 to 10 years	2
Less than 5 years	4

Average director tenure: 5.9 years

Under the Corporate Governance Guidelines, our directors may not serve on more than a total of four public company boards of directors, and any director who holds the position of chief executive officer of a public company may not serve on more than a total of three public company boards, including the board of his or her own company.

Policy with Respect to the Consideration of Director Candidates Recommended or Nominated by Stockholders

The Nominating and Governance Committee will consider director candidates recommended by stockholders in accordance with our bylaws. For a stockholder to make any nomination for election to the Board of Directors at an annual meeting, the stockholder must provide notice and certain information about the recommending stockholder and the nominee to the Company, which notice must be delivered to, or mailed and received at, the Company's principal executive offices:

- (i) no later than the close of business on the 90th calendar day nor earlier than the close of business on the 120th calendar day, prior to the anniversary date of the prior year's annual meeting; or
- if there was no annual meeting in the prior year or if the date of the current year's annual meeting is more than
- (ii) 30 days before or after the anniversary date of the prior year's annual meeting, on or before 10 days after the day on which the date of the current year's annual meeting is first disclosed in a public announcement.

Submissions must be in writing and addressed to the Nominating and Governance Committee, care of the Company's corporate secretary. Electronic submissions will not be considered.

Proposal 1: Election of Directors

Board of Director Nominees

The name, age, and a description of the business experience, principal occupation, and past employment and directorships of each of the nominees during the last five years are set forth below. In addition, we have summarized the particular experience, qualifications, attributes and skills that led the Board of Directors, including our Nominating and Governance Committee, to determine that each nominee should serve as a director.

John J. Brennan, Director Since 2010

Mr. Brennan, 61, is chair emeritus and senior advisor of The Vanguard Group, Inc. ("Vanguard"), a global investment management company. Mr. Brennan joined Vanguard in 1982. He was elected president in 1989 and served as chief executive officer from 1996 to 2008 and chair of the board from 1998 to 2009. Mr. Brennan is the lead director of General Electric Company and a director of Guardian Life Insurance Company of America; lead governor of the Financial Industry Regulatory Authority, Inc. ("FINRA") board of governors; and a trustee of the University of Notre Dame. He also served as a trustee and past chair of the Financial Accounting Foundation and as a director of The Hanover Insurance Group from 2011 until 2013. He graduated from Dartmouth College and received his M.B.A. from the Harvard Business School. He has received honorary degrees from Curry College and Drexel University.

Mr. Brennan's pertinent experience, qualifications, attributes and skills include his:

- n high level of financial literacy and operating and management experience, gained through his roles as chief executive officer and chair of the board of directors of Vanguard as well as through his service with the Financial Accounting Foundation;
- n expertise in the financial industry, underscored by his current role as lead governor of the board of governors of FINRA; and
- n experience in governance matters and risk oversight gained through his board experience, including as lead director of General Electric Company and a member of its risk committee.

Mark S. Casady, Chief Executive Officer, Director and Chair of the Board Since 2005

Mr. Casady, 55, is chair of the Board of Directors and our chief executive officer. He joined us in May 2002 as chief operating officer and also served as our president from April 2003 to December 2005. He was named acting chief executive officer of our broker/dealer subsidiary in August 2004. Mr. Casady became chair of LPL Financial Holdings Inc. in December 2005 and chief executive officer of that entity in March 2006. Before joining our firm, Mr. Casady was managing director, mutual fund group for Deutsche Asset Management, Americas—formerly Scudder Investments ("Scudder"). He joined Scudder in 1994 and held roles as managing director, Americas; head of global mutual fund group; and head of defined contribution services. He was also a member of the Scudder, Stevens and Clark Board of Directors and Management Committee. He is a director of Citizens Financial Group and Eze Software Group and served on the FINRA board of governors from 2009 to 2015. Mr. Casady received his B.S. from Indiana University and his M.B.A. from DePaul University.

Mr. Casady's pertinent experience, qualifications, attributes and skills include his:

- n unique perspective and insights into our operations as our current chair and chief executive officer, including knowledge of our business relationships, competitive and financial positioning, senior leadership, and strategic opportunities and challenges;
- n operating, business and management experience as the chief executive officer of a public company; and
- n expertise in the financial industry, underscored by his experience as a former member of the board of governors of FINRA and a former member of the board of the Insured Retirement Institute.

Proposal 1: Election of Directors

Viet D. Dinh, Director Since 2015

Mr. Dinh, 48, is a partner of Bancroft PLLC, a law and strategic consulting firm that he founded in 2003. Mr. Dinh has counseled corporations and their leaders on a range of transactional, compliance, and corporate governance issues and has represented numerous boards, committees, and independent directors of public companies. He was appointed Associate Professor of Law in 1996, Professor of Law in 2001, and Professorial Lecturer in Law and Distinguished Lecturer in Government in 2014 at Georgetown University, where he specializes in corporations and constitutional law. In addition, he has acted as General Counsel and Corporate Secretary of Strayer Education, Inc., an education services holding company, since 2010 through Strayer's engagement of Bancroft PLLC. Mr. Dinh served as U.S. Assistant Attorney General for Legal Policy from 2001 to 2003. Mr. Dinh has served as a director of Twenty-First Century Fox, Inc. (formerly the News Corporation), where he serves as chairman of the nominating and corporate governance committee, and as a member of the audit committee, since 2004. He is also a director of Revlon, Inc., where he has served as a member of the nominating committee, since 2012. He served as a director of M&F Worldwide Corp., which ceased to be a public reporting company in 2011, from 2007 to 2011, and as a director of The Orchard Enterprises, Inc., which ceased to be a public reporting company in 2010, from 2007 to 2010. Mr. Dinh received his A.B. from Harvard College and his J.D. from Harvard Law School, where he was a Class Marshal and an Olin Research Fellow in Law and Economics.

Mr. Dinh's pertinent experience, qualifications, attributes and skills include his:

- n legal expertise, particularly in matters of corporate law, and broad experience in advising public companies on a variety of legal and strategic matters;
- n strong ties to Washington, D.C. and contacts within the U.S. government, which are helpful in light of the highly regulated nature of our industry and our advocacy efforts; and
- n corporate governance expertise, underscored by his current and former service on the boards of other public companies.

H. Paulett Eberhart, Director Since 2014

Ms. Eberhart, 62, currently serves as chairman and chief executive officer of HMS Ventures, a privately-held business involved with technology services and the acquisition and management of real estate. From January 2011 through March 2014, she served as president and chief executive officer of CDI Corp. ("CDI"), a provider of engineering and information technology outsourcing and professional staffing services, and served as an advisor to CDI until December 2014. Ms. Eberhart also served as chairman and chief executive officer of HMS Ventures from January 2009 until January 2011. She served as president and chief executive officer of Invensys Process Systems, Inc. ("Invensys"), a process automation company, from January 2007 to January 2009. From 1978 to 2004, she was an employee of Electronic Data Systems Corporation ("EDS"), an information technology and business process outsourcing company, and held roles of increasing responsibility over time, including senior level financial and operating roles at the company, including as president of Americas of EDS from 2003 until March 2004 and senior vice president of EDS and president of solutions consulting from 2002 to 2003. Ms. Eberhart currently serves as a director of Anadarko Petroleum Corporation, Ciber Corporation and Cameron International Corporation. She is a Certified Public Accountant and received her B.S. from Bowling Green State University.

Ms. Eberhart's pertinent experience, qualifications, attributes and skills include her:

- n wealth of accounting and financial experience, as well as managerial experience, through her numerous years of service as an executive officer for EDS, Invensys and CDI, as well as various other operating and financial positions during her 26 years at EDS;
- n strong knowledge of the intersection of technology, data and finance industries; and
- n

knowledge and experience gained through her service on the boards of other public companies, including risk oversight experience in chairing the governance and risk committee of the board of directors of Anadarko Petroleum Corporation.

Proposal 1: Election of Directors

Marco (Mick) W. Hellman, Nominee for Director

Mr. Hellman, 54, is the managing member, founder and managing partner of HMI Capital, LLC (“HMI Capital”), a private investment firm. Mr. Hellman founded HMI Capital in November 2008. Since 2009, he has also served as a senior advisor to Hellman & Friedman, a private equity firm. Previously, Mr. Hellman held various positions at Hellman & Friedman, including managing director and member of the investment committee. Between 1999 and 2009, Mr. Hellman served as Chairman of the Board of Directors of Blackbaud, Inc, a publicly traded software company listed on the NASDAQ. He currently serves on the boards of Asia Alternatives Management, LLC (since 2012), Hall Capital Partners LLC (since 2015), and Osterweis Capital Management, Inc. (since 2012). Mr. Hellman is also a board member of numerous non-profit entities, including the Hellman Fellows Fund, the Hellman Foundation, the Rosenberg Foundation, the UC Berkeley Foundation, and the USA Cycling Foundation. Mr. Hellman holds a B.A. from the University of California at Berkeley and an M.B.A. from Harvard Business School.

Mr. Hellman’s pertinent experience, qualifications, attributes, and skills include his:

- n high level of financial literacy and investor orientation gained through his extensive investment experience, including his roles at HMI Capital and Hellman & Friedman;
- n knowledge and experience gained through his service on other boards;
- n expertise in the financial services industry, based on his over 25 years of experience in the sector; and
- n experience in the technology industry, based on his almost 20 years of experience in the sector and his time as board chairman at Blackbaud, Inc.

Anne M. Mulcahy, Director Since 2013

Ms. Mulcahy, 63, is chair of the board of trustees of Save The Children Federation, Inc., a non-profit organization dedicated to creating lasting change in the lives of children throughout the world, a position she has held since March 2010. She previously served as chair of the board of Xerox Corporation (“Xerox”), a global business services and document technology provider, from January 2002 to May 2010, and chief executive officer of Xerox from August 2001 to July 2009. Prior to serving as a chief executive officer, Ms. Mulcahy was president and chief operating officer of Xerox. She is a director of Graham Holdings Company, Target Corporation and Johnson & Johnson, where she has served as lead director since 2012. From 2004 to 2009, Ms. Mulcahy also served as a director of Citigroup Inc. Ms. Mulcahy received a B.A. from Marymount College of Fordham University.

Ms. Mulcahy's pertinent experience, qualifications, attributes and skills include her:

- n extensive experience in all areas of business management and strategic execution as she led Xerox through a transformational turnaround;
- n valuable insights into organizational and operational management issues, including business innovation, financial management and talent development; and
- n leadership roles in business trade associations and public policy activities, which provide the Board of Directors with additional expertise in the areas of organizational effectiveness.

Proposal 1: Election of Directors

James S. Putnam, Director Since 2005

Mr. Putnam, 61, has been chief executive officer since September of 2004 of Global Portfolio Advisors ("GPA"), formerly a global brokerage clearing services provider that sold substantially all of its operations in 2014. Mr. Putnam has served on the board of directors of GPA since 1998. Prior to his tenure with GPA, Mr. Putnam was employed by LPL Financial beginning in 1983 where he held several positions, culminating in managing director of national sales, responsible for branch development, attraction, retention, and management of LPL Financial advisors. He was also responsible for marketing and all product sales. Mr. Putnam began his securities career as a retail representative with Dean Witter Reynolds in 1979. Mr. Putnam received a B.A. from Western Illinois University.

Mr. Putnam's pertinent experience, qualifications, attributes and skills include his:

- n unique historical perspective and insights into our operations as our former managing director of national sales;
- n operating, business and management experience as the chief executive officer at GPA; and
- n expertise in the financial industry and deep familiarity with our advisors.

James S. Riepe, Director Since 2008

Mr. Riepe, 72, is a senior advisor and retired vice chair of the board of directors of T. Rowe Price Group, Inc. ("TRP"), a global investment management firm, where he worked for nearly 25 years. Previously, he served on TRP's management committee, oversaw TRP's mutual fund activities and served as chair of the T. Rowe Price Mutual Funds. He served as chair of the board of governors of the Investment Company Institute and was a member of the board of governors of the National Association of Securities Dealers (now FINRA) and chaired its Investment Companies Committee. Mr. Riepe is a member of the board of directors of Genworth Financial Inc. (as non-executive chair), UTI Asset Management Company of India, and the Baltimore Equitable Society. He previously served as a member of the board of directors of The NASDAQ OMX Group from May 2003 until May 2014. He also served as chair of the board of trustees of the University of Pennsylvania from which he earned a B.S. and an M.B.A.

Mr. Riepe's pertinent experience, qualifications, attributes and skills include his:

- n high level of financial literacy and operating and management experience, gained through his executive management positions and role as vice chair of the board of directors of TRP;
- n expertise in the financial industry, underscored by his over 35 years of experience in investment management and his prior roles as a member of the board of governors of FINRA and as chair of the board of governors of the Investment Company Institute; and
- n knowledge and experience gained through service on the board of other public companies.

Proposal 1: Election of Directors

Richard P. Schifter, Director Since 2005

Mr. Schifter, 63, is a senior advisor of TPG, a leading global private investment firm. He was a partner at TPG from 1994 through 2013. Prior to joining TPG, Mr. Schifter was a partner at the law firm of Arnold & Porter in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. He joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter currently serves on the boards of directors of Direct General Corporation, EverBank Financial Corp., and American Airlines Group, and on the board of overseers of the University of Pennsylvania Law School. Mr. Schifter is also a member of the board of directors of Youth, I.N.C. (Improving Non-Profits for Children). Mr. Schifter received a B.A. with distinction from George Washington University and a J.D. cum laude from the University of Pennsylvania Law School in 1978.

Mr. Schifter's pertinent experience, qualifications, attributes and skills include his:

- n high level of financial literacy gained through his investment experience as a TPG partner;
- n experience on other company boards and board committees; and
- n nearly 15 years of experience as a corporate attorney with an internationally-recognized law firm.

In the vote on the election of the director nominees, stockholders may:

Vote FOR any of the nominees;

Vote AGAINST any of the nominees; or

ABSTAIN from voting as to any of the nominees.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE
ELECTION OF EACH OF THE ABOVE-NAMED NOMINEES AS A DIRECTOR.

Information Regarding Board and Committee Structure

Information Regarding Board and Committee Structure

During 2015, the Board of Directors held ten meetings, of which five were held by conference call. Each of our incumbent directors attended at least 75% of the aggregate of (i) the total number of meetings of the Board of Directors during 2015 and (ii) the total number of meetings held by all committees of the Board on which the director served during 2015.

Our Corporate Governance Guidelines provide that each director who is nominated for election is expected to attend the Annual Meeting. Seven out of the eight directors who served on the Board at the time of the 2015 annual meeting of stockholders attended such meeting.

Corporate Governance Guidelines, Committee Charters, and Code of Conduct

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. Our Board of Directors has adopted a set of Corporate Governance Guidelines to set clear parameters for the operation of our Board. Our Board of Directors has also adopted charters for its audit committee (the "Audit

Committee"), Nominating and Governance Committee, and Compensation Committee. We have adopted a Code of Conduct that applies to, among others, our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions.

Copies of our Annual Report, committee charters, Corporate Governance Guidelines, and Code of Conduct are available, free of charge, by writing to us at the following address:

LPL Financial Holdings Inc.

75 State Street

Boston, MA 02109

Attn: Investor Relations

Our Annual Report, committee charters, Corporate Governance Guidelines, and Code of Conduct are also available on our website at www.lpl.com. If we make substantive amendments to, or grant waivers from, the Code of Conduct for certain of our executive officers, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

Corporate Governance Highlights

In the course of our regular review of our corporate governance policies and compensation practices, we have implemented several important measures that are designed to promote long-term shareholder value:

Our Board consists of a single class of directors elected on an annual basis who may be removed with or without cause. Accordingly, our stockholders are able to register their views on the performance of all directors on an annual basis, enhancing the accountability of our Board to our stockholders.

Our bylaws provide for a majority voting standard in uncontested director elections. We also have adopted a director resignation policy in our Corporate Governance Guidelines pursuant to which a director who does not receive support from holders of a majority of shares voted in an uncontested election must tender his or her resignation and, if our Board accepts the resignation, step down from our Board. This makes director elections more meaningful for our stockholders and promotes accountability.

We seek an advisory vote on our compensation practices annually, which underscores the careful consideration we give to our stockholders' views on our compensation practices.

We have established a compensation claw-back policy that provides for the recoupment of incentive compensation in the event of certain financial restatements and stock ownership guidelines for executive officers that set minimum ownership requirements at a multiple of base salary.

We have adopted robust stock ownership guidelines for directors, which provide that within five years of the date of his or her election to the Board, each non-employee director must maintain ownership of shares of

Common Stock equal to five times the cash portion of the annual base retainer then in effect for our non-employee directors.

ⁿ Our Insider Trading Policy prohibits our executives from pledging and hedging our common stock, in order to further the alignment between stockholders and our executives that our equity awards are designed to create.

Information Regarding Board and Committee Structure

Director Independence

The listing standards of The NASDAQ Global Select Market ("NASDAQ") require that, subject to specified exceptions, each member of a listed company's audit, nominating and governance, and compensation and human resources committees be independent. Rule 5605(a)(2) of the listing rules of NASDAQ further provides that a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and compensation and human resources committee members are also subject to heightened independence criteria under NASDAQ rules. After its evaluation of director independence, the Board of Directors has affirmatively determined that Messrs. Boyce, Brennan, Dinh, Putnam, Riepe and Schifter and Ms. Eberhart and Mulcahy are independent directors under the applicable rules of NASDAQ, and Mr. Hellman will qualify as an independent director if elected. Messrs. Brennan, Putnam and Riepe and Ms. Eberhart are also independent directors as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, and Messrs. Boyce, Brennan and Riepe and Ms. Mulcahy are independent under the heightened criteria applicable to compensation and human resources committee members. In accordance with listing standards of NASDAQ, a majority of our directors are independent.

Board Composition and Leadership Structure of the Board of Directors

Our business and affairs are managed under the direction of the Board of Directors. As of March 29, 2016, our Board of Directors was composed of nine directors. Under our Amended and Restated Certificate of Incorporation, the number of directors shall not be fewer than three or more than 15. The authorized number of directors may be changed only by resolution of the Board of Directors.

The Board does not have a fixed policy regarding the separation of the offices of chair of the Board and chief executive officer and believes that it should maintain the flexibility to select the chair of the Board and its Board leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Company and its stockholders. At this time, the offices of the chair of the Board and the chief executive officer are combined, with Mr. Casady

serving as chair and chief executive officer. He has served in this role since December 2005. With 34 years of experience in the financial services industry, including 14 years with us, Mr. Casady has the knowledge, expertise and experience to understand the opportunities and challenges facing us, as well as the leadership and management skills to promote and execute our strategy.

In connection with our initial public offering in November 2010, in accordance with best practices, the Board established the position of lead director. Since February 2014, Mr. Riepe has served in that role, performing many of the functions that an independent chair would perform for the Company. Those functions include serving as a key source of communication between the independent directors and the chief executive officer, consulting with the chair of the Board in establishing the agenda for each meeting of the Board and coordinating the agenda for and leading meetings of the independent directors, as needed.

The Company believes that having the same person serve as chief executive officer and chair focuses leadership, responsibility and accountability in a single person and that having a lead director provides for effective checks and balances and the ability of the independent directors to work effectively in the Board setting.

Board Committees

The current standing committees of the Board of Directors are the Audit Committee, the Nominating and Governance Committee, and the Compensation Committee, each with the composition and responsibilities described below. The members of each committee were recommended by the Nominating and Governance Committee, appointed by the Board of Directors, and will serve until their successors are elected and qualified, unless they are removed earlier or resign. In addition, from time to time, special committees may be established under the direction of the Board of Directors when necessary to address specific issues. Each of the standing committees of our Board is chaired by an independent director.

Audit Committee

Our Audit Committee is composed of the following members: John J. Brennan, H. Paulett Eberhart, James S. Putnam, and James S. Riepe. Mr. Brennan serves as the Chair of the Audit Committee.

Each of our Audit Committee members is independent under the listing standards of NASDAQ and under Rule 10A-3 of the Exchange Act. None of our Audit Committee members is an employee of ours

Information Regarding Board and Committee Structure

or any of our subsidiaries, nor simultaneously serves on the audit committees of more than three public companies, including ours. All of our Audit Committee members meet the requirements for financial literacy and are able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. Our Board has affirmatively determined that each of Mr. Brennan and Ms. Eberhart qualifies as an audit committee financial expert under the applicable rules and regulations of the SEC.

Our Audit Committee is responsible for, among other things, appointing, overseeing, and replacing, if necessary, the independent auditor and assisting the Board in overseeing:

- n the integrity of the Company's consolidated financial statements;
- n the integrity of the accounting and financial reporting processes of the Company;
- n enterprise risk management, including the Company's compliance with legal and regulatory requirements;
- n the Company's independent auditor's qualifications and independence; and
- n the performance of the Company's independent auditor and internal audit function.

The Audit Committee reviews and discusses our annual and quarterly financial statements, our disclosures in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual and quarterly reports filed with the SEC, and our earnings announcements prior to their release. The Audit Committee also reviews matters related to the Company's related party transaction policy, the operations of the Company's Business Technology Services department and the Company's whistle-blower policy. For additional information on the Audit Committee's role in our enterprise risk management framework, please see "— Risk Management and Compensation Policies and Practices."

The Audit Committee has authority under its charter to obtain advice and assistance from outside legal counsel, accounting, or other outside advisors as deemed appropriate to perform its duties and responsibilities. Our Audit Committee met nine times during 2015.

Nominating and Governance Committee

Our Nominating and Governance Committee is composed of the following members: John J. Brennan, Viet D. Dinh, Anne M. Mulcahy and Richard P. Schifter. Mr. Dinh serves as chair of the Nominating and Governance Committee, which recommended individuals for election as directors of the Company at the Annual Meeting. Each member of our Nominating and Governance Committee is independent under the listing standards of NASDAQ.

The Nominating and Governance Committee is responsible for:

- n identifying, evaluating, and recruiting qualified persons to serve on our Board of Directors;
- n selecting, or recommending to the Board for selection, nominees for election as directors;
- n reviewing and recommending the composition of the Board's standing committees;
- n reviewing and assessing the Company's corporate governance guidelines; and
- n evaluating the performance, operations, size and composition of our Board of Directors.

The Nominating and Governance Committee has authority under its charter to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. In 2015, Russell Reynolds Associates, a director search firm, assisted the Nominating and Governance Committee in identifying, evaluating, and recruiting potential director candidates.

Our Nominating and Governance Committee met three times during 2015. Our Board as a whole also considered the identification, recruitment and nomination of director candidates.

Compensation and Human Resources Committee

Our Compensation Committee is composed of the following members: Richard W. Boyce, John J. Brennan, Anne M. Mulcahy and James S. Riepe. Ms. Mulcahy serves as the chair of the Compensation Committee. Each member of our Compensation Committee is independent under the listing standards of NASDAQ, including the heightened standards

that apply to compensation committee members.

Information Regarding Board and Committee Structure

The Compensation Committee is responsible for:

- n reviewing and approving goals and objectives relevant to executive officer compensation and evaluating the performance of executive officers in light of the goals and objectives;
- n reviewing and approving executive officer compensation;
- n reviewing and approving the chief executive officer's compensation based upon the Compensation Committee's evaluation of the chief executive officer's performance;
- n making recommendations to the Board of Directors regarding the adoption of new incentive compensation and equity-based plans, and administering our existing incentive compensation and equity-based plans;
- n making recommendations to the Board of Directors regarding compensation of the directors and Board members and its committee members;
- n reviewing and approving generally any significant non-executive compensation and benefits plans; and
- n reviewing our significant policies, practices, and procedures concerning human resource-related matters.

The Compensation Committee has authority under its charter to access such internal and external resources, including retaining legal, financial, or other advisors, as the Compensation Committee deems necessary or appropriate to fulfill its responsibilities. In 2015, the Compensation Committee engaged an independent compensation consultant, Meridian Compensation Partners, LLC (the "Compensation Consultant"), to advise on compensation matters and provide experiential guidance on what is considered fair and competitive practice in the industry, primarily with respect to the compensation of the executive officers.

The Compensation Committee also has the authority to delegate to subcommittees of the Compensation Committee any responsibilities of the full committee. The Compensation Committee has established a subcommittee, composed entirely of "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code and "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act, to administer our Amended and Restated LPL Financial Holdings Inc. Corporate Executive Bonus Plan and approve equity issuances in accordance with Section 16(b) of the Exchange Act. The Compensation Committee may also delegate to a

committee of one or more directors, or one or more of our executive officers, subject to certain restrictions, the power to grant stock options, restricted stock units, or other equity awards, and amend the terms of such awards, pursuant to our equity plans. References to the Compensation Committee in this proxy statement also refer to its subcommittees and its delegates, where applicable.

Our Compensation Committee met six times during 2015.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or has been an officer or employee of ours or any of our subsidiaries. None of our executive officers serves or has served as a member of the board of directors, compensation committee, or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Risk Management and Compensation Policies and Practices

We employ an enterprise risk management ("ERM") framework that is intended to address key risks and responsibilities, enable us to execute our business strategy, and protect our firm and its franchise. Our framework is designed to promote clear lines of risk management accountability and a structured escalation process for key risk information and events. In addition to the ERM framework, we have written policies and procedures that govern the conduct of business by our employees and independent financial advisors, and the terms and conditions of our relationships with financial product manufacturers.

Our risk management governance approach is discussed in our Annual Report under "Item 7A. Quantitative and Qualitative Disclosures about Market Risk — Risk Management." The ERM framework includes the Board of Directors, the Audit Committee and the Compensation Committee, as well as the Company's Risk Oversight Committee (the "ROC") and its subcommittees, the Company's Internal Audit department, the Company's Governance, Risk and

Compliance department, and business line management.

Role of the Audit Committee. In addition to its other responsibilities, the Audit Committee reviews our policies with respect to risk assessment and risk management, as well as our major financial risk exposures and the steps management has undertaken to control them. The Audit Committee

Information Regarding Board and Committee Structure

generally provides reports to the Board at each of the Board's regularly scheduled quarterly meetings. The Audit Committee has mandated that the ROC oversee our risk management activities, including those of our subsidiaries. The chair of the ROC provides reports to the Audit Committee at each of the Audit Committee's regularly scheduled quarterly meetings and, as necessary or requested, to the Board. The reports generally cover topics addressed by the ROC at its meetings since the immediately preceding report. If warranted, matters of material risk are escalated to the Audit Committee or Board more frequently. In addition, our Internal Audit department provides independent verification of the effectiveness of the Company's internal controls by conducting risk assessments and audits designed to identify and cover important risk categories. Our Internal Audit department provides regular reports to the ROC and reports to the Audit Committee at least as often as quarterly.

Role of the Compensation Committee. In addition to its other responsibilities, the Compensation Committee assesses whether our compensation arrangements encourage inappropriate risk-taking, and whether risks arising from our compensation arrangements are reasonably likely to have a material adverse effect on the Company.

Our Compensation Committee has reviewed and evaluated the philosophy and standards on which our compensation practices have been developed and implemented across our Company. It is our belief that our compensation practices do not encourage inappropriate actions by our executive officers and are not reasonably likely to have a material adverse effect on the Company. Specifically, we believe that our compensation practices and process avoid:

- a compensation mix overly weighted toward annual bonus awards;
- an excessive focus on short-term equity incentive awards that would cause behavior to drive short-term stock price gains in lieu of long-term value creation; and
- unreasonable financial goals or thresholds that would encourage efforts to generate near-term revenue with an adverse impact on long-term success.

We believe that our current business process and planning cycle fosters the following behaviors and controls that would mitigate the potential for adverse risk caused by the action of our executive officers:

we have defined processes for developing strategic and annual operating plans, approval of capital investments, internal controls over

financial reporting, and other financial, operational and compliance policies and practices;

- annual review of corporate objectives aligns these goals with our annual operating and strategic plans, achieves the proper risk reward balance, and does not encourage unnecessary or excessive risk taking;
- annual incentive awards are based on a review of a variety of metrics, including both financial performance and strategic achievements, reducing the potential to concentrate on one metric as the basis of an annual incentive award;
- the mixes between fixed and variable, annual and long-term, and cash and equity compensation are designed to encourage strategies and actions that are in our long-term best interests;
- discretionary authority is maintained by the Compensation Committee to adjust annual bonus funding and payments, which reduces business risk associated with our cash bonus program;
- long-term equity incentive awards vest over a period of time, and as a result of the longer time horizon to receive the value of an equity award, the prospect of short-term or risky behavior is mitigated; and
- our program includes stock ownership requirements for all executive officers, a "clawback" policy, and anti-hedging policies that help to mitigate issues associated with excessive risk-taking.

Communicating with the Board of Directors

Any stockholder who wishes to contact a member of our Board of Directors may do so by writing to the following address:

Board of Directors
c/o Secretary
LPL Financial Holdings Inc.
75 State Street
Boston, MA 02109

Communications will be distributed to the chair of the Board or the other members of the Board as appropriate depending on the facts and circumstances outlined in the communication received.

Board of Director Compensation

Board of Director Compensation

Pursuant to our Board of Directors compensation policy, each of our non-employee directors receives an annual retainer of \$195,000, which is paid in advance on the business day that immediately follows our annual meeting of stockholders. Of this amount, \$65,000 is paid in a lump sum in cash (subject to the director's election to receive this amount in shares of our Common Stock as described below) and \$130,000 is paid in the form of restricted shares of our Common Stock granted under our Amended and Restated 2010 Omnibus Equity Incentive Plan (the "2010 Plan").

The following table sets forth additional annual service retainers that a committee member receives for his or her additional duties:

	Chair	Each Other Member
Audit Committee	\$20,000	\$10,000
Compensation Committee	\$15,000	\$7,500
Nominating and Governance Committee	\$10,000	\$5,000

We pay our lead director an additional annual service retainer of \$25,000 in connection with his or her duties. The retainers for committee and lead director service are paid in cash in quarterly installments following the end of each quarter of service. Mr. Casady does not receive any additional compensation for his service as director.

As noted above, each of our non-employee directors is granted an annual award of restricted stock having a value of \$130,000 (based on the closing price of our Common Stock on the date of grant). The award vests in full on the first anniversary of the date of grant. In May 2015, we amended our director compensation policy to allow non-employee directors to make an election to be issued, in lieu of the cash portion of their annual cash retainer, a number of fully vested shares of our Common Stock determined by

dividing \$65,000 by the closing price of a share of our Common Stock on the business day that immediately follows our annual meeting of stockholders. We believe these equity grants serve to further align our directors' interests with the interests of our stockholders.

In November 2015, we adopted the LPL Financial Holdings Inc. Non-Employee Director Deferred Compensation Plan (the "Deferred Plan"). Under the Deferred Plan and beginning in 2016, non-employee directors may make an annual election to defer the receipt of the equity portion, or both the equity and cash portion, of their annual retainer for board service. For directors who make such a deferral election, a book-entry account is established and credited with a number deferred stock units granted under our 2010 Plan equal in value to the shares and, if so elected by the director, the cash, that would otherwise be granted or paid absent such deferral election, with each deferred stock unit representing the right to receive a share of our Common Stock. Such shares will be paid only upon a director's separation from service (or a change in control, as defined in the Deferred Plan).

Our equity ownership guidelines for non-employee directors provide that within five years of the date of his or her election to the Board, each non-employee director must maintain ownership of shares of Common Stock equal to five times the annual base retainer then in effect for our non-employee directors, not including any committee retainers. All shares owned outright and beneficially owned by such non-employee director, including all shares of unvested restricted stock, are counted in determining compliance with such minimum ownership. Neither vested nor unvested stock options are counted, however. As of March 29, 2016, each of our non-employee directors who has served for at least five years satisfied the minimum ownership requirement.

Board of Director Compensation

The following table sets forth the compensation received from us by each of the non-employee directors for service on the Board for the fiscal year ended December 31, 2015. In addition to the payments disclosed in the table below, our directors were reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at Board and committee meetings.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)(2)	Total (\$)
Richard W. Boyce	\$31,153	\$198,197	\$229,350
John J. Brennan	\$56,153	\$198,197	\$254,350
Viet D. Dinh ⁽³⁾	\$1,250	\$113,719	\$114,969
H. Paulett Eberhart	\$98,653	\$129,980	\$228,633
Anne M. Mulcahy	\$42,382	\$198,197	\$240,579
James S. Putnam	\$29,056	\$198,197	\$227,253
James S. Riepe	\$64,632	\$198,197	\$262,829
Richard P. Schifter	\$33,653	\$198,197	\$231,850

Total Compensation Mix

The amounts shown in this column represent the aggregate grant date fair value of restricted stock awards granted to our non-employee directors in 2015, as well as any fully vested shares of stock the director elected to receive in lieu of the cash portion of the annual retainer. The aggregate grant date fair value of these awards, as determined under FASB ASC Topic 718, was determined by multiplying the number of shares underlying the award by the closing price of our Common Stock on the grant date. The grant date weighted-average fair value per share of stock granted to these directors in 2015 was \$41.25. For information regarding the number of shares of restricted stock outstanding held by each non-employee director as of December 31, 2015, see the column "Restricted Stock Awards" in the table in footnote 2 below.

The following table shows, for each of our non-employee directors, the aggregate number of stock options and shares of restricted stock held as of December 31, 2015. All stock options reported in the table below were vested in full as of December 31, 2015.

Name	Stock Option Awards (#)	Restricted Stock Awards (#)
Richard W. Boyce	—	5,826
John J. Brennan	—	5,826
Viet D. Dinh ⁽³⁾	—	1,925
H. Paulett Eberhart	—	4,595
Anne M. Mulcahy	—	5,826
James S. Putnam	—	5,826
James S. Riepe	31,500	5,826
Richard P. Schifter	—	5,826

⁽³⁾ Mr. Dinh began his service on September 28, 2015. The amounts represent his pro rata fees and annual equity grant.

Compensation Discussion and Analysis

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis ("CD&A") describes the actions taken by our Compensation Committee with respect to the 2015 compensation for our executive officers, including our named executive officers ("NEOs").

Under SEC rules, our NEOs for 2015 are:

Executive	Title
Mark S. Casady	Chair of the Board, Chief Executive Officer
Matthew J. Audette	Chief Financial Officer
Dan H. Arnold	President, former Chief Financial Officer
Thomas D. Lux	Former Acting Chief Financial Officer
David P. Bergers	Managing Director, Legal & Government Relations and General Counsel
Victor P. Fetter	Managing Director, Chief Information Officer
George B. White	Managing Director, Chief Investment Officer

Mr. Arnold served as our chief financial officer until March 13, 2015, when he was appointed as president. Mr. Lux was appointed to serve as our acting chief financial officer beginning on March 13, 2015 and served until Mr. Audette was appointed chief financial officer, effective September 28, 2015, on which date Mr. Lux ceased serving in any capacity as an executive officer of the Company. Mr. Lux retired from the Company effective November 1, 2015 although he continues to provide consulting services to the Company pursuant to the terms of a separation agreement.

Compensation Discussion and Analysis

Summary of 2015 Financial Performance

The following summary of the Company's financial performance is intended to provide additional context for the Compensation Committee's evaluation of the Company's performance against its 2015 goals. Adjusted EBITDA was the primary metric considered by the Compensation Committee in evaluating the Company's financial performance in 2015. The Compensation Committee also considered the Company's gross profit results, which are affected by prevailing interest rates, market and other factors, and their effect on the Company's adjusted EBITDA results. Adjusted EBITDA and gross profit are non-GAAP financial measures that are described below under "Non-GAAP Financial Measures."

In 2015 the market environment was volatile and challenging, particularly for brokerage sales. Against that backdrop, the Company focused on attracting assets to its platform and executing on its operational, efficiency and capital plans. Throughout the year the Company grew its advisory fees, trailing commissions and attachment revenue, and lowered its share count. The Company also managed its expenses below the low end of its outlook and did so while incurring charges for severance and real estate consolidation that should make the Company more efficient in 2016 and beyond. However, these positive results were more than offset by decreased brokerage sales and expense growth that included planned investments in the Company's risk management, legal, compliance, service and technology functions. As a result the Company's adjusted EBITDA in 2015 decreased from the prior year. For additional discussion and analysis of the Company's 2015 performance, please refer to the Annual Report.

As further discussed below, after taking into account the Company's overall performance against its financial and non-financial goals for 2015, the Compensation Committee determined that the 2015 bonus pool would be funded at below-target levels, and the annual cash bonus awards to our NEOs (as well to our other executives and employees) would generally be paid at below-target levels. This approach is consistent with our compensation philosophy and past practices.

Our brokerage and advisory assets totaled \$475.6 billion as of December 31, 2015, which was roughly flat with the prior year end balance of \$475.1 billion. Net new advisory assets were \$16.7 billion for the year, compared to \$17.5 billion in the same period in 2014.

Our gross profit increased to \$1.4 billion in 2015, up 2% from the prior year. The increase was primarily due to increases in advisory fees due to higher average balances, increases in asset-based revenues from sponsorship fees and omnibus record keeping, increases in transaction fees due to elevated transaction volumes and an increase in fee revenue. These gains were partially offset by decreases in our brokerage sales and a decline in our cash sweep revenue.

Compensation Discussion and Analysis

Our 2% increase in gross profit, combined with regulatory charges and our planned core general and administrative ("G&A") investments in risk management, legal, compliance, service and technology functions translated to a 5% decrease in adjusted EBITDA from the prior year.

Adjusted earnings per share were \$2.22 in 2015, a decrease of \$0.22 from 2014. This decline was driven primarily by a reduction in our brokerage sales and our planned core G&A investments. Adjusted earnings and adjusted earnings per share are non-GAAP financial measures. On a GAAP basis, diluted earnings per share were \$1.74 in 2015, a decline of \$0.01 from 2014.

We return capital to our stockholders through our share repurchase program and dividends. In 2015, we deployed \$487 million in capital in connection with share repurchases and dividends, equating to \$5.03 per share.

Compensation Discussion and Analysis

Non-GAAP Financial Measures

Adjusted EBITDA is defined as EBITDA (net income plus interest expense, income tax expense, depreciation and amortization), further adjusted to exclude certain non-cash charges and other adjustments. We believe that Adjusted EBITDA can be a useful financial metric in assessing our historical operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain material non-cash items and other adjustments.

Gross profit is calculated as net revenues less production expenses. Production expenses consist of the following expense categories from our consolidated statements of income: (i) commission and advisory and (ii) brokerage, clearing and exchange. All other expense categories, including depreciation and amortization, are considered general and administrative in nature. Because our gross profit amounts do not include any depreciation and amortization expense, we consider our gross profit amounts to be non-GAAP measures that may not be comparable to those of others in its industry.

Adjusted earnings represent net income before: (a) employee share-based compensation expense, (b) amortization of intangible assets, (c) acquisition and integration related expenses, (d) restructuring and conversion costs, (e) debt extinguishment costs, and (f) other. Reconciling items are tax effected using the income tax rates in effect for the applicable period, adjusted for any potentially non-deductible amounts. Adjusted earnings per share represents adjusted earnings divided by weighted-average outstanding shares on a fully diluted basis. We have prepared adjusted earnings and adjusted earnings per share to eliminate the effects of items that we do not consider indicative of our core operating performance. We have historically presented these measures in the belief that they may provide investors with greater transparency by helping illustrate the underlying financial and business trends relating to results of operations and financial condition and comparability between current and prior periods.

Adjusted EBITDA, gross profit, adjusted earnings, and adjusted earnings per share are not measures of the Company's financial performance under GAAP and should not be considered as an alternative to net income or earnings per share or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, adjusted EBITDA can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments.

You can find additional related information, including a reconciliation of such non-GAAP measures for the years ended December 31, 2015, 2014, and 2013, within our Annual Report, under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Evaluate Our Business."

Compensation Discussion and Analysis

Compensation Philosophy

Under the oversight of our Compensation Committee, our executive compensation program rewards sustained financial and operating performance. Our compensation program is designed to incentivize strong performance by linking executives' compensation to the success of the Company and avoiding practices that may create unwarranted risk.

The design and operation of our program reflect the following basic objectives:

- n aligning the interests of our executive officers with the interests of our Company and its stockholders;
- n linking our executive officers' compensation to the achievement of both short-term and long-term strategic and operational goals; and
- n attracting, motivating, and retaining highly qualified executive officers who are passionate about the mission of our Company.

We seek to achieve these objectives through the following guiding compensation principles:

- n paying compensation that is competitive with that offered for similar positions with our peer companies;
- n striking a balance between current and long-term compensation as well as cash and equity compensation;
- n linking short-term and long-term total compensation largely to objective and, to the extent possible, quantifiable performance measures; and
- n using equity-based compensation for a significant portion of total compensation.

Compensation Governance

In order to promote strong governance and alignment with stockholder interests, we do the following:

- ü benchmark executive compensation against peers with which we compete for talent;
- ü maintain a pay mix that is very heavily performance-based;
- ü maintain stock ownership guidelines for executives;
- ü maintain a compensation recoupment policy in the event of a restatement of our financial statements;
- ü retain an independent compensation consultant engaged by, and reporting directly to, the Compensation Committee;
- ü conduct annual risk assessments of our executive compensation policies and practices;
- ü hold an annual shareholder "say on pay" vote; and
- ü hold Compensation Committee executive sessions without management present.

In addition, we do not do the following:

- û re-price stock options without stockholder approval;
- û permit hedging transactions or short sales by executives;
- û permit pledging or holding company stock in a margin account by executives;
- û enter into individual employment agreements; or
- û provide excise tax gross-ups to executives.

Over the last several years, we have made changes to our compensation practices to bring them into greater alignment with our peer companies, provide greater transparency for our employees and investors, and create consistency in how compensation is determined across our

organization. These practices are discussed below under “—Compensation Policies and Practices.”

Compensation Discussion and Analysis

Components of Compensation

The core components of our executive compensation program are:

Base salary;

Annual cash bonus awards;

Long-term equity incentive awards; and

Severance and change-in-control benefits.

Our Compensation Committee retains flexibility to determine the appropriate level and mix of the various compensation components consistent with our business needs. The mix of compensation elements is intended to provide our NEOs with a competitive total pay package that rewards recent results and drives long-term corporate performance. The cash bonus awards compensate NEOs based upon annual Company and individual performance. We also have a long-term equity incentive program designed to provide equity compensation primarily linked to longer-term Company performance while aligning the interests of our executives with the interests of our stockholders.

Average NEO Compensation Mix

Base Salary

We pay our NEOs base salaries in order to provide a competitive and stable income. The base salaries of the NEOs are set based on the responsibilities of the individual, taking into account the individual's skills, experience, prior compensation levels and market compensation for our peer group. We review base salaries for our NEOs annually, although salary changes may not occur with that frequency. Rather, base salaries are increased when individual performance, job scope or market compensation data indicate that an increase is warranted.

With regard to our NEOs' base salaries for 2015:

• The base salaries of Messrs. Casady and Bergers were unchanged from 2014;

• Mr. Audette's 2015 base salary was set at the time he joined us in September 2015;

• Mr. Arnold received an increase from \$550,000 to \$600,000 effective as of February 22, 2015, as well as an increase from \$600,000 to \$625,000 effective as of June 14, 2015;

• Mr. Lux received an increase from \$350,000 to \$432,000 effective as of March 13, 2015 until his retirement effective November 1, 2015;

• Mr. Fetter received an increase from \$465,000 to \$500,000 effective as of February 22, 2015; and

• Mr. White received an increase in from \$439,000 to \$500,000 effective as of June 1, 2015.

In determining that the salaries remained appropriate for Messrs. Casady and Bergers, the Compensation Committee considered, among other things, the competitiveness and mix of the total compensation targets for Messrs. Casady and Bergers based on benchmarking data prepared by the independent Compensation Consultant. These benchmarking data consisted of peer group compensation data, as disclosed in the peers' most recent proxy statements (the "Benchmarking Data").

Mr. Audette's base salary, as well as his 2015 equity awards and cash bonus award, reflected the results of our negotiations in recruiting Mr. Audette to join us from E*TRADE Financial Corporation, where he served as Executive Vice President and Chief Financial Officer.

In determining the 2015 base salaries for Messrs. Arnold and Lux, the Compensation Committee primarily considered their expanded responsibilities as our president and acting chief financial officer, respectively. In the case of Mr. Arnold, the Committee considered the Benchmarking Data and salary of our former president in determining the appropriate level of adjustment. In the case of Mr. Lux, the Compensation Committee primarily considered internal pay equity, Mr. Lux's qualifications and his willingness to fill the role on an interim basis.

In determining that increases in base salaries of Messrs. Fetter and White were appropriate, the Compensation Committee considered competitive market data prepared by the Compensation Consultant, consisting of financial services survey data from Towers Watson as well as the Benchmarking Data in the case of Mr. Fetter. The

Compensation Committee also considered Mr. Fetter's performance in leading our Business Technology Services department during 2014, including delivery of key technology solutions and satisfaction of internal targets for technology systems availability. In the case of Mr. White, the Compensation Committee considered his additional

Compensation Discussion and Analysis

responsibilities in leading the Corporate Strategy department.

The 2015 salaries for all of our named executive officers appear in the Summary Compensation Table that follows this CD&A.

Annual Cash Bonus Awards

We provide annual cash bonus awards in order to tie a significant portion of the overall cash compensation of each NEO to annually-established, key short-term corporate objectives and stated financial goals of the Company. See “—Goals, Objectives and Performance Evaluation” for a description of these goals and our 2015 performance against them. The Compensation Committee believes that the NEOs, as key members of the Company’s leadership team, share responsibility for supporting the goals and performance of the Company.

At the beginning of each year, the Compensation Committee establishes:

• An objective corporate performance goal (the achievement of which is a condition to the funding of the bonus pool, and the payment of any cash bonus awards, under the Bonus Plan);

• Each NEO’s target and maximum award amounts; and,

• Additional financial and non-financial corporate performance goals on which level of funding of the bonus pool, and the actual payment of annual cash bonus awards, if any, will be based.

Once the Compensation Committee determines whether the objective corporate performance goal has been achieved, the Compensation Committee has significant discretion in determining both the level of bonus pool funding and individual cash bonus awards. The Compensation Committee establishes a matrix at the beginning of each year that provides a potential range of bonus pool funding based on the Company’s adjusted EBITDA results. The payout opportunities reflected in the matrix, however, are used by the Compensation Committee only as a general guide. In determining the actual level of bonus pool funding, the Compensation Committee considers the Company’s overall performance against its pre-established corporate goals and gives consideration to additional factors, such as market factors affecting the Company’s gross profit results, as well as a subjective “degree of difficulty” with respect to the various corporate goals.

During 2015, the Compensation Committee assessed its approach to annual incentive compensation. With the assistance of the Compensation Consultant, the Compensation Committee considered peer group

practices with regard to the number and types of financial performance metrics used in annual incentive plans, as well as typical plan payout designs. Relative to peers’ practices, our approach to annual cash bonus awards provides more discretion to our Compensation Committee. The Compensation Committee believes that its level of discretion is appropriate, however, given the variety of factors that can affect the Company’s adjusted EBITDA results, including prevailing interest rates and equity market performance.

Each NEO’s individual target award amount is set by the Compensation Committee by reference to market compensation for comparable positions within our peer group as well as the nature of the NEO’s role and responsibilities. In setting the targets, the Compensation Committee generally emphasizes executives’ contributions to the Company’s overall performance rather than focusing only on their individual business or function. We believe that these cash bonuses therefore provide a significant incentive to our NEOs to work towards achieving our overall Company objectives. In light of his position, Mr. White’s target bonus is weighted equally based on corporate performance as well as the performance of our Research department’s various investment recommendations relative to industry peers and benchmarks.

If the Compensation Committee determines that the threshold corporate performance goal has been achieved and therefore a bonus pool under the Bonus Plan will be funded, the Compensation Committee then evaluates the Company’s and each NEO’s performance against the additional, previously established goals, taking into account discussions with management and the Compensation Consultant, and determines whether and to what extent the bonuses are paid. See “—Goals, Objectives and Performance Evaluation.” Our Compensation Committee generally has the discretion to pay bonuses above (subject to the pre-established maximums for each NEO) or below the established targets based upon their assessment of company performance, each NEO’s performance and other considerations. In determining actual bonus payouts, the Compensation Committee generally considers an individual performance

modifier of $\pm 30\%$ in the case of executives in revenue-generating positions and $\pm 15\%$ in the case of executives in non-revenue-generating positions. In general, cash bonuses paid under the Bonus Plan are intended to qualify as “performance-based compensation” under Section 162(m) of the Internal Revenue Code.

Compensation Discussion and Analysis

For 2015, cash bonuses were awarded to each of our NEOs other than Mr. Lux under our Bonus Plan. The objective and performance goal set by the Compensation Committee to determine whether the annual bonus pool under the Bonus Plan would be funded was based on the Company's adjusted EBITDA results.

Our chief executive officer and chief financial officer met with the Compensation Committee in December 2015 and January 2016 to discuss our actual performance compared to our pre-established 2015 corporate objectives. The Compensation Committee determined that the Company's adjusted EBITDA was sufficient to fund a cash bonus pool, but that overall corporate performance only partially satisfied the additional corporate objectives to which the awards were subject, as further described below under "— Goals, Objectives and Performance Evaluation." Based primarily on this assessment of the Company's performance, the Compensation

Committee exercised its discretion to award annual cash bonuses under the Bonus Plan to our NEOs below each executive's target award amount for 2015, other than in the case of Mr. Lux, who received certain payments and benefits pursuant to a separation agreement as described below under "Separation Agreement with Mr. Lux," and Mr. Audette, who was entitled to a guaranteed bonus amount pursuant to the terms of his offer of employment with the Company.

In determining the bonus payments, the Compensation Committee reviewed overall corporate performance as well as each individual's contribution to the Company's 2015 results. In particular, for Messrs. Casady, Arnold, Bergers, Fetter, and White, the Compensation Committee considered the Company's lagging earnings results in establishing their below target bonus amounts.

The table below includes the target annual cash bonus award established for each of our NEOs at the beginning of 2015, as well as the actual cash bonus awarded to each of our NEOs for 2015, as determined by the Compensation Committee:

NEO	Target Award	Target Award as a Percentage of Base Salary	Cash Bonus Awarded	Cash Bonus Awarded as a Percentage of Target Award
Mark S. Casady	\$2,475,000	275%	\$1,237,500	50%
Matthew J. Audette	\$273,315	175%	\$273,315	100%
Dan H. Arnold				(1)