Avinger Inc
Form SC 13G/A
February 13, 2018

SCHEDULE 13G

Amendment No. 1
AVINGER INC
COMMON STOCK
Cusip #053734109
Check the appropriate box to designate the rule pursuant to which this
Schedule is filed:
[x] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[ ] Rule 13d-1(d)

Cusip #053734109
Item 1: Reporting Person - FMR LLC
Item 2: (a) [ ]
(b) [ ]
Item 4: Delaware
Item 5: 0
Item 6: 0
Item 7: 0
Item 8: 0
Item 9: 0
Item 11: 0.000 %
Item 12: HC

Cusip #053734109
Item 1: Reporting Person - Abigail P. Johnson
Item 2: (a) [ ]
(b) [ ]
Item 4: United States of America
Item 5: 0
Item 6: 0
Item 7: 0
Item 8: 0
Item 9: 0
Item 11: 0.000 %
Item 12: IN

Item 1(a). Name of Issuer:

AVINGER INC

Item 1(b). Address of Issuer's Principal Executive Offices:

400 CHESAPEAKE DRIVE
REDWOOD CITY, CA 94063
USA

Item 2(a). Name of Person Filing:

FMR LLC

Item 2(b). Address or Principal Business Office or, if None, Residence:

245 Summer Street, Boston, Massachusetts 02210

Item 2(c). Citizenship:

Not applicable

Item 2(d). Title of Class of Securities:

COMMON STOCK

Item 2(e). CUSIP Number:

053734109

Item 3. This statement is filed pursuant to Rule 13d-1(b) or 13d-2(b) or (c) and the person filing, FMR LLC, is a parent holding company in accordance with Section 240.13d-1(b)(1)(ii)(G). (Note: See Exhibit A).

Item 4. Ownership

(a) Amount Beneficially Owned: 0

(b) Percent of Class: 0.000 %

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 0

(iii) sole power to dispose or to direct the disposition of: 0

(iv) shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof,the reporting person has ceased to be the beneficial owner of any of the class of securities, check the following (X).

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

See attached Exhibit A.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose

of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 13, 2018
Date

/s/ Marc R. Bryant
Signature

Marc R. Bryant
Duly authorized under Power of Attorney effective as of September 23, 2015, by and on behalf of FMR LLC and its direct and indirect subsidiaries*

* This power of attorney is incorporated herein by reference to Exhibit 24 to the Schedule 13G filed by FMR LLC on June 10, 2016, accession number: 0000315066-16-005935

Exhibit A

Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC.

Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

This filing reflects the securities beneficially owned, or that may be deemed to be beneficially owned, by FMR LLC, certain of its subsidiaries and affiliates, and other companies (collectively, the "FMR Reporters"). This filing does not reflect securities, if any, beneficially owned by certain other companies whose beneficial ownership of securities is disaggregated from that of the FMR Reporters in accordance with Securities and Exchange Commission Release No. 34-39538 (January 12, 1998).

RULE 13d-1(k)(1) AGREEMENT

The undersigned persons, on February 13, 2018, agree and consent to the joint filing on their behalf of this Schedule 13G in connection with their beneficial ownership of the COMMON STOCK of AVINGER INC at December 29, 2017.

FMR LLC

By /s/ Marc R. Bryant
Marc R. Bryant
Duly authorized under Power of Attorney effective as of September 23, 2015, by and on behalf of FMR LLC and its direct and indirect subsidiaries*

Abigail P. Johnson

By /s/ Marc R. Bryant
Marc R. Bryant
Duly authorized under Power of Attorney effective as of December 16, 2015, by and on behalf of Abigail P. Johnson*

* This power of attorney is incorporated herein by reference to Exhibit 24 to the Schedule 13G filed by FMR LLC on June 10, 2016, accession number: 0000315066-16-005935

p;

	Accrued Balance at December 31, 2008	Costs Incurred(1)	Payments	Non-cash	Accrued Balance at December 31, 2009	Cumulative Costs Incurred to Date(2)
Severance and benefits	$ 14,533	$ (467)	$ (12,070)	$	$ 1,996	$ 14,505

(1) Represent changes in the Company s estimates for the cost of providing post employment benefits to employees impacted by its restructuring activities.

(2) At December 31, 2009, cumulative costs incurred to date represent the total expected costs.

Consolidation of Affiliated Entities Initiative

On July 10, 2009, the Company committed to a corporate restructuring plan that consolidated the operations of the Affiliated Entities with LPL Financial. This restructuring was effected to enhance service offerings to financial

advisors while also generating efficiencies. The Company expects total costs associated with the initiative to be approximately $74.2 million. The Company incurred the majority of these costs in 2009 and anticipates recognizing the remaining costs by December 2013; however, adjustments may occur due to estimates of abandoned lease obligations with terms that extend through 2018.

The Company paid charges related to the conversion and transfer of certain advisors associated with the Affiliated Entities and their client accounts. Following the completion of these transfer activities, the registered representatives and client accounts that transferred are associated with LPL Financial. As a condition for the regulatory approval of the transfer, the Affiliated Entities were required to deposit $12.8 million into escrow accounts pending the resolution of certain matters, of which $7.3 million has been released as of December 31, 2009. The adequacy of these escrow accounts is evaluated quarterly. These escrow accounts are considered restricted cash and included in other assets within the consolidated statements of financial condition.

The Company paid charges related to early termination costs associated with certain contracts held by the Affiliated Entities (see Note 14). Additionally, the Company recorded severance costs and one-time involuntary termination benefits associated with the elimination of 189 positions and will recognize these accruals ratably over the employees remaining service period.

The Company recorded non-cash charges for the impairment of intangible assets resulting from advisor attrition and discontinued use of certain brand names and logos (see Note 10), and fixed assets associated with abandoned lease arrangements. The Company also recognized charges related to the early termination and partial abandonment of certain lease arrangements offset by estimates for sub-lease efforts. The Company anticipates additional costs of approximately $2.8 million related to the abandonment of the remaining office space, which can not be fully estimated until the date of abandonment.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table summarizes the balance of accrued expenses and the changes in the accrued amounts as of and for the year ended December 31, 2009 (in thousands):

	Accrued Balance at December 31, 2008	Costs Incurred(1)	Payments	Non-cash	Accrued Balance at December 31, 2009	Total Expected Restructuring Costs
Severance and benefits	$	$ 9,436	$ (6,551)	$ (126)	$ 2,759	$ 11,356
Lease and contract termination fees		15,919	(8,358)	(103)	7,458	19,079
Asset impairments		19,924		(19,924)		20,238
Conversion and transfer costs		13,883	(11,222)	(2,357)	304	23,483
Total	$	$ 59,162	$ (26,131)	$ (22,510)	$ 10,521	$ 74,156

(1) At December 31, 2009, costs incurred represent the total cumulative costs incurred.

5. Equity Method Investment

On May 11, 2007, the Company acquired for $5.0 million, an approximate 22.6% ownership interest in Blue Frog Solutions, Inc. (Blue Frog). This investment provides the Company with a strategic ownership interest in one of its vendors that provides technology for variable annuity order entry and monitoring. The Company follows the equity method of accounting, as it has the ability to exercise significant influence over operating and financial policies, primarily through a representation on the Board of Directors. The Company has classified its equity method investment within other assets in the consolidated statements of financial condition, and has recognized its share of earnings or losses in the consolidated statements of income in loss on equity method investment. Such losses were $0.3 million and $0.6 million for the years ended December 31, 2009 and 2008, respectively.

In June 2008, the Company determined that an other than temporary impairment existed due to the recapitalization of Blue Frog by an outside investor. Accordingly, the Company recognized an impairment loss of $1.7 million, representing the difference in the carrying value of its investment compared with the per share value implied by the transaction. Such loss is calculated on the consolidated statements of income as a loss on equity method investment. The Company has retained a 13.9% ownership interest and a seat on the Board of Directors.

6. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Inputs used to measure fair value are prioritized within a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of

unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company s fair value measurements are evaluated within the fair value hierarchy, based on the nature of inputs used to determine the fair value at the measurement date. At December 31, 2008, the Company had the following financial assets and liabilities that are measured at fair value on a recurring basis:

Cash Equivalents The Company s cash equivalents include money market funds, which are short term in nature with readily determinable values derived from active markets.

Securities Segregated Under Federal and Other Regulations The Company s segregated accounts contain U.S. treasury securities that are short term in nature with readily determinable values derived from quoted prices in active markets.

Securities Owned and Securities Sold But Not Yet Purchased The Company s trading securities consist of house account model portfolios for the purpose of benchmarking the performance of its fee based advisory platforms and temporary positions resulting from the processing of client transactions. Examples of these securities include money market funds, U.S. treasuries, mutual funds, certificates of deposit, traded equity securities and debt securities.

The Company uses prices obtained from independent third-party pricing services to measure the fair value of its trading securities. Prices received from the pricing services are validated using various methods including comparison to prices received from additional pricing services, comparison to available quoted market prices and review of other relevant market data including implied yields of major categories of securities. In general, these quoted prices are derived from active markets for identical assets or liabilities. When quoted prices in active markets for identical assets and liabilities are not available, the quoted prices are based on similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. For certificates of deposit and treasury securities, the Company utilizes market-based inputs including observable market interest rates that correspond to the remaining maturities or the next interest reset dates. At December 31, 2009, the Company did not adjust prices received from the independent third-party pricing services.

Other Assets The Company s other assets include deferred compensation plan assets that are invested in money market funds and mutual funds which are actively traded and valued based on quoted market prices in active markets.

Interest Rate Swaps The Company s interest rate swaps are not traded on a market exchange; therefore, the fair values are determined using externally developed valuation models which include assumptions about the London Interbank Offered Rate (LIBOR) yield curve at interim reporting dates as well as counterparty credit risk and the Company s own non-performance risk.

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The Company has segregated all recurring fair value measurements into the most appropriate level within the fair value hierarchy in the tables below, based on an evaluation of inputs used to determine the fair value at December 31, 2009 and 2008 (in thousands).

	Level 1	Level 2	Level 3	Fair Value Measurements
At December 31, 2009:				
Assets				
Cash equivalents	$ 223,665	$	$	$ 223,665
Securities segregated under federal and other regulations	279,579			279,579
Securities owned trading:				
Money market funds	181			181
Mutual funds	6,694			6,694
Equity securities	11			11
Debt securities		425		425
U.S. treasury obligations	7,797			7,797
Certificates of deposit		253		253
Total securities owned trading	14,683	678		15,361
Other assets	12,739			12,739
Total assets at fair value	$ 530,666	$ 678	$	$ 531,344
Liabilities				
Securities sold but not yet purchased:				
Mutual funds	$ 3,773	$	$	$ 3,773
U.S. treasury obligations	5			5
Equity securities	7			7
Certificates of deposit		123		123
Debt securities		95		95
Total securities sold but not yet purchased	3,785	218		4,003
Interest rate swaps		17,292		17,292
Total liabilities at fair value	$ 3,785	$ 17,510	$	$ 21,295

Certain assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, for example, when evidence of impairment exists. During the year ended

December 31, 2009, the Company recorded asset impairment charges of $18.6 million for certain intangible assets that were determined to have no estimated fair value (see Note 10). The fair value was determined based on the loss of future expected cash flows for advisors who were not retained as a result of the consolidation of the Affiliated Entities, as well as the discontinued use of certain brand names and logos and their lack of marketability. The Company has determined that the impairment qualifies as a Level 3 measurement under the fair value hierarchy.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

	Level 1	Level 2	Level 3	Fair Value Measurements
At December 31, 2008:				
Assets				
Cash equivalents	$ 56,122	$	$	$ 56,122
Securities owned trading:				
Money market funds	238			238
Mutual funds	6,659			6,659
Equity securities	585			585
Debt securities		510		510
U.S. treasury obligations	2,819			2,819
Total securities owned trading	10,301	510		10,811
Other assets	6,965			6,965
Total assets at fair value	$ 73,388	$ 510	$	$ 73,898
Liabilities				
Securities sold but not yet purchased:				
Mutual funds	$ 3,585	$	$	$ 3,585
Equity securities	87			87
Debt securities		238		238
Total securities sold but not yet purchased	3,672	238		3,910
Interest rate swaps		25,417		25,417
Total liabilities at fair value	$ 3,672	$ 25,655	$	$ 29,327

7. Held-to-Maturity Securities

The amortized cost, gross unrealized gains and fair value of securities held-to-maturity were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Fair Value
At December 31, 2009:			
U.S. government notes	$ 10,354	$ 49	$ 10,403

Certificate of deposit		100				100
Total	$	10,454	$	49	$	10,503
At December 31, 2008:						
U.S. government notes	$	10,404	$	173	$	10,577
Certificate of deposit		100				100
Total	$	10,504	$	173	$	10,677

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The maturities of securities held-to-maturity at December 31, 2009, were as follows (in thousands):

	Within 1 Year	1-2 Years	Total
U.S. government notes	$ 5,126	$ 5,228	$ 10,354
Certificate of deposit	100		100
Total amortized cost	$ 5,226	$ 5,228	$ 10,454
Total fair value	$ 5,256	$ 5,247	$ 10,503

8. Receivables From Product Sponsors, Broker-Dealers and Clearing Organizations and Payables to Broker-Dealers and Clearing Organizations

Receivables from product sponsors, broker-dealers and clearing organizations and payables to broker-dealers and clearing organizations were as follows (in thousands):

	December 31,	
	2009	2008
Receivables:		
Commissions receivable from product sponsors and others	$ 102,920	$ 87,078
Receivable from clearing organizations	49,793	88,722
Receivable from broker-dealers	12,195	45,630
Securities failed-to-deliver	6,992	9,970
Total receivables	$ 171,900	$ 231,400
Payables:		
Securities loaned	$ 7,239	$ 5,252
Securities failed-to-receive	5,495	9,227
Payable to broker-dealers	2,787	4,079
Payable to clearing organizations	2,696	3,176
Total payables	$ 18,217	$ 21,734

LPL Financial clears commodities transactions for its advisors through another broker-dealer on a fully disclosed basis. The amount payable to broker-dealers relates to the aforementioned transactions and is collateralized by securities owned by LPL Financial.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

9. Fixed Assets

The components of fixed assets are as follows (in thousands):

	December 31, 2009	December 31, 2008
Internally developed software	$ 193,682	$ 190,949
Computers and software	82,459	87,113
Leasehold improvements	41,559	42,547
Furniture and equipment	17,180	20,116
Property	6,572	6,572
Total fixed assets	341,452	347,297
Accumulated depreciation and amortization	(239,868)	(185,537)
Fixed assets net	$ 101,584	$ 161,760

Depreciation and amortization expense for fixed assets was $69.3 million, $60.2 million and $43.7 million for the years ended December 31, 2009, 2008 and 2007, respectively.

10. Goodwill and Intangible Assets

On September 15, 2009, and in conjunction with the Company s consolidation initiative, intangible assets residing at the Affiliated Entities were transferred to LPL Financial. This exchange has occurred between entities under common control and accordingly, the Company transferred advisor relationship and sponsor relationship intangible assets at their approximate carrying amounts of $30.9 million and $11.9 million, respectively. There was no change in the useful lives of the intangible assets, which continue to be amortized over a period of 10 to 20 years.

At the time of consolidation, a portion of the advisor relationships and trademarks and trade names of the Affiliated Entities were determined to have no future economic benefit. Accordingly, the Company recorded impairment charges of $16.1 million for advisor relationships and $1.1 million for trademarks and trade names. In the fourth quarter of 2009, the Company recorded an additional impairment charge of $1.4 million for advisor relationships. The impairment of advisor relationships was determined based upon the attrition of advisor and their related revenue streams during the period of consolidation. The impairment of trademarks and trade names was based upon the discontinued use of brand names and logos of the Affiliated Entities. The Company has recorded the asset impairments as restructuring charges (see Note 4) and has classified them as such on its consolidated statements of income.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The components of intangible assets as of December 31, 2009 and 2008 are as follows (in thousands):

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
At December 31, 2009:			
Definite-lived intangible assets:			
Advisor and financial institution relationships	$ 458,424	$ (91,586)	$ 366,838
Product sponsor relationships	231,930	(43,482)	188,448
Trust client relationships	2,630	(652)	1,978
Trademarks and trade names	457	(457)	
Total definite-lived intangible assets	$ 693,441	$ (136,177)	$ 557,264
Indefinite-lived intangible assets:			
Trademark and trade name			39,819
Total intangible assets			$ 597,083
At December 31, 2008:			
Definite-lived intangible assets:			
Advisor and financial institution relationships	$ 482,397	$ (71,318)	$ 411,079
Product sponsor relationships	233,663	(33,442)	200,221
Trust client relationships	2,630	(521)	2,109
Trademarks and trade names	2,757	(1,282)	1,475
Total definite-lived intangible assets	$ 721,447	$ (106,563)	$ 614,884
Indefinite-lived intangible assets:			
Trademark and trade name			39,819
Total intangible assets			$ 654,703

Total amortization expense of intangible assets was $39.0 million, $40.3 million and $35.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. Amortization expense for each of the fiscal years ended December 2010 through 2014 and thereafter is estimated as follows (in thousands):

2010	$ 37,006
2011	36,840
2012	36,548

2013	35,927
2014	35,927
Thereafter	375,016
Total	$ 557,264

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

11. Income Taxes

The Company s provision (benefit) for income taxes is as follows (in thousands):

	2009	2008	2007
Current provision:			
Federal	$ 53,757	$ 61,498	$ 58,123
State	12,750	11,909	9,961
Total current provision	66,507	73,407	68,084
Deferred benefit:			
Federal	(24,360)	(25,385)	(18,151)
State	(17,100)	(753)	(3,169)
Total deferred benefit	(41,460)	(26,138)	(21,320)
Provision for income taxes	$ 25,047	$ 47,269	$ 46,764

The principal items accounting for the differences in income taxes computed at the U.S. statutory rate (35%) and the effective income tax rate comprise the following:

	2009	2008	2007
Taxes computed at statutory rate	35.0%	35.0%	35.0%
State income taxes net of federal benefit	(3.9)	7.8	4.1
Share-based compensation	1.5	1.0	
Uncertain tax positions	1.8	3.6	3.7
Non-deductible expenses	0.6	1.6	1.3
Change in valuation allowance	0.1	1.2	
Other	(0.6)	0.8	(0.7)
Provision for income taxes	34.5%	51.0%	43.4%

The Company s current effective tax rate reflects a benefit of approximately 8% from a newly enacted change to California s income sourcing rules that is scheduled to take effect on January 1, 2011. This change requires the Company to revalue its deferred tax liabilities to the rate that will be in effect when the tax liabilities are utilized.

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The components of the net deferred tax liabilities included in the consolidated statements of financial condition were as follows (in thousands):

	December 31, 2009	December 31, 2008
Deferred tax assets:		
State taxes	$ 15,019	$ 19,976
Reserves for litigation, vacation, and bonuses	24,030	19,003
Unrealized gain on interest rate swaps	5,675	9,920
Deferred rent	5,649	6,457
Share-based compensation	6,905	5,212
Provision for bad debts	2,849	2,041
Net operating losses of acquired subsidiaries	172	236
Other	1,841	2,777
Subtotal	62,140	65,622
Valuation allowance	(1,340)	(1,290)
Total deferred tax assets	60,800	64,332
Deferred tax liabilities:		
Amortization of intangible assets and trademarks and trade names	(191,108)	(228,163)
Depreciation of fixed assets	(17,300)	(21,338)
Other		
Total deferred tax liabilities	(208,408)	(249,501)
Deferred income taxes net	$ (147,608)	$ (185,169)

At January 1, 2009, the Company had gross unrecognized tax benefits of $20.3 million. Of this total, $2.6 million represents amounts acquired during the Company s acquisition of the Affiliated Entities. The acquired unrecognized tax benefits will have no impact on the Company s annual effective tax rate as these are fully indemnified by the seller in accordance with the purchase and sale agreement. Of the remaining $17.7 million, $13.1 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

The following table reflects a reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits including interest and penalties (in thousands):

	2009	2008	2007

Balance Beginning of year	$ 20,258	$ 15,139	$ 8,533
Increases related to acquired tax positions	142	969	2,725
Increases related to current year tax positions	4,066	6,480	5,657
Reductions as a result of a lapse of the applicable statute of limitations related to acquired tax positions	(627)	(596)	(524)
Reductions as a result of a lapse of the applicable statute of limitations related to prior period tax positions	(1,881)	(1,734)	(1,252)
Balance End of year	$ 21,958	$ 20,258	$ 15,139

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

At December 31, 2009, the Company had gross unrecognized tax benefits of $22.0 million. Of this total, $2.1 million represents amounts acquired due to the Company s acquisition of the Affiliated Entities. The acquired unrecognized tax benefits will have no impact on the Company s annual effective tax rate as these are fully indemnified by the seller in accordance with the purchase and sale agreement. At December 31, 2009, the Company has recorded a receivable from seller in the amount of $2.1 million, which is included in other assets in the accompanying consolidated statements of financial condition. Of the remaining $19.9 million, $14.4 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

The Company accrues interest and penalties related to unrecognized tax benefits in its provision for income taxes within the consolidated statements of financial condition. At January 1, 2009, the Company had $1.3 accrued for interest and $2.9 million accrued for penalties. At December 31, 2009, the liability for unrecognized tax benefits included accrued interest of $1.9 million and penalties of $3.4 million. Tax expense for the year ended December 31, 2009 includes interest expense of $0.6 million and penalties of $0.5 million.

The Company and its subsidiaries file income tax returns in the federal jurisdiction, as well as most state jurisdictions, and are subject to routine examinations by the respective taxing authorities. The Company has concluded all federal and state income tax matters for years through 2004, with the exception of California, which has concluded income tax matters for years through 2003.

The tax years of 2005 to 2009 remain open to examination by major taxing jurisdictions to which the Company is subject, with the exception of California discussed above. In the next 12 months, the Company expects a reduction in unrecognized tax benefits of $3.9 million primarily related to the statute of limitations expiration in various state jurisdictions.

12. Indebtedness

Senior Secured Credit Facilities Borrowings under the Company s senior secured credit facilities bear interest at a base rate equal to either one, two, three, six, nine or twelve-month LIBOR plus the applicable margin, or an alternative base rate (ABR) plus the applicable margin. The ABR is equal to the greater of the prime rate or the effective federal funds rate plus $^1/_2$ of 1.00%. The applicable margin on the senior secured term credit facilities could change depending on the Company s credit rating. The senior secured credit facilities are subject to certain financial and nonfinancial covenants. As of December 31, 2009, the Company was in compliance with all such covenants.

Senior Unsecured Subordinated Notes The Company has $550.0 million of senior unsecured subordinated notes due December 15, 2015. The notes bear interest at 10.75% per annum and interest payments are payable semiannually in arrears. The Company is not required to make mandatory redemption or sinking-fund payments with respect to the notes. The indenture underlying the senior unsecured subordinated notes contains various restrictions with respect to the issuer, including one or more restrictions relating to limitations on liens, sale and leaseback arrangements and funded debt of subsidiaries.

Revolving Line of Credit The Company maintains a $100.0 million revolving line of credit facility, $10.0 million of which is being used to support the issuance of an irrevocable letter of credit for its subsidiary, PTC. Borrowings under the Company s revolving credit facility bear interest at a base rate equal to the one, two, three, six, nine or

twelve-month LIBOR plus an interest rate margin of an additional 2.00% or an ABR plus the applicable margin of 1.00%. The Company also pays a fee of

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

0.375% for the unused balance. At December 31, 2008, the Company had a balance outstanding of $90.0 million. There was no outstanding balance on the revolving line of credit at December 31, 2009.

On January 25, 2010, the Company amended its senior secured credit facilities to increase the revolving credit facility from $100.0 million to $218.2 million. The Company also extended the maturity of a $163.5 million tranche of the revolving facility to June 28, 2013, with the remaining $54.7 million tranche maturing at the original maturity date of December 28, 2011. The tranche maturing in 2013 is priced at LIBOR + 3.50% with a commitment fee of 0.75% The tranche maturing in 2011 maintains its current pricing of LIBOR + 2.00% with a commitment fee of 0.375%.

Bank Loans Payable The Company maintains two uncommitted lines of credit. One line has an unspecified limit, and is primarily dependent on the Company s ability to provide sufficient collateral. The other line has a $100.0 million limit and allows for both collateralized and uncollateralized borrowings. Both lines were utilized during the years, but there were no balances outstanding at December 31, 2009 and 2008.

The Company s outstanding borrowings were as follows (in thousands):

		December 31,			
		2009		2008	
	Maturity	Balance	Interest Rate	Balance	Interest Rate
Revolving line of credit	12/28/2011	$	%	$ 90,000	2.46%(3)
Senior secured term loan:					
Unhedged	6/28/2013	419,223	2.00%(1)	332,647	2.23%(4)
Hedged with interest rate swaps	6/28/2013	400,000	2.00%(2)	495,000	3.21%(5)
Senior unsecured subordinated notes	12/15/2015	550,000	10.75%	550,000	10.75%
Total borrowings		1,369,223		1,467,647	
Less current borrowings (maturities within 12 months)		8,424		8,424	
Long-term borrowings net of current portion		$ 1,360,799		$ 1,459,223	

(1) As of December 31, 2009, the variable interest rate for the unhedged portion of the senior secured term loan is based on the three-month LIBOR of 0.25%, plus the applicable interest rate margin of 1.75%.

(2) As of December 31, 2009, the variable interest rate for the hedged portion of the senior secured term loan is based on the three-month LIBOR of 0.25%, plus the applicable interest rate margin of 1.75%.

(3)

As of December 31, 2008, the variable interest rate for the revolving line of credit is based on the one-month LIBOR of 0.46% plus the applicable interest rate margin of 2.00%.

(4) As of December 31, 2008, the variable interest rate for the unhedged portion of the senior secured term loan is based on a weighted average of the one- and three-month LIBOR of 0.46% and 1.46%, respectively, plus the applicable interest rate margin of 1.75%.

(5) As of December 31, 2008, the variable interest rate for the hedged portion of the senior secured term loan is based on the three-month LIBOR of 1.46%, plus the applicable interest rate margin of 1.75%.

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Notes to Consolidated Financial Statements (Continued)

The following summarizes borrowing activity in the revolving and uncommitted line of credit facilities (in thousands):

	Year Ended December 31,		
	2009	2008	2007
Average balance outstanding	$ 56,472	$ 48,725	$ 6,282
Weighted-average interest rate	2.41%	4.74%	6.93%

The minimum calendar year payments and maturities of borrowings as of December 31, 2009 are as follows (in thousands):

	Senior Secured	Senior Unsecured	Total Amount
2010	$ 8,424	$	$ 8,424
2011	8,424		8,424
2012	8,424		8,424
2013	793,951		793,951
2014			
Thereafter		550,000	550,000
Total	$ 819,223	$ 550,000	$ 1,369,223

13. Interest Rate Swaps

An interest rate swap is a financial derivative instrument whereby two parties enter into a contractual agreement to exchange payments based on underlying interest rates. The Company uses interest rate swap agreements to hedge the variability on its floating rate senior secured term loan. The Company is required to pay the counterparty to the agreement fixed interest payments on a notional balance and in turn, receives variable interest payments on that notional balance. Payments are settled quarterly on a net basis.

The following table summarizes information related to the Company s interest rate swaps as of December 31, 2009 (in thousands):

Notional Balance	Fixed Pay Rate	Variable Receive Rate(1)	Fair Value	Maturity Date
70,000	3.43%	0.25%	$ (1,087)	June 30, 2010

120,000	4.79%	0.25%	(2,672)	June 30, 2010
145,000	4.83%	0.25%	(8,406)	June 30, 2011
65,000	4.85%	0.25%	(5,127)	June 30, 2012
$400,000			$(17,292)	

(1) The variable receive rate reset on the last day of the period, based on the applicable three-month LIBOR. The effective rate from September 30, 2009 through December 30, 2009, was 0.28%. As of December 31, 2009, the effective rate was 0.25%.

The interest rate swap agreements qualify for hedge accounting and have been designated as cash flow hedges against specific payments due on the Company s senior secured term loan. As of December 31, 2009, the Company assessed the interest rate swap agreements as being highly effective and expects them to continue to be highly effective. Accordingly, the changes in fair value of

LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

the interest rate swaps have been recorded as other comprehensive loss, with the fair value included as a liability on the Company s consolidated statements of financial condition. The Company has reclassified $16.6 million and $6.0 million from other comprehensive loss as additional interest expense for the years ended December 31, 2009 and 2008, respectively. Based on current interest rate assumptions and assuming no additional interest rate swap agreements are entered into, the Company expects to reclassify $17.3 million or $11.3 million after tax, from other comprehensive loss as additional interest expense over the next 12 months.

14. Commitments and Contingencies

Leases The Company leases certain office space and equipment at its headquarter locations under various operating leases. These leases are generally subject to scheduled base rent and maintenance cost increases, which are recognized on a straight-line basis over the period of the leases.

Service Contracts The Company is party to certain long-term contracts for systems and services that enable back office trade processing and clearing for its product and service offerings. One agreement, for clearing services, contains no minimum annual purchase commitment, but the agreement provides for certain penalties should the Company fail to maintain a certain threshold of client accounts. In 2009, the number of client accounts declined below the threshold, and as a result, the Company incurred fees of $9.1 million, which have been classified as restructuring charges within the consolidated statements of income. Further declines in accounts on this clearing platform could subject the Company to future costs or penalties.

Future minimum payments under leases, lease commitments and other noncancellable contractual obligations with remaining terms greater than one year as of December 31, 2009, are as follows (in thousands):

Years ending December 31		
2010	$	27,543
2011		27,445
2012		20,495
2013		13,662
2014		7,483
Thereafter		16,324
Total	$	112,952

Total rental expense for all operating leases was approximately $20.1 million, $22.1 million and $14.4 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Guarantees The Company occasionally enters into certain types of contracts that contingently require it to indemnify certain parties against third-party claims. The terms of these obligations vary and, because a maximum obligation is not explicitly stated, the Company has determined that it is not possible to make an estimate of the amount that it could be obligated to pay under such contracts.

The Company s subsidiaries provide guarantees to securities clearing houses and exchanges under their standard membership agreements, which require a member to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearing houses and exchanges, all other members would be required to meet any shortfall. The Company s liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make

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Notes to Consolidated Financial Statements (Continued)

payments under these agreements is remote. Accordingly, no liability has been recognized for these transactions.

Loan Commitments From time to time, the Company makes loans to its advisors, primarily to newly recruited advisors to assist in the transition process. Due to timing differences, the Company may make commitments to issue such loans prior to actually funding them. These commitments are generally contingent upon certain events occurring, including but not limited to the advisor joining the Company, and may be forgivable. The Company had no unfunded commitments at December 31, 2009.

Litigation The Company has been named as a defendant in various legal actions, including arbitrations. In view of the inherent difficulty of predicting the outcome of such matters, particularly in cases in which claimants seek substantial or indeterminate damages, the Company cannot predict with certainty what the eventual loss or range of loss related to such matters will be. The Company recognizes a legal liability when it believes it is probable a liability has occurred and the amount can be reasonably estimated. Defense costs are expensed as incurred and classified as professional services within the consolidated statements of income.

In connection with various acquisitions, and pursuant to the purchase and sale agreements, the Company has received third-party indemnification for certain legal proceedings and claims. These matters have been defended and paid directly by the indemnifying party.

On October 1, 2009, LPLH received written notice from a third-party indemnitor under a certain purchase and sale agreement asserting that it is no longer obligated to indemnify the Company for certain claims under the provisions of the purchase and sale agreement. The Company believes that this assertion is without merit and has commenced litigation to enforce its indemnity rights.

The Company believes, based on the information available at this time, after consultation with counsel, consideration of insurance, if any, and the indemnifications provided by the third-party indemnitors, notwithstanding the assertions by an indemnifying party noted in the preceding paragraph, that the outcome of such matters will not have a material adverse impact on consolidated statements of financial condition, income or cash flows.

Other Commitments As of December 31, 2009, the Company had received collateral primarily in connection with client margin loans with a market value of approximately $227.9 million, which it can sell or repledge. Of this amount, approximately $158.8 million has been pledged or sold as of December 31, 2009; $141.6 million was pledged to banks in connection with unutilized secured margin lines of credit, $10.0 million was pledged with client-owned securities to the Options Clearing Corporation, and $7.2 million was loaned to the DTC through participation in its Stock Borrow Program. As of December 31, 2008, the Company had received collateral primarily in connection with client margin loans with a market value of approximately $335.9 million, which it can sell or repledge. Of this amount, approximately $152.3 million has been pledged or sold as of December 31, 2008; $143.8 million was pledged to banks in connection with unutilized secured margin lines of credit, $3.2 million was pledged with client-owned securities to the Options Clearing Corporation, and $5.3 million was loaned to the DTC through participation in its Stock Borrow Program.

Innovex ceased operations on December 31, 2007. Prior to that date, Innovex sold its mortgage loans without recourse. Innovex was usually required by the buyers (investors) of these loans to make certain representations concerning credit information, loan documentation, and collateral. Innovex did not repurchase any loans during the

year ended December 31, 2007.

In August of 2007, pursuant to agreements with a large global insurance company, LPL Financial began providing brokerage, clearing and custody services on a fully disclosed basis; offering its

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Notes to Consolidated Financial Statements (Continued)

investment advisory programs and platforms; and providing technology and additional processing and related services to its financial advisors and clients. The terms of the agreements are five years, subject to additional 24-month extensions. Termination fees may be payable by a terminating or breaching party depending on the specific cause of termination.

15. Share-Based Compensation

Certain employees, advisors, officers and directors who contribute to the success of the Company participate in various stock option plans. In addition, certain financial institutions participate in a warrant plan. Stock options and warrants generally vest in equal increments over a three- to five-year period and expire on the 10th anniversary following the date of grant.

The Company recognized $6.5 million, $4.6 million and $2.2 million of share-based compensation related to employee stock option awards during the years ended December 31, 2009, 2008 and 2007, respectively. As of December 31, 2009, total unrecognized compensation cost related to non-vested share-based compensation arrangements granted was $31.9 million, which is expected to be recognized over a weighted-average period of 3.98 years.

The Company recognized $1.6 million and $0.30 million of share based compensation during the years ended December 31, 2009 and 2008, respectively, related to the vesting of stock options and warrants awarded to its advisors and financial institutions. The Company recognizes share-based compensation expense for stock options and warrants awarded to its advisors and financial institutions based on the fair value of awards at each interim reporting period. As of December 31, 2009, total unrecognized compensation cost related to non-vested share-based compensation arrangements granted was $11.4 million for advisors and financial institutions, which is expected to be recognized over a weighted-average period of 4.36 years.

The following table presents the weighted-average assumptions used by the Company in calculating the fair value of its stock options and warrants with the Black-Scholes valuation model for the years ended December 31, 2009, 2008 and 2007:

	2009	2008	2007
Expected life (in years)	7.13	6.52	6.50
Expected stock price volatility	51.35%	33.78%	31.08%
Expected dividend yield			
Annualized forfeiture rate	4.35%	1.51%	1.00%
Fair value of options	$ 12.30	$ 9.96	$ 9.86
Risk-free interest rate	2.93%	2.73%	4.93%

The risk-free interest rates are based on the implied yield available on U.S. Treasury constant maturities in effect at the time of the grant with remaining terms equivalent to the respective expected terms of the options. The dividend yield of zero is based on the fact that the Company has no present intention to pay cash dividends. In the future, as the Company gains historical data for volatility of its own stock and the actual term over which employees hold its

options, expected volatility and the expected term may change, which could substantially change the grant-date fair value of future awards of stock options and, ultimately, compensation recorded on future grants. The Company estimates the expected term for its employee option awards using the simplified method in accordance with Staff Accounting Bulletin 110, *Certain Assumptions Used in Valuation Methods*, because the Company does not have sufficient relevant historical information to develop reasonable expectations about future exercise patterns. The Company estimates the expected term for stock options and warrants awarded to its advisors and financial institutions using the contractual term. Expected volatility is calculated based on companies of similar growth and maturity and the

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Notes to Consolidated Financial Statements (Continued)

Company s peer group in the industry in which the Company does business because the Company does not have sufficient historical volatility data. The Company will continue to use peer group volatility information until historical volatility of the Company is relevant to measure expected volatility for future grants.

The Company has assumed an annualized forfeiture rate for its stock options and warrants based on a combined review of industry and employee turnover data, as well as an analytical review performed of historical pre-vesting forfeitures occurring over the previous year. The Company records additional expense if the actual forfeiture rate is lower than estimated and records a recovery of prior expense if the actual forfeiture is higher than estimated.

The following table summarizes the Company s activity in its stock option and warrant plans for the years ended December 31, 2009, 2008 and 2007:

	Number of Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding December 31, 2006	21,047,950	$ 1.64		
Granted	760,650	23.51		
Exercised	(47,180)	1.12		
Forfeited	(13,340)	14.76		
Outstanding December 31, 2007	21,748,080	2.46		
Granted	1,936,206	27.55		
Exercised	(286,968)	2.04		
Forfeited	(3,319,035)	2.59		
Outstanding December 31, 2008	20,078,283	4.87		
Granted	3,209,361	21.32		
Exercised	(256,795)	1.13		
Forfeited	(328,380)	21.83		
Outstanding December 31, 2009	22,702,469	$ 6.99	5.00	$ 380,301
Exercisable December 31, 2009	17,884,685	$ 2.64	3.91	$ 373,153

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The following table summarizes information about outstanding stock options and warrants:

	Outstanding			Exercisable	
Range of Exercise Prices	**Total Number of Shares**	**Weighted-Average Remaining Life (Years)**	**Weighted-Average Exercise Price**	**Number of Shares**	**Weighted-Average Exercise Price**
At December 31, 2009:					
$1.07 $2.38	17,185,660	3.75	$ 1.74	17,185,660	$ 1.74
$10.30 $19.74	952,164	8.90	18.30	90,262	15.00
$21.60 $22.08	2,247,650	9.43	22.02	124,499	21.60
$23.02 $27.80	2,316,995	8.43	26.68	484,264	27.34
	22,702,469	5.00	$ 6.99	17,884,685	$ 2.64

2008 Nonqualified Deferred Compensation Plan

On November 19, 2008, the Company established an unfunded, unsecured deferred compensation plan to permit employees and former employees that held non-qualified stock options issued under the 2005 Stock Option Plan for Incentive Stock Options and 2005 Stock Option Plan for Non-qualified Stock Options that were expiring in 2009 and 2010 to receive stock units of the 2008 Nonqualified Deferred Compensation Plan. Stock units represent the right to receive one share of common stock. Distribution will occur at the earliest of (a) December 31, 2012; (b) a change in control of the Company; or (c) death or disability of the participant. The issuance of stock units, which occurred in December 2008, is not taxable for federal and state income tax purposes until the participant receives a distribution under the deferred compensation plan. At December 31, 2009 and 2008, the Company had 2,823,452 stock units outstanding under the 2008 Nonqualified Deferred Compensation Plan.

Restricted Shares

The Company s advisors participate in the fifth amended and restated 2000 Stock Bonus Plan (the Stock Bonus Plan), which provided for the grant and allocation of bonus credits. Each bonus credit represented the right to receive shares of common stock. Participation in the Stock Bonus Plan was dependent upon meeting certain eligibility criteria, and bonus credits were allocated to eligible participants based on certain performance metrics, including amount and type of commissions, as well as tenure. Bonus credits vested annually in equal increments over a three-year period and expired on the tenth anniversary following the date of grant. Unvested bonus credits held by advisors who terminated prior to vesting were forfeited and reallocated to other advisors eligible under the plan. In 2008, the Company amended and restated its Stock Bonus Plan to provide the advisors with physical ownership of common stock of the Company. Consequently, on December 28, 2008, the Company issued 7,423,973 restricted shares in exchange for bonus credits. These restricted shares may not be sold, assigned or transferred and are not entitled to receive dividends or non-cash distributions, until either a sale of the Company that constitutes a change in control or an initial public

offering.

The Company accounts for restricted shares granted to its advisors by measuring such grants at their then-current lowest aggregate value. Since the value is contingent upon the Company s decision to sell itself or issue its common stock to the public through a registered initial public offering, the current aggregate value will be zero until such event occurs. Upon the occurrence of such an event,

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the Company will record the par value, additional paid in capital and expense based on the number of restricted shares under the stock bonus plan multiplied by the fair market value determined at the event date.

16. Earnings per Share

In calculating earnings per share using the two-class method, the Company is required to allocate a portion of its earnings to employees that hold stock units that contain non-forfeitable rights to dividends or dividend equivalents under its 2008 Nonqualified Deferred Compensation Plan. Basic earnings per share is computed by dividing income less earnings attributable to employees that hold stock units under the 2008 Nonqualified Deferred Compensation Plan by the basic weighted average number of shares outstanding. Diluted earnings per share is computed in a manner similar to basic earnings per share, except the weighted average number of shares outstanding is increased to include the dilutive effect of outstanding stock options, warrants and other stock-based awards.

A reconciliation of the income used to compute basic and diluted earnings per share for the years noted was as follows:

	For The Year Ended December 31,		
	2009	2008	2007
		(In thousands)	
Basic earnings per share:			
Net income, as reported	$ 47,520	$ 45,496	$ 61,069
Less: allocation of undistributed earnings to stock units	(919)	(4)	
Net income, for computing basic earnings per share	$ 46,601	$ 45,492	$ 61,069
Diluted earnings per share:			
Net income, as reported	$ 47,520	$ 45,496	$ 61,069
Less: allocation of undistributed earnings to stock units	(810)	(3)	
Net income, for computing diluted earnings per share	$ 46,710	$ 45,493	$ 61,069

A reconciliation of the weighted average number of shares outstanding used to compute basic and diluted earnings per share for the years noted was as follows:

	For The Year Ended December 31,		
	2009	2008	2007
		(In thousands)	
Basic weighted average number of shares outstanding	86,649	86,447	84,950
Dilutive common share equivalents	11,845	13,887	14,149

Diluted weighted average number of shares outstanding	98,494	100,334	99,099

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Basic and diluted earnings per share for the years noted was as follows:

	For The Year Ended December 31,		
	2009	2008	2007
Basic earnings per share	$ 0.54	$ 0.53	$ 0.72
Diluted earnings per share	$ 0.47	$ 0.45	$ 0.62

17. Employee and Advisor Benefit Plans

The Company participates in a 401(k) defined contribution plan sponsored by LPL Financial. All employees meeting minimum age and length of service requirements are eligible to participate. The Company has an employer matching program whereby employer contributions were made to the 401(k) plan. For 2009, contributions were made in an amount equal to the lesser of 20% of the amount designated by the employee for withholding or 2% of the employee s eligible compensation. For 2008 and 2007, contributions were made in an amount equal to the lesser of 50% of the amount designated by the employee for withholding or 5% of the employee s eligible compensation. The Company s total cost under the 401(k) plan was $1.7 million, $4.8 million and $3.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

On January 1, 2008, the Company adopted a non-qualified deferred compensation plan for the purpose of attracting and retaining advisors who operate, for tax purposes, as independent contractors, by providing an opportunity for participating advisors to defer receipt of a portion of their gross commissions generated primarily from commissions earned on the sale of various products. The deferred compensation plan has been fully funded to date by participant contributions. Plan assets are invested in mutual funds, which are held by the Company in a Rabbi Trust. The liability for benefits accrued under the non-qualified deferred compensation plan totaled $12.3 million at December 31, 2009, which is included in accounts payable and accrued liabilities in the consolidated statements of financial condition. The cash values of the related trust assets was $12.0 million at December 31, 2009, which is measured at fair value and included in other assets in the consolidated statements of financial condition.

Certain employees and advisors of the Company s subsidiaries participated in non-qualified deferred compensation plans (the Plans) that permitted participants to defer portions of their compensation and earn interest on the deferred amounts. The Plans have been closed to new participants and no contributions have been made since the acquisition date. Plan assets are held by the Company in a Rabbi Trust and accounted for in the manner described above. As of December 31, 2009, the Company has recorded assets of approximately $0.8 million and liabilities of $1.6 million, which are included in other assets and accounts payable and accrued liabilities, respectively, in the consolidated statements of financial condition.

18. Related Party Transactions

AlixPartners, LLP (AlixPartners), a company majority-owned by one of the Company s Majority Holders, provides LPL Financial services pursuant to an agreement for interim management and consulting. The Company paid $0.6 million, $4.2 million and $0.9 million to AlixPartners during the years ended December 31, 2009, 2008 and

2007, respectively.

One of the Company s Majority Holders owns a minority interest in Artisan Partners Limited Partnership (Artisan), which pays fees to LPL Financial in exchange for product distribution and record-keeping services. During the years ended December 31, 2009, 2008 and 2007, the Company earned $1.5 million, $1.6 million and $1.9 million, respectively, in fees from Artisan. Additionally, as of

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December 31, 2009 and 2008, Artisan owed the Company $0.5 million and $0.3 million, respectively, which is included in receivables from product sponsors, broker-dealers and clearing organizations on the consolidated statements of financial condition.

American Beacon Advisor, Inc. (Beacon), a company majority-owned by one of the Company s Majority Holders, pays fees to LPL Financial in exchange for product distribution and record-keeping services. During the years ended December 31, 2009 and 2008, the Company earned $0.4 million and, $0.3 million, respectively, in fees from Beacon. Additionally, as of December 31, 2009 and 2008, Beacon owed the Company $0.1 million, which is included in receivables from product sponsors, broker-dealers and clearing organizations on the consolidated statements of financial condition.

Certain entities affiliated with SunGard Data Systems Inc. (SunGard), a company majority-owned by one of the Company s Majority Holders, provide LPL Financial and MSC with data center recovery services. The Company paid $0.5 million to SunGard during the year ended December 31, 2009.

Blue Frog, a privately held technology company in which the Company holds an equity interest, provides LPL Financial with software licensing for annuity order entry and compliance. The Company paid $0.8 million and $0.3 million to Blue Frog for such services during the years ended December 31, 2009 and 2008, respectively.

In conjunction with the acquisition of UVEST, the Company made full-recourse loans to certain members of management (also selling stockholders), most of whom are now stockholders of the Company. As of December 31, 2009 and 2008, outstanding stockholder loans, which are reported as a deduction from stockholders equity, were approximately $0.5 million and $0.9 million, respectively.

19. Net Capital/Regulatory Requirements

The Company s registered broker-dealers are subject to the SEC s Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934), which requires the maintenance of minimum net capital, as defined. Net capital is calculated for each broker-dealer subsidiary individually. Excess net capital of one broker-dealer subsidiary may not be used to offset a net capital deficiency of another broker-dealer subsidiary. Net capital and the related net capital requirement may fluctuate on a daily basis.

Net capital and net capital requirements for the Company s broker-dealer subsidiaries as of December 31, 2009 are presented in the following table (in thousands):

	December 31, 2009		
	Net Capital	Minimum Net Capital Required	Excess Net Capital
LPL Financial Corporation	$ 64,149	$ 6,221	$ 57,928
UVEST Financial Services Group, Inc.	10,099	1,673	8,426

Total	$ 74,248	$ 7,894	$ 66,354

In connection with the consolidation of the Affiliated Entities; Associated, MSC and WFG have ceased operations but continue to be required to meet certain regulatory requirements until such time that their broker-dealer license withdrawals are complete. At December 31, 2009, Associated, MSC and WFG had net capital of $7.6 million, $15.1 million and $3.0 million, respectively, which was $7.4 million, $14.7 million and $2.9 million, respectively, in excess of their minimum net capital requirements.

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LPL Financial is a clearing broker-dealer and the remaining broker-dealer subsidiaries are introducing broker-dealers.

PTC is also subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company s consolidated financial statements. As of December 31, 2009, the Company has met all capital adequacy requirements to which it is subject.

The Company operates in a highly regulated industry. Applicable laws and regulations restrict permissible activities and investments. These policies require compliance with various financial and customer-related regulations. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions. In addition, the Company is also subject to comprehensive examinations and supervisions by various governmental and self-regulatory agencies. These regulatory agencies generally have broad discretion to prescribe greater limitations on the operations of a regulated entity for the protection of investors or public interest. Furthermore, where the agencies determine that such operations are unsafe or unsound, fail to comply with applicable law, or are otherwise inconsistent with the laws and regulations or with the supervisory policies, greater restrictions may be imposed.

20. Financial Instruments with Off-Balance-Sheet Credit Risk and Concentrations of Credit Risk

LPL Financial s client securities activities are transacted on either a cash or margin basis. In margin transactions, LPL Financial extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client s account. As clients write options contracts or sell securities short, LPL Financial may incur losses if the clients do not fulfill their obligations and the collateral in the clients accounts is not sufficient to fully cover losses that clients may incur from these strategies. To control this risk, LPL Financial monitors margin levels daily and clients are required to deposit additional collateral, or reduce positions, when necessary.

LPL Financial is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligation to LPL Financial. Clients are required to complete their transactions on the settlement date, generally three business days after the trade date. If clients do not fulfill their contractual obligations, LPL Financial may incur losses. LPL Financial has established procedures to reduce this risk by generally requiring that clients deposit cash and/or securities into their account prior to placing an order.

LPL Financial may at times maintain inventories in equity securities on both a long and short basis that are recorded on the consolidated statements of financial condition at market value. While long inventory positions represent LPL Financial s ownership of securities, short inventory positions represent obligations of LPL Financial to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transaction. Accordingly, both long and short inventory positions may result in losses or gains to LPL Financial as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked-to-market daily and are continuously monitored by LPL Financial.

UVEST is engaged in buying and selling securities and other financial instruments for clients of advisors. Such transactions are introduced and cleared through a third-party clearing firm on a fully disclosed basis. While introducing broker-dealers generally have less risk than clearing firms, their clearing agreements expose them to credit risk in the event that their clients don t fulfill contractual obligations with the clearing broker-dealer.

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Notes to Consolidated Financial Statements (Continued)

The Affiliated Entities were engaged in buying and selling securities and other financial instruments for clients of advisors. Such transactions were introduced and cleared through a third-party clearing firm on a fully disclosed basis. These firms no longer conduct such activities. The registered representatives and their client accounts have either transitioned or are in the process of transitioning to LPL Financial or to new firms.

21. Selected Quarterly Financial Data (Unaudited)

	2009 (In thousands)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 643,040	$ 669,366	$ 702,378	$ 734,906
Net revenues	642,978	669,317	702,326	734,884
Gross margin(1)	200,447	205,329	221,144	218,006
Net income (loss)	$ 14,797	$ 15,581	$ (1,456)	$ 18,598

	2008 (In thousands)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 798,647	$ 814,947	$ 799,537	$ 703,999
Net revenues	798,449	814,720	799,341	703,839
Gross margin(1)	245,118	244,551	251,788	211,844
Net income	$ 11,665	$ 14,303	$ 17,168	$ 2,360

(1) Gross margin is calculated as net revenues less production expenses. Production expenses consist of the following expense categories from the consolidated statements of income: (i) commissions and advisory fees and (ii) brokerage, clearing and exchange. All other expense categories, including depreciation and amortization, are considered general and administrative in nature. Because the Company s gross margin amounts do not include any depreciation and amortization expense, the gross margin amounts may not be comparable to those of others in the Company s industry.

22. Subsequent Events

On May 24, 2010, the Company entered into a Third Amended and Restated Credit Agreement (the Amended Credit Agreement). The Amended Credit Agreement amends and restates the Company s Second Amended and Restated Credit Agreement, dated as of June 18, 2007. Pursuant to the Amended Credit Agreement, the Company has established a new term loan tranche of $580.0 million maturing on June 28, 2017 (the 2017 Term Loans). The Company also extended the maturity of a $500.0 million tranche of its term loan facility to June 25, 2015 (the 2015 Term Loans), with the remaining $317.1 million tranche of the term loan facility maturing on the original maturity

date of June 28, 2013 (the 2013 Term Loans).

The applicable margin for borrowings with respect to the (a) 2013 Term Loans is currently 0.75% for base rate borrowings and 1.75% for LIBOR borrowings; (b) 2015 Term Loans is currently 1.75% for base rate borrowings and 2.75% for LIBOR borrowings, and (c) 2017 Term Loans is currently 2.75% for base rate borrowings and 3.75% for LIBOR borrowings. The applicable margin on our 2013

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LPL INVESTMENT HOLDINGS INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Term Loans could change depending on the Company s credit rating. The LIBOR Rate with respect to the 2015 Term Loans and the 2017 Term Loans shall in no event be less than 1.50%.

On May 24, 2010, the Company gave notice of redemption of all of its outstanding Senior Subordinated Notes due 2015 (the 2015 Notes), representing an aggregate principal amount of $550.0 million. The redemption price of the 2015 Notes was 105.375% of the outstanding aggregate principal amount, or approximately $29.6 million, plus accrued and unpaid interest thereon up to but not including June 22, 2010 (the Redemption Date). The Company redeemed the 2015 Notes on the Redemption Date using the proceeds from the new term loan tranche under its Amended Credit Agreement and additional cash on hand. The aggregate cash payment for the redemption, including accrued interest was approximately $610.4 million. The Company also recorded a pre-tax charge of $37.9 million in its consolidated statement of income in the second quarter of 2010 for the redemption of the 2015 Notes. This charge includes $29.6 million premium paid to redeem the 2015 Notes, $6.9 million in unamortized debt issuance costs associated with the 2015 Notes, and $1.4 million in legal and other costs associated with the issuance of the new term loan tranche.

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15,614,723 Shares

Common Stock

PROSPECTUS

Goldman, Sachs & Co.

Morgan Stanley

BofA Merrill Lynch

J.P. Morgan

Sanford C. Bernstein	**William Blair & Company**	**Citi**	**Keefe, Bruyette & Woods**
Lazard Capital Markets	**Macquarie Capital**	**Sandler O Neill + Partners, L.P.**	**UBS Investment Bank**

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by the registrant. All amounts are estimated except the SEC registration fee and FINRA filing fee.

	Amount
SEC registration fee	$ 42,780
FINRA filing fee	60,500
Stock exchange listing fee	25,000
Accountants fees and expenses	875,000
Legal fees and expenses	2,500,000
Transfer Agent s fees and expenses	120,000
Printing and engraving expenses	400,000
Miscellaneous	76,720
Total Expenses	$ 4,100,000

Item 14. ***Indemnification of Directors and Officers.***

Section 102(b)(7) of the DGCL enables a corporation in its original certificates of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director s fiduciary duty, except (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for liability of directors for unlawful payment of dividends or unlawful stock purchase or redemptions pursuant to Section 174 of the DGCL or (iv) for any transaction from which a director derived an improper personal benefit. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL.

Section 145(a) of the DGCL provides in relevant part that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another entity, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person s conduct was lawful.

Section 145(b) of the DGCL provides in relevant part that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by

reason of the fact that the person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another entity, against expenses (including attorneys fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation generally provides that we will indemnify our directors and officers to the fullest extent permitted by law. Our certificate of incorporation also provides that the indemnification and advancement of expenses provided by, or granted pursuant to the certificate of incorporation are not exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or otherwise. Section 145(f) of the DGCL further provides that a right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation shall not be eliminated or impaired by an amendment to such provision after the occurrence of the act or omission which is the subject of the civil, criminal, administrative or investigation action, suit or proceeding for which indemnification or advancement of expenses is sought.

We have also entered into indemnification agreements with certain of our directors and officers. Such agreements generally provide for indemnification by reason of being our director or officer, as the case may be. These agreements are in addition to the indemnification provided by our charters and bylaws.

We also obtained officers and directors liability insurance which insures against liabilities that officers and directors of the registrant may, in such capacities, incur. Section 145(g) of the DGCL provides that a corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another entity, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person s status as such, whether or not the corporation would have the power to indemnify such person against such liability under that section.

Pursuant to the stockholders agreement entered into with certain stockholders, the company has agreed to indemnify such stockholders from certain liabilities incurred in connection with this registration statement.

The underwriting agreement we will enter into in connection with the offering of common stock described in this registration statement provides for indemnification by the underwriters of the registrant and its executive officers and directors, and by the registrant of the underwriters, for certain liabilities, including liabilities arising under the Securities Act.

Also see Item 17. Undertakings.

Item 15. ***Recent Sales of Unregistered Securities.***

The following sets forth information regarding all unregistered securities sold during the last three fiscal years. Within the last three years, the registrant has issued and sold the following securities:

On January 2, 2007, we issued 17 stockholders of UVEST an aggregate of 669,480 shares of common stock based on a stock valuation of $18.90 per share. These shares were issued and sold in connection with the

UVEST acquisition in reliance upon the available exemptions from

registration requirements of Section 4(2) of the Securities Act. Each stockholder was provided information about our finances, business and management in connection with the acquisition. The offering was made through direct communication with this small stockholder group in connection with our acquisition of UVEST. Each recipient became a party to our Stockholders Agreement, which prohibits the transfers of shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. The shares of common stock issued contain restrictive legends.

On June 20, 2007, we issued 2,645,500 shares of our common stock to Pacific Life Insurance Company. These shares were issued in connection with a Purchase and Sale Agreement among Pacific Life Insurance Company, Pacific Select Group, LLC, the company and LPL Holdings pursuant to which we acquired the Affiliated Entities from Pacific Life Insurance Company. These shares were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act. Information about our finances, business and management was accessible to Pacific Life Insurance Company through materials provided in connection with the Purchase and Sale Agreement. Pacific Life Insurance Company is a party to our Stockholders Agreement, which prohibits the transfers of shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. The shares of common stock issued contain restrictive legends.

On September 17, 2007, we issued 43,860 shares of our common stock to 21 credit unions, each of which were stockholders of XCU Capital Corporation, Inc. (XCU). These shares were issued in connection with an Institution Transfer Agreement with XCU and its parent, XCU Corporation, Inc. pursuant to which we acquired the rights related to business relationships with certain institutions from XCU. These shares were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act. Information about our finances, business and management was accessible to these sophisticated institutions through our annual and quarterly reports filed pursuant to the Exchange Act and through materials provided in connection with the Institution Transfer Agreement. The offering was made through direct communication with these sophisticated institutions. Each recipient became a party to our Stockholders Agreement, which prohibits the transfers of shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. The shares of common stock issued contain restrictive legends.

On March 14, 2008, we issued and sold to a trust affiliated with our director, Jeffrey Stiefler, 71,942 shares of our common stock, at a price per share of $27.80. On March 14, 2008, our director, James Riepe, and an affiliated trust, each acquired 35,971 shares of our common stock at a price per share of $27.80. The transactions were conducted in reliance upon the available exemptions from the registration requirements of Section 4(2) of the Securities Act. Both directors are accredited investors. As directors, each has access to information about our finances, business and management. The directors and affiliated trusts are parties to our Stockholders Agreement, which prohibits the transfers of shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. The shares of common stock issued contain restrictive legends.

On June 10, 2008, we issued incentive equity awards in the form of warrants to 44 credit unions and banks, each of which is an accredited investor, to purchase up to an aggregate total of 9,575 shares of our common stock at an exercise price per share of $27.17, pursuant to our 2008 Financial Institution Incentive Plan. These warrants were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act and pursuant to Rule 506 of Regulation D promulgated under the Securities Act. This issuance was not for purposes of raising capital and no consideration was paid by the credit unions or banks. Each credit union and bank had an established relationship with us prior to the issuance. In addition, information about our finances, business and management was accessible to the credit unions and banks

through our annual and quarterly reports filed

pursuant to the Exchange Act. The common stock issuable upon exercise of these warrants is subject to our Stockholders Agreement, which prohibits the transfers of these shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. Shares issued upon exercise of these warrants contain restrictive legends.

On June 13, 2008, we issued incentive equity awards in the form of warrants to one credit union and one bank, each of which is an accredited investor, to purchase up to an aggregate total of 579 shares of our common stock at an exercise price per share of $27.17, pursuant to our 2008 Financial Institution Incentive Plan. These warrants were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act and pursuant to Rule 506 of Regulation D promulgated under the Securities Act. This issuance was not for purposes of raising capital and no consideration was paid by the credit union or bank. The credit union and bank had an established relationship with us prior to the issuance. In addition, information about our finances, business and management was accessible to the credit union and bank through our annual and quarterly reports filed pursuant to the Exchange Act. The common stock issuable upon exercise of these warrants is subject to our Stockholders Agreement, which prohibits the transfers of these shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. Shares issued upon exercise of these warrants contain restrictive legends.

On December 28, 2008, we issued 7,423,973 restricted shares to our advisors who held bonus credits under our fifth amended and restated 2000 Stock Bonus Plan. These restricted shares may not be sold, assigned or transferred and are not entitled to receive dividends or non-cash distributions, until either a sale of the company that constitutes a change in control or an initial public offering. No consideration was paid to the registrant by any recipient of any of the recipient shares. The transactions were conducted in reliance upon the available exemptions from registration requirements of the Securities Act, including those contained in Section 3(a)(9).

On December 31, 2008, we issued 2,823,452 restricted stock units under our 2008 Nonqualified Deferred Compensation Plan to certain employees. These restricted stock units were issued to holders of options issued under our 2005 Stock Option Plan for Non-Qualified Stock Options and our 2005 Stock Option Plan for Incentive Stock Options, that were expiring in 2009 and 2010. No consideration was paid to the registrant by any recipient of any of the restricted stock units. The transactions were conducted in reliance upon the available exemptions from registration requirements of the Securities Act, including those contained in Section 3(a)(9).

On February 19, 2009, we issued incentive equity awards in the form of warrants to 56 credit unions and banks, each of which is an accredited investor, to purchase up to an aggregate total of 12,362 shares of our common stock at an exercise price per share of $18.04, pursuant to our 2008 Financial Institution Incentive Plan. These warrants were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act and pursuant Rule 506 of Regulation D promulgated under the Securities Act. This issuance was not for the purposes of raising capital and no consideration was paid by the credit unions or banks. Each credit union and bank had an established relationship with us prior to the issuance. In addition, information about our finances, business and management was accessible to the credit unions and banks through our annual and quarterly reports filed pursuant to the Exchange Act. The common stock issuable upon exercise of these warrants is subject to our Stockholders Agreement, which prohibits the transfers of these shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. Shares issued upon exercise of these warrants contain restrictive legends.

On November 4, 2009, we issued incentive equity awards in the form of warrants to 75 credit unions and banks, each of which is an accredited investor, to purchase up to an aggregate total of 18,763 shares of our

common stock at an exercise price per share of $23.02, pursuant

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to our 2008 Financial Institution Incentive Plan. These warrants were issued in reliance upon the available exemptions from registration requirements of Section 4(2) of the Securities Act and pursuant to Rule 506 of Regulation D promulgated under the Securities Act. This issuance was not for the purposes of raising capital and no consideration was paid by the credit unions or banks. Each credit union and bank had an established relationship with us prior to the issuance. In addition, information about our finances, business and management was accessible to the credit unions and banks through our annual and quarterly reports filed pursuant to the Exchange Act. The common stock issuable upon exercise of these warrants is subject to our Stockholders Agreement, which prohibits the transfers of these shares unless in compliance with the terms of the Stockholders Agreement and applicable securities laws. Shares issued upon exercise of these warrants contain restrictive legends.

There were no underwritten offerings employed in connection with any of the transactions set forth above.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits

Number	Description
1.1**	Form of Underwriting Agreement
3.1**	Amended and Restated Certificate of Incorporation (to be effective upon completion of this offering)
3.2	Second Amended and Restated Bylaws (to be effective upon completion of this offering) (1)
4.1	Specimen common stock certificate (to be effective upon completion of this offering) (1)
4.2	Stockholders Agreement, dated as of December 28, 2005, among LPL Investment Holdings Inc., LPL Holdings, Inc. and other stockholders party thereto (2)
4.3	Form of First Amendment to Stockholders Agreement dated December 28, 2005, among LPL Investment Holdings Inc., LPL Holdings, Inc. and other stockholders party thereto to be effective upon completion of this offering (3)
4.4	Form of Stockholders Agreement among the Company and Hellman & Friedman Capital Partners IV, L.P., Hellman & Friedman Capital Partners V (Parallel), L.P., Hellman & Friedman Capital Associates V, L.P. and TPG Partners IV, L.P. to be effective upon completion of this offering (3)
4.5	Fifth Amended and Restated LPL Investment Holdings Inc. 2000 Stock Bonus Plan (4)
4.6	Form of Management Stockholders Agreement among the Company and Stephanie L. Brown, Mark S. Casady, William E. Dwyer III, Robert J. Moore and Esther M. Stearns to be effective upon completion of this offering (3)
5.1	Opinion of Ropes & Gray LLP
10.1	2005 Stock Option Plan for Incentive Stock Options (5)
10.2	2005 Stock Option Plan for Nonqualified Stock Options (5)
10.3	Amended and Restated Executive Employment Agreement among Mark S. Casady, the company, LPL Holdings, Inc. and LPL Financial Corporation to be effective upon completion of this offering (1)
10.4	Amended and Restated Executive Employment Agreement among Esther M. Stearns, the company, LPL Holdings, Inc. and LPL Financial Corporation to be effective upon completion of this offering (1)
10.5	Amended and Restated Executive Employment Agreement among William E. Dwyer III, the company, LPL Holdings, Inc. and LPL Financial Corporation to be effective upon completion of this offering (1)
10.6**	Executive Employment Agreement between Dan H. Arnold and UVEST Financial Services Group Inc. dated January 2, 2007
10.7**	

Amendment dated September 28, 2009 to the Executive Employment Agreement between Dan H. Arnold and UVEST Financial Services Group Inc. dated January 2, 2007

Number	Description
10.8	Amended and Restated Executive Employment Agreement among Stephanie L. Brown, the company, LPL Holdings, Inc. and LPL Financial Corporation to be effective upon completion of this offering (1)
10.9**	Executive Employment Agreement between Jonathan G. Eaton and LPL Holdings, Inc., dated December 28, 2005
10.10	Executive Employment Agreement among Robert J. Moore, the company, LPL Holdings, Inc. and LPL Financial Corporation to be effective upon completion of this offering (1)
10.11**	Form of Indemnification Agreement
10.12	LPL Investment Holdings Inc. 2008 Stock Option Plan (6)
10.13**	Form of LPL Investment Holdings Inc. Stock Option Agreement
10.14	2008 Nonqualified Deferred Compensation Plan (7)
10.15	LPL Investment Holdings Inc. Advisor Incentive Plan (8)
10.16**	LPL Investment Holdings Inc. 2008 Financial Institution Incentive Plan
10.17	LPL Investment Holdings Inc. and Affiliates Corporate Executive Bonus Plan, approved on March 15, 2010 (9)
10.18**	Thomson Transaction Services Master Subscription Agreement dated as of January 5, 2009 between LPL Financial Corporation and Thomson Financial LLC
10.19	Third Amended and Restated Credit Agreement, dated as of May 24, 2010, by and among LPL Investment Holdings Inc., LPL Holdings, Inc., the several lenders from time to time party thereto, Morgan Stanley Senior Funding, Inc. as administrative agent, and Morgan Stanley & Co. as collateral agent (10)
10.20**	2010 Omnibus Equity Incentive Plan
10.21	Form of Senior Executive Stock Option Award granted under the LPL Investment Holdings Inc. 2010 Omnibus Equity Incentive Plan
10.22	Form of Senior Management Stock Option Award granted under the LPL Investment Holdings Inc. 2010 Omnibus Equity Incentive Plan
21.1	List of Subsidiaries of LPL Investment Holdings Inc.
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm
23.2	Consent of Ropes & Gray LLP (included in Exhibit 5.1)
24.1**	Power of Attorney

(1) Incorporated by reference to the Form 8-K filed on July 23, 2010.

(2) Incorporated by reference to the Amendment No. 1 to Registration Statement on Form 10 of the Company filed on July 10, 2007.

(3) Incorporated by reference to the Form 8-K filed on September 8, 2010.

(4) Incorporated by reference to the Form 8-K filed on December 18, 2008.

(5) Incorporated by reference to the Registration Statement on Form 10 of the Company filed on April 30, 2007.

(6) Incorporated by reference to the Form 8-K filed on February 21, 2008.

(7) Incorporated by reference to the Form 8-K filed on November 25, 2008.

(8) Incorporated by reference to the Form S-8 on June 5, 2008.

(9) Incorporated by reference to the Schedule 14A filed on April 27, 2010.

(10) Incorporated by reference to the Form 8-K filed on May 28, 2010.

* To be filed by amendment

** Previously filed

Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

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Item 17. ***Undertakings.***

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Boston, The Commonwealth of Massachusetts, on the 3rd day of November, 2010.

LPL Investment Holdings Inc.

By: /s/ Mark S. Casady

Mark S. Casady
Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
* Mark S. Casady	Chief Executive Officer and Chairman *(Principal Executive Officer)*	November 3, 2010
* Robert J. Moore	Chief Financial Officer and Treasurer *(Principal Financial Officer)*	November 3, 2010
* Thomas D. Lux	Chief Accounting Officer *(Principal Accounting Officer)*	November 3, 2010
* John J. Brennan	Director	November 3, 2010
* Richard W. Boyce	Director	November 3, 2010
* James S. Putnam	Director, Vice Chairman	November 3, 2010
* Erik D. Ragatz	Director	November 3, 2010
*	Director	November 3, 2010

James S. Riepe

*	Director	November 3, 2010

Richard P. Schifter

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Signature	**Title**	**Date**
*	Director	November 3, 2010
Jeffrey E. Stiefler		
*	Director	November 3, 2010
Allen R. Thorpe		

*By: /s/ Mark S. Casady

Mark S. Casady
Attorney-in-fact

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