



# LPL Financial Investment Adviser Code of Ethics

May 2019

## Executive Summary

LPL Financial (“LPL”) is an investment adviser (“RIA”) registered with the Securities and Exchange Commission (“SEC”) to engage in investment advisory business. SEC Rule 204A-1 (the “Rule”) under The Investment Advisers Act of 1940, as amended, requires all RIAs to adopt a code of ethics that sets forth standards of conduct and requires Covered Persons to comply with all applicable federal securities laws. This document contains the Code of Ethics (the “Code”) for the LPL RIA and family of affiliated entities (collectively referred to in this Code as “LPL”), as further defined in Schedule A. The Code is intended to reflect the fiduciary principles that govern the conduct of LPL RIA and its Covered Persons. The Code is supplementary and does not replace a Covered Persons obligations to comply with the LPL’s [Code of Conduct](#) and LPL’s policies and procedures.

## Covered Persons

The Code applies to all Covered Persons that are considered to be supervised by the LPL RIA<sup>1</sup>. Personnel considered to be Covered Persons under the Code include the following:

- Home office employees of the entities listed in Schedule A
- Investment Advisor Representatives (“IARs”) of LPL RIA

Certain personnel who are not supervised by the LPL RIA are not considered Covered Persons and are excluded from the requirements of the Code. This includes non-registered assistants, non-registered program managers, securities licensed only representatives, temporary or contract workers, and IARs affiliated with a registered investment adviser other than the LPL RIA such as hybrid advisors.

## Standards of Business Conduct

All Covered Persons are responsible for, and have agreed, as a requirement of their employment or registration as an LPL IAR to review, be familiar with, and comply with the Code. In addition, Covered Persons are expected to be familiar with and comply with LPL Financial policies and procedures as they apply to the business function(s) they engage in. Furthermore, Covered Persons have a fiduciary obligation to act in the best interest of the client at all times. To that end, LPL requires Covered Persons to conduct all business dealings in an ethical fashion and to abide by not only the technical requirements of the Code, but also to the spirit in which it is intended. When in doubt, Covered Persons should seek advice from supervisors or other appropriate personnel.

## Conflicts of Interest

When dealing with investment advisory clients and services, Covered Persons should fully disclose all material facts concerning any conflicts of interest that exist or arise. A conflict of interest may arise when a person or firm has an incentive to serve one interest at the expense of another interest or obligation. Examples of conflicts may include acting on an investment opportunity for oneself instead of the client, or accepting a gift that could influence an investment decision. LPL makes available several disclosure documents on its website <https://www.lpl.com/disclosures.html> regarding conflicts of interest to assist Covered Persons in understanding conflicts of interest specific to LPL RIA.

## Compliance with Securities Laws

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

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<sup>1</sup> Covered Persons are also considered to be Access Persons for the purposes of the Rule

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

## Protection of Material Non-Public Information

### Confidential Client Information

In the course of normal business activities, Covered Persons may receive confidential information concerning clients and potential clients. To maintain client confidence and trust, this information must be handled with integrity and discretion. As a general rule, confidential information pertaining to a client of LPL should never be communicated to anyone other than the authorized individual(s) of LPL who need to know, and where appropriate, to the participants involved in a specific transaction.

A judgment concerning who needs to know about particular client information depends on the facts and circumstances, and should be discussed by the Covered Person with his or her supervisor (e.g., for IARs, the branch office supervisor or the Compliance Department) as appropriate. Examples of persons within LPL who may need to know include senior management and compliance staff. In the event confidential client information is communicated, the recipient of the information should be advised of its confidential nature, that it is given solely for the purpose of fulfilling his or her responsibilities with the client, and that it is not to be disclosed in any other form to any other person.

### Material Non-Public Information

In accordance with insider trading laws, SEC rules, and the LPL Insider Trading Policy, Covered Persons may not transact in a security while in the possession of material non-public information about the security. Additionally, Covered Persons may not disseminate or tip such information to others who may trade the security. Material information includes any information that a reasonable investor would consider in making an investment decision. Non-public information is information that has not been disseminated in a manner that would make it generally available to investors. A Covered Person who has reason to believe that this policy has been or is about to be violated should immediately bring the actual or potential violation to the attention of the Company's Chief Legal Officer prior to taking any action<sup>2</sup>.

## Personal Securities Holdings

LPL policy permits Covered Persons to maintain personal securities accounts or holdings at LPL and other financial institutions. Holdings include those securities in which a Covered Person has any direct or indirect Beneficial Ownership. Beneficial Ownership interest includes securities held in the name of your spouse, domestic partner, minor children and other relatives resident in your home and unrelated persons in circumstances that suggest a sharing of financial interest (such as when you significantly contribute to the financial support of the unrelated person, or share in the profits of that person's Securities transactions). Key

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<sup>2</sup> This non-disclosure obligation shall not restrict a Covered Person from communicating directly with a governmental agency or authority regarding a possible violation of federal law or regulation involving LPL or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, in each case to the extent that a restriction on such communication or disclosure would violate applicable law.

factors in evaluating Beneficial Ownership include the opportunity to benefit, directly or indirectly, from the proceeds of a security, and the extent of your control over the security.

For example, a Covered Person is considered to be the beneficial owner of an account in which he or she has any financial interest or ability to exercise control, and of any account belonging to immediate family members (including any relative by blood or marriage) sharing the Covered Person's household.

Covered Persons must notify the Compliance Department of, and receive written approval for, opening new accounts or holding existing personal securities in accounts held at financial institutions other than LPL, unless an exception exists. Covered Persons that are also Restricted Persons must also disclose all accounts custodied at LPL.

Covered Persons may be required to send LPL duplicate copies of statements for certain accounts held at other financial institutions or to report them directly to LPL I on no less than an annual basis. Please refer to the LPL Outside Investment Account Policy for additional information

## Reportable Securities

Covered Persons must disclose all Reportable Securities to LPL. Reportable Securities include all securities in which the Covered Person has any direct or indirect beneficial ownership, and are typically securities that are held outside of an already disclosed investment account. Examples of Reportable Securities include but are not limited to a physical stock certificate, or an equity security such as company stock in a retirement plan account. However, per the Rule certain securities are exempt for the reporting requirements, and are listed below:

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

## Personal Securities Accounts

The following personal securities accounts are not reportable under the Code unless they hold Reportable Securities:

- 401(k) and 403(b) retirement plan accounts that only holds open end mutual funds (other than exchange traded funds)
- Accounts held directly at mutual fund companies (mutual fund only accounts)
- Accounts held directly at 529 college savings plans
- Variable annuity contracts

## Personal Securities Transactions

Covered Persons are required to periodically report their personal securities transactions and holdings to LPL. In addition, all Covered Persons must comply with LPL policies regarding personal securities transactions as described in the LPL compliance manual.

Some Covered Persons may also be Restricted Persons as defined under the LPL Insider Trading Policy. Restricted Persons may have access to key, nonpublic financial data and other material nonpublic information. Restricted Persons are prohibited from executing certain securities transactions that are on a LPL restricted securities list, or are subject to a blackout period as determined by LPL. This policy may also prohibit Restricted

Persons from engaging in transactions in securities until the stated blackout period has elapsed. Please see the LPL Insider Trading Policy for additional information on Restricted Persons.

### **Personal Securities Trading Pre-Clearance**

All Covered Persons are required to obtain pre-approval from the LPL Compliance Department prior to purchasing the following securities:

- Purchasing shares of an initial public offering (IPO)<sup>3</sup>
- Purchases of private placements<sup>4</sup>

Restricted Persons must obtain pre-clearance prior to placing a transaction in any security that is subject to a blackout or is on a restricted securities list. Please see the LPL Insider Trading Policy for additional information on Restricted Persons trade pre-clearance

Some Covered Persons may have heightened responsibilities under the Code as well as the LPL Insider Trading Policy due to the nature of the functions performed in their roles. As a result, such persons are subject to the LPL Personal Securities Pre-Clearance Policy. These Covered Persons are required to obtain pre-clearance for all personal securities transactions, unless an exemption exists. Covered Persons who are subject to the Personal Securities Pre-Clearance Policy include all personnel in the following LPL departments:

- Research Department
- Trade Desk Departments
- Overlay Portfolio Management Group
- Any other Covered Persons as determined by the advisory Chief Compliance Officer

Please see the LPL Personal Securities Pre-Clearance Policy for additional information on trade pre-clearance.

## **Periodic Reporting**

### **Initial and Annual Holdings Reports**

Within 10 calendar days of becoming a Covered Person under the Code, Covered Persons must provide holding information for all Reportable Securities. All Initial holdings reports must be current as of a date not more than 45 days prior to becoming a Covered Person. Holdings information must also be updated on an annual basis thereafter and must be current as of a date not more than 45 days prior to the date the holdings report is submitted. For Reportable Securities held at LPL or other approved financial institutions, LPL will rely on electronic data feeds to obtain holdings information. In some cases, duplicate statements, or other applicable holdings report documentation must be provided to the LPL Compliance Department.

### **Quarterly Transaction Reports**

Covered Persons are required to provide LPL with quarterly information regarding all transactions in Reportable Securities within 30 days of each calendar quarter end. For transactions in Reportable Securities at LPL Financial and other approved financial institutions, LPL will rely on electronic data feeds to obtain transaction information. In some cases, including where LPL does not receive electronic data feeds, duplicate statements, or other transaction documentation must be provided to the LPL Compliance Department for quarterly transactions reporting.

Purchases or sales as part of an automatic investment plan are exempt from the reporting requirements.

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<sup>3</sup> An Initial Public Offering (IPO) is the first offering of a security to the public, registered under the Securities Act of 1933

<sup>4</sup> A Private Placement is the purchase of any security or offering exempt from the Securities Act of 1933

## Violations of the Code

Any Covered Person who knows of, or has a reasonable belief, that there is a violation of applicable laws or of the Code, must report that information immediately. A Covered Person should not conduct preliminary investigations unless authorized to do so by the appropriate LPL official. Anyone who in good faith raises an issue regarding a possible violation of law, regulation, company policy, or unethical behavior will be protected from retaliation. If you have violated this Code however, making a report will not protect you from the consequences of your actions.

Material violations of the Code must be immediately reported to the Chief Compliance Officer of the LPL RIA. Examples include material violations of applicable securities rules and regulations, fraud, or illegal acts involving any aspect of the firm's business, material misstatements in client records, or reports of any material activity that is harmful to clients.

Violations of the Code may result in disciplinary action including but not limited to warnings, fines, disgorgement, suspension, demotion or termination of employment or licensing. Violations can be reported using the Code of Ethics Violations Reporting Form, via email at [lpfinancial.codeofethicsviolations@lpl.com](mailto:lpfinancial.codeofethicsviolations@lpl.com), or via the LPL [Whistleblower Policy](#).

## Acknowledgement of Receipt of Code

All Covered Persons are required to acknowledge receipt of delivery of this Code upon becoming a Covered Person, as well as annually thereafter. Furthermore, any material amendments to the Code may also require acknowledgement. Additionally, it is the responsibility of all Covered Persons to read, understand, and abide by all aspects of the Code. For additional information on the Code, please refer to the LPL Advisor Compliance Manual or email the Compliance Department at [CodeOfEthics@lpl.com](mailto:CodeOfEthics@lpl.com).

## Schedule A

**Home office employees of the following entities are covered under the LPL RIA Code of Ethics:**

- LPL Financial LLC – Member FINRA/SIPC and an SEC registered investment adviser
- Fortigent LLC – An SEC registered investment adviser
- The Private Trust Company, N.A. – A non-depository national association and a qualified custodian
- LPL Insurance Associates, Inc. – A life insurance agency
- AdvisoryWorld – A financial services digital solutions firm