

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	
LPL Financial LLC (CRD #6413),)	CONSENT ORDER
)	Matter No. 20252028
)	
Respondent.)	
_____)	

I. PRELIMINARY STATEMENT

WHEREAS, pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, et seq., and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of LPL Financial LLC (CRD #6413) (the “Respondent” or “LPL”);

WHEREAS, a multistate task force led by the states of Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-State Group”), which are members of the North American Securities Administrators Association (“NASAA”), conducted an investigation into LPL’s commissions charged to some of its customers. As the result of this coordinated investigation by the Multi-State Group and the Division, the Division concludes that LPL charged unreasonable commissions on certain small principal equity transactions. Nationwide, LPL charged unreasonable commissions on approximately 127,045 equity transactions over a five-year period from April 30, 2020, to April 30, 2025 (the “Relevant Period”), which totaled \$2,486,739.20.

WHEREAS, because LPL is a registered broker-dealer in the State of South Carolina, it admits to the jurisdiction of the Securities Commissioner over it and the subject matter of this proceeding;

WHEREAS, LPL, without admitting or denying the Findings of Fact or Conclusions of Law set forth herein, consents to the entry of this Consent Order;

WHEREAS, the Division finds that there is good cause, and it is in the public interest to enter into this Consent Order with LPL; and

WHEREAS, LPL elects to waive permanently any right to a hearing, judicial review, or appeal under the S.C. Code. Ann. § 35-1-609, with respect to this Consent Order.

NOW, THEREFORE, the Securities Commissioner, as administrator of the Act, hereby enters this Consent Order.

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code. Ann. § 35-1-601(a).

III. RESPONDENT

2. LPL is a registered broker-dealer with a principal place of business at 1055 LPL Way, Fort Mill, South Carolina 29715. LPL is identified by the Financial Industry Regulatory Authority (“FINRA”) Central Registration Depository (“CRD”) number 6413. LPL has been registered with the Division as a broker-dealer since October 28, 1981.

IV. FINDINGS OF FACT

A. LPL’s Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

3. During the Relevant Period, LPL charged unreasonable commissions to thousands of retail brokerage customers transactions that exceeded 5% of the principal amount of the

customers' transactions.

4. For equity transactions executed during the Relevant Period, LPL generally charged retail brokerage customers according to a tiered commission schedule—calculated based on the principal amount of the trade.

5. The commission schedule ranged from .60% to 1.5% of principal plus a \$5.00 confirmation fee for each trade.

6. LPL charged a minimum commission of \$30 on equity transactions (the “Minimum Equity Commission”).

7. LPL’s fee schedule notes that the maximum commission shall not exceed 5% of the principal. LPL’s policies and procedures did not contain a similar restriction on transactions involving the Minimum Equity Commission.

8. The Act prohibits LPL from charging unreasonable commissions for services performed.

9. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a guide, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable under the 5% Policy.

10. In South Carolina, LPL executed approximately 1,968 equity transactions for 1,093 accounts of South Carolina residents for which the principal trade amount was \$2,500 or less that included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) and totaled \$37,906.65.

11. Certain equity transactions executed by LPL included a commission well in excess of 5% of the principal value of the transaction.

B. LPL Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

12. LPL did not reasonably supervise transactions that included a Minimum Equity Commission charge to ensure that LPL charged its customers a reasonable commission.

13. LPL only systematically surveilled commissions in ancillary instances of potential sales practice violations—including an alert used to review accounts with potential excessive trading, an alert used to surveil account concentrations, and an alert to identify either customer specific or overall commissions generated by an agent.

14. LPL did not have in place surveillance sufficient to supervise small principal transactions where the Minimum Equity Commission was in excess of 5%.

15. As a result, LPL failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

V. CONCLUSIONS OF LAW

16. Paragraphs 1 through 16 are incorporated here by reference as though fully set forth herein.

17. Pursuant to S.C. Code Ann. § 35-1-412(d)(9), LPL is required to establish and maintain a system to supervise the activities of its broker-dealer agents that is reasonably designed to achieve compliance with the Act and all applicable securities laws and regulations, including the establishment and maintenance of written procedures.

18. During the Relevant Period, LPL did not have reasonably designed procedures with respect to its activities as a broker-dealer that would have detected the conduct described herein relating to charging customers Minimum Equity Commissions in excess of 5% for small principal equity transactions.

19. LPL's failure during the Relevant Period to establish and maintain reasonably designed procedures relating to the foregoing constitutes a violation of S.C. Code Ann. § 35-1-412(d)(9).

20. The foregoing violation of the Act set forth above provides the basis for this Consent Order and assessment against LPL pursuant to S.C. Code Ann. § 35-1-412(c).

21. This Consent Order is appropriate and in the public interest, pursuant to the Act.

VI. ORDER

On the basis of the Findings of Fact, Conclusions of law, and LPL's express consent to the entry of this Consent Order, IT IS HEREBY ORDERED:

- A. LPL shall permanently **CEASE AND DESIST** from conduct in violation of S.C. Code Ann. § 35-1-412(d)(9);
- B. LPL is **CENSURED** by the Securities Commissioner pursuant to S.C. Code Ann. § 35-1-412(c);
- C. LPL shall provide restitution to the affected South Carolina customers¹ in an amount of no less than \$37,906.65, where the commission on certain small principal equity transactions with a principal trade amount of \$2,500 or less, exceeded five percent 5% of the principal trade amount during the Relevant Period, plus interest in the amount of 6% from the date of each transaction to May 19, 2025. LPL agrees to provide restitution within sixty (60) days of execution of this Consent Order;
- D. Restitution shall be in the form of a dollar credit to current customer accounts, or a check for all former customers or current customers who are

¹ LPL has provided to the Division a confidential list of affected South Carolina customers.

entitled to restitution as a result of transactions involving an individual retirement account;

- E. LPL shall provide a notice of restitution to customers (the “Notice Letter”) on terms acceptable to the Multi-State Group for use by all participating jurisdictions. The Notice Letter shall be sent with the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice Letter, LPL shall provide the Division with a list of all affected South Carolina customers who did not receive notice because the Notice Letter was returned to sender or otherwise noted as undeliverable (“Undeliverable South Carolina Residents”). To the extent the Division has access to different address information for any of the affected South Carolina customers, LPL shall mail a second Notice Letter to each of these affected South Carolina customers within thirty (30) days of the Division’s providing the alternative address;
- F. Within one-hundred twenty (120) days of the transmission of the Notice Letters pursuant to paragraph VII(E) above, LPL shall prepare and submit to the Division a report detailing the restitution paid pursuant to this Consent Order, which shall include:
 - i. Identification of all restitution payments; and
 - ii. Dates, amounts, and methods of the transfer of funds for all restitution payments;
- G. LPL shall pay an administrative fine in the amount of \$20,000 to the Division within fifteen (15) days following the date of entry of this Consent Order;
- H. LPL agrees that a person not unacceptable to the Multi-State Group shall

certify in writing to the Division within sixty (60) days of the date of entry of this Consent Order that LPL's policies and procedures have been changed and enhanced to ensure that all commissions are fair and reasonable. At a minimum, LPL shall certify that its policies and procedures include the following:

- i. Compliance and operational systems to prevent the imposition of unreasonable or unfair commissions;
 - ii. Incorporation of all securities transactions, regardless of the principal amount of the transaction, into any systems used to identify and review potentially excessive commissions; and
 - iii. Revisions to its policies and procedures sufficient to ensure the adequate implementation of the above;
- I. LPL agrees to retain copies of any and all report(s) as set forth in paragraphs (C) through (H) above in an easily accessible place for a period of five (5) years from the date of the reports.
- J. LPL agrees not to claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that LPL shall pay pursuant to this Consent Order;
- K. If LPL is the subject of either a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Consent Order, LPL agrees to provide written notice to the Division within five (5) days of the date of the petition;
- L. LPL agrees that any fine, penalty, and/or money that LPL shall pay in accordance with this Consent Order is intended by LPL and the Division to be a contemporaneous exchange for new value given to LPL pursuant to 11

U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B);

- M. If LPL fails to comply with the terms set forth in this Consent Order, then pursuant to S.C. Code Ann. § 35-1-604(g), the Division may petition in the Richland County [South Carolina] Court of Common Pleas to enforce this Consent Order and further to impose an additional civil penalty for contempt in an amount not less than five hundred dollars, but not greater than five thousand dollars, for each violation, and for any other relief the Court determines is just and proper in the circumstances; and
- N. For good cause shown, the Division may extend any of the procedural dates set forth above. LPL shall make any requests for extensions of the procedural dates set forth above in writing to the Division.

CONSTRUCTION AND DEFAULT

This Consent Order shall not (a) form the basis for any disqualifications of LPL from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of any state, or for any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which LPL or any of its affiliates may be subject under the laws, rules, and regulations of the settling states; (b) form the basis for any disqualifications under the laws of any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations; or under the federal securities laws, including but not limited to, § 3(a)(39) of the Securities Exchange Act of 1934, Rule 262 of Regulation A and Rules 504 and 506 of Regulation D under the Securities Act of 1933 and Rule 503 of Regulation CF; or (c) form the basis for disqualification under the

FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership. This Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002.

Except in an action by the Securities Commissioner to enforce the obligations in this Consent Order, this Consent Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of LPL in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal. Nothing in this Consent Order affects LPL's testimonial obligations or right to take legal positions in litigation in which the Securities Commissioner is not a party. Evidence of any compromise offers and negotiations of the parties related to this Consent Order, including this Consent Order and its terms and any conduct or statements made during compromise negotiations, should not be used as evidence against any party in any proceeding to prove or disprove the validity or amount of a disputed claim except in an action or proceeding to interpret or enforce this Consent Order.

This Consent Order shall be binding upon LPL, its affiliates, and its successors and assigns, as well as upon the successors and assigns of affiliates, with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

This Consent Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of South Carolina without regard to any choice of law principles.

This Consent Order is not intended to state or imply willful, reckless or fraudulent conduct, or breach of any fiduciary duty by LPL, or its affiliates, directors, officers, employees, associated persons, or agents.

LPL, through its execution of this Consent Order, voluntarily waives its right to a hearing on this matter and to judicial review of this Consent Order under S.C. Code Ann. § 35-1-609.

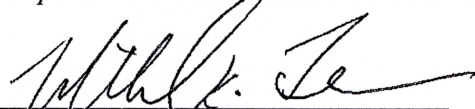
LPL enters this Consent Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Division or any member, officer, employee, agent, or representative of the Division to induce LPL to enter this Consent Order.

ENTERED, this the 23 day of April, 2026.



ALAN WILSON
Securities Commissioner
State of South Carolina

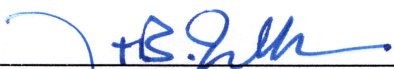
Respondent LPL Financial LLC consents to the terms of the above Consent Order:



Michael K. Freedman
EVP, Deputy General Counsel

Date: April 21, 2026

The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:

By: 

Jonathan B. Williams
Assistant Deputy Attorney General

Date: 4/22, 2026