LPL Investment Holdings Inc.
Form DEF 14A
April 27, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant o

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

LPL Investment Holdings Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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One Beacon Street
Boston, MA 02108-3106
April 28, 2010

Dear Stockholders:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2010 Annual Meeting of Stockholders of LPL Investment Holdings Inc. The meeting will be held on Wednesday, June 9, 2010, at 10:00 a.m., Eastern Standard Time at the offices of Ropes & Gray LLP, One International Place, Boston, Massachusetts. Holders of record of our common stock as of April 26, 2010 are entitled to notice of and to vote at the 2010 Annual Meeting.

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

We are pleased to be furnishing these materials to our stockholders via the Internet. We believe this approach will allow us to provide you with the information you need while expediting your receipt of these materials, lowering our costs of delivery, and reducing the environmental impact of our annual meeting. If you would like us to send you printed copies of our proxy statement and accompanying materials, we will be happy to do so at no charge upon your request. For more information, please refer to the Notice of Internet Availability of Proxy Materials that we mailed to you on or about April 28, 2010.

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

Thank you for your continued support of LPL Investment Holdings Inc.

Sincerely,

Mark S. Casady
Chairman and Chief Executive Officer

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LPL INVESTMENT HOLDINGS INC.

One Beacon Street
Boston, Massachusetts 02108
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders of LPL Investment Holdings Inc. will be held on Wednesday, June 9, 2010, at 10:00 a.m., Eastern Standard Time, at the offices of Ropes & Gray LLP, One International Place, Boston, Massachusetts 02110.

The purpose of the meeting is to:

1. Elect nine directors to the Board of Directors of LPL Investment Holdings Inc.,
2. Ratify the appointment by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as our independent registered public accounting firm,
3. Approve the LPL Investment Holdings Inc. and Affiliates Corporate Executive Bonus Plan, and
4. Consider and act upon any other business properly coming before the Annual Meeting and at any adjournment or postponement thereof.

Only stockholders of record at the close of business on April 26, 2010, will be entitled to vote at this annual meeting or any adjournment thereof. Information relating to the matters to be considered and voted on at the annual meeting is set forth in the Proxy Statement accompanying this Notice.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING, PLEASE SUBMIT YOUR PROXY BY FOLLOWING THE INSTRUCTIONS SET FORTH IN THE FOLLOWING MATERIALS. YOU MAY VOTE YOUR SHARES AND SUBMIT A PROXY BY USING THE INTERNET OR TELEPHONE AS DESCRIBED HEREIN OR ON YOUR PROXY CARD.

By Order of the Board of Directors,

Stephanie L. Brown
Secretary

Boston, Massachusetts
April 28, 2010

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 9, 2010:

THIS PROXY STATEMENT AND LPL INVESTMENT HOLDINGS INC.'S 2009 ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT WWW.LPL.COM. ADDITIONALLY, AND IN ACCORDANCE WITH SEC RULES, YOU MAY ACCESS THESE MATERIALS ON THE WEBSITE INDICATED IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS THAT YOU HAVE RECEIVED FROM BNY MELLON SHAREOWNER SERVICES.

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LPL INVESTMENT HOLDINGS INC.
PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Introduction

This proxy statement and the accompanying Notice of Annual Meeting of Stockholders are being furnished to the holders of common stock, $0.001 par value ("Common Stock"), of LPL Investment Holdings Inc., a Delaware corporation (the "Company") in connection with the solicitation of proxies on behalf of our Board of Directors for use at the 2010 Annual Meeting of Stockholders (the "Annual Meeting") and any adjournment thereof. The Annual Meeting will be held on Wednesday, June 9, 2010 at the offices of Ropes & Gray LLP, One International Place, Boston, Massachusetts 02110 at 10:00 a.m., Eastern Standard Time.

On or about April 28, 2010, a Notice of Internet Availability of Proxy Materials (the "Notice") was mailed to stockholders of record at the close of business on April 26, 2010 (the "record date"). We are furnishing our proxy materials to our stockholders on the Internet in lieu of mailing a printed copy of our proxy materials to each stockholder of record. You will not receive a printed copy of our proxy materials unless you request one. The Notice instructs you as to how you may access and review on the Internet all of the important information contained in the proxy materials or request a printed copy of those materials. The Notice also instructs you as to how you may vote your proxy.

Record Date, Shares Outstanding, and Quorum

On April 26, 2010, the record date for the Annual Meeting, there were 94,247,974.90 issued and outstanding shares of Common Stock. Only stockholders of record at the close of business on the record date will be entitled to vote at the meeting. The presence in person or by proxy of a majority of shares of Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Each share of Common Stock is entitled to one vote.

Voting Proxies

Shares of Common Stock represented by properly executed proxy cards received by the Company in time for the meeting will be voted in accordance with the instructions specified in the proxies. If you submit a proxy but do not indicate any voting instructions, your shares will be voted **FOR** the election as directors of the nominees named in this proxy statement, **FOR** the ratification of the selection for Deloitte & Touche LLP as our independent registered public accounting firm, and **FOR** the approval of the LPL Investment Holdings Inc. and Affiliates Corporate Executive Bonus Plan.

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

Revocation of Proxies

If you submit a proxy, you are entitled to revoke your proxy at any time before it is exercised by attending the Annual Meeting and voting in person, by filing a duly executed proxy bearing a later date, or by sending written notice of revocation to our Corporate Secretary at LPL Investment Holdings Inc., One Beacon Street, Boston, MA 02108. Whether or not you plan to be present at the annual meeting, we encourage you to vote your proxy by telephone or via the Internet by following the instructions provided in this proxy statement or on the proxy card. If you request a printed copy of these materials, you may also provide your proxy by signing the proxy card enclosed therein and returning it in the envelope that will be provided with the printed materials.

Solicitation of Proxies

The Board of Directors of LPL Investment Holdings Inc. is soliciting proxies. We have hired BNY Mellon Shareholder Services to assist in the solicitation of proxies at a cost of approximately $15,000 plus out-of-pocket expenses. We will bear the entire cost of proxy solicitation. Stockholders who elect to vote over the Internet may incur costs such as telecommunication and Internet access charges for which the stockholder is solely responsible. The telephone and Internet voting facilities for stockholders of record will close at 11:59 p.m. Eastern Standard Time on June 8, 2010.

Access to Corporate Documents

Stockholders may receive a copy of our 2009 Annual Report on Form 10-K or copies of our Audit Committee charter, Compensation and Human Resources Committee Charter, and Code of Ethics, free of charge, by writing to us at the following address:

LPL Investment Holdings Inc.
One Beacon Street
Boston, MA 02108

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PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors presently consists of eight independent directors and one affiliated director. All of the present members of the Board of Directors have been proposed for re-election.

The nine directors to be elected are to hold office until the Annual Meeting of Stockholders in 2011 and until their respective successors shall have been elected.

Nominations to our Board of Directors are governed by our bylaws and our Stockholders Agreement, dated December 28, 2005, as amended ("Stockholders Agreement"), by and among the Company, LPL Holdings, Inc., Hellman & Friedman Capital Partners V, L.P., Hellman & Friedman Capital Partners V (Parallel), L.P., Hellman & Friedman Capital Associates V, L.P., TPG Partners IV, L.P. and the other individual holders party thereto. Hellman & Friedman Capital Partners V, L.P., Hellman & Friedman Capital Partners V (Parallel), L.P. and Hellman & Friedman Capital Associates V, L.P. shall together be referred to as "H&F." TPG Partners IV, L.P. shall be referred to as "TPG."

The Stockholders Agreement provides that so long as certain ownership thresholds have been met, our stockholders who are party to the Stockholders Agreement shall vote to cause the Board of Directors to consist at least of (i) two individuals designated by H&F, (ii) two individuals designated by TPG, (iii) Mark S. Casady, so long as Mr. Casady is chief executive officer of the Company, and (iv) one independent director designated by H&F and TPG, after consultation with Mr. Casady. We currently have three Board seats in addition to those prescribed by the Stockholders Agreement.

Each of the nominees has consented to serve if elected. If any nominee should be unable to serve or will not serve for any reason, the persons designated on the accompanying form of proxy will vote in accordance with their judgment, but in no event will proxies be voted for more than nine nominees for director. We know of no reason why the nominees would not be able to serve if elected.

In accordance with our bylaws, the nominees for director receiving the highest number of votes cast in person or by proxy at the annual meeting (also referred to as a plurality of the votes cast) will be elected. If you mark your proxy to withhold your vote for a particular nominee on your proxy card, your vote will not count either "for" or "against" the nominee. Shares that abstain from voting as to this proposal will not be counted in the voting.

Director Qualifications and Experience

We seek a Board that, as a whole, possesses the experiences, skills, backgrounds, and qualifications appropriate to function effectively in light of the Company's current and evolving business circumstances. The Board of Directors seeks directors with established records of significant accomplishment in business and areas relevant to our strategies. We seek individuals with integrity, independence of thought and judgment, energy, forthrightness, analytical skills, and a commitment to the Company and the interests of all stockholders. We believe that all of our director nominees share these characteristics.

Although we do not have a separate policy regarding diversity, our goal is a balanced and diverse Board, with members whose skills, background and experience are complimentary and, together, cover the spectrum of areas that impact our business. The Board of Directors believes that the current composition of the Board reflects a group of highly talented individuals with diverse skills, background, professional and industry experience, and other personal qualities and attributes best suited to perform oversight responsibilities for the Company and its stockholders.

The following pages contain biographical and other information about our director nominees. Following each nominee's biographical information is information concerning the particular experience, qualifications, attributes, and/or skills that led the Board of Directors to determine that each nominee should serve as a director.

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Mark S. Casady, Director and Chairman of the Board since 2005

Mr. Casady, 49, is chairman of the board of directors and chief executive officer of LPL Investment Holdings Inc. He joined us in May 2002 as chief operating officer, became our president in April 2003, and became our chief executive officer, president and chairman in December 2005. Before joining the firm, Mr. Casady was managing director, mutual fund group for Deutsche Asset Management, Americas formerly Scudder Investments. He joined Scudder in 1994 and held roles as managing director Americas; head of global mutual fund group and head of defined contribution services. He was also a member of the Scudder, Stevens and Clark Board of Directors and Management Committee. He is former chairman and a current board member of the Insured Retirement Institute and serves on the Financial Industry Regulatory Authority board of governors. Mr. Casady received his B.S. from Indiana University and his M.B.A. from DePaul University.

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

- unique perspective and insights into our operations as our current chairman and chief executive officer, including knowledge of our business relationships, competitive and financial positioning, senior leadership, and strategic opportunities and challenges;
- operating, business, and management experience as chief executive officer; and
- expertise in the financial industry, underscored by his current role as a member of the board of governors of the Financial Industry Regulatory Authority and a member of the board of the Insured Retirement Institute.

Richard W. Boyce, Director since 2009

Mr. Boyce, 56, is a partner at TPG, one of the largest global investment partnerships, owning 50 companies with over $125 billion in revenue. He founded and leads TPG's Operating Group, which drives performance improvement across all the TPG companies. In his first role with TPG, he served as the chief executive officer of J. Crew Group, Inc., from 1997-1999, and as a board member from 1997-2006. He became chairman of Burger King Corporation in 2002 and serves on that board today. Prior to joining TPG, Mr. Boyce was employed by PepsiCo. Inc. from 1992 to 1997, including as senior vice president of operations for Pepsi-Cola North America. He has previously served on the boards of directors of several other TPG companies, including Del Monte Foods, ON Semiconductor, and Gate Gourmet. Mr. Boyce received a B.S.E. from Princeton University and received his M.B.A from the Stanford Graduate School of Business.

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

- high level of financial, operating and management experience, gained through his roles as chief executive officer of J. Crew Group, Inc. and as chairman of the board of directors of Burger King Corporation;
- high level of financial literacy gained through his investment experience as a partner at TPG; and
- knowledge and experience gained through service on the board of public companies.

John J. Brennan, Director since 2010

Mr. Brennan, 55, is chairman emeritus and senior advisor of The Vanguard Group, Inc. Mr. Brennan joined Vanguard in July 1982. He was elected president in 1989, served as chief executive officer from 1996 to 2008 and chairman of the board from 1998 to 2009. Mr. Brennan is chairman of the Financial Accounting Foundation; a governor of the Financial Industry Regulatory Authority; a director of the United Way of Southeastern Pennsylvania; a trustee of the University of Notre Dame and King Abdullah University of Science and Technology. He graduated from Dartmouth College and received his M.B.A. from the Harvard Business School. He has received honorary degrees from Curry College and Drexel University.

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

- high level of financial literacy and operating and management experience, gained through his roles as chief executive officer and as chairman of the board of directors of The Vanguard Group, Inc. and through his service with the Financial Accounting Foundation; and

- expertise in the financial industry, underscored by his current role as a member of the board of governors of the Financial Industry Regulatory Authority.

James S. Putnam, Director and Vice Chairman of the Board since 2005

Mr. Putnam, 56, has been chief executive officer of Global Portfolio Advisors ("GPA") since 2004. He has served on the board of directors of GPA since 1998, and has been director and vice chairman since December 2005. Prior to his tenure with GPA, Mr. Putnam was employed by LPL Financial beginning in 1983 where he held several positions, culminating in managing director of national sales, responsible for branch development, recruitment, retention, and management of LPL Financial advisors. He was also responsible for marketing and all product sales. Mr. Putnam began his securities career as a retail representative with Dean Witter Reynolds in 1979. Mr. Putnam holds a degree in from Western Illinois University.

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

- unique current and historical perspective and insights into our operations as our current Vice Chairman and LPL Financial's former managing director of national sales;

- operating, business, and management experience as a current chief executive officer; and

- expertise in the financial industry and deep familiarity with our financial advisors.

Erik D. Ragatz, Director since 2009

Mr. Ragatz, 37, is a managing director at Hellman & Friedman. His primary areas of focus are the energy/industrials, financial services, and healthcare industries. He is a director of Sheridan Holdings, Inc. and Goodman Global, Inc., where he serves as chairman of the board. Mr. Ragatz was formerly a Director of Texas Genco LLC. He was also active in Hellman & Friedman's investments in Arch Capital Group Ltd., Digitas, Inc., Gaztransport et Technigaz S.A.S., and Nasdaq Stock Market LLC. Prior to joining Hellman & Friedman in 2001, Mr. Ragatz was employed by Bain Capital in Boston and Sydney, Australia. Previously he worked as a management consultant for Bain & Company in San Francisco. Mr. Ragatz graduated from Stanford University where he was elected to Phi Beta Kappa. He earned an M.B.A. from the Stanford Graduate School of Business.

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

- high level of financial literacy gained through his investment experience as a managing director at Hellman & Friedman LLC; and

- experience on other company boards and board committees, including his role as chairman of the board at Goodman Global, Inc.

James S. Riepe, Director since 2008

Mr. Riepe, 66, is a senior advisor and retired vice chairman of the board of directors of T. Rowe Price Group, Inc., where he worked for nearly 25 years. Previously, he served on the firm's

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management committee; oversaw the firm's mutual fund activities; and served as chairman of the T. Rowe Price Mutual Funds. He served as chairman of the board of governors of the Investment Company Institute and was a member of the board of governors of the National Association of Securities Dealers (now FINRA) and chaired its Investment Companies Committee. Mr. Riepe is a member of the board of directors of The NASDAQ OMX Group, Genworth Financial, UTI Asset Management Company of India, and the Baltimore Equitable Society. He also served as chairman of the board of trustees of the University of Pennsylvania from which he earned a B.S. and an M.B.A.

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

- high level of financial literacy and operating and management experience, gained through his executive management positions and role as chairman of the board of directors of T. Rowe Price Group, Inc.;
- expertise in the financial industry, underscored by his 35 years of experience in investment management and his prior roles as a member of the board of governors of the Financial Industry Regulatory Authority and as chairman of the board of governors of the Investment Company Institute; and
- knowledge and experience gained through service on the board of public companies.

Richard P. Schifter, Director since 2005

Mr. Schifter, 57, Schifter has been a partner at TPG since 1994. Prior to joining TPG, Mr. Schifter was a partner at the law firm of Arnold & Porter in Washington, D.C., where he specialized in bankruptcy law and corporate restructuring. He joined Arnold & Porter in 1979 and was a partner from 1986 through 1994. Mr. Schifter currently serves on the boards of directors of Republic Airways, Bristol Group, Ariel Reinsurance Company Ltd., EverBank Financial Corp., and Youth, I.N.C. (Improving Non-profits for Children) and on the board of overseers of the University of Pennsylvania Law School. Mr. Schifter received a B.A. from George Washington University and graduated from the University of Pennsylvania Law School.

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

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

Jeffrey E. Stiefler, Director since 2006

Mr. Stiefler, 63, serves as a venture partner for Emergence Capital Partners, as chairman of Touch Commerce and Logic Source, and as a director of Verifone and Taleo. Previously, he was chairman, CEO, and president of Digital Insight from 2003 through 2007. From 1995 to 2003, Mr. Stiefler served as an advisor to two private equity firms, McCown DeLeeuw and Company and North Castle Partners. He also served as vice-chairman of Walker Digital Corporation and was a director of Education Lending Group. Prior to 1995, Mr. Stiefler was president and a director of American Express Company and president and CEO of IDS Financial Services Corporation (which became American Express Financial Advisors and then Ameriprise). Previously, he held leadership positions with Citicorp and Boise Cascade Corporation. Mr. Stiefler served as director or trustee of a number of philanthropic institutions, including The Salk Institute, Minnesota Business Partnership, Minneapolis Symphony, and Carlson School of Management. He received his B.A. from Williams College and M.B.A. from the Harvard Business School.

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

- high level of financial literacy and operating and management experience, gained through his roles as chief executive officer, advisor, and director of various corporations; and
- expertise in the financial industry, underscored by his experience as president and director of American Express Company and president and chief executive officer of IDS Financial Services Corporation.

Allen R. Thorpe, Director since 2005

Mr. Thorpe, 39, is a managing director of Hellman & Friedman and leads the firm's New York office. His primary areas of focus are financial services and healthcare. He is a director of Emdeon Business Services, Sheridan Holdings, Inc, and Mondrian Investment Partners Limited, and is a member of the advisory board of Grosvenor Capital Management Holdings, LLLP. He is also active in the firm's investment in Artisan Partners Limited Partnership. He was formerly a director of portfolio companies Gartmore Investment Management Limited, Mitchell International, Vertafore Inc., and Activant Solutions, Inc. Prior to joining the firm in 1999, Mr. Thorpe was a vice president with Pacific Equity Partners and a manager at Bain & Company. Mr. Thorpe graduated from Stanford University and earned an M.B.A. from the Harvard Business School where he was a Baker Scholar.

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

- high level of financial literacy gained through his investment experience as a managing director at Hellman & Friedman LLC; and
- knowledge and experience gained through service on the boards of other companies including those in the financial services sector.

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

- Vote **FOR** all nominees;
- **WITHHOLD** votes for all nominees; or
- **WITHHOLD** votes as to specific nominees.

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

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INFORMATION REGARDING BOARD AND COMMITTEE STRUCTURE

The Board of Directors is the ultimate decision making body of the Company except with respect to those matters reserved by law or the bylaws of the Company to the stockholders. The Board is responsible for selection of the chief executive officer, providing oversight responsibility and direction to management, and evaluating the performance of management on behalf of the stockholders.

During 2009, the Board held five meetings, of which one was held by conference call. All directors attended at least 75% of the aggregate of (a) the total number of meetings of the Board during fiscal 2009 and (b) the total number of meetings held by all committees of the Board on which the director served during fiscal 2009.

Corporate Governance, Committee Charters, and Code of Ethics

Our Board of Directors has adopted charters of each of the Board's committees as described below. We have adopted a Code of Ethics that applies to, among others, our principal executive officer, principal financial officer, and principal account officer or controller, or persons performing similar functions. Copies of our committee charters and our Code of Ethics are available, free of charge, by writing to us at the following address:

LPL Investment Holdings Inc.
One Beacon Street
Boston, MA 02108

Director Independence

Except for Mr. Casady, who is currently employed by us, all of our directors are independent under the listing standards of the New York Stock Exchange.

Leadership Structure of the Board of Directors

The Board does not have a fixed policy regarding the separation of the offices of chairman of the Board and chief executive officer and believes that it should maintain the flexibility to select the chairman of the Board and its Board leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Company and its stockholders. At this time, the offices of the chairman of the Board and the chief executive officer are combined, with Mr. Casady serving as chairman and CEO. He has served in this role since December 2005. With 28 years of experience in the financial services industry, including eight years with us, Mr. Casady has the knowledge, expertise, and experience to understand the opportunities and challenges facing us, as well as the leadership and management skills to promote and execute our values and strategy, particularly during the current difficult economic environment. The Board believes that combining the Chairman and CEO positions is the right corporate governance structure for us at this time because it most effectively utilizes Mr. Casady's extensive experience and knowledge with respect to us and our industry.

Each of the committees of our Board is chaired by an independent director. At the present time, our Board of Directors has not appointed a Lead Director.

We do not have a specific policy regarding director attendance at our annual meeting of stockholders.

Board Committees

The current standing Committees of the Board of Directors are the Audit Committee and the Compensation and Human Resources Committee (the "Compensation Committee").

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The Audit Committee met five times during the fiscal year and is composed of the following members: John J. Brennan, Erik D. Ragatz, Richard P. Schifter and Jeffrey E. Stiefler. John J. Brennan serves as the Chairperson of the Audit Committee.

Each member of our Audit Committee is independent under the listing standards of the New York Stock Exchange. None of the directors on our Audit Committee is or has been an employee of ours or any of our subsidiaries. None of our Audit Committee members simultaneously serves on the audit committees of more than three public companies. All members of our Audit Committee are able to read and understand fundamental financial statements, including the company's balance sheet, income statement and cash flow statement. We believe Mr. Brennan meets the requirements for being an "audit committee financial expert" as defined by SEC rules and expect our Board to make that determination shortly.

The Audit Committee oversees:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence; and
- the performance of our independent auditor and internal audit function.

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

The Compensation Committee met four times during the fiscal year and is composed of the following members: Richard W. Boyce, James S. Riepe, and Allen R. Thorpe. Allen R. Thorpe serves as the Chairperson of the Compensation Committee.

The Compensation Committee:

- oversees our efforts to attract, retain and motivate members of our senior management team in partnership with our Chief Executive Officer;
- carries out the Board of Directors' overall responsibility relating to the determination of compensation for all executive officers;
- oversees all other aspects of our compensation and human resource policies; and
- oversees our management resources, succession planning and management development activities.

The Compensation Committee has authority under its charter to access such internal and external resources, including retaining legal, financial, or other advisors, as the Compensation Committee deems necessary or appropriate to fulfill its responsibilities.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or has been an officer or employee of ours or any of our subsidiaries. There were no Compensation Committee interlocks as defined under Securities and Exchange Commission rules during 2009.

Risk Oversight

The Board of Directors considers oversight of our risk management efforts to be a responsibility of the entire Board. The Board's role in risk oversight includes receiving regular reports from members of senior management on areas of material risk to us or to the success of a particular project or endeavor

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under consideration, including operational, financial, legal and regulatory, strategic, and reputational risks. The full Board (or the appropriate Committee, in the case of risks under the purview of a particular Committee) receives these reports from the appropriate members of management to enable the Board (or Committee) to understand our risk identification, risk management, and risk mitigation strategies.

As a financial services company, our business is subject to a number of risks and uncertainties, which are described in detail in our Form 10-K for the year ended December 31, 2009. We have established a Risk Oversight Committee comprised of a group of senior executives of the Company to oversee the management of these risks. The Audit Committee and the Board as a whole receive regular reports from the Risk Oversight Committee, other members of management, and our independent auditors on prevailing material risks and the actions being taken to mitigate them. Our chief audit executive prepares annually a comprehensive risk-based audit plan and reviews that plan with the Audit Committee. This plan identifies the material business risks for us and our planned approach to assess the controls that exist to mitigate those risks.

Communicating with the Board of Directors

Any stockholder who wishes to contact a member of our Board of Directors may do so by writing to the following address: Board of Directors, c/o Secretary, LPL Investment Holdings Inc., One Beacon Street, Boston, MA 02108. Communications will be distributed to the chairman of the Board or the other members of the Board as appropriate depending on the facts and circumstances outlined in the communication received.

BOARD OF DIRECTOR COMPENSATION

In February 2010, our Board approved revisions to our non-affiliated director compensation policy. Non-affiliated directors receive a $50,000 annual retainer, a $1,500 attendance fee for each regular meeting, and a $750 attendance fee for each committee meeting. The Audit Committee Chairperson receives an additional $15,000 as part of his annual retainer while the Compensation Committee Chairperson receive an additional $10,000 as part of his annual retainer. Each other Audit Committee and Compensation Committee member receives an additional $3,000 as part of his annual retainer.

Mr. Casady, Mr. Putnam, and the directors affiliated with our private equity owners do not receive any additional compensation for service as directors. In the past, grants of stock options have supplemented the compensation paid to our non-affiliated directors. In March 2010, we adopted a Restricted Stock Plan for our non-affiliated directors. Each non-affiliated director will receive an annual grant of restricted shares of Common Stock valued at $100,000, with vesting to occur on the second anniversary of the grant date. These grants of equity serve to further align our directors' interests with the interests of our stockholders.

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The following table sets forth the compensation each of the non-affiliated directors received from us for service on the Board for the fiscal year ended December 31, 2009.

Name	Year	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)(1)	Total ($)
Richard W. Boyce	2009							
John J. Brennan(1)	2009							
Jeffrey A. Goldstein(2)	2009							
Douglas M. Haines(3)	2009							
James S. Putnam	2009							
Erik D. Ragatz	2009							
James S. Riepe	2009	25,000		131,895				156,895
Richard P. Schifter	2009							
Jeffrey Stiefler	2009	25,000		131,895				156,895
Allen R. Thorpe	2009							

(1) Mr. Brennan joined our Board on February 11, 2010 and therefore received no compensation in fiscal year 2009.

(2) Mr. Goldstein stepped down from his position as director on July 24, 2009.

(3) Mr. Haines stepped down from his position as director on June 2, 2009.

In addition to the payments disclosed in the table above, our directors are reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at Board and committee meetings.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and persons who own more than 10% of a registered class of our equity securities to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by regulation of the SEC to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms or written representations from certain reporting persons received by us with respect to fiscal 2009, we believe that our officers and directors and persons who own more than 10% of a registered class of our equity securities have complied with all applicable filing requirements.

REPORT OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE OF THE BOARD OF DIRECTORS

The following independent directors, who constitute the Compensation Committee, have reviewed the following Compensation Discussion and Analysis with our management and recommended that it be included in this proxy statement.

Allen R. Thorpe, Chairperson
Richard W. Boyce
James S. Riepe

April 28, 2010

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COMPENSATION DISCUSSION AND ANALYSIS

Overview and Philosophy

The executive compensation program for our named executive officers generally is designed to closely align the interests of our executive management committee with those of our stockholders on both a short-term and long-term basis, and to attract and retain key executives critical to our success. That alignment has been achieved principally by ensuring that a significant portion of compensation is directly related to the financial strength and sustainability of our firm. We believe that this philosophy of seeking to align the interests of our senior managers and other personnel with those of stockholders has been a key contributor to the growth and successful performance of our firm.

In addressing compensation, the Compensation Committee attempts to balance the short-term and long-term components to properly reward performance, encourage retention and align executive pay with that of executives at comparable companies in our industry. The elements of our executive compensation program are base salary, annual bonus, and a long-term equity incentive program.

Total executive compensation, including equity-based compensation, is highly differentiated based on individual performance, experience, responsibility and our financial results. A significant portion of each executive's compensation is variable and directly dependent upon individual performance against pre-determined goals.

In setting executive compensation levels, consideration is given to the totality of the compensation rather than individual elements. Our Compensation Committee reviews and approves the total compensation payable to each member of the executive management committee.

Role of Compensation Committee

Our Compensation Committee is composed entirely of independent directors and is responsible to the Board of Directors and our stockholders for establishing and overseeing our compensation philosophy and for overseeing our executive compensation policies and programs generally. The Compensation Committee's charter sets forth the Compensation Committee's responsibilities. The Compensation Committee recommends any revisions to the charter to the Board of Directors for approval.

Role of Executive Officers

Our chief executive officer annually reviews the individual performance of each of his direct reports and provides the Compensation Committee with evaluations of each such direct report as well as recommendations regarding such person's base salary level, annual cash incentive payment, and long term equity award. Our chief executive officer and our managing director, human capital, attend Compensation Committee meetings (although they leave the meetings during discussions of compensation actions affecting them personally) and assist the Compensation Committee in determining the final compensation levels for members of our executive management committee.

Role of Compensation Consultants

During 2009, Hewitt Associates Inc. was engaged by the Company to provide executive compensation consulting services to the Compensation Committee. These services included providing insight on market compensation practices and program designs with respect to base salary and short- and long-term incentives for companies comparable to us. In addition, high level data with respect to executive compensation issues faced by public companies was provided for informational purposes only. From time to time, other consultants may provide similar information to the Compensation Committee on a limited basis.

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Hewitt Associates Inc. was also engaged by our management during 2009 to provide services related to the compensation programs for our broader employee population.

Base Salary

We believe that the base salary element is required in order to provide our executive officers with a stable income stream that is commensurate with their responsibilities and the competitive market conditions. The base salaries of the named executive officers are set based on the responsibilities of the individual, taking into account the individual's skills, experience, prior compensation levels, and competitive market compensation for comparable positions. We review base salary for the named executive officers annually.

Bonus

We establish annual cash bonus opportunities for our named executive officers based on proposed goals, prior compensation levels, and competitive market compensation for comparable positions. We believe that these cash bonuses provide a significant incentive to our executives to work towards achieving our company objectives as they are tied to certain of our key performance measures. These cash bonuses are discretionary as to the amount, timing, and conditions, subject to the provisions of the LPL Investment Holdings Inc. and Affiliates Corporate Executive Bonus Plan (the "Bonus Plan"). We determine whether the target bonuses are paid based on the individual's performance and corporate profitability. We have the discretion, subject to the terms of the Bonus Plan and applicable employment agreements, to pay bonuses below the established amounts. See pages 29-30 for a detailed description of the Bonus Plan.

401(k) Plan

We maintain a retirement savings plan, or a 401(k) Plan, for the benefit of all eligible employees. Currently, employees may elect to defer their compensation up to the statutorily prescribed limit. After one year of service, we match contributions in an amount equal to the lesser of 20% of the amount designated by the employee for withholding and 2% of the employee's eligible compensation. An employee's interests in his or her deferrals are 100% vested when contributed. The 401(k) Plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As such, contributions to the 401(k) Plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) Plan, and all contributions are deductible by us when made. We provide this benefit to all of our eligible employees, and it is provided to our executive officers on the same basis as all other eligible employees.

Effective January 1, 2009, we suspended contributing the employer match on a "per-pay-period" basis. However, in January 2010, the Compensation Committee approved a special employer match (calculated as described above) to be applied to all eligible contributions during calendar year 2009. In addition, in March 2010, the "per-pay-period" employer match (as described above) was reinstated retroactive to January 1, 2010.

Long-Term Equity Incentive Program

The purpose of our Long-Term Equity Incentive Program is to retain key executives and incent achievement of goals that drive long-term stockholder value. We provide stock-based, long-term compensation for executive officers through our stockholder-approved equity plans. Stock options entitle the holder to purchase during a specified time period, a fixed number of shares of our common stock at a set price. The plans provide for stock options which vest over a period determined by the Compensation Committee.

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The Compensation Committee determines the number of stock options to be granted based on a holistic assessment of current and prospective contribution of value by each individual. Stock options are awarded from time to time to eligible recipients. The Compensation Committee also allocates stock options under our equity plans for use in attracting new executives.

Employment Agreements

We have entered into definitive employment agreements with certain members of senior management including Mr. Casady, Ms. Stearns, Mr. Dwyer, and Ms. Brown. These employment agreements were executed in connection with the acquisition of our Company by H&F and TPG in December 2005. These agreements had an initial term of three years and automatically renew for subsequent one-year terms unless we provide written notice within 90 days prior to the completion of the then-current term.

We have not entered into a written employment agreement with Mr. Moore.

The employment agreements required us to adopt option plans under which our employees are eligible to receive awards of stock options for our common stock. See " Long-Term Equity Incentive Program."

In addition to the terms of his employment agreement set forth below, Mr. Casady agreed to serve on the Board and, at least until an initial public offering, shall be the chairman of the Board.

Employment Arrangements with Named Executive Officers

Base Salaries

The employment arrangements provide that Mr. Casady, Ms. Stearns, Mr. Moore, Mr. Dwyer, and Ms. Brown receive an annual base salary for the 2010 fiscal year of no less than $800,000, $625,000, $600,000, $500,000, and $375,000, respectively. The agreements provide that each such executive officer is entitled to participate in the bonus plan that we may establish from time to time and in our stock incentive plans.

Intellectual Property, Confidentiality, and Non-Compete Clauses

The employment agreements with each of Mr. Casady, Ms. Stearns, Mr. Dwyer, and Ms. Brown require each of them to promptly disclose and assign any individual rights that he or she may have in any intellectual property (including inventions, concepts, business opportunities, etc.) to us. The executive officers must also maintain confidentiality of all information that is confidential and proprietary to us, subject to customary exceptions. Under a non-compete provision, they are prohibited from engaging in certain conduct for a period of two years following termination of the employment agreement for any reason, except in the event of a termination as a result of which the executive officer is entitled to a certain level of severance payment (e.g., severance multiplier of 1.5), in which case the executive officer would be prohibited from engaging in such certain conduct for a period of 18 months. During this time, these executive officers (i) may not engage or participate in, directly or indirectly, any business or entity which is competitive with us, (ii) will refrain from soliciting existing and prospective financial advisors and institutions, targets, suppliers, or employees to terminate their relationship with us and (iii) will refrain from diverting, or attempting to divert, from us or any of our subsidiaries any of our financial advisors and institutions, targets, suppliers, or employees.

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Severance and Change-in-Control Payments

Under the terms of our employment agreements with Mr. Casady, Ms. Stearns, Mr. Dwyer, and Ms. Brown, we may be obligated to make severance payments following the termination of their employment. These benefits are described below under " Potential Payments upon Termination or Change-in-Control."

In the event that any payments to which Mr. Casady, Ms. Stearns, Mr. Dwyer, and Ms. Brown become entitled would be deemed to constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code, then such payments that would have been payable during the six months following of termination of employment with us and would otherwise be considered "parachute payments" if paid during that period shall be paid in a lump sum on the business day after the date that is the earlier of (1) six months following the date of termination and (2) such time as otherwise permitted by law that would not result in additional taxation and penalties as a "parachute payment." We, however, have no obligation to grant the executive officer any "gross-up" or other "make-whole" compensation for any tax imposed on payments made to the executive officers, including "parachute payments."

Pension Benefits

We do not have any qualified or non-qualified defined benefit plans.

Non-qualified Deferred Compensation

On November 19, 2008, we 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) a date in 2012 to be determined by our Board; (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.

Certain employees of our 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 date we acquired the subsidiaries. Plan assets are held by the Company in a Rabbi Trust.

COMPENSATION OF EXECUTIVE OFFICERS

The tables in the following sections of this proxy statement provide information required by the SEC regarding compensation paid to or earned by our named executive officers. We have used captions and headings in these tables in accordance with the SEC regulations requiring these disclosures. The footnotes to these tables provide important information to explain the values presented in the tables and are an important part of our disclosures.

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Summary Compensation Table

The following table sets forth information concerning the total compensation for the years ended December 31, 2007, 2008, and 2009 for the persons who serve as the chief executive officer, chief financial officer, and the other three most highly compensated executive officers of our company.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Mark S. Casady	2009	800,000	1,500,000		1,414,440			10,738(4)	3,725,178
Chairman; CEO	2008	800,000	1,032,742					10,707(5)	1,843,449
	2007	761,923	2,230,000					11,438(6)	3,003,361
Robert J. Moore	2009	600,000	350,000		2,215,413			157,569(7)	3,322,982
CFO	2008	198,077	378,910		1,352,352			27,236(8)	1,956,575
	2007								
Esther M. Stearns	2009	625,000	650,000		942,960			9,685(9)	2,227,645
President, COO	2008	531,250	497,846		783,200			5,912(10)	1,818,208
	2007	425,000	1,075,000					3,137(11)	1,503,137
William E. Dwyer	2009	450,000	450,000		589,350			10,673(12)	1,500,023
Managing Director	2008	450,000	243,134		342,650			10,913(13)	1,046,697
President, National Sales and Marketing	2007	408,500	600,000					110,817(14)	1,119,317
Stephanie L. Brown(15)	2009	355,000	300,000		471,480				1,126,480
Managing Director,	2008								
General Counsel	2007								

(1) Includes the dollar value of base salary earned by executive officer

(2) Includes the dollar value of bonus earned by executive officer

(3) These amounts are the grant date fair value of the stock options as represented by the total compensation expense that will be recognized for these awards. We use the Black-Scholes option pricing model to estimate our compensation cost for stock option awards.

(4) Includes $9,956 relating to automobile lease payments and related expenses and $781 in securities commissions

(5) Includes $9,815 relating to automobile lease payments and related expenses and $892 in securities commissions

(6) Includes $5,051 relating to automobile lease payments and related expenses and $6,387 in securities commissions

(7) Includes $156,548 of taxable relocation expenses and $1,021 relating to automobile lease payments and related expenses

(8) Includes $26,891 of taxable relocation expenses and $345 relating to automobile lease payments and related expenses

(9) Includes $3,951 relating to automobile lease payments and related expenses, $113 in securities commissions and $5,621 for medical taxable fringe benefits

(10) Includes $3,136 relating to automobile lease payments and related expenses, $2,620 for medical taxable fringe benefits and $156 in securities commissions

(11) Includes $2,954 relating to automobile lease payments and related expenses and $183 in securities commissions

(12) Includes $10,242 relating to automobile lease payments and related expenses and $431 in securities commissions

(13) Includes $10,242 relating to automobile lease payments and related expenses and $671 in securities commissions

(14) Includes $10,242 relating to automobile lease payments and related expenses, $100,000 for relocation payment and $575 in securities commissions

(15) Ms. Brown was not a named executive officer in 2008 or 2007. Her compensation is therefore only disclosed for the year ended December 31, 2009.

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2009 Grants of Plan-Based Awards

We have provided the following Grants of Plan-Based Awards table to provide additional information about stock awards granted to our named executive officers during the year ended December 31, 2009.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**Option Awards: Securities Underlying Options (#)(1)**	**Exercise or Base Price of Option or Stock Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards (2)**
Mark S. Casady	9/14/2009								120,000	$ 22.08	$ 1,414,440
Robert J. Moore	6/12/2009								130,000	$ 19.74	$ 1,272,453
	9/14/2009								80,000	$ 22.08	$ 942,960
Esther M. Stearns	9/14/2009								80,000	$ 22.08	$ 942,960
William E. Dwyer	9/14/2009								50,000	$ 22.08	$ 589,350
Stephanie L. Brown	9/14/2009								40,000	$ 22.08	$ 471,480

(1) This represents the number of stock options awarded. With the exception of one of Mr. Moore's grants, these awards are scheduled to vest over a five year period in five equal tranches with the first tranche vesting on the first anniversary of the grant date. Mr. Moore's option award granted June 12, 2009 is scheduled to vest completely on the third anniversary of the grant date.

(2) These amounts are the grant date fair value of the stock options as represented by the total compensation expense that will be recognized for these awards. We use the Black-Scholes option pricing model to estimate our compensation cost for stock option awards. The assumptions used in the Black-Scholes model for grants made on June 12, 2009 were: (i) an expected life of 6.5 years for each option; (ii) dividend yield of 0.0%; (iii) expected stock price volatility of 45.57%; and (iv) a risk-free rate of return of 3.14%. The assumptions used in the Black-Scholes model for grants made on September 14, 2009 were: (i) an expected life of 6.5 years for each option; (ii) dividend yield of 0.0%; (iii) expected stock price volatility of 51.62%; and (iv) a risk-free rate of return of 2.69%.

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Outstanding Equity Awards at December 31, 2009

The following table shows information relating to unexercised options and restricted stock that has not vested and equity incentive plan awards for each named executive officer as of December 31, 2009.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Mark S. Casady	2,003,650			1.88	5/2/2013				
	500,910			1.35	11/30/2013				
	1,402,560			1.49	5/31/2014				
		120,000		22.08	9/14/2019				
Robert J. Moore	24,000	96,000		26.33	9/9/2018				
		130,000		19.74	6/12/2019				
		80,000		22.08	9/14/2019				
Esther M. Stearns	2,003,760			1.88	5/2/2013				
	16,000	64,000		27.80	2/5/2018				
		80,000		22.08	9/14/2019				
William E. Dwyer	13,360			2.07	1/15/2012				
	554,380			1.88	5/2/2013				
	267,160			1.35	11/30/2013				
	667,920			1.49	5/31/2014				
	7,000	28,000		27.80	2/5/2018				
		50,000		22.08	9/14/2019				
Stephanie L. Brown	3,000	12,000							