

LPL Investment Holdings Inc.

Form S-1

June 04, 2010

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**As filed with the Securities and Exchange Commission on June 4, 2010**

**Registration No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form S-1**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**LPL Investment Holdings Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**6200**

*(Primary Standard Industrial  
Classification Code Number)*

**20-3717839**

*(I.R.S. Employer  
Identification No.)*

**One Beacon Street, Boston, MA 02108**

**(617) 423-3644**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Mark S. Casady**

**Stephanie L. Brown**

**LPL Investment Holdings Inc.**

**One Beacon Street, Boston, MA 02108**

**(617) 423-3644**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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**Approximate date of commencement of proposed sale to public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
 (Do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, \$0.001 par value per share	\$600,000,000	\$42,780

(1) Includes shares to be sold upon exercise of the underwriters' option to purchase additional shares. See Underwriting.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated June 4, 2010.

Shares

Common Stock

This is an initial public offering of common stock of LPL Investment Holdings Inc.

LPL Investment Holdings Inc. is offering \_\_\_\_\_ shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional \_\_\_\_\_ shares. LPL Investment Holdings Inc. will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_. LPL Investment Holdings Inc. intends to list the common stock on the \_\_\_\_\_ under the symbol LPLA.

*See Risk Factors on page 13 to read about factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to LPL Investment Holdings Inc.	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

To the extent the underwriters sell more than \_\_\_\_\_ shares of common stock, the underwriters have the option to purchase up to an additional \_\_\_\_\_ shares from \_\_\_\_\_ at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2010.

**Goldman, Sachs & Co.**

**Morgan Stanley**

**BofA Merrill Lynch**

**J.P. Morgan**

Prospectus dated \_\_\_\_\_, 2010.

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We have not authorized anyone to provide any information or to make any representations other than those contained in or incorporated by reference into this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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**MARKET, RANKING AND OTHER INDUSTRY DATA**

The data included in this prospectus regarding markets and ranking, including the size of certain markets and our position and the position of our competitors within these markets, are based on reports of government agencies or published industry sources and estimates based on our management's knowledge and experience in the markets in which we operate. These estimates have been based on information obtained from our trade and business organizations and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for the estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market, ranking and other similar industry data included in this prospectus, and estimates and beliefs based on that data, may not be reliable. We cannot guarantee the accuracy or completeness of any such information contained in this prospectus.



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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere or incorporated by reference in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the Risk Factors section of this prospectus and our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements as a result of certain factors, including those set forth in Risk Factors and Special Note Regarding Forward-Looking Statements.*

*We refer to Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per share in this prospectus summary and elsewhere in this prospectus. For the definitions of Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per share, an explanation of why we present these metrics and a description of the limitations of these non-GAAP measures, as well as a reconciliation to net income, see Management's Discussion and Analysis of Financial Condition and Results of Operations How We Evaluate Growth.*

*When we use the terms we, us, our, LPL or the company, we mean LPL Investment Holdings Inc., a Delaware corporation, and its consolidated subsidiaries, including LPL Financial Corporation ( LPL Financial ), taken as a whole, as well as the predecessor entity LPL Holdings, Inc. ( predecessor ), unless the context otherwise indicates.*

**Overview**

We provide an integrated platform of proprietary technology, brokerage and investment advisory services to over 12,000 independent financial advisors and financial advisors at financial institutions (our advisors ) across the country, enabling them to successfully service their retail investors with unbiased, conflict-free financial advice. In addition, we support over 4,000 financial advisors with customized clearing, advisory platforms and technology solutions. Our singular focus is to support our advisors with the front, middle and back-office support they need to serve the large and growing market for independent investment advice, particularly in the mass affluent market (which we define as investors with \$100,000 – \$1,000,000 in investable assets). We believe we are the only company that offers advisors the unique combination of an integrated technology platform, comprehensive self-clearing services and full open architecture access to leading financial products, all delivered in an environment unencumbered by conflicts from product manufacturing, underwriting or market making.

For over 20 years we have served the independent advisor market. We currently support the largest independent advisor base and the fifth largest overall advisor base in the United States. Through our advisors, we are also one of the largest distributors of financial products in the United States. Our scale is a substantial competitive advantage and enables us to more effectively attract and retain advisors. Our unique model allows us to invest more resources in our advisors, increasing their revenues and creating a virtuous cycle of growth. Since 2000, we have grown our net revenues at a 15% compound annual growth rate ( CAGR ). We are headquartered in Boston and currently have over 2,400 employees in our Boston, Charlotte and San Diego locations.

**Market Opportunity and Industry Background**

The market our advisors serve is significant and expanding. According to the Federal Reserve, U.S. household and non-profit organization financial assets totaled \$45.1 trillion as of December 31, 2009, up from \$41.7 trillion at December 31, 2008 and \$38.9 trillion at December 31, 2004. In addition, according to Cerulli Associates, a research and consulting firm specializing in the financial services industry, \$8.5 trillion of retail assets were professionally

managed as of December 31, 2008, up from \$6.8 trillion as of December 31, 2003. Finally, 58% of all U.S. households utilized a financial advisor in 2008.

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Cerulli Associates divides the retail advisor market into six broad channels: the two independent channels that we serve (independent and registered investment advisors ( RIAs )) and four employee model or captive channels (insurance, wirehouse, regional and bank). During the period from 2004 to 2008, the independent channels experienced substantial growth on both an absolute and relative basis, taking market share from the captive channels. According to Cerulli Associates, the independent channels market share by number of advisors increased from 40% in 2004 to 43% in 2008. In 2008, over 132,000 independent financial advisors managed \$2.7 trillion in client assets, representing 33% of total retail advisor client assets.

Cerulli Associates forecasts that total U.S. assets under management will grow 29% from 2008 to 2012 due to factors such as the retirement of the baby boomer generation as well as the continued growth of individual retirement account rollovers. During the same period, Cerulli Associates estimates that the independent channels market share by number of advisors will grow by seven percentage points to 50%, and market share by client assets will grow six percentage points to 39%.

We believe there are several key factors driving the growth of the independent channels. Investors in the mass affluent market, and increasingly in the high net worth market, are seeking unbiased, conflict-free advice. The number of advisors electing to leave the large financial institutions to become independent financial advisors has accelerated over the last several years in part because of the ongoing consolidation among the captive platforms, particularly among the wirehouses. Finally, many advisors have entrepreneurial aspirations and are attracted to the flexibility, control and compelling economics inherent in the independent financial advisor model.

## **Our Business**

With our focus and scale, we are not only a beneficiary of the secular shift among advisors toward independence, but an active catalyst of this trend. Between 2004 and 2008, our number of advisors increased at a CAGR of 20%, while according to Cerulli Associates, the total number of advisors across all channels remained flat. We enable our advisors to provide their clients with high quality independent financial advice and investment solutions, and support our advisors in managing the complexity of their businesses by providing a leading integrated platform of technology and clearing services. We provide these services through an open architecture product platform with no proprietary manufactured products, which enables an unbiased, conflict-free environment.

## ***Our Financial Advisors***

For more than 20 years our Commitment Creed has been ingrained in our culture and reflects our singular focus on the advisors we serve. The size and growth of our business has benefited from this focus. Our advisor base has grown from 3,569 advisors in 2000 to 12,026 as of March 31, 2010, representing a CAGR in excess of 14%.

Our advisor base includes independent financial advisors, RIAs and advisors at small and mid-sized financial institutions. Advisors that join us average over 15 years of industry experience. This substantial industry experience allows us to focus on enhancing our advisors businesses without the need for basic training or subsidizing advisors that are new to the industry. We are also rigorous in both our initial advisor screening and diligence as well as our ongoing monitoring through our internal risk management and compliance functions.

Our independent advisors join us from a broad range of firms including wirehouses, regional and insurance broker-dealers, banks and other independent firms. Our flexible business platform allows our advisors to choose the most appropriate business model to support their clients, whether they conduct brokerage business, offer brokerage and fee-based services on our corporate RIA platforms or provide fee-based services through their own RIAs.

Among our 12,000 advisors, we support over 2,400 advisors at over 750 banks and credit unions. We believe these financial institutions are drawn to our outsourcing solutions because we

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provide the broad array of services advisors at these institutions need to be successful, allowing these institutions to focus their energy and capital on their core businesses.

We also provide support to over 4,000 additional financial advisors who are affiliated and licensed with insurance companies. These outsourcing arrangements provide customized clearing, advisory platforms and technology solutions that enable financial advisors at these insurance companies to efficiently provide a breadth of services to their client base.

### ***Our Service Value Proposition***

The core of our business is dedicated to meeting the evolving needs of our advisors and providing the platform and tools to grow and enhance the profitability of their businesses. We support our advisors by providing front, middle and back-office solutions through the four pillars of our distinct value proposition:

***Enabling Technology.*** We provide our technology and service to advisors through BranchNet, our proprietary, integrated technology platform that is server-based and web-accessed. Using the BranchNet workstation, our advisors effectively manage all critical aspects of their businesses while remaining highly efficient and responsive to their clients' needs.

***Comprehensive Clearing and Compliance Services.*** We custody and clear the majority of our advisors' transactions, providing an enhanced advisor experience and expedited processing capabilities. Our self-clearing platform also enables us to serve a wider variety of advisors, including RIAs and dually-registered advisors ( hybrid RIAs ). We have made sizeable investments in our compliance offering to fully integrate these tools into our technology platform. Since 2000, our commitment of resources and focus on compliance have enabled us to maintain one of the best regulatory compliance records, based upon the number of regulatory events reported in FINRA's BrokerCheck Reports, among the five largest U.S. broker-dealers, ranked by number of advisors.

***Practice Management Programs and Training.*** Our practice management programs help our advisors enhance and grow their businesses. Because of our scale, we are able to dedicate a large and experienced group of professionals that work with our advisors to build and better manage their business and client relationships through one-on-one consulting. In addition, we hold 140 conferences and group training events annually for the benefit of our advisors.

***Independent Research.*** Our research team consists of over 25 professionals with an average of 12 years of industry experience, dedicated to providing unbiased, conflict-free advice. We provide our advisors with integrated access to comprehensive proprietary and third-party independent research on mutual funds, separate accounts, insurance and annuities, asset allocation strategies, financial markets and the economy, among other areas.

### ***Our Economic Value Proposition***

We offer a compelling economic value proposition that is a key factor in our ability to attract and retain advisors. The independent channels pay advisors a greater share of brokerage commissions and advisory fees than the captive channels—generally 80-90% compared to 30-50%. Because of our scale and efficient operating model, we offer our advisors the highest average payout ratios among the five largest U.S. broker-dealers, ranked by number of advisors. We believe our superior technology and service platforms enable our advisors to operate their practices at a lower cost than other independent advisors. As a result, we believe owners of practices associated with us earn meaningfully more pre-tax profit than owners of practices affiliated with other independent brokerage firms. We attribute this

difference in profitability, in part, to lower fixed costs driven by the need for fewer staff at our associated practices. Finally, as business owners, independent advisors, unlike captive advisors, also have the opportunity to build equity in their own businesses.

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### ***Our Product Access***

We do not manufacture any financial products. Instead, we provide our advisors open architecture access to a large variety of commission, fee-based, cash and money market products and services. Our platform provides access to over 8,500 financial products, which are manufactured by over 400 product sponsors. Our product diligence group pre-screens all new products.

As of March 31, 2010, advisory and brokerage assets totaled \$285 billion, of which \$81 billion was in advisory assets. In 2009, brokerage sales were over \$28 billion, including over \$10 billion in mutual funds and \$14 billion in annuities. Advisory sales were \$23 billion, which consisted primarily of mutual funds. As a result of this scale and significant distribution capabilities, we can offer leading products and services with attractive economics to our advisors.

### **Our Financial Model**

We have a proven track record of strong financial performance. We have increased our annual Adjusted EBITDA for the past nine consecutive years with only two declines in annual revenue in 2001 and 2009, both in conjunction with major market downturns. We have experienced greater variability in our net income primarily due to amortization of purchased assets and interest expense from our senior secured credit facilities and subordinated notes, both a result of our leveraged buyout transaction in 2005, as well as acquisition integration and restructuring initiatives. As we demonstrated during the financial crisis of 2008 and 2009, our financial model has inherent resilience, and our overall financial performance is a function of the following favorable characteristics:

***Diverse and Recurring Revenue.*** Our revenue stems from diverse sources, including commission and advisory fees as well as fees from product manufacturers, recordkeeping and cash sweep balances. A majority of our revenue is recurring and predictable in nature, and a significant proportion is not correlated with financial markets. Our revenue base is not concentrated by advisor, product or geography.

***Variable Expenses.*** Our expenses are predominantly variable. They consist primarily of payouts to advisors, which are determined as a percentage of advisor-generated revenue. This percentage payout generally varies with advisor productivity, which is correlated to market performance. Our general and administrative expenses can be actively managed, as evidenced during the recent financial crisis.

***Low Capital Requirements.*** We do not manufacture products, make markets, provide underwriting or engage in mortgage lending. As a result, our cash flow is not encumbered by capital intensive activities. In addition, we can reinvest the substantial free cash flows that we generate in our business.

### **Our Competitive Strengths**

***Significant Scale and Market Leadership Position.*** We are the established leader in the independent advisor market, which is our core business focus. Our scale enables us to benefit from the following dynamics:

We actively reinvest in our leading technology platform and practice support, which further improves the productivity of our advisors.

As one of the largest distributors of financial products in the United States, we are able to obtain attractive economics from product manufacturers.

Among the five largest U.S. broker-dealers by number of advisors, we offer the highest average payout ratios to our advisors.





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The combination of our ability to reinvest in the business and maintain highly competitive payout ratios allows us to attract and retain advisors successfully. This, in turn, drives our growth and leads to a virtuous cycle that reinforces our established scale advantage.

***Unique Value Proposition for Independent Advisors.*** We believe we are the only company that offers a conflict-free, open architecture and scalable platform, which leads to greater economics for our advisors and allows them to build equity in their businesses. This generates a significant opportunity to attract and retain highly qualified advisors who are seeking independence.

***Unique Value Proposition for Institutions.*** We provide solutions to financial institutions, such as regional banks, credit unions and insurers, who would otherwise find the technology, infrastructure and regulatory requirements associated with delivering financial advice to be cost-prohibitive.

***Ability to Profitably Serve the Mass Affluent Market.*** We have designed and integrated all aspects of our platforms and services to profitably meet the needs of advisors who serve the mass affluent market. We believe there is an attractive opportunity in this market, in part because wirehouses have not historically focused on the mass affluent market. We believe our scale will sustain and strengthen our competitive advantage in the mass affluent market.

***Ability to Serve a Broad Range of Advisor Models.*** As a result of our integrated technology platform and the resulting flexibility, we are able to attract and retain advisors from multiple channels, including wirehouses, regional broker-dealers and other independent broker-dealers. In addition, although we have grown through our focus on the mass affluent market, the breadth of our platform has facilitated growing penetration of the high net worth market. As of March 31, 2010 our advisors supported accounts with more than \$1 million in assets that in the aggregate represented \$42.2 billion in advisory and brokerage assets, or 15% of our total.

***Experienced and Committed Senior Management Team.*** We have an experienced and committed senior management team that provides stable and long-standing leadership for our business. On average, our senior management has 26 years of industry experience. The management team is aligned with stockholders and holds significant equity ownership in the company.

## **Our Sources of Growth**

We expect to increase our revenue and profitability by benefiting from favorable industry trends and by executing strategies to accelerate our growth beyond that of the broader markets in which we operate.

### ***Favorable Industry Trends***

***Growth in Investable Assets.*** According to Cerulli Associates, total assets under management in the United States are anticipated to grow at 7% per year over the next four years and retirement assets are expected to grow 8% from 2008 to 2014 (in part due to the retirement of the baby boomer generation and the resulting assets which are projected to flow out of retirement plans and into individual retirement accounts). In addition, individual retirement account rollovers are projected to almost double, growing from \$3.6 trillion as of 2008 to \$6.8 trillion by 2014.

***Increasing Demand for Independent Financial Advice.*** Retail investors, particularly in the mass affluent market, are increasingly seeking financial advice from independent sources.

***Advisor Migration to Independence.*** Independent channels are gaining market share from captive channels. We believe that we are not just a beneficiary of this secular shift, but an active catalyst in the movement to independence.

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***Macroeconomic Trends.*** As the macroeconomic environment continues to stabilize, we anticipate an appreciation in asset prices and a rise in interest rates from current, historically low levels. We expect that our business will benefit from growth in advisory and brokerage assets as well as increasing asset-based and cash sweep fees.

### ***LPL-Specific Growth Opportunities***

***Attracting New Advisors to our Platform.*** We have only 3.8% market share of the approximately 310,000 financial advisors in the United States, according to Cerulli Associates, which provides us with significant opportunity to attract new advisors.

***Ramp-up of Newly-Attracted Advisors.*** We predominately attract experienced advisors who have established practices. In our experience, it takes an average of three years for new advisors to re-establish their practices and associated revenues. This seasoning process creates accelerated growth of revenue from our new advisors.

***Increasing Productivity of Existing Advisor Base.*** The productivity of our advisors increases over time as we enable them to add new clients, gain shares of their clients' investable assets, and expand their existing practices with additional advisors. We facilitate these productivity improvements by helping our advisors better manage their practices in an increasingly complex environment.

***Our Business Model has Inherent Economies of Scale.*** The largely fixed costs necessary to support our advisors deliver higher marginal profitability as our advisors' client assets and our revenues grow. Historically, this dynamic has been demonstrated through the growth in our operating margins.

***Opportunistic Pursuit of Acquisitions.*** We have a proven history of expanding our business through opportunistic acquisitions. In the past six years, we have successfully completed four transactions. Our scalable business model and operating platform make us an attractive acquirer in a fragmented market.

### **Risks That We Face**

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the Risk Factors section of this prospectus immediately following this prospectus summary. These risks include the following:

We depend on our ability to attract and retain experienced and productive advisors.

Our financial condition and results of operations may be adversely affected by market fluctuations and other economic factors.

Regulatory developments and our failure to comply with regulations could adversely affect our business by increasing our costs and exposure to litigation, affecting our reputation and making our business less profitable.

We operate in an intensely competitive industry, which could cause us to lose advisors and their assets, thereby reducing our revenues and net income.

We rely on technology in our business, and technology and execution failures could subject us to losses, litigation and regulatory actions.

Our indebtedness could adversely affect our financial health and may limit our ability to use debt to fund future capital needs.

Investment funds affiliated with Hellman & Friedman LLC and TPG Capital will have the ability to control the outcome of matters submitted for stockholder approval and may have interests that differ from those of our other stockholders.

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**Recent Developments**

On May 24, 2010, we entered into a Third Amended and Restated Credit Agreement (our senior secured credit agreement ) with our subsidiary, LPL Holdings, Inc., the lending institutions from time to time parties thereto, Morgan Stanley Senior Funding, as Administrative Agent, and Morgan Stanley & Co. Incorporated, as Collateral Agent, which amended and restated our Second Amended and Restated Credit Agreement, dated as of June 18, 2007.

We entered into the Third Amended and Restated Credit Agreement to raise an additional \$580.0 million to redeem our senior unsecured subordinated notes due 2015. This transaction resulted in the reduction in our overall weighted average cost of interest. In addition, we extended the maturity of \$500.0 million of our original term loan tranche to 2015 (the remaining balance of \$317.1 million will mature on the original maturity date in 2013) and achieved greater flexibility to pay down our indebtedness in the future without penalty.

**Our Corporate Structure**

LPL Investment Holdings Inc. is the parent company of our collective businesses. Our address is One Beacon Street, Boston, Massachusetts 02108. Our telephone number is (617) 423-3644. Our website address is [www.lpl.com](http://www.lpl.com). Information contained in, and that can be accessed through, our website is not incorporated into and does not form a part of this prospectus.

On December 28, 2005, LPL Holdings, Inc., the predecessor, and its subsidiaries were acquired through a merger transaction by funds affiliated with Hellman & Friedman LLC and TPG Capital. Any activities shown or described for periods prior to December 28, 2005 are those of the predecessor.

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**THE OFFERING**

Common stock we are offering	shares
Common stock selling stockholders are offering	shares
Common stock to be outstanding after this offering	shares
Option to purchase additional shares offered to underwriters	shares
Use of proceeds	We estimate that the net proceeds from our sale of shares in this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their option to purchase additional shares in full. We expect to use approximately \$ million of the net proceeds from this offering received by us to repay a portion of the term loans under our senior secured credit facilities. We will not receive any of the proceeds from the sale of shares by the selling stockholders. See Use of Proceeds. The selling stockholders also include certain members of management.
Risk factors	You should read the Risk Factors section of this prospectus beginning on page 13 for a discussion of factors to consider carefully before deciding whether to purchase shares of our common stock.
Proposed symbol	LPLA

The number of shares of our common stock to be outstanding after this offering is based on 94,241,567 shares of common stock outstanding as of March 31, 2010 and excludes:

22,710,790 shares of common stock issuable upon the exercise of options and warrants outstanding as of March 31, 2010, with exercise prices ranging from \$1.07 to \$27.80 per share and a weighted average exercise price of \$7.00 per share (the number, price and range of outstanding options and warrants will be adjusted to reflect any exercise of options and warrants by selling stockholders in connection with this offering);

2,823,452 stock units outstanding at March 31, 2010, under our 2008 Nonqualified Deferred Compensation Plan, each representing the right to receive one share of common stock at the earliest of (a) a date in 2012 to be determined by the board of directors; (b) a change in control of the company or (c) death or disability of the holder and

3,108,907 additional shares of common stock as of March 31, 2010 reserved for future grants under our equity incentive plans.

Unless otherwise indicated, all information in this prospectus:

assumes the adoption of our amended and restated certificate of incorporation ( certificate of incorporation ) and our second amended and restated bylaws ( bylaws ), to be effective upon the closing of this offering and

assumes no exercise by the underwriters of their option to purchase up to additional shares of our common stock in this offering.

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The following tables present a summary of our historical financial information and operating data. You should read the following summary in conjunction with Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

Historical dividends per share are presented as declared by the predecessor under its capital structure at that time. Shares of common stock of our predecessor are not equal to shares of common stock under our current capital structure and are not necessarily indicative of amounts that would have been received per share of common stock under our current capital structure.

	<b>For the Three Months Ended March 31,</b>		<b>For the Year Ended December 31,</b>				<b>Predecessor(2) 2005</b>
	<b>2010(1)</b>	<b>2009(1)</b>	<b>2009(1)</b>	<b>2008(1)</b>	<b>2007(1)</b>	<b>2006</b>	
	<b>(unaudited)</b>						
	<b>(In thousands, except per share data)</b>						
<b>Consolidated statements of income data:</b>							
Net revenues	\$ 743,406	\$ 642,978	\$ 2,749,505	\$ 3,116,349	\$ 2,716,574	\$ 1,739,635	\$ 1,406,320
Total expenses	698,690	616,193	2,676,938	3,023,584	2,608,741	1,684,769	1,290,570
Income from continuing operations before provision for income taxes	44,716	26,785	72,567	92,765	107,833	54,866	115,750
Provision for income taxes	19,162	11,988	25,047	47,269	46,764	21,224	46,461
Income from continuing operations	25,554	14,797	47,520	45,496	61,069	33,642	69,289
Discontinued operations							(26,200)
Net income	25,554	14,797	47,520	45,496	61,069	33,642	43,089
Earnings per share							
Basic	\$ 0.29	\$ 0.17	\$ 0.54	\$ 0.53			