

LPL Investment Holdings Inc.
Form DEF 14A
April 17, 2012
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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 Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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)

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- (3) Filing Party:

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One Beacon Street, Boston, MA 02108-3106

April 17, 2012

Dear Stockholders:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2012 Annual Meeting of Stockholders of LPL Investment Holdings Inc. The meeting will be held on Wednesday, May 30, 2012, at 4:00 p.m., local time, at the offices of Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, Massachusetts 02199. Holders of record of our common stock as of April 5, 2012, are entitled to notice of and to vote at the 2012 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 17, 2012.

YOUR VOTE IS VERY IMPORTANT. PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING.

You are welcome to attend the annual 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.

We ask you to RSVP if you intend to attend the annual meeting. Please refer to page 1 of the accompanying proxy statement for further information concerning attendance at the annual meeting.

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

Sincerely,

Mark S. Casady
Chairman and CEO

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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, May 30, 2012, at 4:00 p.m., local time, at the offices of Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, Massachusetts 02199.

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; and
3. 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 5, 2012 will be entitled to vote at this Annual Meeting and any postponements or adjournments 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.

Everyone attending the 2012 Annual Meeting of Stockholders will be required to present both proof of ownership of LPL Investment Holdings Inc. common stock and valid picture identification, such as a driver's license or passport. If your shares are held in the name of a bank, broker, or other holder of record, you will need a recent brokerage statement or letter from a bank reflecting stock ownership as of the record date. If you do not have both proof of ownership of LPL Investment Holdings Inc. common stock and valid picture identification, you may not be admitted to the Annual Meeting.

Cameras and electronic recording devices are not permitted at the Annual Meeting.

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 BY SIGNING AND RETURNING YOUR PROXY CARD.

By Order of the Board of Directors,

Stephanie L. Brown

Secretary

Boston, Massachusetts

April 17, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 30, 2012:

THIS PROXY STATEMENT AND LPL INVESTMENT HOLDINGS INC. S 2011 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, WHICH YOU HAVE RECEIVED FROM COMPUTERSHARE SHAREOWNER SERVICES.

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LPL INVESTMENT HOLDINGS INC.

PROXY STATEMENT

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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 2012 Annual Meeting of Stockholders (the Annual Meeting) and any adjournment or postponement thereof. The Annual Meeting will be held on Wednesday, May 30, 2012, at the offices of Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, Massachusetts 02199 at 4:00 p.m., local time. *Stockholders who wish to attend the Annual Meeting in person must follow the instructions under the section below entitled Attending the Annual Meeting.*

Record Date, Shares Outstanding, and Quorum

On April 5, 2012, the record date for the Annual Meeting (the record date), there were 110,307,203 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 Annual Meeting. The presence in person or by proxy of a majority of shares of Common Stock outstanding and entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Both abstentions and broker non-votes will be counted as present in determining the presence of a quorum. A broker non-vote is a proxy from a broker or other nominee indicating that such person has not received instructions from the beneficial owner on a particular matter with respect to which the broker or other nominee does not have discretionary voting power. Brokers have the discretion to vote their clients' proxies only on routine matters. At our Annual Meeting, only the ratification of our auditors is a routine matter. Each share of Common Stock is entitled to one vote.

Notice of Electronic Availability of Proxy Statement and Annual Report

As permitted by Securities and Exchange Commission rules, we are making this proxy statement and our annual report available to our stockholders electronically via the Internet. On or about April 17, 2012, a Notice of Internet Availability of Proxy Materials (the Notice) was mailed to stockholders of record at the close of business on 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 record holder of Common Stock. 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 these proxy materials or request a printed copy of those materials. The Notice also instructs you as to how you may vote your proxy.

Attending the Annual Meeting

We invite all stockholders to attend the Annual Meeting. If you are a record holder of our Common Stock, which means that your shares are represented by ledger entries in your own name directly registered with our transfer agent, Computershare Shareowner Services, you must bring valid picture identification with you to the Annual Meeting to allow us to verify your ownership. If your Common Stock is held in street name, which means that the shares are held for your benefit in the name of a broker, bank, or other intermediary, you must bring a brokerage account statement or letter from your broker, bank, or other intermediary reflecting stock ownership in order to be admitted to the Annual Meeting. Please note that if you hold your Common Stock in street name, you may not vote your shares in person unless you obtain a legal proxy from your broker, giving you the right to vote the shares at the Annual Meeting.

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If you do not have both proof of ownership of Common Stock and valid picture identification, you may not be admitted to the Annual Meeting.

If you plan to attend the Annual Meeting, please be sure to RSVP via email to lplfinancialannualmeeting@lpl.com. Please include your name, phone number, and email address in your response. A confirmation, including driving directions and additional meeting information, will be emailed to registered participants.

Manner of Voting

If you are a record holder of our Common Stock, you may vote in one of the following ways:

By Internet: by following the Internet voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on May 29, 2012.

By Telephone: by following the telephone voting instructions included in the proxy card at any time up until 11:59 p.m., Eastern Time, on May 29, 2012.

By Mail: by marking, dating, and signing your printed proxy card (if received by mail) in accordance with the instructions on it and returning it by mail in the pre-addressed reply envelope provided with the proxy materials for receipt prior to the Annual Meeting.

In Person: by voting your shares in person at the Annual Meeting (if you satisfy the admission requirements, as described above). Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted in the event you later decide not to attend the Annual Meeting.

If you are a beneficial owner of our Common Stock, you can vote in the following way:

If your shares are held in street name through a broker, bank, or other intermediary, your broker, bank, or other intermediary should give you instructions for voting your shares. In these cases, you may vote by Internet, telephone, or mail, as instructed by your broker, bank, or other intermediary. You may also vote in person if you obtain a legal proxy from your broker, giving you the right to vote the shares at the Annual Meeting.

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; and **FOR** the ratification of the selection for Deloitte & Touche LLP as our independent registered public accounting firm.

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 Annual 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.

Voting Requirements

If your shares are held in your name, you have the right to vote in person at the Annual Meeting. If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you are also invited to attend the Annual Meeting. Since a beneficial owner is not the record holder of Common Stock, you may not vote these shares in person at the Annual Meeting unless you obtain a legal proxy from your broker, giving you the right to vote the shares at the Annual Meeting.

Proposal One Election of Directors

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In the election of directors, directors are elected by a plurality of the votes cast. A vote to abstain or a broker non-vote will have no direct effect on the outcome of the election of directors.

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Proposal Two Ratification of Appointment of Deloitte & Touche LLP

The proposal to ratify the appointment of Deloitte & Touche LLP requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal. A vote to abstain will have the same effect as a vote against the proposal. A broker non-vote will have no effect on the outcome of the proposal.

Revocation of Proxies

If you submit a proxy, you are entitled to revoke your proxy at any time before it is exercised in one of the following ways: by attending the Annual Meeting and voting in person, by submitting 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. A stockholder of record who voted by the Internet or by telephone may also change his or her vote with a timely and valid later Internet or telephone vote, as the case may be. Any stockholder of record as of the record date attending the Annual Meeting may vote in person whether or not a proxy has previously been given, but the presence (without further action) of a stockholder at the Annual Meeting will not constitute revocation of a previously given proxy. If you hold your shares in street name and would like to change your voting instructions, please follow the instructions provided to you by your broker, bank or other intermediary.

Solicitation of Proxies

The Board of Directors of LPL Investment Holdings Inc. is soliciting proxies. We have hired Computershare 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 or telephone 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 Time on May 29, 2012.

Householding

Only one copy of the Notice is being delivered to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. We will undertake to deliver promptly, upon written or oral request, a separate copy of the Notice to a stockholder at a shared address to which a single copy of the Notice was delivered. You may make a written or oral request by sending a written notification to our principal executive offices at One Beacon Street, Boston, Massachusetts 02108, or by calling our offices at (617) 423-3644, and stating your name, your shared address and the address to which we should direct the additional copy of the Notice. Multiple stockholders sharing an address who have received one copy of the Notice and would prefer us to mail each stockholder a separate copy of future mailings should contact their bank, broker or other intermediary, or you may contact our principal executive offices. Additionally, if current stockholders with a shared address received multiple copies of the Notice and would prefer us to mail one copy of future mailings to stockholders at the shared address, notification of that request may also be made through our principal executive offices.

Access to Corporate Documents

Stockholders may receive a copy of our 2011 Annual Report on Form 10-K or copies of our Audit Committee charter, Compensation and Human Resources Committee Charter, Nominating and Governance 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

Attn: Investor Relations

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PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors (the Board) presently consists of eight independent directors and one affiliated director. Each of the nominees set forth below is currently serving as a member of our Board.

The nine directors to be elected are to hold office until the Annual Meeting of Stockholders in 2013 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 November 23, 2010, (Stockholders Agreement), by and among the Company, 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 signatories 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 Capital. TPG Capital and H&F shall be collectively referred to as the Majority Holders.

The Stockholders Agreement provided that concurrent with its effectiveness at the closing of our initial public offering, the Company and the Majority Holders would cause our Board of Directors to initially consist of nine directors, including the following: (i) two individuals designated by H&F, (ii) two individuals designated by TPG Capital, (iii) Mark Casady, (iv) James Putnam, and (v) three independent directors who meet the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Stockholders Agreement further provides that so long as certain ownership thresholds have been met by the Majority Holders, the 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 and (ii) two individuals designated by TPG Capital.

Each of our nominees to the Board of Directors 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.

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 Company 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 possess these characteristics.

Although we do not have a formal policy regarding diversity, our goal is a balanced and diverse Board, with members whose skills, background and experience are complementary 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, backgrounds, and professional and industry experience.

Policy with Respect to the Consideration of Director Candidates Recommended or Nominated by Stockholders

Our Nominating and Governance Committee will consider director candidates recommended by stockholders. For a stockholder to make any nomination for election to the Board of Directors at an annual meeting, the stockholder must provide notice and certain information about the recommending stockholder and

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the nominee to the Company, which notice must be delivered to, or mailed and received at, the Company's principal executive offices (i) no later than the close of business on the 90th calendar day nor earlier than the close of business on the 120th calendar day, prior to the anniversary date of the prior year's annual meeting; or (ii) if there was no annual meeting in the prior year or if the date of the current year's annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, on or before 10 days after the day on which the date of the current year's annual meeting is first disclosed in a public announcement. Submissions must be in writing and addressed to the Nominating and Governance Committee, care of the Company's Corporate Secretary. Electronic submissions will not be considered.

Board of Director Nominees

The name, age, and a description of the business experience, principal occupation, and past employment and directorships of each of the nominees during the last five years are set forth below. In addition, we have summarized the particular experience, qualifications, attributes, and/or skills that led the Board of Directors, including our Nominating and Governance Committee, to determine that each nominee should serve as a director.

Mark S. Casady Chief Executive Officer, Director and Chairman of the Board Since 2005

Mr. Casady, 51, is chairman of the board of directors and our chief executive officer. He joined us in May 2002 as chief operating officer and also served as our president from April 2003 to December 2005. He became our chief executive officer and chairman in December 2005. Before joining our 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, is a member of the Financial Services Roundtable, and serves on FINRA's 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 roles as a member of the board of governors of FINRA and a member of the board of the Insured Retirement Institute.

Richard W. Boyce, Director Since 2009

Mr. Boyce, 57, is a partner at TPG Capital. He founded and leads TPG Capital's Operating Group, which drives performance improvement across all TPG companies. In his first role with TPG, he served as chief executive officer of J. Crew Group, Inc., from 1997 to 1999, and as a board member from 1997 to 2006. He became chairman of Burger King Corporation in 2002 and served on that board through 2010. He also serves on the board of Direct General Corporation. 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 Capital companies, including Del Monte Foods, ON Semiconductor and Gate Gourmet, currently serves on the Wake Forest University School of Business Board of Visitors, and is a member of the Board of Overseers of the Hoover Institution at Stanford. Mr. Boyce received a B.S.E. from Princeton University in 1976 and received his M.B.A. from the Stanford Graduate School of Business in 1980.

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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 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 Capital; and

knowledge and experience gained through service on the boards of other public companies.

John J. Brennan, Director Since 2010

Mr. Brennan, 57, is chairman emeritus and senior advisor of The Vanguard Group, Inc. Mr. Brennan joined Vanguard in July 1982. He was elected president in 1989 and served as chief executive officer from 1996 to 2008 and chairman of the board from 1998 to 2009. Mr. Brennan is a member of the board of directors of The Hanover Insurance Group, Inc. and Guardian Life Insurance Company of America; chairman of the Financial Accounting Foundation; a member of FINRA's board of governors; a director of the United Way of Southeastern Pennsylvania; and 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 lead governor of the board of governors of FINRA.

Jeffrey A. Goldstein, Director Since 2012

Mr. Goldstein, 56, returned to Hellman & Friedman LLC as a managing director in 2011 after having served for two years as Under Secretary for Domestic Finance and Counselor to the Secretary at the U.S. Department of the Treasury. Prior to this, he was a Managing Director at Hellman & Friedman from 2004 to 2009 and during this period, he was a member of our Board of Directors from 2005-2009. Before joining Hellman & Friedman, Mr. Goldstein was Managing Director, Chief Financial Officer and member of the Management Committee of the World Bank. Previously, he served as Co-Chairman of BT Wolfensohn and was a member of The Bankers Trust Company Management Committee. Mr. Goldstein also serves as a member of the Board of Trustees of Vassar College and a member of the advisory board of Grosvenor Capital Management Holdings LLLP. Mr. Goldstein received his B.A. from Vassar College and his Ph.D., M.Phil., and M.A. in economics from Yale University. Mr. Goldstein also taught economics at Princeton University.

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

high level of financial literacy gained through his service at the U.S. Department of the Treasury, his investment experience as a Managing Director at Hellman & Friedman, his experience at the World Bank, and as a financial adviser to financial institutions and other corporations during his fifteen years at BT Wolfensohn and related predecessor firms; and

knowledge and experience gained through service on the boards of other companies, including those in the financial services sector.

James S. Putnam, Director Since 2005

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Mr. Putnam, 57, has been chief executive officer of Global Portfolio Advisors (GPA) since September 2004. He has served on the board of directors of GPA since 1998, and has been vice chairman since December 2005. Prior to his tenure with GPA, Mr. Putnam was employed by LPL Financial beginning in 1983 where he

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held several positions, culminating in managing director of national sales, responsible for branch development, attraction, 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 received a B.A. in Law Enforcement Administration 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 director and our former managing director of national sales;

operating, business and management experience as the current chief executive officer at GPA; and

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

James S. Riepe, Director Since 2008

Mr. Riepe, 68, is a senior advisor and retired vice chairman of the board of directors of T. Rowe Price Group, Inc. ("TRP"), where he worked for nearly 25 years. Previously, he served on TRP's management committee, oversaw TRP'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 Inc., 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 vice 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 FINRA and as chairman of the board of governors of the Investment Company Institute; and

knowledge and experience gained through service on the board of other public companies.

Richard P. Schifter, Director Since 2005

Mr. Schifter, 59, has been a partner at TPG Capital since 1994. Prior to joining TPG Capital, 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 American Beacon Advisors, Inc., Ariel Holdings, Ltd., Bristol Group, Direct General Corporation, EverBank Financial Corp., ProSight Specialty Insurance Holdings, Inc., and Republic Airways and on the board of overseers of the University of Pennsylvania Law School. Mr. Schifter is also a member of the board of directors of Youth, I.N.C. (Improving Non-Profits for Children). Mr. Schifter received a B.A. from George Washington University and graduated cum laude 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 TPG partner;

experience on other company boards and board committees; and

nearly 15 years of experience as a corporate attorney with an internationally-recognized law firm.

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Jeffrey E. Stiefler, Director Since 2006

Mr. Stiefler, 65, serves as a venture partner for Emergence Capital Partners, as chairman of Vantiv, 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 chief executive officer 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.

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, 41, is a managing director of Hellman & Friedman LLC and leads Hellman & Friedman LLC's New York office. His primary areas of focus are financial services and healthcare. He is a director of Pharmaceutical Product Development, Inc.; Emdeon Inc.; and Sheridan Holdings; Inc., and is a member of the advisory board of Grosvenor Capital Management Holdings, LLLP and Artisan Partners Holdings LP. He was formerly a director of portfolio companies Gartmore Investment Management Limited, Mitchell International, Mondrian Holdings Ltd., Vertafore Inc., and Activant Solutions, Inc. Prior to joining Hellman & Friedman LLC 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 public 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.**

INFORMATION REGARDING BOARD AND COMMITTEE STRUCTURE

During 2011, the Board of Directors held 9 meetings, of which 5 were held by conference call. All directors attended at least 75% of the aggregate of (a) the total number of meetings of the Board of Directors during 2011 and (b) the total number of meetings held by all committees of the Board on which the director served during 2011.

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Our Corporate Governance Guidelines provide that each director who is up for election is expected to attend the annual meeting of stockholders. It is our expectation that each of our directors will be in attendance.

Corporate Governance, Committee Charters, and Code of Ethics

We are committed to the highest standards of corporate governance. Our Board of Directors has adopted a set of Corporate Governance Guidelines to set clear parameters for the operation of our Board functions. Our Board of Directors has also adopted charters for each of the Board's committees as described below. We have adopted a Code of Ethics and Code of Conduct that applies to, among others, our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Copies of our committee charters, our Corporate Governance Guidelines, our Code of Ethics, and our Code of Conduct are available, free of charge, by writing to us at the following address:

LPL Investment Holdings Inc.

One Beacon Street

Boston, MA 02108

Our committee charters, our Corporate Governance Guidelines, our Code of Ethics, and our Code of Conduct are also available on our website at www.lpl.com. If we make substantive amendments to, or grant waivers from, the Code of Ethics for certain of our executive officers, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K.

Director Independence

The listing standards of The NASDAQ Global Select Market require that, subject to specified exceptions, each member of a listed company's audit, compensation and human resources and nominating and governance committees be independent, and that audit committee members also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In addition to complying with all of the independence criteria set forth in Rule 10A-3 under the Exchange Act, Rule 5605(a)(2) of the listing rules of The NASDAQ Global Select Market further provides that a director will only qualify as an independent director if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

After its evaluation of director independence, the Board of Directors has affirmatively determined that Messrs. Boyce, Brennan, Goldstein, Putnam, Riepe, Schifter, Stiefler and Thorpe are independent directors under the applicable rules of The NASDAQ Global Select Market. Messrs. Riepe, Stiefler and Brennan are also independent directors as such term is defined in Rule 10A-3(b)(1) under the Exchange Act. In accordance with listing standards of The NASDAQ Global Select Market, a majority of our directors are independent.

Board Composition and Leadership Structure of the Board of Directors

Our business and affairs are managed under the direction of the Board of Directors. Our Board of Directors is currently composed of nine directors. Under our certificate of incorporation, the authorized number of directors may be changed only by resolution of the Board of Directors, provided that until the Majority Holders cease collectively to beneficially own at least 40% of the outstanding shares of Common Stock, the number of directors shall not be increased without, in addition to any other vote otherwise required by law, the affirmative vote or written consent of at least 60% of the outstanding shares of Common Stock. At each annual meeting of stockholders, the directors will be elected to serve until the earlier of their death, resignation or removal, or until their successors have been elected and qualified. Vacancies and newly-created directorships on the board may be filled by the remaining directors, and until the Majority Holders cease collectively to beneficially own at least 40% of the outstanding shares of Common Stock, vacancies on the board may also be filled by holders of a majority of the outstanding shares of Common Stock.

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Our certificate of incorporation provides that at the first annual meeting after the first date on which the Majority Holders cease to beneficially own at least 40% of the outstanding shares of Common Stock, the board shall be divided into three classes with staggered three-year terms.

For as long as the Majority Holders continue to own beneficially 40% or more of the outstanding shares of Common Stock, directors may be removed with or without cause by holders of a majority of the outstanding shares of Common Stock. Following the first time when the Majority Holders cease collectively to beneficially own at least 40% of the outstanding shares of Common Stock and our board is divided into three classes as described above, our directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the voting power of our outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class.

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 chief executive officer. He has served in this role since December 2005. With 30 years of experience in the financial services industry, including 10 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.

Because Mr. Casady is not an independent director under the NASDAQ rules and because Mr. Thorpe's qualifications include his knowledge and experience gained through his service on the boards of other public companies, the Board of Directors has appointed Mr. Thorpe as lead director. Mr. Thorpe performs many of the functions that an independent chairman would perform for the Company. His principal responsibilities include serving as a key source of communication between the independent directors and the chief executive officer, and coordinating the agenda for and leading meetings of the independent directors, as needed. The Company believes that having the same person serve as chief executive officer and chairman focuses leadership, responsibility and accountability in a single person and that having a lead director provides for effective checks and balances and the ability of the independent directors to work effectively in the board setting.

Board Committees

The current standing committees of the Board of Directors are the audit committee (the *Audit Committee*), the nominating and governance committee (the *Nominating and Governance Committee*), and the compensation and human resources committee (the *Compensation Committee*), with the composition and responsibilities described below. The members of each committee are appointed by the Board of Directors and serve until their successor is elected and qualified, unless they are removed earlier or resign. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues. Each of the committees of our Board is chaired by an independent director.

Audit Committee

Our Audit Committee is composed of the following members: John J. Brennan, James S. Riepe, and Jeffrey E. Stiefler. Mr. Brennan serves as the Chairperson of the Audit Committee.

Each member of our Audit Committee is independent under the listing standards of The NASDAQ Global Select Market and under Rule 10A-3 of the Exchange Act. 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, including ours. All members of our Audit Committee meet the requirements for financial literacy and are able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. Our Board has affirmatively determined Mr. Brennan qualifies as an audit committee financial expert under the applicable rules and regulations of the SEC.

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Our Audit Committee met 9 times in 2011.

Our Audit Committee is responsible for, among other things:

selecting the independent auditors;

pre-approving all audit engagement fees and terms, as well as audit and permitted non-audit services to be provided by the independent auditors;

at least annually, obtaining and reviewing a report of the independent auditors describing the audit firm's internal quality-control procedures and any material issues raised by its most recent review of internal quality controls;

annually evaluating the qualifications, performance and independence of the independent auditors;

discussing the scope of the audit and any problems or difficulties;

setting policies regarding the hiring of current and former employees of the independent auditors;

reviewing and discussing the annual audited and quarterly unaudited financial statements and Management's Discussion and Analysis of Financial Conditions in Results of Operations with management and the independent auditor;

discussing types of information to be disclosed in earnings press releases and provided to analysts and rating agencies;

discussing policies governing the process by which risk assessment and risk management is to be undertaken;

reviewing disclosures made by the chief executive officer and chief financial officer regarding any significant deficiencies or material weaknesses in our internal control over financial reporting;

reviewing internal audit activities and qualifications of the internal audit function;

establishing procedures for receipt, retention and treatment of complaints received by us regarding accounting, auditing or internal controls and the submission of anonymous employee concerns regarding accounting and auditing;

discussing with our general counsel legal matters that could reasonably be expected to have a material impact on business or financial statements;

approving all related party transactions;

periodically reviewing and reassessing the Audit Committee charter;

providing information to our Board of Directors that may be relevant to the annual evaluation of performance and effectiveness of the Board of Directors and its committees; and

preparing the Audit Committee report required by the SEC to be included in our annual report on Form 10-K or our proxy or information statement.

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.

Nominating and Governance Committee

The Nominating and Governance Committee of our Board of Directors consists of James S. Riepe, Richard P. Schifter, and Allen R. Thorpe. Mr. Schifter serves as Chairperson of the Nominating and Governance Committee. Each member of our Nominating and Governance Committee is independent under the listing standards of The NASDAQ Global Select Market and under Rule 10A-3 of the Exchange Act. Our Nominating and Governance Committee approved the recommendation of individuals for election as directors of the Company at our 2012 Annual Meeting.

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The Nominating and Governance Committee is responsible for and oversees:

recruiting and retention of qualified persons to serve on our Board of Directors,

proposing such individuals to the Board of Directors for nomination for election as directors,

evaluating the performance, size and composition of our Board of Directors, and

compliance activities.

Our Board of Directors has adopted a written charter under which the Nominating and Governance Committee shall operate.

Compensation and Human Resources Committee

Our Compensation Committee is composed of the following members: John J. Brennan, Richard W. Boyce, James S. Riepe, and Allen R. Thorpe. Mr. Thorpe serves as the Chairperson of the Compensation Committee. Each member of our Compensation and Human Resources Committee is independent under the listing standards of The NASDAQ Global Select Market and under Rule 10A-3 of the Exchange Act. Our Compensation Committee met four times in 2011.

The Compensation Committee is responsible for:

reviewing and approving corporate and individual goals and objectives relevant to executive officer compensation and evaluating the performance of executive officers in light of the goals and objectives;

reviewing and approving executive officer compensation;

reviewing and approving the chief executive officer's compensation based upon the Compensation Committee's evaluation of the chief executive officer's performance;

making recommendations to the Board of Directors regarding the adoption of new incentive compensation and equity-based plans, and administering our existing incentive compensation and equity-based plans;

making recommendations to the Board of Directors regarding compensation of the Board members and its committee members;

reviewing and discussing with management the compensation discussion and analysis to be included in our proxy statement and preparing an annual Compensation Committee report for inclusion in our annual proxy statement;

reviewing and approving generally any significant non-executive compensation and benefits plans;

reviewing our significant policies, practices and procedures concerning human resource-related matters; and