

Trusted Contact Policy FAQ

1. Why has LPL created a Trusted Contact Policy?

Financial exploitation of seniors and vulnerable adults is a matter of great concern for LPL and the financial services industry. FINRA has taken steps to help firms address these concerns and to provide resources to better protect our clients. As part of these efforts, on February 5, 2018 a new FINRA rule was implemented requiring firms to make efforts to obtain Trusted Contact information when opening new accounts. Trusted Contact information provides us with a person designated by the client as a point of contact if we have concerns about financial exploitation. The Trusted Contact person can also be a valuable resource to the advisor, even when there is no concern for financial exploitation. The Trusted Contact person can act as a resource to assist you if you are unable to reach the client after multiple attempts, or if you have concerns about the client's health or mental capacity.

2. Is the client required to provide a Trusted Contact person in order to open an account?

No, the client is free to decline to provide a Trusted Contact person. The rule requires us to make a reasonable effort to obtain Trusted Contact information when opening any non-institutional account. As the advisor, this requires you to request this information from the client as part of the account opening process. We believe it is in the best interest of the advisor and the client, regardless of their age or current health status, to provide us with contact information for a person they trust who we may reach out to in a time of need. If the client declines to provide information for a Trusted Contact person at account opening the advisor must document this by checking the appropriate box in the Trusted Contact section of the application.

We are not required to request Trusted Contact information for institutional accounts, though it can be provided if the client chooses.

An institutional account is defined as an account established for: 1. A bank, savings and loan association, insurance company or registered investment company; 2. An investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or 3. Any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million

3. When opening a non-institutional account what information must be collected when the client decides to assign a Trusted Contact person?

We ask for the client to provide the following information when assigning a Trusted Contact person: Name, Email Address, Home Address, Primary Phone Number, and Relationship to the Account Holder (Spouse, Relative, Friend, Professional Relationship, or Other). It is in the best interest of the client, the advisor and LPL to collect all available information to help facilitate communication with the Trusted Contact person if it is ever necessary. At the minimum, we must have the full name and at least one point of contact (email, address or phone) to accept the Trusted Contact person for the account.

4. Does the Trusted Contact person have any authority on the account or access to Personally Identifiable Information (PII)?

No, assigning a Trusted Contact person does not grant any authority to the Trusted Contact to conduct transactions, request withdrawals, or to access PII. By providing a trusted contact person the client is granting permission to LPL and the advisor to use their discretion to contact the trusted contact person and disclose information about the client and their account(s) in order to:

- address concerns that the client might be a victim of financial exploitation which could include fraud, coercion, or unauthorized transactions,
- address a temporary hold on a disbursement of funds or securities pertaining to possible financial exploitation or other concerns,
- confirm the current contact information of the client,
- confirm and address the client's whereabouts and health status, and/or

- confirm the identity of any legal guardian, executor, trustee, holder of a power or attorney, or other person who may be acting on behalf of the client (such as an attorney or accountant).

FINRA has defined the scope and limits of the Trusted Contact role. Clients who want to grant additional authority to the Trusted Contact must complete and submit additional documentation to do so. For example, the F456 is still required if the client would also like to grant permission to disclose PII to the Trusted Contact person. Communication with the Trusted Contact should be viewed as a one-way street. LPL is permitted to share information on the account with the Trusted Contact as needed when there are concerns with fraud or financial exploitation, but we are not permitted to share information about the account at the request of the Trusted Contact. The client can choose to allow the Trusted Contact, or any other person, to have access to account information and PII at their request, but they must provide the F456 form to grant that permission as it exceeds the scope of the standard Trusted Contact role.

5. Are there any limitations on who the client can assign as their Trusted Contact?

The Trusted Contact person must be age 18 or older. The client may assign a Trusted Contact person who is not a U.S. citizen or does not reside in the U.S. In those instances we will require an email address for the Trusted Contact to ensure we are able to effectively communicate with the Trusted Contact person in a timely manner. It is important for the client to understand the role of the Trusted Contact to ensure that they select a person they are close to, a person they trust, and a person who can reasonably be contacted if the need arises.

LPL suggest that the client not assign the Trusted Contact role to someone who is already authorized to transact business on the account, or who is already able to receive information about the account, such as a joint account holder or power of attorney. There have been instances of suspected financial exploitation that involve persons authorized on the account in question. In those cases it is best to have a Trusted Contact person who does not have any authority on the account.

6. Does the Trusted Contact rule impact my existing accounts opened prior to February 5, 2018?

The FINRA rule does address Trusted Contact for accounts opened prior to the effective date of the rule, but it does not require any immediate action be undertaken by the advisor or LPL. The rule requires the firm to make a reasonable effort to obtain Trusted Contact information when updating account information for existing accounts. LPL has made efforts to proactively address this by including the below disclosure in the Privacy Policy mailing that all clients receive annually:

IMPORTANT INFORMATION REGARDING ADDING A TRUSTED CONTACT PERSON TO YOUR ACCOUNT:

To help ensure that we are able to look out for your needs, we are asking that you provide your advisor with the name of and contact information for a trusted contact person for each of your accounts at LPL. The trusted contact person is intended to be a resource for LPL in administering your accounts, protecting your assets, and responding to possible financial exploitation. When providing this information, you would give permission to LPL Financial LLC and its associated persons, including your financial advisor, to use their discretion to contact the trusted contact person and disclose information about you and your account(s) in order to:

- *address concerns that you might be a victim of financial exploitation which could include fraud, coercion, or unauthorized transactions,*
- *address a temporary hold on a disbursement of funds or securities pertaining to possible financial exploitation or other concerns,*
- *confirm your current contact information,*
- *confirm and address your whereabouts and health status, and/or*
- *confirm the identity of any legal guardian, executor, trustee, holder of a power of attorney, or other person who may be acting on your behalf (such as an attorney or accountant).*

Any Trusted Contact information we have on file for the account is included in the ongoing Books & Records mailing sent to clients every 36 months. This mailing provides the client with their account summary information and asks that they update any information that is no longer accurate. We also encourage advisors to discuss the Trusted Contact role during your periodic client meetings and to ask clients if they would like to add a Trusted

Contact to any accounts that do not have one assigned. We believe it is in the best interest of both the client and advisor to have Trusted Contact information on file for all clients, regardless of age.

7. How do I add a Trusted Contact to an existing account?

The Trusted Contact Person Authorization Form (F751) must be used when the client is adding, amending or removing a Trusted Contact for an existing account. The form permits the client to make Trusted Contact changes to several accounts at one time. We are only able to maintain information for one Trusted Contact on the account for each account holder, so any update made using the F751 will replace any previous Trusted Contact person that client assigned. The form also allows the client to remove a previously assigned Trusted Contact person without providing a replacement.

8. Will the account be opened if I submit an application without completing the Trusted Contact section?

No, based on the FINRA rule we are not permitted to open any new, non-institutional account on or after February 5, 2018 without making a reasonable effort to obtain Trusted Contact information. Applications submitted that do not include Trusted Contact information, or do not indicate that the information was requested and the client declined to provide a Trusted Contact, will not be approved. The advisor will be required to complete and submit the Trusted Contact Form (F751), or re-submit the New Account Application with the Trusted Contact section completed, to allow the account to be approved.

9. How can I determine if a Trusted Contact person is assigned to an account?

To review the Trusted Contact information in ClientWorks, first select the account number you wish to review. The Account Summary screen will appear when you click on the account number. Next, click on the Profile tab to review details of the account. Trusted Contact information will appear in the Account Holder Details section of the Profile screen for any primary or secondary account owners who provided Trusted Contact information. Based on the account, you will see one of three results:

- If the client provided Trusted Contact information you will see the details for the Trusted Contact (Name, Phone, Email, Address, Relationship). Clients are only required to provide a name and one point of contact for their Trusted Contact so some of these fields may be blank.
- If the client actively declined to provide a Trusted Contact you will see the date they declined. This date will typically align with the date the account was opened, indicating that the client checked the Decline box for Trusted Contact on the Account Application.
- If the client has never actively added or declined to add a Trusted Contact on the account then no Trusted Contact information will appear on the Profile screen. Accounts opened prior to the Trusted Contact rule effective date (February 5, 2018) that have never submitted a Trusted Contact form (F751) to actively add or decline a Trusted Contact on the account will not display any Trusted Contact information on the Profile screen.

Please note that clients who added a Trusted Contact to an account prior to September 2017 through use of the old Trusted Contact form will need to re-confirm their Trusted Contact by completing the new Trusted Contact form (F751) if they wish to maintain the Trusted Contact on their account. This is necessary to ensure that all clients who assign a Trusted Contact receive specific disclosure language that is now required by FINRA. The disclosure language is included in the current Trusted Contact form, which was released in September 2017.

10. Should I reach out to the Trusted Contact directly if I have concerns about possible financial exploitation?

No. If you suspect that financial exploitation of a senior or vulnerable adult may have occurred, has been attempted, or is currently being attempted, immediately escalate the situation to the Senior Investor Protection team at seniorinvestorprotection@lpl.com or call (800) 877-7210 X6228. It is critical that you immediately escalate these situations to Senior Investor Protection as they are often time sensitive, and some states require immediate reporting. If you feel that your client is in imminent danger, you should first contact law enforcement or Adult Protective Services, and then contact Senior Investor Protection.

11. Who do I call if I have additional questions regarding Trusted Contact?

Please contact the Compliance Service Center at (800) 877-7210 x6835.