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## *Texas State Securities Board*

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MEMBER

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IN THE MATTER OF THE DEALER  
REGISTRATION OF  
EDWARD D. JONES & CO., L.P.

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**Order No. LID-25-CAF-01**

### **I. CONSENT ORDER**

This Consent Order (the "Order") is entered into by the Texas State Securities Board ("TSSB") with Edward D. Jones & Co., L.P. ("Edward Jones") with respect to a coordinated investigation led by seven jurisdictions, including Alabama, Iowa, Massachusetts, Missouri, Montana, Texas, and Washington (the "Multi-state Group") into whether Edward Jones engaged in acts or practices that violated the Texas Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "Texas Securities Act"), and the rules and regulations promulgated thereunder, Texas State Securities Board Rules, 7 Tex. Admin. Code §§ 101.1-139.27 (the "Board Rules").

As the result of the investigation, the Multi-state Group concluded that Edward Jones charged unreasonable commissions on approximately 781,240 equity transactions nationwide over the past five (5) years, totaling over \$11,287,504.00.

Edward Jones neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, and consents to the entry of this Order by the TSSB, thereby settling the above-captioned matter with prejudice.

### **II. Jurisdiction**

1. The TSSB has jurisdiction over matters relating to securities pursuant to the Texas Securities Act and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. This Order is entered in accordance with § 4007.105(a)(13)(B) and § 4007.106(a)(3) of the Texas Securities Act and § 115.10(a) of the Board Rules. Edward Jones elects to permanently waive any rights to a hearing and any other procedural rights granted by the Texas Securities Act or the Administrative Procedure Act.

3. The acts and practices that are subject of the TSSB's investigation occurred while Edward Jones was registered with the Securities Commissioner of Texas ("Securities Commissioner") as a dealer in Texas.

### **III. RELEVANT TIME PERIOD**

4. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of May 1, 2020, to April 30, 2025 (the "Relevant Time Period").

### **IV. RESPONDENT**

5. Edward Jones is a dealer registered in Texas with a main address of 12555 Manchester Road, St. Louis, Missouri 63131. Edward Jones is identified by Financial Industry Regulatory Authority ("FINRA") CRD No. 250.

### **V. STATEMENT OF FACTS**

#### **Edward Jones's Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price**

6. During the Relevant Time Period, Edward Jones charged unreasonable commissions to thousands of retail brokerage customers on certain equity transactions.
7. During a portion of the Relevant Time Period, Edward Jones charged a minimum fixed commission of fifty dollars (\$50.00) on certain equity transactions (the "Minimum Equity Commission").
8. The Board Rules prohibit Edward Jones from charging unreasonable commissions for services performed.
9. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the "5% Policy" is a guide, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable.
10. During the Relevant Time Period, Edward Jones executed 73,903 equity transactions in Texas which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount), totaling \$1,074,395.63.
11. Numerous equity transactions executed by Edward Jones included a commission well in excess of five percent (5%) of the principal value of the transaction.

## **Edward Jones Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission**

12. Edward Jones did not reasonably supervise transactions that included the Minimum Equity Commission charge to ensure that Edward Jones charged its customers a reasonable commission.
13. Edward Jones's policies and procedures contemplated review of commissions as part of normal supervisory review processes.
14. Edward Jones's policies and procedures also contemplated a quarterly review of data related to small principal transactions that could result in excessive commissions.
15. Supervisors were permitted to make adjustments to ensure that commissions were reasonable.
16. Despite these systems, Edward Jones's surveillance policies failed to reasonably detect and correct unreasonable commission charges, specifically as it relates to the Minimum Equity Commission.
17. As a result, Edward Jones failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of five percent (5%).

### **VI. VIOLATIONS OF LAW**

18. Sections 115.10(a) of the Board Rules requires a dealer to establish, maintain, and enforce a system to supervise the activities of its agents that is reasonably designed to achieve compliance with the Texas Securities Act, the Board Rules, and all applicable securities laws and regulations.
19. Edward Jones's acts and practices, as described above, constitute a violation of § 115.10(a) of the Board Rules.
20. Pursuant to § 4007.105(a)(13)(B) of the Texas Securities Act, Edward Jones's violations of § 115.10(a) of the Board Rules constitute a basis for the issuance of an Order reprimanding Edward Jones.
21. Pursuant to § 4007.106(a)(3) of the Texas Securities Act, Edward Jones's violations of § 115.10(a) of the Board Rules also constitute a basis for the assessment of an administrative fine.

## VII. ORDER

### IT IS HEREBY ORDERED:

- A. Edward Jones shall permanently cease and desist from conduct in violation of § 115.10(a) of the Board Rules, as described herein;
- B. Edward Jones is reprimanded by the TSSB;
- C. Edward Jones shall provide restitution in an amount of no less than \$1,074,395.63 representing the portion of the commission on certain small principal equity transactions that exceeded five percent (5%) of the principal trade amount during the Relevant Time Period to the affected Texas customers, plus interest in the amount of six percent (6%) from the date of the transaction to May 19, 2025. Edward Jones shall provide restitution within one hundred eighty (180) days of execution of this Order;
- D. Restitution shall be in the form of a dollar credit to current customer accounts, or a check for all former customers;
- E. Edward Jones shall provide a notice of restitution to customers on terms not unacceptable to the Multi-state Group (“Notice Letter”) for use by all participating jurisdictions. The Notice Letter shall be sent at least seven (7) days prior to the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice Letter, Edward Jones shall provide the TSSB with a list of all Texas residents for whom Edward Jones receives a Notice Letter as returned to sender or otherwise undeliverable (“Undeliverable Texas Resident”). To the extent the TSSB has access to different address information, Edward Jones shall mail a second Notice Letter to each Undeliverable Texas Resident within thirty (30) days of the TSSB providing such different address;
- F. Within forty-five (45) days of completion of distribution of restitution, Edward Jones shall prepare, and submit to the TSSB a report detailing the restitution paid pursuant to the Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments;
- G. Edward Jones shall pay an administrative fine in the amount of \$100,000 and pay \$25,000 in investigation costs for a total payment of \$125,000.00 to the TSSB within the later of fifteen (15) days (i) following the date of entry of the Order; or (ii) following Edward Jones’s receipt of the necessary payment documentation and instructions to be provided by the TSSB. Payment shall be: (1) made by check; (2) made payable to the “State of Texas,” and (3) mailed by FedEx or UPS to 208 East 10<sup>th</sup> Street, Room 610, Austin, Texas 78701-2407.
- H. Edward Jones agrees that an employee not unacceptable to the Multi-State Group shall certify in writing to the Division within sixty (60) days of the date

of entry of the Order that Edward Jones' policies and procedures have been changed and enhanced to ensure that all commissions are fair and reasonable. At a minimum, Edward Jones shall certify that its policies and procedures include the following:

- i. Compliance systems to prevent the imposition of unreasonable or unfair commissions;
  - ii. Operational changes designed to ensure that, regardless of the principal amount of a transaction, commissions will not exceed five percent (5%), in the absence of a documented exception;
  - iii. Incorporation of all transactions, regardless of the principal amount of the transaction, into any systems used to identify and review potentially excessive commissions; and
  - iv. Revisions to its policies and procedures sufficient to ensure the adequate implementation of the above.
- I. Edward Jones shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Edward Jones shall pay pursuant to the Order;
  - J. Edward Jones shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Edward Jones shall pay pursuant to the Order;
  - K. If Edward Jones is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of the Order, Edward Jones shall provide written notice to the TSSB within five (5) days of the date of the petition.
  - L. Any fine, penalty, and/or money that Edward Jones shall pay in accordance with the Order is intended by Edward Jones and the TSSB to be a contemporaneous exchange for new value given to Edward Jones pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).
  - M. If Edward Jones fails to materially comply with any of the terms set forth in the Order, the TSSB may institute an action to have the Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Edward Jones has not complied with the Order, the TSSB may move to have the Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Edward Jones; and

- N. For good cause shown, the TSSB may extend any of the procedural dates set forth above. Edward Jones shall make any requests for extensions of the procedural dates set forth above in writing to the TSSB.

### **VIII. WAIVER**

Edward Jones has waived (a) Edward Jones's right to notice and hearing in this matter; (b) Edward Jones's right to appear and present evidence in this matter; (c) Edward Jones's right to appeal this Order; and (d) all other procedural rights granted to the Edward Jones by the Texas Securities Act, and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.

### **IX. NO DISQUALIFICATION**

This Order waives any disqualification in the Texas Securities Act and Board Rules, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Edward Jones may be subject. This Order is not intended to be a final order based upon violations of the Texas Securities Act that prohibit fraudulent, manipulative, or deceptive conduct. This Order is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. This Order is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in membership. This Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the TSSB to enforce the obligations of this Order, any acts performed or documents executed in furtherance of this Order: (a) may not be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) may not be deemed or used as an admission of; or evidence of, any such alleged fault or omission of Edward Jones in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 19th day of December, 2025.



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TRAVIS J. ILES  
Securities Commissioner

Respondent:



Keir Gumbs  
Chief Legal Officer  
Edward D. Jones & Co., L.P.

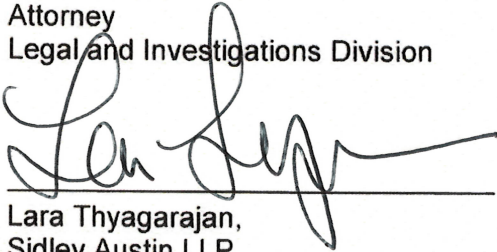
Approved as to Form:



Cristi Ochoa,  
Deputy Securities Commissioner



Elliott Wolf,  
Attorney  
Legal and Investigations Division



Lara Thyagarajan,  
Sidley Austin LLP