

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	ADMINISTRATIVE ORDER
EDWARD D. JONES & CO., L.P.)	NO. CO-2025-<u>0029</u>
)	
<u>RESPONDENT</u>)	

CONSENT ORDER

Pursuant to the authority granted to the Alabama Securities Commission ("Commission"), under the Alabama Securities Act ("Act"), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Commission hereby finds that there is good cause, and it is in the public interest, to enter into a Consent Order (the "Order") with Edward D. Jones & Co., L.P. ("Edward Jones"), which hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Order. As the result of a coordinated investigation, the Commission concluded that Edward Jones charged unreasonable commissions on certain small principal equity transactions. Nationwide, Edward Jones charged unreasonable commissions on approximately 781,240 equity transactions from May 1, 2020 to April 30, 2025 (the "Relevant Time Period"), totaling \$11,287,504. Edward Jones, in full settlement of these matters, neither admits nor denies the Findings of Fact as set forth in Section III, and neither admits nor denies the Violations of Law set out in Section IV.

I. JURISDICTION

1. The Commission has jurisdiction, and this Order is entered, pursuant to Ala. Code §§ 8-6-16(a) and 8-6-19(j).

2. The acts and practices that are the subject of this Order occurred while Edward Jones was registered as a broker-dealer in Alabama.

II. RESPONDENT

3. Edward D. Jones & Co., L.P. ("Edward Jones") is a broker-dealer registered in Alabama 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.

III. FINDINGS OF FACT

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

4. During the Relevant Time Period, Edward Jones charged unreasonable commissions to thousands of retail brokerage customers on certain equity transactions.

5. During a portion of the Relevant Time Period, Edward Jones charged a minimum fixed commission of \$50 on certain equity transactions (the "Minimum Equity Commission").

6. The Act and regulations promulgated thereunder prohibit Edward Jones from charging unreasonable commissions for services performed.

7. 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.

8. During the Relevant Time Period, Edward Jones executed 10,437 equity transactions in Alabama which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount), totaling \$148,037.42.

9. Numerous equity transactions executed by Edward Jones included a commission well in excess of 5% of the principal value of the transaction.

B. Edward Jones Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

10. 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.

11. Edward Jones's policies and procedures contemplated review of commissions as part of normal supervisory review processes.

12. Edward Jones's policies and procedures also contemplated a quarterly review of data related to small principal transactions that could result in excessive commissions.

13. Supervisors were permitted to make adjustments to ensure that commissions were reasonable.

14. 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.

15. As a result, Edward Jones failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

IV. VIOLATIONS OF LAW

16. Section 8-6-3(j)(10) of the Act provides that the Commission "may by order . . . censor . . . any registrant" that "[h]as failed reasonably to supervise his or her agents or employees . . . to assure their compliance with" the Act.

17. Section 8-6-19(j)(1) of the Act provides that the Commission "may by order, if it finds such order to be in the public interest, impose an administrative assessment upon any person who violates any provision of [the Act] or any rule or order issued under" the Act.

18. Respondent's acts and practices, as described above, constitute a violation of Rule

830-X-3-.13(1), which requires that “[e]very dealer . . . shall exercise diligent supervision over all the securities activities of its associated persons.”

V. ORDER

19. On the basis of the Findings of Fact, Violations of Law, and Edward Jones’s consent to the entry of this Order, **IT IS HEREBY ORDERED:**

- A. Edward Jones shall permanently cease and desist from conduct in violation of the Act and the Commission’s regulations;
- B. Edward Jones is censured by the Commission;
- C. Edward Jones shall provide restitution in an amount of no less than \$148,037.42, representing the portion of the commission on certain small principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Alabama customers, plus interest in the amount of 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 Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (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 Commission with a list of all Alabama residents for whom Edward Jones receives a Notice Letter as returned to sender or

otherwise undeliverable. To the extent the Commission has access to different address information, Edward Jones shall mail a second Notice Letter to each Alabama resident within thirty (30) days of the Commission providing such different address;

- F. Within forty-five (45) days of completion of distribution of restitution, Edward Jones shall prepare, and submit to the Commission, 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 assessment in the amount of \$100,000 and pay \$25,000 in investigation costs for a total payment of \$125,000 to the Commission within fifteen (15) days following the date of entry of the Order. Payment shall be (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the State of Alabama; (3) either hand-delivered, mailed to 445 Dexter Avenue, Suite 12000, Montgomery, Alabama 36104; or wired per the Commission's instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondent and the docket number of the proceeding;
- 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's 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 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 Commission 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 Commission 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 Commission 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 Commission 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 Commission 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 Commission.

VI. WAIVER

20. Edward Jones hereby waives all rights to contest this Order entered by the Commission, including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. Edward Jones further waives the procedural due process right to a hearing and any other procedural rights provided by the Act, the Commission's regulations, and the Alabama Administrative Procedure Act.

VII. NO DISQUALIFICATION

21. This Order waives any disqualification in the Act, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Edward Jones may be subject. The Order is not intended to be a final

order based upon violations of the Act or the Commission's regulations that prohibit fraudulent, manipulative, or deceptive conduct. The 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. The 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. The 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 Commission to enforce the obligations of the Order, any acts performed or documents executed in furtherance of the 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.

22. This Order shall be binding upon Edward Jones and its successors and assigns, as well as to successors and assigns of relevant affiliates.

23. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Alabama without regard to any choice of law principles.

Entered at Montgomery, Alabama this 17th day of November, 2025.



ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY: 
AMANDA SENN
Director

EDWARD D. JONES & CO., L.P. by:

Signature: 

Print Name: Keir Gumbs

Title: Chief Legal Officer

Dated: 11/13/2025