

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

)	
IN THE MATTER OF:)	
)	
EDWARD D. JONES & CO., L.P. –)	
RETAIL MINIMUM COMMISSIONS,)	
)	
RESPONDENT.)	Docket No. 2025-0191
)	

CONSENT ORDER

I. PRELIMINARY STATEMENT

This Consent Order (the “Order”) is entered into by the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the “Division”) and Edward D. Jones & Co., L.P. (“Edward Jones” or “Respondent”) with respect to the above-captioned investigation by the Enforcement Section of the Division into whether Respondent’s acts and practices constituted violations of the Massachusetts Uniform Securities Act, M.G.L. c. 110A (the “Act”), and the regulations promulgated thereunder at 950 CMR 10.00-14.413 (the “Regulations”). As the result of a coordinated investigation, with the Division serving as a lead state, the Division 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 over a five-year period totaling \$11,287,504.

On May 19, 2025, Respondent submitted an Offer of Settlement (the “Offer”) to the Division. Respondent neither admits nor denies the Statement of Facts set forth in

Section V below and neither admits nor denies the Violations of Law set forth in Section VI below, and consents to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the above-captioned investigation (INV-2025-0191) with prejudice. Pursuant to M.G.L. c. 110A, § 412(b), this Order “is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of [the Act].”

II. JURISDICTION AND AUTHORITY

1. The Division has jurisdiction over matters related to securities pursuant to the Act and Regulations.
2. The Offer was made and this Order is entered in accordance with the Act and Section 10.10 of the Regulations.
3. The acts and practices that are the subject of the Division's investigation occurred while Edward Jones was registered as a broker-dealer in Massachusetts.

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 D. Jones & Co. L.P. ("Edward Jones") is a broker-dealer registered in Massachusetts 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. Edward Jones maintains approximately 190 branch offices in Massachusetts.

V. STATEMENT OF FACTS

A. Edward Jones' 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 \$50 on certain equity transactions (the "Minimum Equity Commission").

8. The Act and Regulations 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 6,603 equity transactions in Massachusetts which included an unreasonable commission for services performed (*i.e.*, in excess of 5% of the principal trade amount), totaling \$94,079.

11. 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

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' policies and procedures contemplated review of commissions as part of normal supervisory review processes.

14. Edward Jones' 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' 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 5%.

VI. VIOLATIONS OF LAW

Count I – Violation of M.G.L. c. 110A, § 204(a)(2)(J)

18. Section 204 of the Act provides:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant ...
(J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter[.]

Id. § 204(a)(2)(J).

19. Edward Jones' acts and practices, as described above, constitute a violation of Section 204(a)(2)(J) of the Act.

VII. ORDER

IT IS HEREBY ORDERED:

- A. Edward Jones shall permanently cease and desist from conduct in violation of the Act and Regulations in the Commonwealth;
- B. Edward Jones is censured by the Division;
- C. Edward Jones shall provide restitution in an amount of no less than \$114,782 providing the amount 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 Massachusetts customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to the date of the Offer. Edward Jones shall provide restitution as soon as practicable, but in no event longer than one hundred eighty (180) days of this Order;
 - i. Restitution shall be in the form of a dollar credit to current customer accounts, or a check for all former customers or current customers who are entitled to restitution as a result of transactions involving an individual retirement account;
 - ii. Edward Jones shall provide a notice of restitution to customers on terms not unacceptable to Massachusetts, Alabama, Iowa, Missouri, Montana, Texas, and Washington (the "Multi-State Group") ("Notice Letter"). The Notice Letter shall be sent 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 Division with a list of all Massachusetts residents for whom Edward Jones receives a Notice Letter as returned to sender ("Undeliverable Massachusetts Residents"). To the extent the Division has access to different address information, Edward Jones shall mail a second

Notice Letter to each Massachusetts resident within thirty (30) days of the Division providing such different address; and

iii. Within forty-five (45) days of completion of distribution of restitution, Edward Jones shall prepare and submit to the Division a report detailing the restitution paid pursuant to this Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments.

- D. 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 to Massachusetts within fifteen (15) days following the date of entry of this 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 Commonwealth of Massachusetts; (3) either handdelivered; mailed to One Ashburton Place, Room 1701, Boston Massachusetts 02108; or wired per the Division instructions; and (4) submitted under cover letter or other documentation that identifies payment by Edward Jones and the docket number of the proceeding;
- E. 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 this 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 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.
- F. 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 this Order;
- G. 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 this Order;
- H. 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 this Order, Edward Jones shall provide written notice to the Division within five (5) days of the date of the petition;
- I. Any fine, penalty, and/or money that Edward Jones shall pay in accordance with the Order is intended by Edward Jones and the Division 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);

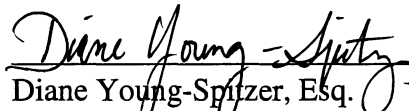
- J. If Edward Jones fails to comply materially with any of the terms set forth in this Order, the Division may institute an action to have this Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Edward Jones has not complied with this Order, the Division may move to have this Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Edward Jones; and
- K. For good cause shown, the Division 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 Division.

IX. NO DISQUALIFICATION

This Order waives any disqualification in the laws of Massachusetts, 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. This Order is not intended to be a final order based upon violations of the 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

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 Division 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.

**WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH**



Diane Young-Spitzer, Esq.
Director & General Counsel

Securities Division

Office of the Secretary of the Commonwealth

John W. McCormack Building, 17th Floor

One Ashburton Place

Boston, MA 02108

Dated: June 4, 2025