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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

Complainant,

v.

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

Respondent.

CRD NO.: 250

CONSENT ORDER

The Commissioner of Financial Protection and Innovation (Commissioner) and Edward D. Jones & Co., L.P., (Edward Jones) (collectively, the Parties) hereby enter this Consent Order (Consent Order) with respect to the following:

I.

RECITALS

A. Edward Jones is a broker-dealer registered in California, 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.

1 B. The Commissioner is authorized to administer and enforce the provisions of the
2 Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations
3 promulgated thereunder at title 10 of the California Code of Regulations, which include the
4 licensure, examination, and regulation of investment advisers and broker-dealers.

5 C. Members of the North American Securities Administrators Association (NASAA)
6 conducted a coordinated investigation into whether Edward Jones charged unreasonable
7 commissions on certain small principal equity transactions during the period of approximately May
8 1, 2020 to April 30, 2025 (Investigation).

9 D. Edward Jones has agreed to resolve the Investigation upon the terms specified
10 herein.

11 E. The Parties intend to resolve this matter amicably without the necessity of a hearing
12 or other litigation. Edward Jones admits to the jurisdiction of the Commissioner, neither admits nor
13 denies the findings of fact and conclusions of law contained in this Consent Order, and consents to
14 the entry of this Consent Order by the Commissioner.

15 F. Edward Jones agrees to comply in all material respects with the undertakings
16 specified herein.

17 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
18 contained herein, the Parties agree to the following.

19 **II.**

20 **FINDINGS OF FACT**

21 **A. Edward Jones’s Minimum Commission Practices for Equity Transactions Failed to**
22 **Ensure Transactions Were Executed at a Fair and Reasonable Price**

23 1. Between May 1, 2020 and April 30, 2025 (Relevant Time Period), Edward Jones
24 executed over 781,240 equity transactions nationwide which included a commission in excess of
25 5% of the principal value, totaling over \$11,287,504 in excess commissions.

26 2. During the Relevant Time Period, Edward Jones charged unreasonable commissions
27 to thousands of retail brokerage customers on certain equity transactions.
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1 3. During a portion of the Relevant Time Period, Edward Jones charged a minimum
2 commission of \$50 on certain equity transactions (the Minimum Equity Commission).

3 4. The CSL and its regulations prohibit Edward Jones from charging unreasonable
4 commissions for services performed.

5 5. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of
6 5% for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a
7 guide, not a rule. A commission pattern of 5% or even less may be considered unfair or
8 unreasonable.

9 6. During the Relevant Time Period, Edward Jones executed equity transactions in
10 California which included an unreasonable commission for services performed (i.e., in excess of
11 5% of the principal trade amount), totaling \$520,434.51.

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

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

16 8. Edward Jones did not reasonably supervise transactions which included a Minimum
17 Equity Commission charge to ensure that Edward Jones charged its customers a reasonable
18 commission.

19 9. Edward Jones’s policies and procedures contemplated review of commissions as part
20 of normal supervisory review processes.

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

23 11. Supervisors were permitted to make adjustments to ensure that commissions were
24 reasonable.

25 12. Despite these systems, Edward Jones’s surveillance policies failed to reasonably
26 detect and correct unreasonable commission charges, specifically as it relates to the Minimum
27 Equity Commission.
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1 amount of 6% from the date of the transaction to May 19, 2025. Edward Jones shall pay Restitution
2 to customers within one hundred eighty (180) days of the effective date of this Consent Order, as
3 defined in Paragraph 48 below (Effective Date).

- 4 a. Restitution shall be in the form of a dollar credit to current customer accounts, or a
5 check for all former customers.
- 6 b. Edward Jones shall provide a notice of restitution to customers on terms not
7 unacceptable to Massachusetts, Alabama, Iowa, Missouri, Montana, Texas, and
8 Washington (the Multi-State Group) (Notice Letter). The Notice Letter shall be sent
9 at least seven (7) days prior to the distribution of any restitution.
- 10 c. The Restitution shall be in the form of a bank check for all former customers. Within
11 ninety (90) days of the mailing of the Notice Letter, Edward Jones shall conduct a
12 third-party address search for any Notice Letter returned to sender to identify
13 additional addresses for the applicable accountholder(s). Edward Jones shall attempt
14 a second mailing if an additional address is identified through this process.
- 15 d. Within 45 days of completion of distribution of Restitution, Edward Jones agrees to
16 prepare and submit to the Commissioner via email to Kelly Suk, Senior Counsel,
17 Department of Financial Protection and Innovation, Enforcement Division, at:
18 Kelly.Suk@dfpi.ca.gov, a report detailing Restitution paid pursuant to the Consent
19 Order, which shall include: (i) identification of all negotiated checks; and (ii) dates,
20 amounts, and methods of the transfer of funds for all restitution payments.:

21 21. Handling of Unclaimed Restitution. Edward Jones shall escheat any returned or
22 unclaimed Restitution and Interest to the California State Controller's Office within the period
23 provided by Code of Civil Procedure section 1520 of the Unclaimed Property Law (Code of Civ.
24 Proc., § 1500 et seq.). In the event of escheat, notice shall be sent within 15 business days to the
25 Commissioner via email to Kelly Suk, Senior Counsel, Department of Financial Protection and
26 Innovation, Enforcement Division, at: Kelly.Suk@dfpi.ca.gov, and shall include a copy of any
27 escheatment report(s) submitted to the California State Controller.

- 28 22. Order to Pay Administrative Fine. Pursuant to Corporations Code section 25252,

1 Edward Jones is hereby ordered to pay an administrative fine totaling \$100,000.00 (Fine) to the
2 Commissioner within the later of 15 days (i) following the Effective Date; or (ii) following Edward
3 Jones’s receipt of the necessary payment documentation and instructions to be provided by the
4 Commissioner. Payment shall be made in the form of a cashier’s check or Automated Clearing
5 House deposit payable to the “Department of Financial Protection and Innovation” and transmitted
6 to the attention of “Accounting – Litigation” at the Department of Financial Protection and
7 Innovation, 651 Bannan Street, Suite 300, Sacramento, California 95811. Notice of such payment
8 shall be forwarded to Kelly Suk, Senior Counsel, Department of Financial Protection and
9 Innovation, Enforcement Division, via email at: Kelly.Suk@dfpi.ca.gov.

10 23. Policies and Procedures. Edward Jones agrees to certify in writing to the
11 Commissioner within sixty (60) days of the Effective Date that Edward Jones’s policies and
12 procedures have been changed and enhanced to ensure that all commissions are fair and reasonable
13 (Certification). The written Certification shall be delivered to Kelly Suk, Senior Counsel,
14 Department of Financial Protection and Innovation, Enforcement Division, via email at:
15 Kelly.Suk@dfpi.ca.gov. At a minimum, Edward Jones shall certify that its policies and procedures
16 include the following:

- 17 a. Compliance systems to prevent the imposition of unreasonable or unfair
18 commissions;
- 19 b. Operational changes designed to ensure that, regardless of the principal amount of a
20 transaction, commissions will not exceed 5%, in the absence of a documented
21 exception;
- 22 c. Incorporation of all transactions, regardless of the principal amount of the
23 transaction, into any systems used to identify and review potentially excessive
24 commissions; and
- 25 d. Revisions to its policies and procedures sufficient to ensure the adequate
26 implementation of the above.

27 24. Record Retention. Edward Jones agrees to retain copies of any and all report(s) as
28 set forth in paragraphs 20-23 above in an easily accessible place for a period of five (5) years from

1 the date of the reports.

2 25. Tax Deduction/Credit Prohibition. Edward Jones agrees that it shall not claim, assert,
3 or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any
4 amounts that Edward Jones shall pay pursuant to this Consent Order and as governed under enacted
5 Regulations under Internal Revenue Code Section 162(f).

6 26. Insurance Claim Prohibition. Edward Jones agrees that it shall not seek or accept,
7 directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments
8 made pursuant to any insurance policy, with regard to any amount that Edward Jones shall pay
9 pursuant to this Consent Order.

10 27. Bankruptcy Notice. Edward Jones agrees that if it is the subject of a voluntary or
11 involuntary bankruptcy petition under Title 11 of the United States Code within three hundred
12 sixty-five (365) days of the Effective Date of this Consent Order, Edward Jones shall provide
13 written notice to the Commissioner within five (5) days of the date of the petition.

14 28. Contemporaneous Exchange. Any fine, penalty, and/or money that Edward Jones
15 shall pay in accordance with this Consent Order is intended by the Parties to be a contemporaneous
16 exchange for new value given to Edward Jones pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact,
17 a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

18 29. Extension of Procedural Dates. For good cause shown, the Commissioner may
19 extend any of the procedural dates set forth above. Edward Jones shall make any requests for
20 extensions of the procedural dates set forth above in writing to the Commissioner via email to Kelly
21 Suk, Senior Counsel, Department of Financial Protection and Innovation, Enforcement Division, at:
22 Kelly.Suk@dfpi.ca.gov.

23 30. Disqualifications. This Consent Order waives any disqualification under the CSL, or
24 rules or regulations thereunder, including any disqualification from relying upon the registration
25 exemptions or safe harbor provisions to which Edward Jones may be subject. This Consent Order is
26 not intended to be a final order based upon violations of the CSL that prohibit fraudulent,
27 manipulative, or deceptive conduct. This Order is not intended to form the basis of any
28 disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3)

1 and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF
2 under the Securities Act of 1933. This Order is not intended to form the basis of disqualification
3 under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A
4 application or disqualification under SRO rules prohibiting continuance in membership. This
5 Consent Order is not intended to form a basis of a disqualification under 204(a)(2) of the Uniform
6 Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action
7 by the Commissioner to enforce the obligations of the Consent Order, any acts performed or
8 documents executed in furtherance of this Consent Order: (a) may not be deemed or used as an
9 admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any
10 wrongdoing or liability; or (b) may not be deemed or used as an admission of; or evidence of, any
11 such alleged fault or omission of Edward Jones in any civil, criminal, arbitration, or administrative
12 proceeding in any court, administrative agency, or tribunal.

13 31. Waiver of Hearing Rights. Edward Jones hereby waives the right to any hearings,
14 and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the
15 CSL, the California Administrative Procedures Act, the California Code of Civil Procedure, or any
16 other provision of law. Edward Jones further expressly waives any requirement for the filing of an
17 Accusation pursuant to Government Code section 11415.60 (b). By waiving such rights, Edward
18 Jones effectively consents to this Consent Order, Order to Discontinue Violations, Order for
19 Restitution, and Order for Fines contained herein becoming final.

20 32. Full and Final Settlement. The parties hereby acknowledge and agree that this
21 Consent Order is intended to constitute a full, final, and complete resolution of the findings
22 described herein, and that no further proceedings or actions will be brought by the Commissioner in
23 connection with these findings under the CSL or any other provision of law, excepting therefrom
24 any proceeding to enforce compliance with the terms of this Consent Order.

25 33. Information Willfully Withheld or Misrepresented. Notwithstanding Paragraph 39,
26 this Consent Order may be revoked, and the Commissioner may pursue any and all remedies
27 available under the law against Edward Jones if the Commissioner discovers that Edward Jones
28 knowingly or willfully withheld or misrepresented information.

1 34. Future Actions by Commissioner. If Edward Jones fails to materially comply with
2 any terms of the Consent Order, the Commissioner may institute proceedings for any and all
3 violations otherwise resolved under this Consent Order. The Commissioner reserves the right to
4 bring any future actions against Edward Jones, or any of its partners, owners, officers, shareholders,
5 directors, employees, or successors for any and all unknown violations of the CSL.

6 35. Failure to Comply with Consent Order or Cure Breach. Edward Jones agrees that if
7 it fails to materially comply with this Consent Order or fails to timely cure any breach to the
8 satisfaction of the Commissioner, the Commissioner may, after a fair hearing and the issuance of an
9 order finding that Edward Jones has not complied with this Order, in addition to all other available
10 remedies it may invoke under the CSL, summarily suspend, revoke, or deny its qualification or
11 permit. Edward Jones stipulates to the finality of any such suspensions, revocations, or denials that
12 the Commissioner may order.

13 36. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
14 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
15 administrative, civil, or criminal brought by that agency against Edward Jones or any other person
16 based upon any of the activities alleged in this matter or otherwise.

17 37. Headings. The headings to the paragraphs of this Consent Order are inserted for
18 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
19 the provisions hereof.

20 38. Binding Agreement. This Consent Order is binding upon Edward Jones and its
21 successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all
22 conduct subject to the provisions above.

23 39. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
24 Consent Order it has relied solely on the statements set forth herein and the advice of its own
25 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
26 Order it has placed no reliance on any statement, representation, or promise of any other party, or
27 any other person or entity not expressly set forth herein, or upon the failure of any party or any
28 other person or entity to make any statement, representation, or disclosure of anything whatsoever.

1 The Parties have included this clause: (1) to preclude any claim that any party was in any way
2 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
3 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

4 40. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
5 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
6 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other
7 provision. No waiver by either Party of any breach of, or of compliance with, any condition or
8 provision of this Consent Order by the other Party will be considered a waiver of any other
9 condition or provision or of the same condition or provision at another time.

10 41. Full Integration. This Consent Order is the final written expression and the complete
11 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
12 between the parties with respect to the subject matter hereof, and supersedes all prior or
13 contemporaneous agreements, negotiations, representations, understandings, and discussions
14 between and among the parties, their respective representatives, and any other person or entity, with
15 respect to the subject matter covered hereby.

16 42. Governing Law. This Consent Order will be governed by and construed in
17 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
18 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an
19 inconvenient forum to the maintenance of such action or proceeding in such court.

20 43. Voluntary Agreement. Edward Jones enters this Consent Order voluntarily and
21 without coercion and acknowledges that no promises, threats, or assurances have been made by the
22 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
23 and acknowledge that they are executing this Agreement completely voluntarily and without any
24 duress or undue influence of any kind from any source.

25 44. Counterparts. This Consent Order may be executed in one or more separate
26 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
27 together constitute a single document.

28 45. Notice. Any notice required under this Consent Order shall be provided to each party

1 by email and overnight mail/courier service at the following addresses.

2 To Respondent: Sidley Austin LLP
3 Attn: Kenyon Hall, Partner
4 60 State Street
5 Boston, MA 02109
6 Kenyon.Hall@sidley.com

7 Edward Jones & Co., L.P.
8 Attn: Kate Walter
9 12555 Manchester Rd
10 St. Louis, MO 63131
11 Kate.Walter@edwardjones.com

12 To the Commissioner: Kelly Suk
13 Senior Counsel, Enforcement Division
14 Department of Financial Protection and Innovation
15 320 West 4th Street, Suite 750
16 Los Angeles, California 90013
17 Kelly.Suk@dfpi.ca.gov

18 46. Signatures. A fax or electronic mail signature shall be deemed the same as an
19 original signature.

20 47. Public Record. Edward Jones hereby acknowledges that this Consent Order is a
21 matter of public record.

22 48. Effective Date. This Consent Order shall become final and effective when signed by
23 all Parties and sent by the Commissioner’s agent email to Kelly Suk, Senior Counsel, Department
24 of Financial Protection and Innovation, Enforcement Division, at: Kelly.Suk@dfpi.ca.gov.

25 49. Authority to Sign. Each signatory hereto covenants that he or she possesses all
26 necessary capacity and authority to sign and enter into this Consent Order and undertake the
27 obligations set forth herein.

28 This Consent Order is in the public interest, is necessary for the protection of investors, and
is consistent with the purposes, policies, and provisions of the CSL.

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Dated: February 20, 2026



KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By: _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

Dated: February 18, 2026

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

By: _____
Keir Gumbs
Chief Legal Officer