

Understanding How We Are Compensated for Financial Services

Municipal Bonds

What is a municipal bond?

Municipal bonds are bonds issued by states, cities, counties and other governmental entities to raise money, typically for general governmental needs or special projects.

How are we paid for our services?

Newly issued municipal bonds

We sell newly issued municipal bonds at the offering price during the initial public offering period. We receive a selling fee, which is incorporated into the initial offering price. You will see the selling fee displayed as a new issue payment line item in the trade confirmation.

Secondary municipal bonds

Secondary municipal bonds are transactions involving previously issued bonds. When you buy or sell a secondary municipal bond, Edward Jones may act as either an agent or a principal. If we act as an agent, your trade confirmation will display the commission you pay, which may be up to 2% of the dollar amount you buy and up to .75% of the dollar amount you sell.

If you buy a municipal bond from our inventory or sell a municipal bond that we purchase directly from you, we act as a principal. You will see the markup or markdown, which is included in the price, displayed as a line item in the trade confirmation. The markup may be up to 2% of the dollar amount you buy and the markdown may be up to .75% of the dollar amount you sell. The price is also adjusted to reflect changes in interest rates and market prices that have occurred since we bought the security. As a result of these changes, Edward Jones can earn revenue or incur losses from buying or selling securities as principal.

In addition to either a commission or markup or markdown, Edward Jones generally charges a transaction fee when you buy or sell a secondary municipal bond through our brokerage services. If the municipal bond's principal is \$1,000 or less, you will not be charged a transaction fee.

How is your financial advisor compensated?

Your financial advisor receives a percentage of any commissions, markups or markdowns for municipal bonds. Our revenue affects Edward Jones' overall profitability and thus may affect any branch bonus your financial advisor receives.