

## Understanding how we are compensated for financial services

### United States Treasury Securities (“U.S. Treasuries”)

**What are U.S. Treasuries?**

U.S. Treasuries are debt obligations of the U.S. government. These include bills, notes, bonds, Treasury Inflation-Protected Securities (“TIPS”), and savings bonds. When you buy a U.S. Treasury, you lend money to the federal government for a specified period of time. U.S. Treasury bills are short-term instruments with maturities of no more than one year. U.S. Treasury notes are intermediate- to long-term investments, typically issued in maturities of two, three, five, seven and 10 years. U.S. Treasury bonds cover terms of more than 10 years and are currently issued in 30-year maturities. Interest is paid semiannually.

**How are we paid for our services?***Newly issued U.S. Treasuries*

We sell newly issued U.S. Treasury securities 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 U.S. Treasuries*

Secondary U.S. Treasuries are transactions involving previously issued Treasuries. When you buy or sell a secondary U.S. Treasury, 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 1.5% of the dollar amount you buy and up to .50% of the dollar amount you sell.

If you buy Treasuries from our inventory or sell Treasuries 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 1.5% of the dollar amount you buy and the markdown may be up to .50% 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 Treasuries as principal.

In addition to either a commission or markup or markdown, Edward Jones generally charges a transaction fee when you buy or sell secondary U.S. Treasuries through our brokerage services. If the security’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 U.S. Treasuries. In addition, our revenue affects Edward Jones’ overall profitability and thus may affect any branch bonus your financial advisor receives.