

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.