

Understanding How We Are Compensated for Financial Services

Stock

What is common stock?

Common stock is a share of ownership in a company and a claim on part of its assets and profits.

What is preferred stock?

Preferred stock is an equity security that has characteristics of both debt and common stock. Preferred stock is a class of ownership in a company that has a higher claim than common stock on the company's assets and profits.

How are we paid for our services?

When you buy or sell stock, Edward Jones may act as either an agent or a principal. The compensation we receive depends on whether we act as an agent or a principal in the transaction.

Commissions

We act as an agent for most stock transactions. When we act as an agent, you pay a commission based on the amount of the transaction. In a Select Account, the commissions on trades for common or preferred stocks may be up to 2.5% of the principal amount or a \$50 minimum commission. The commission charge could be reduced based upon the principal amount of the trade and may be as low as 0.1% plus \$2,705 for trades of a principal amount of \$1,000,000 or more.

Transaction Fees

In addition to a commission, Edward Jones generally charges a \$4.95 transaction fee when you buy or sell stock in a Select Account.

Trade Corrections

In the event of a trade correction, Edward Jones acts in a principal capacity. As a principal, Edward Jones can earn profits or incur losses based upon the cost of securities being sold or purchased.

How is your financial advisor compensated?

Your financial advisor receives a percentage of the commissions you pay to buy or sell stock. In addition, our revenue affects Edward Jones' overall profitability and thus may affect any branch bonus your financial advisor receives.