

Understanding how we are compensated for financial services

Edward Jones Reserve Line of Credit

What is an Edward Jones Reserve Line of Credit?

A Reserve Line of Credit (“Reserve Line”) is a securities-based loan offered by the lender, Edward Jones SBL, LLC, a non-bank affiliate of Edward Jones. It is secured by a pledged account and the assets, including securities, within that account. If your account is used as collateral to take an advance under the Reserve Line (a “Reserve Line Advance”), your account and assets within it are pledged to secure your advance, and you will not be permitted to withdraw securities or funds from your account unless sufficient collateral remains as required under Edward Jones Reserve Line of Credit Agreement.

How are we paid for our services?

Edward Jones SBL, LLC (“the lender”) will receive interest from your Reserve Line Advance and will pay Edward Jones a fee. You will pay interest charges on a Reserve Line Advance, which is based on the amount of the Reserve Line advance. The larger the amount of the Reserve Line Advance, the more revenue Edward Jones receives. Reserve Lines of Credit share the same pricing tiers and rates as margin loans.

How is your financial advisor compensated?

While your financial advisor does not receive direct compensation from the interest you pay on your Reserve Line Advance, it does positively impact the branch’s P&L (described above). If you need cash, we have an incentive to recommend a Reserve Line Advance instead of selling investments. Additionally, your financial advisor has an incentive to recommend that you maintain a Reserve Line Advance balance and to grow the balance, instead of using available cash or new investments to pay it down.