Understanding How We Are Compensated for Financial Services

Margin Accounts/Personal Lines of Credit

What is a margin account/personal line of credit?

Margin accounts allow you to purchase securities or take cash loans by using your margin-eligible securities as collateral. Margin accounts are governed by Regulation T, FINRA and individual brokerage house rules. For more information, please see www.edwardjones.com/disclosures/marginloans.

How are we paid for our services?

We charge interest when you borrow against securities held in a margin account. The interest rate is tied to the effective prime rate, as long as the prime rate is equal to or greater than 4.0%. (We have a 4.0% base interest rate.) The prime rate is the prime rate as published in The Wall Street Journal. Your interest rate is determined monthly based on the total value of your “Pricing Group,” which may include multiple accounts you and other related parties hold with Edward Jones. For more information, please see www.edwardjones.com/disclosures/marginloans.

How is your financial advisor compensated?

Your financial advisor does not receive direct compensation from the interest you pay on your margin loan balance, but it does positively impact the branch’s P&L (described above). If you need cash, we may have an incentive to recommend a margin loan instead of selling investments. Additionally, your financial advisor has an incentive to recommend that you maintain a margin loan balance and to grow the balance, instead of using available cash or new investments to pay down the loan. For more information, please see edwardjones.com/disclosures/marginloans.