Re Edward Jones

IN THE MATTER OF

The Investment Dealer and Partially Consolidated Rules

and

The Dealer Member Rules

and

Edward Jones (Canada)

2025 CIRO 56

Canadian Investment Regulation Organization (CIRO)
Hearing Panel (Ontario District)

Heard: November 18, 2025 in Toronto, Ontario (via video conference)
Decision: November 18, 2025
Reasons for Decision: December 10, 2025

Hearing Panel:
Robert P. Armstrong, KC, Chair,
Dave Persaud, Industry Representative
Robert Christianson, Industry Representative

Appearances:
Marie Abraham, Senior Enforcement Counsel
Hugh Corbett, for Edward Jones (Canada)

REASONS FOR DECISION ON ACCEPTANCE OF SETTLEMENT AGREEMENT

I. INTRODUCTION

[1] In May 2024, Edward Jones (Canada) (the **Respondent**) voluntarily reported that it overcharged fees for over 10,000 accounts in the approximate amount of $3.6 million between 2010 and 2024. Most of the overcharging occurred in 2019 and onwards. The issues arose due to defective internal processes and controls related to billing at the Respondent and were clearly unintended.

[2] The systems have been fixed to prevent such problems in the future. The Respondent did not benefit from this unfortunate situation.

[3] As a result of these events, the Respondent was charged with a contravention of the Dealer Member Rules. The parties have now entered into a settlement agreement as set out below. The purpose of the hearing before us was to consider whether the settlement agreement should be approved.

II. THE FACTS

[4] The following summary of the relevant facts is taken from paragraphs 5 through 8 of the Settlement Agreement, as follows:

> *"5. In May 2024, the Respondent self-reported to CIRO that its administration system revealed significant fee discrepancies in its fee-based managed accounts, called the Edward Jones Portfolio*

Program ("EJPP"). Some EJPP managed accounts which were eligible for fee reductions and discounts had not received them, due to Edward Jones' internal processes.

6. In August 2024, the Respondent discovered a second fee issue whereby some of its fee-based non-managed accounts, called the Guided Portfolios Program ("GPP"), did not receive fee reductions, due to Edward Jones' internal systems.

7. As a result, from September 2010 to August 2024, approximately 10,231 accounts held with the Respondent were overcharged fees of approximately $3.6 million dollars.

8. The Respondent voluntarily reported the overcharging of fees issues to CIRO and has made diligent efforts to remediate the issues by compensating clients and implementing new internal protocols which ensure that the appropriate fees are charged on a going forward basis."

[5] CIRO Enforcement Counsel agreed to a 30% reduction in the fine sought because of the exceptional cooperation demonstrated by the Respondent . It is important to note that all clients were fully compensated for these unfortunate events.

III. THE CONTRAVENTION

[6] The Respondent has admitted the following contravention of the Dealer Member Rules:

Between September 2010 and August 2024, Edward Jones (Canada), a Dealer Member, failed to establish and maintain a system of internal controls and supervision to ensure client fee agreements were accurately recorded and clients were charged appropriately, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022) and Investment Dealer Rule 3900 (after January 1, 2022).

[7] The Respondent has agreed to the following sanction and costs:

(i) A fine of $122,500.

(ii) Costs of $5000.

IV. SUBMISSIONS OF COUNSEL FOR CIRO

[8] Counsel for CIRO submitted that in approving a settlement agreement. The hearing panel must conclude the following:

(i) the agreed sanction must be within an acceptable range in accordance with similar cases.

(ii) the agreed sanction must be fair and reasonable.

(iii) the agreed sanction should serve as a deterrent to the respondent and other industry members.

[9] Counsel for CIRO cited a number of well-known cases, which have previously set the guidelines for the appropriate sanctions in situations such as this. A summary of some of these cases is contained in the following paragraphs.

[10] In *Re Donnelly,*[1] the hearing panel said:

"it is usually in the public interest that matters be settled where possible rather than be determined through contested hearings."

[11] In *Re Milewski,*[2] the hearing panel said that a panel should not reject a settlement agreement unless the proposed sanctions "clearly fall outside a reasonable range of appropriateness".

[12] The CIRO Sanction Guidelines also emphasize the aforesaid principle.

[1] 2016 IIROC 23

[2] (1999) 1D.A.C.D. No. 17 at page 13

[13] In *HSBC Securities (Canada) Inc.*,[3] the Dealer Member admitted that it had contravened the same Rules as the Respondent in this case. HSBC took corrective action and decided not to charge additional fees to clients who had accidentally been undercharged fees due to misclassification. Clients who were charged excess fees were compensated. In the HSBC case, the contravention spanned about four years and involved 1252 accounts. HSBC repaid nearly $200,000 to its clients. The hearing panel levied a fine of $62,000 and costs of $5,000.

[14] In *CIBC World* Markets Inc.,[4] the Dealer Member also contravened the same Rules as the Respondent in this case. The misconduct lasted over seven years and involved nearly 13,000 accounts. The clients in CIBC World Markets were repaid $7.02 million, which included opportunity costs. CIBC received a fine of $119,000 and $5,000 in costs.

[15] In *Re Scotia Capital Inc.),*[5] the Dealer Member also contravened the same Rules as the Respondent in this case. The misconduct was carried out over a period of nine years and involved 38,379 accounts. Scotia Capital Inc. paid its clients $32.4 Million, which included opportunity costs. The agreed sanctions was a fine of $140,000 after a 30% reduction and costs of $5,000.

[16] In *Re Canacord Genuity Corp.,*[6] the Dealer Member did not self report the same misconduct as the Respondent in this case. The conduct took place over ten years, involving approximately 6,000 clients. The Dealer repaid the clients $1.4 Million. The agreed sanction was a fine of $157,500 and costs of $50,000.

[17] In *Re Raymond James,*[7] the same misconduct as the Respondent spanned eight years. The Dealer Member paid an agreed fine of $50,000 and costs of $5,000.

[18] Counsel for CIRO submitted that the above cases are of a generally similar nature to the present case before us and the proposed fine in this case is in the public interest. Counsel for CIRO recommended that we accept the settlement agreement.

[19] Counsel for CIRO acknowledged that the Respondent did not benefit financially from its misconduct, which is emphasized in the CIRO Sanction Guidelines. Also, the Respondent self reported its own misconduct. The Respondent appears to have been fully cooperative with the staff of CIRO in resolving this unfortunate situation.

[20] Counsel for CIRO also acknowledged that the Respondent voluntarily took corrective actions to avoid future misadventures such as this, as well as providing compensation and disgorgements of commission, profits and other benefits, payments or restitution of clients.

V. THE POSITION OF EDWARD JONES (CANADA)

[21] Counsel for the Respondent attended the settlement hearing. He confirmed that the Respondent accepted the settlement agreement and agreed to its terms.

VI. CONCLUSION

[22] This Panel accepts the settlement agreement and the proposed sanction and costs. We are satisfied that it meets the test of reasonableness and is in accordance with the public interest. The proposed sanction is supported by the above authorities and the CIRO Sanction Guidelines, relied upon by Counsel. We are of the view that the problem which led to these unfortunate events was totally unintended and was the result of a set of unforeseen circumstances.

[23] In the result, this Panel approves the settlement agreement entered into by the parties.

DATED in Toronto on this 10th day in December, 2025.

"Robert P. Armstrong"

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[3] 2024 LNCIRO 1
[4] 2022 IIROC 34
[5] 2021 IIROC 37
[6] 2021 IIROC 35
[7] 2019 IIROC 8

Robert P. Armstrong, KC

Chair

"Dave Persaud"

Dave Persaud

"Robert Christianson"

Robert Christianson

CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND THE DEALER MEMBER RULES

AND

EDWARD JONES (CANADA)

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Canadian Investment Regulatory Organization ("CIRO") will issue a Notice of Application to announce a settlement hearing pursuant to sections 8215 and 8428 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to consider whether a hearing panel should accept this Settlement Agreement between Enforcement Staff and Edward Jones (Canada) ("Edward Jones" or the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Enforcement Staff and the Respondent jointly recommend that the hearing panel accept this Settlement Agreement in accordance with the terms and conditions set out below.

PART III – AGREED FACTS

3. For the purposes of this Settlement Agreement, the Respondent agrees with the facts as set out in Part III of this Settlement Agreement.

Registration History

4. Edward Jones, the Respondent, is a Dealer Member of CIRO, headquartered in Mississauga, Ontario.

Overview

5. In May 2024, the Respondent self-reported to CIRO that its administration system revealed significant fee discrepancies in its fee-based managed accounts, called the Edward Jones Portfolio Program ("EJPP"). Some EJPP managed accounts which were eligible for fee reductions and discounts had not received them, due to Edward Jones' internal processes.

6. In August 2024, the Respondent discovered a second fee issue whereby some of its fee-based non-managed accounts, called the Guided Portfolios Program ("GPP"), did not receive fee reductions, due to Edward Jones' internal systems.

7. As a result, from September 2010 to August 2024, approximately 10,231 accounts held with the Respondent were overcharged fees of approximately $3.6 million dollars.

8. The Respondent voluntarily reported the overcharging of fees issues to CIRO and has made diligent efforts to remediate the issue by compensating clients and implementing new internal protocols which ensure that the appropriate fees are charged on a going forward basis.

Identification of the Fee Issues

The First Fee Issue

9. From September 2010 until February 2024, Edward Jones contracted with a third- party portfolio manager, ("third-party PM"), to administer its EJPP accounts. In addition to managing the investments in the accounts, the third-party PM administered fee reductions and discounts for eligible EJPP accounts based on information it received from the Respondent.

10. In May 2023, the Respondent began preparing its own in-house platform to launch in March 2024, which would, among other things, eliminate the need for the third-party PM to administer fee reductions and discounts on eligible EJPP accounts.

11. While preparing its own in-house platform, Edward Jones discovered errors relating to the failure to apply fee reductions and discounts properly to its EJPP accounts, resulting in approximately 5,400 accounts being overcharged fees of approximately $2.5 million dollars.

12. Upon first discovering the errors in May 2023, Edward Jones began conducting an internal investigation over a period of months. Edward Jones confirmed that errors were caused by its own processes in its submission of data to the third-party PM; the errors were not caused by the third-party PM.

13. The Respondent reported to CIRO in May 2024 its overcharging of fees regarding the EJPP accounts.

The Second Fee Issue

14. In March 2024, Edward Jones began to use its own in-house platform to manage all of its fee-based accounts, called a Unified Managed Account Platform ("UMAP"). The Respondent's UMAP added features and controls to ensure that any such fee reduction and discounting issues with its EJPP accounts would not occur again.

15. However, in August 2024, the Respondent discovered an additional fee issue whereby some eligible Guided Portfolios Program ("GPP") non-managed accounts did not receive the fee reductions they were entitled to receive. Edward Jones reported that this error occurred when certain aspects of a client's address were not entered into its system uniformly, which resulted in the system not grouping the client's accounts together for fee reduction purposes. For example, the difference between "Suite xx" and "Apt xx" would break the price grouping logic.

16. This second fee issue impacted approximately 4,700 non-managed accounts between August 2019 and August 2024 and overcharged approximately $1.08 million in fees.

17. Since September 1, 2024, new controls were instituted to remediate and prevent the second fee issue in its GPP accounts regarding grouping accounts for fee reduction purposes in the future.

Summary of Overcharged Fees

18. In total, between September 2010 and August 2024, approximately 10,231 accounts were overcharged fees of approximately $3.64 million dollars. Most of the misconduct occurred between 2019 and 2024, which is demonstrated in the table below.

19. The annual breakdown of overcharged fees is as follows in *Table A*:

Table A

	Portfolio Program EJPP Overcharged Fees	Guided Portfolio GPP Overcharged Fees	TOTAL Amount of Overcharged Fees per Year
2010	$118	$0	$118
2011	$1,939	$0	$1,939
2012	$5,721	$0	$5,721
2013	$9,220	$0	$9,220
2014	$22,467	$0	$22,467
2015	$61,360	$0	$61,360
2016	$114,320	$0	$114,320
2017	$89,372	$0	$89,372
2018	$101,320	$0	$101,320
2019	$131,282	$36,753	$168,035
2020	$256,493	$98,811	$355,304
2021	$469,375	$196,344	$665,720
2022	$600,482	$225,182	$825,664
2023	$576,424	$272,011	$848,435
2024	$80,288	$254,500	$334,788
Total	**$2,520,181**	**$1,083,601**	**$3,603,783**

Remedial Steps Taken by the Respondent

20. The Respondent executed its remediation plan for both the overcharging of fees in client accounts by compensating clients who were erroneously overcharged fees and by implementing new compliance mechanisms to address the underlying issues regarding account administration.

21. The Respondent has made significant steps in remediation. The Respondent has credited accounts of its existing active clients and mailed cheques to its former clients without active accounts, in the total amount of $4,646,482.46.

22. The amounts paid to clients and former clients include interest and opportunity cost which are detailed in Table B below. Opportunity cost was compensated up until the date an account was closed or March 1, 2024 (when the new UMAP corrected the underlying issues). If the account was closed prior to February 29, 2024, interest was calculated from the date that the account was closed to the date the remediation payment was processed. If the account was active as of February 29, 2024, interest was calculated from March 1, 2024 to the date the remediation payment was processed.

Table B

Category	Number of Accounts Impacted	Remediation Amount	Date Payment Processed
Accounts that are still open and have been credited	7,852	$3,375,485.85	February 25, 2025 (accounts credited)
Accounts closed, but client had other suitable accounts which were credited	1,205	$810,854.29	March 31, 2025 (accounts credited)
Accounts closed without any suitable accounts to credit	1,174	$460,142.32	April 30, 2025 (cheques mailed)
TOTAL	**10,231**	**$4,646,482.46**	

23. The Respondent has donated $12,194.52, representing any remediation amount less than $10 per account, to a registered charity and undertakes not to claim the total sum donated for any tax benefit(s).

24. In February 2025, the Respondent identified 276 financial advisors from whom it clawed back their share of the fee revenue that clients had been overcharged. The total amount of the clawback was $497,673.92.

25. The Respondent hired a data and analytics consultant to review Edward Jones' internal investigation. The consultant verified the Respondent's methodologies and calculations were correct.

26. No subsequent issues regarding fees and discounts have been reported by the Respondent.

Additional Factors

27. The Respondent voluntarily developed and implemented a remediation plan outlined above.

28. The Respondent's compliance failure was inadvertent. There is no suggestion that Respondent deliberately overcharged any client.

29. The Respondent has compensated clients and has made necessary payments to ensure that it receives no profit or benefit from its compliance failure.

30. The Respondent discovered its compliance failure and self-reported it to CIRO promptly.

31. Enforcement Staff has agreed to a 30% reduction in the fine it would otherwise have sought, based on the proactive and exceptional cooperation by the Respondent, the remediation measures implemented, the compensation paid to clients, and the Respondent's willingness to resolve this matter in a timely manner. These factors led to an early resolution of this matter.

PART IV – CONTRAVENTIONS

32. By engaging in the conduct described above, the Respondent committed the following contraventions of CIRO requirements:

> Between September 2010 and August 2024, Edward Jones Canada failed to establish and maintain a system of internal controls and supervision to ensure client fee agreements were accurately recorded and clients were charged appropriately, contrary to Dealer Member Rules 38.1 and 2500 (prior to January 1, 2022), and Investment Dealer Rule 3900 (after January 1, 2022).

PART V – TERMS OF SETTLEMENT

33. The Respondent agrees to the following sanctions and costs:

(i) A fine in the amount of $122,500; and

(ii) Costs in the amount of $5,000.

34. If this Settlement Agreement is accepted by the Hearing Panel, the Respondent agrees to pay the amounts referred to above within 30 days of such acceptance, unless otherwise agreed between Enforcement Staff and the Respondent and approved by the hearing panel.

PART VI – STAFF COMMITMENT

35. If the Hearing Panel accepts this Settlement Agreement, Enforcement Staff will not initiate any further action against the Respondent in relation to the facts set out in Part III and the contraventions in Part IV of this Settlement Agreement, subject to the provisions of the paragraph below.

36. If the Hearing Panel accepts this Settlement Agreement and the Respondent fails to comply with any of the terms of this Settlement Agreement, Enforcement Staff may bring proceedings under the Rules described above in Paragraph 30 against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement.

PART VII – PROCEDURE FOR ACCEPTANCE OF SETTLEMENT

37. This Settlement Agreement is conditional on acceptance by the hearing panel.

38. This Settlement Agreement shall be presented to a Hearing Panel at a settlement hearing in accordance with sections 8215 and 8428 of the Investment Dealer Rules, in addition to any other procedures that may be agreed upon between the parties.

39. Enforcement Staff and the Respondent agree that this Settlement Agreement will form the agreed facts that will be submitted at the settlement hearing, unless the parties agree that additional facts should be submitted at the settlement hearing. If the Respondent does not appear at the settlement hearing, Staff may disclose additional relevant facts, if requested by the hearing panel.

40. If the Hearing Panel accepts this Settlement Agreement, the Respondent agrees to waive all rights under the Rules of CIRO and any applicable legislation to any further hearing, appeal and review.

41. If the Hearing Panel rejects this Settlement Agreement, Enforcement Staff and the Respondent may enter into another settlement agreement or Enforcement Staff may proceed to a disciplinary hearing based on the same or related allegations.

42. The terms of this Settlement Agreement are confidential unless and until this Settlement Agreement has been accepted by the hearing panel.

43. This Settlement Agreement will become available to the public upon its acceptance by the hearing panel and CIRO will post a copy of this Settlement Agreement on the CIRO website. CIRO will publish a notice and news release of the facts, contraventions, and the sanctions agreed upon in this Settlement Agreement and the hearing panel's written reasons for its decision to accept this Settlement Agreement.

44. If this Settlement Agreement is accepted, the Respondent agrees that neither they nor anyone on their behalf, will make a public statement inconsistent with this Settlement Agreement.

45. This Settlement Agreement is effective and binding upon the Respondent and Enforcement Staff as of the date of its acceptance by the hearing panel.

PART VIII – EXECUTION OF SETTLEMENT AGREEMENT

46. This Settlement Agreement may be signed in one or more counterparts which together will constitute a binding agreement.

47. An electronic copy of any signature will be treated as an original signature.

DATED this "14" day of "October", 2025.

"Andrea Needham"
Witness

"Scott Sullivan"
Scott Sullivan
Principal, Edward Jones (Canada)

"Marie Abraham"
Marie Abraham
Senior Enforcement Counsel on behalf of Enforcement Staff of the Canadian Investment Regulatory Organization

The Settlement Agreement is hereby accepted this 18 day of November, 2025 by the following Hearing panel:

Per: "Robert Armstrong"
Chair

Per: "Dave Persaud"
Industry Member

Per: "Robert Christianson"
Industry Member