

## ■ Stock

### What is a common stock?

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

### What is a 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.

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### 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.

#### Initial and secondary public offerings of stocks

We receive a selling concession (selling fee) directly from the underwriters that bring the equity to market. This fee is built into the offering price of the equity. We may also receive an underwriting fee and a management fee. You do not pay a commission.

#### Commissions

We act as an agent for most stock transactions, which means that we route your order to an external venue to buy or sell the stock. When we act as an agent, you pay a commission based on the amount of the transaction.

#### Sales Charges

Edward Jones may act as a principal when you buy or sell stock, which means that we buy or sell securities into or out of our inventory. When we act as a principal, the price you pay per share reflects a sales charge. Sales charges are sometimes called markups or markdowns. When you pay a sales charge, you do not also pay a commission. If we act as a principal, Edward Jones may earn profits or incur losses based upon the costs of the securities we buy or sell to execute your order.

### How is your financial advisor compensated?

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