

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20060060546-01**

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REGISTRATION & DISCLOSURE

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Edward D. Jones & Co., L.P., Respondent
Broker-Dealer
CRD No. 250

Pursuant to NASD Rule 9216 of FINRA Code of Procedure, Edward D. Jones & Co., L.P. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm has been a member of FINRA since October 16, 1939 and its registration remains in effect. The firm has the following relevant disciplinary history:

On September 20, 2004, FINRA accepted an AWC in which EDJO was censured and fined \$15,000 for Rule 6230(d) violations and deficient supervisory procedures.

OVERVIEW

In connection with matter 20060060546, the Market Regulation Department staff (the "staff") conducted a review of the firm's compliance with trade reporting and compliance engine ("TRACE") reporting requirements during the period April 1, 2006 through June 30, 2006. The staff determined that the firm reported 3,980 transactions in TRACE-eligible securities to TRACE late. The staff allowed the firm to review a sample of 180 transactions. The sample suggests a violation rate of approximately eight percent of the

total number of transactions in TRACE-eligible securities reported during the review period.

FACTS/VIOLOGATIVE CONDUCT BY RESPONDENT

The firm failed to report to TRACE 176 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Marketplace Rule 6230(a).

- B. The firm also consents to the imposition of the following sanctions:

A censure and fine of \$10,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that payment is due and payable. The firm has submitted an Election of Payment form showing the method by which the firm proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that the firm is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-3; and
 - 4. the firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The firm certifies that the firm has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that the firm has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

9/2/08
Date

Respondent

Edward D. Jones & Co., L.P.

By: STP

Name: Stephen T. Bee

Title: COUNSEL/DIRECTOR - HQ Compliance

Reviewed by:

KGA
Counsel for Respondent
Kimberly G. Anderson

Accepted by FINRA:

9/10/08
Date

Signed on behalf of the
Director of ODA, by delegated authority

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

CORRECTIVE ACTION STATEMENT

The firm appreciates the opportunity to provide the following Statement of Corrective Action to describe the steps the firm has taken to improve its processes following this inquiry. As indicated in the firm's previous response on this matter, dated September 14, 2006, the majority of the late trades that were the subject of this inquiry were caused by individual system and processing issues during the review period. These issues were summarized in the firm's previous response. Following this inquiry, the firm took numerous actions and implemented additional processes and controls to help ensure continued and ongoing compliance. These actions and additional controls include:

- The firm initiated and implemented a system enhancement to eliminate after-hours and non-business day executions by implementing a hard close for all fixed income transactions. This enhancement was implemented in November 2006, and has eliminated late trades caused by after- hours executions.

- The firm has added additional staff to its Trade Operations Department to review trade reporting on a daily basis and to proactively identify and promptly correct any system or processing issues.

- The firm's Syndicate Department has enhanced its procedures to help eliminate late trade reporting caused by the firm breaking syndicate on new issue transactions.

- The firm's Trading Department has enhanced its processes to limit issues caused by broker discrepancies.

As a result of these actions, the firm believes we have significantly improved our processes, our systems and our controls to help ensure compliance and in order to prevent future systemic violations. As evidence of our improvement, please note that according to FINRA's latest Quality of Market Reports, the firm's percentage of late trade reports has consistently moved downward since the date of this inquiry, has been at or below the rate of our peer group and has been consistently below the rate of the industry as a whole. We also note that this consistent improvement has occurred during a period when the firm's trading volume in TRACE-eligible securities transactions has more than doubled.

This Corrective Action Statement is submitted by Edward Jones. It does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA, or its staff.