



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
TD AMERITRADE, INC.,)
CRD #7870,) Case No.: AP-25-05
)
Respondent.)

CONSENT ORDER

1. This consent order (“**Order**”), is entered into by the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”) and TD Ameritrade, Inc. (“**TD Ameritrade**” or “**Respondent**”), arises out of a coordinated investigation, conducted by a multi-state group (“**Multi-State Group**”) in which Missouri served as one of the lead states, into whether Respondent, charged commissions in excess of 5% on certain small principal equity transactions in violation of applicable state securities laws and regulations.
2. As the result of the coordinated investigation, the Enforcement Section concluded that, from June 30, 2018 to June 30, 2023 (the “**Relevant Period**”), Respondent charged commissions in excess of 5% on certain small principal equity transactions. During the Relevant Period, Respondent executed 1,046 equity transactions in Missouri, which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount), totaling \$15,054.09. The Enforcement Section alleges that the foregoing acts and practices by Respondent are in contravention of 15 CSR 30-51.171(2)(A) and constitute sufficient grounds to sanction Respondent in accordance with Section 409.6-604 of the Missouri Securities Act of 2003, Chapter 409, et seq. (the “**Act**”) ¹, and the regulations promulgated thereunder, §§ 15 CSR 30-51.010 to 15 CSR 30-51.180 (the “**Regulations**”).
3. Respondent and the Enforcement Section desire to settle the allegations raised in this matter by the Enforcement Section relating to the alleged violations of 15 CSR 30-51.171(2)(A).

¹ Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2024 Cumulative Supplement.

CONSENT TO JURISDICTION

4. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondent and this matter pursuant to the Act.
5. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVERS

6. Respondent waives any rights to a hearing with respect to this matter.
7. Respondent waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of the Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that it is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner’s Findings of Fact, Conclusions of Law and Order as set forth herein, solely for the purpose of resolving this proceeding, and any proceeding that may be brought to enforce this Order, and no other purpose.
12. Respondent acknowledges and accepts that this Order shall be binding upon Respondent, with respect to all conduct subject to the provisions and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions herein.

THE COMMISSIONER’S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

A. Respondent

13. **TD Ameritrade** was a broker-dealer (“**BD**”) registered in Missouri from September 1986 through May 2024, with a main address of 200 South 108th Avenue, Omaha, Nebraska 68154. Respondent is identified by Financial Industry Regulatory Authority (“**FINRA**”) CRD No. 7870. Unrelated to this matter, Respondent has filed a Form BDW, and the Securities and Exchange Commission has withdrawn its registration.

B. Respondent’s Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

14. During the Relevant Period, Respondent executed 1,046 equity transactions in Missouri-resident customer accounts, included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount), totaling \$15,054.09.

15. During the Relevant Period, Respondent charged a fixed minimum commission for broker-assisted trades— i.e. those not placed directly online by customers (the “**Minimum Equity Commission**”).²

16. 15 CSR 30-51.170(1)(R) prohibits Respondent from charging unreasonable commissions for services performed.

17. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a guide, not a rule. A commission of five percent or even less may be considered unfair or unreasonable, and a commission of five percent or more may be considered fair or reasonable, depending on the various circumstances.

C. Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

18. 15 CSR 30-51.171(2)(A) provides that Missouri-registered BDs must establish current procedures and systems for supervising the activities of agents, employees, and Missouri office operations that are reasonably designed to achieve compliance with applicable state and federal securities laws and regulations and, if applicable, the rules of the FINRA.

19. Respondent did not reasonably supervise transactions that included the Minimum Equity Commission charge to ensure that Respondent charged its customers a reasonable

² During the Relevant Period, over 99% of TD Ameritrade’s orders were unsolicited, self-directed trades placed online by its customers. Broker-assisted trades constituted less than 1% of the Firm’s orders. From June 2018 to October, 2019, this fee was \$44.99; and thereafter, the fee was \$25.

commission.

20. Respondent's policies and procedures contemplated review of commissions as part of normal supervisory review processes.
21. Despite these systems, Respondent's surveillance policies failed to reasonably detect and correct unreasonable commission charges, specifically as it relates to the Minimum Equity Commission.
22. As a result, Respondent failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

II. CONCLUSIONS OF LAW

23. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent failed to reasonably supervise for unreasonable commissions in excess of 5% of the principal amount on certain small principal equity transactions, charged on securities transactions in the accounts of Missouri resident customers, in violation of 15 CSR 30-51.171(2)(A).
24. **THE COMMISSIONER CONCLUDES** that the violation above is sufficient to issue an order in accordance with Section 409.6-604.
25. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent in this matter and that the following order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by Chapter 409.

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- A. Respondent shall pay \$15,000 and pay \$35,000 in investigation costs for a total payment of \$50,000 to the Missouri Secretary of State's Investor Education and Protection Fund. **This amount is due upon execution of this Order by Respondent and shall be made by wire or check and the check shall be made payable to the Missouri Secretary of State's Investor Education Protection Fund**, and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
- B. Respondent shall pay restitution in an amount of no more than \$15,054.09, representing the amount of the commission on certain small principal equity transactions that exceeded five percent 5% of the principal trade amount during the Relevant Period, to the affected Missouri resident customers, plus interest in the amount of 6% from the date of the transaction to June 3, 2025. Respondent shall provide restitution within one hundred and twenty (120) days of execution of this Order:

1. Restitution shall be in the form of a check for all former customers;
 2. Respondent shall provide a notice ("**Notice**") of restitution to customers on terms not unacceptable to Massachusetts, Alabama, Iowa, Missouri, Montana, Texas, and Washington (the "**Multi-State Group**"). The Notice shall be sent prior to or with the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice, Respondent shall provide the Enforcement Section with a list of all Missouri resident customers for whom Respondent receives a Notice as returned to sender. To the extent the Enforcement Section has access to different address information, Respondent shall mail a second Notice to each Missouri resident customer within thirty (30) days of the Enforcement Section providing such different address; and
 3. Respondent shall prepare and submit to the Enforcement Section, a report detailing the restitution paid pursuant to this Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments within forty-five (45) days of completion of the distribution of restitution;
- C. Respondent shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Respondent shall pay pursuant to this Order;
- D. Respondent shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Respondent shall pay pursuant to this Order;
- E. If Respondent is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Order, Respondent shall provide written notice to the Enforcement Section within five (5) days of the date of the petition;
- F. Any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the Enforcement Section to be a contemporaneous exchange for new value given to Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B);
- G. For good cause shown, the Commissioner may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the Enforcement Section; and
- H. Respondent shall pay its own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 18TH DAY OF November, 2025.



DENNY HOSKINS, CPA
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read 'Michael O'Donnell', written over a horizontal line.

MICHAEL O'DONNELL
COMMISSIONER OF SECURITIES

Consented to by:

THE MISSOURI SECURITIES DIVISION

A handwritten signature in blue ink, appearing to read 'Douglas M. Jacoby', written over a horizontal line.

Douglas M. Jacoby
Director of Enforcement

RESPONDENT

A handwritten signature in black ink, appearing to read 'James Kostulias', written over a horizontal line.

James Kostulias
Managing Director – Head of Trading Services
TD AMERITRADE, INC.