

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

IN THE MATTER OF:

TD AMERITRADE, INC.,

Respondent.

**SETTLEMENT IN LIEU OF
CIVIL ENFORCEMENT ACTION
DFI Case No. S-251170 (LX)**

PRELIMINARY STATEMENT

Pursuant to the authority granted to the Administrator of the Wisconsin Division of Securities, under the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 and the regulations promulgated thereunder (“Securities Law”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Administrator hereby finds that there is good cause and it is in the public interest to enter into a Settlement (the “Settlement”) with TD Ameritrade, Inc. (“TD Ameritrade”), which hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Settlement. As the result of a coordinated investigation, Wisconsin concluded that TD Ameritrade charged commissions in excess of 5% on certain small principal equity transactions. During the approximate time period of June 30, 2018 to June 30, 2023 (the “Relevant Time Period”), TD Ameritrade executed 914 equity transactions in Wisconsin which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount), totaling \$12,483.47. TD Ameritrade in full settlement of these matters neither admits nor denies the

Findings of Facts as set forth in Section III, and neither admits nor denies the Conclusions of Law set out in Section IV.

I. JURISDICTION

1. The Wisconsin Division of Securities (“Division”) has jurisdiction pursuant to the Securities Law.

2. This Settlement is made in accordance with Wis. Stat. §§ 551.603 and 551.412(3) of the Securities Law and with Wis. Admin. Code § DFI-Sec 4.05(2).

3. The acts and practices that are the subject of this Order occurred while TD Ameritrade was registered as a broker-dealer in Wisconsin.

II. RESPONDENT

4. TD Ameritrade was a broker-dealer formerly registered in Wisconsin with a main address of 200 South 108th Avenue, Omaha, Nebraska 68154. TD Ameritrade is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 7870. TD Ameritrade has filed a Form BDW and the Securities and Exchange Commission has withdrawn its registration.

III. FINDINGS OF FACT

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

5. During the Relevant Time Period, TD Ameritrade executed 914 equity transactions in Wisconsin which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount) totaling \$12,483.47.

6. During the Relevant Time Period, TD Ameritrade charged a fixed minimum commission for broker-assisted trades— i.e. those not placed directly online by customers (the “Minimum Equity Commission”).¹

7. The Securities Law prohibits TD Ameritrade from charging unreasonable commissions for services performed.

8. 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.

B. TD Ameritrade Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

9. TD Ameritrade did not reasonably supervise transactions that included the Minimum Equity Commission charge to ensure that TD Ameritrade charged its customers a reasonable commission.

10. TD Ameritrade’s policies and procedures contemplated review of commissions as part of normal supervisory review processes.

11. Despite these systems, TD Ameritrade’s surveillance policies failed to reasonably detect and correct unreasonable commission charges, specifically as it relates to the Minimum Equity Commission.

12. As a result, TD Ameritrade failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

¹ During the Relevant Time 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.

IV. CONCLUSIONS OF LAW

13. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

14. Pursuant to Wis. Admin. Code § DFI-Sec 4.05(2), it is a violation of the Securities Law for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its activities.

15. TD Ameritrade's acts and practices, as described above, constitute a violation of Wis. Admin. Code § DFI-Sec 4.05(2).

V. SETTLEMENT

16. On the basis of the Findings of Fact, Conclusions of Law, and TD Ameritrade's consent to the entry of this Settlement, **IT IS HEREBY AGREED:**

- A. TD Ameritrade is censured by the Administrator of the Division;
- B. TD Ameritrade shall provide restitution in an amount of no more than \$12,483.47 representing the portion of the commission on certain small principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Wisconsin customers, plus interest in the amount of 6% from the date of the transaction to June 3, 2025. TD Ameritrade shall provide restitution within one hundred twenty (120) days of execution of this Settlement;
- C. Restitution shall be in the form of a check for all former customers;
- D. TD Ameritrade shall provide a notice of restitution to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-state Group") ("Notice Letter"). The Notice Letter shall be sent prior to or with the distribution of any restitution. Within forty-five (45) days

of the mailing of the Notice Letter, TD Ameritrade shall provide the Division with a list of all Wisconsin residents for whom TD Ameritrade receives a Notice Letter as returned to sender. To the extent the Division has access to different address information, TD Ameritrade shall mail a second Notice Letter to each Wisconsin resident within thirty (30) days of the Division providing such different address;

- E. TD Ameritrade shall prepare, and submit to the Division a report detailing the restitution paid pursuant to the Settlement, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments within forty-five (45) days of completion of distribution of restitution;
- F. TD Ameritrade shall pay \$15,000 to the Wisconsin Department of Financial Institutions – Division of Securities within fifteen (15) days following the date of entry of the Settlement. Payment shall be made by wire transfer made payable to the Wisconsin Department of Financial Institutions;
- G. TD Ameritrade 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 TD Ameritrade shall pay pursuant to the Settlement;
- H. TD Ameritrade 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 TD Ameritrade shall pay pursuant to the Settlement;
- I. If TD Ameritrade 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 the Settlement, TD Ameritrade shall provide written notice to the Division within five (5) days of the date of the petition.

- J. Any money that TD Ameritrade shall pay in accordance with the Settlement is intended by TD Ameritrade and the Division to be a contemporaneous exchange for new value given to TD Ameritrade 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).
- K. If TD Ameritrade fails to materially comply with any of the terms set forth in the Settlement, the Division may institute an action to have the Settlement declared null and void. Additionally, after a fair hearing and the issuance of an order finding that TD Ameritrade has not complied with the Settlement, the Division may move to have the Settlement declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against TD Ameritrade; and
- L. For good cause shown, the Division may extend any of the procedural dates set forth above. TD Ameritrade shall make any requests for extensions of the procedural dates set forth above in writing to the Division.

VI. WAIVER

17. TD Ameritrade hereby waives all rights to contest a Settlement entered by the Division pursuant to this Settlement, including, but not limited to, (A) the right to contest whether the Settlement is fair, reasonable, and/or in the public interest, (B) the right to contest the Settlement's findings of fact, and (C) the right to contest the Settlement's conclusions of law. TD Ameritrade further waives the procedural due process right to a hearing and any other procedural rights provided by the Securities Law.

VI. NO DISQUALIFICATION

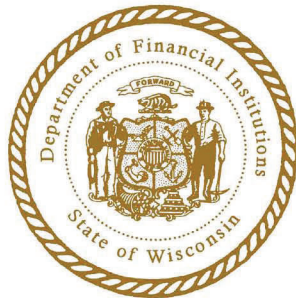
18. This Settlement waives any disqualification in the Securities Law, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which TD Ameritrade may be subject. The Settlement is not intended to be a final order based upon violations of the Securities Law that prohibit fraudulent, manipulative, or deceptive conduct. The Settlement is not intended to form the basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of 1933. The Settlement is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in membership. The Settlement is not intended to form a basis of a disqualification under Section 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the Division to enforce the obligations of the Settlement, any acts performed or documents executed in furtherance of the Settlement: (a) may not be deemed or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) may not be deemed or

used as an admission of; or evidence of, any such alleged fault or omission of TD Ameritrade in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

19. This Settlement shall be binding upon TD Ameritrade with respect to all conduct subject to the provisions above and all future obligations, responsibilities, commitments, limitations, restrictions, events, and conditions.

20. This Settlement and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Wisconsin without regard to any choice of law principles.

SIGNED AND ENTERED BY THE ADMINISTRATOR OF THE WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS, DIVISION OF SECURITIES this 2nd day of February, 2026.



By: Leslie M. Van Buskirk
Leslie M. Van Buskirk
Administrator

TD AMERITRADE, INC. by:

Signed by:
Signature: James Kostulias
27AB59C331B0494

Print Name: James Kostulias

Title: Managing Director – Head of Trading Services

Dated: 1/29/2026



State of Wisconsin
Department of Financial Institutions

Tony Evers, Governor

Wendy K. Baumann, Secretary-designee

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

- 1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by email upon Sidley Austin LLP at ayodis@sidley.com:
i. A copy of the Settlement in lieu of Civil Enforcement Action; DFI Case No. S-251170 (LX); and
ii. A copy of this Affidavit of Service.
3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi

KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me
This 12th day of February, 2026.

Erin E. Mason
Notary Public, State of Wisconsin

(Notary Seal)



My commission expires 11/3/2026