

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:** )  
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**TD AMERITRADE, INC.,** )  
 )  
**Respondent.** )  
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**CONSENT ORDER**  
**Matter No. 20252031**

**I. PRELIMINARY STATEMENT**

WHEREAS, pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, and after investigation, the Division hereby finds that there is good cause, and it is in the public interest to enter into this Consent Order with TD Ameritrade, Inc. (the “Respondent” or “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 Consent Order;

WHEREAS, as the result of a coordinated investigation, the Division concluded that the Respondent charged commissions in excess of 5% on certain small principal equity transactions;

WHEREAS, in South Carolina, the Respondent charged a commission in excess of 5% on approximately 721 equity transactions over a five-year period which totaled \$9,601.05;

WHEREAS, the acts and practices that are the subject of this Consent Order occurred while the Respondent was registered as a broker-dealer in South Carolina;

WHEREAS, without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondent and the subject matter of this proceeding, which is admitted, the Respondent, having been advised of its right to counsel, expressly consents to the entry of this Consent Order, which resolves the allegations against it set forth herein; and

WHEREAS, the Respondent elects to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

NOW, THEREFORE, the Securities Commissioner, as administrator of the Act, hereby enters this Consent Order:

## **II. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

## **III. RELEVANT PERIOD**

2. Except as otherwise expressly stated, the conduct described herein occurred between June 30, 2018, and June 30, 2023 (the “Relevant Period”).

## **IV. RESPONDENT**

3. TD Ameritrade was a broker-dealer formerly registered in South Carolina with a main address of 200 South 108th Avenue, Omaha, Nebraska 68154. TD Ameritrade is identified by Financial Industry Regulatory Authority (“FINRA”) Central Registration Depository (“CRD”) number 7870. TD Ameritrade has filed a Form BDW, and the United States Securities and Exchange Commission has withdrawn its registration.

## **V. 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**

4. During the Relevant Period, TD Ameritrade executed 721 equity transactions in South Carolina, which included unreasonable commissions for services performed (i.e., in excess of 5% of the principal trade amount), and totaled \$9,601.05.

5. During the Relevant 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”).<sup>1</sup>

6. The Act prohibits TD Ameritrade from charging unreasonable commissions for services performed.

7. 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**

8. 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.

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

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<sup>1</sup> 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 TD Ameritrade’s orders. From June 2018 to October 2019, this fee was \$44.99; and thereafter, the fee was \$25.

10. 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.

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

## **VI. CONCLUSIONS OF LAW**

12. Paragraphs 1 through 11 are incorporated by reference as though fully set forth herein.

13. Pursuant to S.C. Code Ann. § 35-1-412(d)(9), it is a violation of the Act for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its activities.

14. TD Ameritrade's acts and practices, as described above, constitute a violation of S.C. Code Ann. § 35-1-412(d)(9).

15. The foregoing violation of the Act set forth above provides the basis for this Consent Order pursuant to S.C. Code Ann. §§ 35-1-412(c) and 35-1-604(a).

16. This Consent Order is appropriate and in the public interest, pursuant to the Act.

## **VII. ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and TD Ameritrade's express consent to the entry of this Consent Order, IT IS HEREBY ORDERED:

17. TD Ameritrade is **CENSURED** by the Securities Commissioner.

18. TD Ameritrade shall provide restitution in an amount of no more than \$9,601.05 representing the portion of the commission on certain small principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Period to the affected South

Carolina customers, plus interest in the amount of 6% from the date of each transaction to June 3, 2025. TD Ameritrade shall provide restitution within one hundred twenty (120) days of execution of this Consent Order.

19. Restitution shall be in the form of a check for all former customers.

20. TD Ameritrade shall provide a notice of restitution (the "Notice Letter") to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-state Group"). 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 South Carolina 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 South Carolina resident within thirty (30) days of the Division's providing such different address.

21. TD Ameritrade shall prepare, and submit to the Division, a report detailing the restitution paid pursuant to this Consent 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 distribution of restitution.

22. TD Ameritrade shall pay an administrative fine in the amount of \$15,000 to the Division within fifteen (15) days following the date of entry of this Consent Order. Payment shall be transmitted electronically to the Division, which will provide detailed ACH transfer instructions upon request.

23. 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 this Consent Order.

24. 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 this Consent Order.

25. If either 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 this Consent Order, TD Ameritrade shall provide written notice to the Division within five (5) days of the date of the petition.

26. Any fine, penalty, and/or money that TD Ameritrade shall pay in accordance with this Consent Order 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).

27. If TD Ameritrade fails to materially comply with any of the terms set forth in this Consent Order, the Securities Commissioner may vacate this Consent Order.

28. 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.

### **VIII. WAIVER**

29. TD Ameritrade hereby waives all rights to contest this Consent Order entered by the Securities Commissioner pursuant to this offer, including, but not limited to, (A) the right to contest whether this Consent Order is fair, reasonable, and/or in the public interest, (B) the right

to contest this Consent Order's Findings of Fact, and (C) the right to contest this Consent Order's Conclusions of Law. TD Ameritrade further waives the procedural due process right to a hearing and any other procedural rights provided by the Act.

#### **IX. NO DISQUALIFICATION**

30. This Consent Order waives any disqualification in the Act, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which TD Ameritrade may be subject. This Consent Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This Consent Order 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. This Consent Order 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. This Consent Order is not intended to form a basis of a disqualification under 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 this Consent Order, any acts performed or documents executed in furtherance of this Consent Order: (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.

31. This Consent Order 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.

32. This Consent Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of South Carolina without regard to any choice of law principles.

ENTERED, this the 30 day of January, 2026.

Alan Wilson  
ALAN WILSON  
Securities Commissioner  
State of South Carolina

The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:

By: J.B. Williams  
Jonathan B. Williams  
Assistant Deputy Attorney General

Date: 2/4/26

Respondent TD Ameritrade, Inc. consents to the terms of the above Consent Order:

TD AMERITRADE, INC. by:

Signed by:  
Signature: James Kostulias  
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Print Name: James Kostulias

Title: Managing Director – Head of Trading Services

Dated: 1/29/2026