

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 25, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-16633

THE JONES FINANCIAL COMPANIES, L.L.L.P.

(Exact name of registrant as specified in its Charter)

MISSOURI
(State or other jurisdiction of
incorporation or organization)

43-1450818
(IRS Employer
Identification No.)

**12555 Manchester Road
Des Peres, Missouri 63131**
(Address of principal executive office)

(Zip Code)
(314) 515-2000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2020, 1,239,437 units of limited partnership interest ("Interests") are outstanding, each representing \$1,000 of limited partner capital. There is no public or private market for such Interests.

THE JONES FINANCIAL COMPANIES, L.L.L.P.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE JONES FINANCIAL COMPANIES, L.L.P.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

<i>(Dollars in millions)</i>	<i>September 25, 2020</i>	<i>December 31, 2019</i>
ASSETS:		
Cash and cash equivalents	\$ 1,026	\$ 1,014
Cash and investments segregated under federal regulations	14,682	10,387
Securities purchased under agreements to resell	1,734	1,693
Receivables from:		
Clients	3,390	3,328
Mutual funds, insurance companies and other	729	661
Brokers, dealers and clearing organizations	226	204
Securities owned, at fair value:		
Investment securities	911	332
Inventory securities	68	50
Lease right-of-use assets	906	876
Equipment, property and improvements, at cost, net of accumulated depreciation and amortization	623	616
Other assets	114	156
TOTAL ASSETS	\$ 24,409	\$ 19,317
LIABILITIES:		
Payables to:		
Clients	\$ 17,902	\$ 12,891
Brokers, dealers and clearing organizations	92	66
Lease liabilities	929	898
Accrued compensation and employee benefits	1,801	1,747
Accounts payable, accrued expenses and other	273	351
	20,997	15,953
Contingencies (Note 9)		
Partnership capital subject to mandatory redemption, net of reserve for anticipated withdrawals and partnership loans:		
Limited partners	1,240	1,249
Subordinated limited partners	538	523
General partners	1,380	1,185
Total	3,158	2,957
Reserve for anticipated withdrawals	254	407
Total partnership capital subject to mandatory redemption	3,412	3,364
TOTAL LIABILITIES	\$ 24,409	\$ 19,317

The accompanying notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

THE JONES FINANCIAL COMPANIES, L.L.P.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>September 25, 2020</i>	<i>September 27, 2019</i>	<i>September 25, 2020</i>	<i>September 27, 2019</i>
<i>(Dollars in millions, except per unit information and units outstanding)</i>				
Revenue:				
Fee revenue				
Asset-based	\$ 1,926	\$ 1,738	\$ 5,450	\$ 4,962
Account and activity	163	167	494	504
Total fee revenue	2,089	1,905	5,944	5,466
Trade revenue	398	391	1,286	1,160
Interest and dividends	40	106	164	319
Other revenue, net	24	5	28	53
Total revenue	2,551	2,407	7,422	6,998
Interest expense	24	40	79	122
Net revenue	2,527	2,367	7,343	6,876
Operating expenses:				
Compensation and benefits	1,806	1,647	5,216	4,799
Occupancy and equipment	131	127	392	369
Communications and data processing	100	100	307	285
Fund sub-adviser fees	48	41	134	116
Professional and consulting fees	28	29	80	81
Advertising	14	24	50	66
Postage and shipping	12	13	38	42
Other operating expenses	72	105	219	311
Total operating expenses	2,211	2,086	6,436	6,069
Income before allocations to partners	316	281	907	807
Allocations to partners:				
Limited partners	45	43	137	123
Subordinated limited partners	37	34	106	97
General partners	234	204	664	587
Net Income	\$ —	\$ —	\$ —	\$ —
Income allocated to limited partners per weighted average \$1,000 equivalent limited partnership unit outstanding	\$ 36.36	\$ 33.93	\$ 104.36	\$ 97.68
Weighted average \$1,000 equivalent limited partnership units outstanding	1,241,068	1,254,583	1,244,639	1,258,528

The accompanying notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

THE JONES FINANCIAL COMPANIES, L.L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERSHIP CAPITAL
SUBJECT TO MANDATORY REDEMPTION
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 25, 2020
(Unaudited)

<i>(Dollars in millions)</i>	<i>Limited Partnership Capital</i>	<i>Subordinated Limited Partnership Capital</i>	<i>General Partnership Capital</i>	<i>Total</i>
TOTAL PARTNERSHIP CAPITAL SUBJECT TO MANDATORY REDEMPTION, DECEMBER 31, 2019	\$ 1,359	\$ 566	\$ 1,439	\$ 3,364
Reserve for anticipated withdrawals	(110)	(43)	(254)	(407)
Partnership capital subject to mandatory redemption, net of reserve for anticipated withdrawals, December 31, 2019	\$ 1,249	\$ 523	\$ 1,185	\$ 2,957
Partnership loans outstanding, December 31, 2019	—	4	356	360
Total partnership capital, including capital financed with partnership loans, net of reserve for anticipated withdrawals, December 31, 2019	1,249	527	1,541	3,317
Issuance of partnership interests	1	49	163	213
Redemption of partnership interests	(3)	(35)	(43)	(81)
Income allocated to partners	50	35	218	303
Distributions	—	—	(5)	(5)
Total partnership capital, including capital financed with partnership loans, March 27, 2020	1,297	576	1,874	3,747
Issuance of partnership interests	—	—	—	—
Redemption of partnership interests	(3)	(1)	(2)	(6)
Income allocated to partners	42	34	212	288
Distributions	(14)	(58)	(277)	(349)
Total partnership capital, including capital financed with partnership loans, June 26, 2020	1,322	551	1,807	3,680
Issuance of partnership interests	—	—	—	—
Redemption of partnership interests	(4)	(1)	(8)	(13)
Income allocated to partners	45	37	234	316
Distributions	—	(35)	(173)	(208)
Total partnership capital, including capital financed with partnership loans, September 25, 2020	1,363	552	1,860	3,775
Partnership loans outstanding	—	(1)	(362)	(363)
TOTAL PARTNERSHIP CAPITAL SUBJECT TO MANDATORY REDEMPTION, SEPTEMBER 25, 2020	\$ 1,363	\$ 551	\$ 1,498	\$ 3,412
Reserve for anticipated withdrawals	(123)	(13)	(118)	(254)
Partnership capital subject to mandatory redemption, net of reserve for anticipated withdrawals, September 25, 2020	\$ 1,240	\$ 538	\$ 1,380	\$ 3,158

The accompanying notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

THE JONES FINANCIAL COMPANIES, L.L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERSHIP CAPITAL
SUBJECT TO MANDATORY REDEMPTION
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 27, 2019
(Unaudited)

<i>(Dollars in millions)</i>	<i>Limited Partnership Capital</i>	<i>Subordinated Limited Partnership Capital</i>	<i>General Partnership Capital</i>	<i>Total</i>
TOTAL PARTNERSHIP CAPITAL SUBJECT TO MANDATORY REDEMPTION, DECEMBER 31, 2018	\$ 956	\$ 545	\$ 1,354	\$ 2,855
Reserve for anticipated withdrawals	(72)	(41)	(235)	(348)
Partnership capital subject to mandatory redemption, net of reserve for anticipated withdrawals	\$ 884	\$ 504	\$ 1,119	\$ 2,507
Partnership loans outstanding	—	4	328	332
Total partnership capital, including capital financed with partnership loans, net of reserve for anticipated withdrawals, December 31, 2018	884	508	1,447	2,839
Issuance of partnership interests	380	51	162	593
Redemption of partnership interests	(3)	(31)	(37)	(71)
Income allocated to partners	37	29	175	241
Distributions	—	—	(6)	(6)
Total partnership capital, including capital financed with partnership loans, March 29, 2019	1,298	557	1,741	3,596
Issuance of partnership interests	—	—	1	1
Redemption of partnership interests	(3)	(1)	—	(4)
Income allocated to partners	43	34	208	285
Distributions	(5)	(52)	(241)	(298)
Total partnership capital, including capital financed with partnership loans, June 28, 2019	1,333	538	1,709	3,580
Issuance of partnership interests	—	2	—	2
Redemption of partnership interests	(5)	(2)	(31)	(38)
Income allocated to partners	43	34	204	281
Distributions	(1)	(35)	(166)	(202)
Total partnership capital, including capital financed with partnership loans, September 27, 2019	1,370	537	1,716	3,623
Partnership loans outstanding	—	(4)	(369)	(373)
TOTAL PARTNERSHIP CAPITAL SUBJECT TO MANDATORY REDEMPTION, SEPTEMBER 27, 2019	\$ 1,370	\$ 533	\$ 1,347	\$ 3,250
Reserve for anticipated withdrawals	(117)	(10)	(94)	(221)
Partnership capital subject to mandatory redemption, net of reserve for anticipated withdrawals, September 27, 2019	\$ 1,253	\$ 523	\$ 1,253	\$ 3,029

The accompanying notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

THE JONES FINANCIAL COMPANIES, L.L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(Dollars in millions)</i>	<i>Nine Months Ended</i>	
	<i>September 25, 2020</i>	<i>September 27, 2019</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:		
Income before allocations to partners	907	807
Depreciation and amortization	93	84
Changes in assets and liabilities:		
Investments segregated under federal regulations	(5,403)	(1,495)
Securities purchased under agreements to resell	(41)	(646)
Net payable to clients	4,949	(12)
Net receivable from brokers, dealers and clearing organizations	4	76
Receivable from mutual funds, insurance companies and other	(68)	(44)
Securities owned	(597)	(103)
Lease right-of-use assets	(30)	(53)
Other assets	42	6
Lease liabilities	31	66
Accrued compensation and employee benefits	54	116
Accounts payable, accrued expenses and other	(78)	(41)
Net cash used in operating activities	(137)	(1,239)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment, property and improvements	(100)	(128)
Cash used in investing activities	(100)	(128)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of partnership interests	50	432
Redemption of partnership interests	(100)	(113)
Distributions from partnership capital	(809)	(731)
Net cash used in financing activities	(859)	(412)
Net decrease in cash, cash equivalents and restricted cash	(1,096)	(1,779)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	8,007	8,737
End of period	<u>\$ 6,911</u>	<u>\$ 6,958</u>

See Note 12 for additional cash flow information.

The accompanying notes are an integral part of these Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

THE JONES FINANCIAL COMPANIES, L.L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Dollars in millions)

NOTE 1 – INTRODUCTION AND BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include the accounts of The Jones Financial Companies, L.L.P. and all wholly-owned subsidiaries (collectively, the "Partnership" or "JFC"). The financial position of the Partnership's subsidiaries in Canada as of August 31, 2020 and November 30, 2019 are included in the Partnership's Consolidated Statements of Financial Condition and the results for the three and nine month periods ended August 31, 2020 and 2019 are included in the Partnership's Consolidated Statements of Income, Consolidated Statements of Changes in Partnership Capital Subject to Mandatory Redemption, and Consolidated Statements of Cash Flows because of the timing of the Partnership's financial reporting process.

The Partnership's principal operating subsidiary, Edward D. Jones & Co., L.P. ("Edward Jones"), is a registered broker-dealer and investment adviser in the United States ("U.S."), and one of Edward Jones' subsidiaries is a registered broker-dealer in Canada. Through these entities, the Partnership primarily serves individual investors in the U.S. and Canada. Edward Jones is a retail brokerage business and primarily derives revenues from fees for providing investment advisory and other account services to its clients, fees for assets held by clients, the distribution of mutual fund shares, and commissions for the purchase or sale of securities and the purchase of insurance products. The Partnership conducts business throughout the U.S. and Canada with its clients, various brokers, dealers, clearing organizations, depositories and banks. Trust services are offered to Edward Jones' U.S. clients through Edward Jones Trust Company ("Trust Co."), a wholly-owned subsidiary of the Partnership. Olive Street Investment Advisers, LLC, a wholly-owned subsidiary of the Partnership, provides investment advisory services to the eight sub-advised mutual funds comprising the Bridge Builder® Trust ("BB Trust"). Passport Research, Ltd., a wholly-owned subsidiary of the Partnership, provides investment advisory services to the sub-advised Edward Jones Money Market Fund (the "Money Market Fund").

The Consolidated Financial Statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP"), which require the use of certain estimates by management in determining the Partnership's assets, liabilities, revenues and expenses. Actual results could differ from these estimates. The current coronavirus (COVID-19) pandemic and the ongoing response of the U.S. government and various state, local and foreign governments have adversely affected global business activities and have resulted in significant uncertainty in the global economy and volatility in financial markets. Given the significant global health, market, employment and economic impacts of COVID-19 and the uncertainty of its duration, the Partnership cannot reliably predict the ultimate impact of COVID-19 on financial markets or its financial results. While markets in the second and third quarters of 2020 experienced a significant rebound compared to the end of the first quarter of 2020, the federal funds effective rate remains near zero, and further economic or market events could negatively impact the Partnership's business operations and financial results in fiscal 2020. The recent financial impacts of COVID-19 were included in the Partnership's estimates for assets, liabilities, revenues and expenses as of September 25, 2020. The Partnership has evaluated subsequent events for recognition and disclosure through the date these Consolidated Financial Statements were issued and identified no matters requiring disclosure.

The interim financial information included herein is unaudited. However, in the opinion of management, such information includes all adjustments, consisting primarily of normal recurring accruals, which are necessary for a fair statement of the results of interim operations.

There have been no material changes to the Partnership's significant accounting policies or disclosures of recently issued accounting standards as described in Part II, Item 8 – Financial Statements and Supplementary Data – Note 1 of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2019 (the "Annual Report"), except as disclosed in Note 2 herein. The results of operations for the three and nine month periods ended September 25, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020. These unaudited Consolidated Financial Statements should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and notes thereto included in the Annual Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

NOTE 2 – RECENTLY ADOPTED ACCOUNTING STANDARDS

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 replaces the "incurred loss" credit losses framework with a new accounting standard that requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. Effective January 1, 2020, the Partnership adopted the standard with an immaterial expected credit loss and no adjustment to the opening balance of Partnership capital. See Note 3 for additional information.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"). ASU 2018-15 aligns the capitalization requirements for implementation costs for cloud computing arrangement service contracts (including those without a software license) with the current guidance for internal-use software licenses. Companies could elect to adopt the standard either prospectively or retrospectively. The Partnership adopted the standard on January 1, 2020 on a prospective basis without a material impact to the Consolidated Financial Statements.

NOTE 3 – CURRENT EXPECTED CREDIT LOSSES

The Partnership individually assessed the current expected credit loss for assets in scope of ASU 2016-13 below.

Receivables from Clients

Receivables from clients is primarily composed of margin loan balances. The value of securities owned by clients and held as collateral for these receivables is not reflected in the Consolidated Financial Statements. Collateral held as of September 25, 2020 and January 1, 2020 was \$3,953 and \$3,915, respectively, and was not replighted or sold. The Partnership considers these financing receivables to be of good credit quality due to the fact that these receivables are primarily collateralized by the related client investments.

To estimate expected credit losses on margin loans, the Partnership applied the collateral maintenance practical expedient by comparing the amortized cost basis of the margin loans with the fair value of collateral at the reporting date. Margin loans are limited to a fraction of the total value of the securities held in the client's account against those loans. In accordance with Financial Industry Regulatory Authority ("FINRA") rules, the Partnership requires, in the event of a decline in the market value of the securities in a margin account, the client to deposit additional securities or cash so that, at all times, the loan to the client is no greater than 75% of the value of the securities in the account (or to sell a sufficient amount of securities in order to maintain this percentage). The Partnership, however, generally imposes a more stringent maintenance requirement, which requires that the loan to the client be no greater than 65% of the value of the securities in the account. As such, the Partnership reasonably expects that the borrower will be able to continually replenish collateral securing the financial asset and does not expect the fair value of collateral to fall below the value of margin loans and, as a result, the Partnership considers credit risk related to these receivables to be minimal. The fair value of collateral was higher than the amortized cost basis for virtually all margin loans as of September 25, 2020 and January 1, 2020, and the expected credit loss for those loans was zero for each period. In limited circumstances, a margin loan may become undercollateralized. When this occurs, the Partnership records a reserve for the undercollateralized portion of the loan, which was an immaterial amount as of September 25, 2020 and January 1, 2020.

Securities Purchased under Agreements to Resell

The Partnership participates in short-term resale agreements collateralized by government and agency securities. These transactions are reported as collateralized financing and are carried at cost with accrued interest in receivable from mutual funds, insurance companies and other within the Consolidated Statements of Financial Condition. The fair value of the underlying collateral, plus accrued interest, must equal or exceed 102% of the carrying amount of the transaction in U.S. agreements and must equal or exceed 100% of the carrying amount of the transaction in Canada agreements. It is the Partnership's policy to have such underlying resale agreement collateral delivered to the Partnership or deposited in its accounts at its custodian banks.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

To estimate expected credit losses on the resale agreements, the Partnership applied the collateral maintenance practical expedient by comparing the amortized cost basis of the resale agreements with the fair value of collateral at the reporting date. The counterparties are all financial institutions that the Partnership considers to be reputable and reliable, and the Partnership reasonably expects the counterparties will be able to continually replenish collateral securing the financial asset and does not expect the fair value of collateral to fall below the value of the resale agreements. The fair value of collateral, plus accrued interest, was 102% of the related assets in U.S. agreements and 100% in Canada agreements as of September 25, 2020 and January 1, 2020, and the expected credit loss was zero for each period.

Partnership Loans

The Partnership makes loans available to those general partners and, in limited circumstances, subordinated limited partners who require financing for some or all of their Partnership capital contributions as discussed in more detail in Note 7. General partners and subordinated limited partners must repay any amount of principal and interest outstanding on their Partnership loans prior to receiving a return of their Partnership capital. The loan value never exceeds the value of capital allocated to the partner, and there has been no historical loss on Partnership loans. As such, the risk of loss is remote, and the expected credit loss was zero as of September 25, 2020 and January 1, 2020.

Receivables from Revenue Contracts with Customers

The majority of the Partnership's receivables are collateralized financial assets, including advisory program fees, retirement fees, mutual fund and insurance service fees, and fund advisor fees, because the fees are paid out of client accounts or third-party products consisting of cash and securities. Due to the size of the fees in relation to the value of the cash and securities in accounts or funds, the collateral value always exceeds the amortized cost basis of the receivables, resulting in a remote risk of loss. In addition, the receivables have a short duration, generally due within 30 to 90 days, and there is no historical evidence of market declines that would cause the fair value of the underlying collateral to decline below the amortized cost of the receivables. The Partnership considered current conditions, and there is not a foreseeable expectation of an event or change which would result in the receivables being undercollateralized or unpaid. The expected credit loss for receivables from revenue contracts with customers was zero as of September 25, 2020 and January 1, 2020.

NOTE 4 – LEASES

For the three and nine month periods ended September 25, 2020 and September 27, 2019, cash paid for amounts included in the measurement of operating lease liabilities was \$77 and \$228 and \$72 and \$209, respectively, and lease right-of-use assets obtained in exchange for new operating lease liabilities were \$85 and \$246 and \$96 and \$273, respectively. The weighted-average remaining lease term was four years as of both September 25, 2020 and December 31, 2019, and the weighted-average discount rate was 2.8% and 3.2%, respectively.

For the three and nine month periods ended September 25, 2020 and September 27, 2019, operating lease costs were \$77 and \$226 and \$72 and \$208, respectively, and variable lease costs not included in the lease liability were \$12 and \$42 and \$14 and \$41, respectively. Total lease costs for the three and nine month periods ended September 25, 2020 and September 27, 2019 were \$89 and \$268 and \$86 and \$249, respectively. The Partnership's future undiscounted cash outflows for operating leases are summarized below as of:

	September 25, 2020	December 31, 2019
2020	\$ 78	\$ 283
2021	286	239
2022	231	183
2023	175	128
2024	110	65
Thereafter	103	63
Total lease payments	983	961
Less: Interest	54	63
Total present value of lease liabilities	<u>\$ 929</u>	<u>\$ 898</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

While the rights and obligations for leases that have not yet commenced are not significant, the Partnership typically enters into branch office leases for new locations regularly. Given the current state of the global economy in response to the COVID-19 pandemic, the Partnership has temporarily paused entering into new branch lease arrangements.

NOTE 5 – REVENUE

As of September 25, 2020 and December 31, 2019, \$512 and \$470, respectively, of the receivable from clients balance and \$277 and \$291, respectively, of the receivable from mutual funds, insurance companies and other balance related to revenue contracts with customers.

The Partnership derived 13% of its total revenue for both of the three and nine month periods ended September 25, 2020 and 14% of its total revenue for both of the three and nine month periods ended September 27, 2019 from one mutual fund company. The revenue generated from this company relates to business conducted with the Partnership's U.S. segment.

The following table shows the Partnership's disaggregated revenue information. See Note 10 for segment information.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

	Three Months Ended September 25, 2020			Three Months Ended September 27, 2019		
	U.S.	Canada	Total	U.S.	Canada	Total
Fee revenue:						
Asset-based fee revenue:						
Advisory programs fees	\$ 1,409	\$ 22	\$ 1,431	\$ 1,221	\$ 19	\$ 1,240
Service fees	330	23	353	315	22	337
Other asset-based fees	142	—	142	161	—	161
Total asset-based fee revenue	1,881	45	1,926	1,697	41	1,738
Account and activity fee revenue:						
Shareholder accounting services fees	106	—	106	109	—	109
Other account and activity fee revenue	54	3	57	55	3	58
Total account and activity fee revenue	160	3	163	164	3	167
Total fee revenue	2,041	48	2,089	1,861	44	1,905
Trade revenue:						
Commissions	376	10	386	360	11	371
Principal transactions	12	—	12	19	1	20
Total trade revenue	388	10	398	379	12	391
Total revenue from customers	2,429	58	2,487	2,240	56	2,296
Net interest and dividends and other revenue	40	—	40	66	5	71
Net revenue	\$ 2,469	\$ 58	\$ 2,527	\$ 2,306	\$ 61	\$ 2,367

	Nine Months Ended September 25, 2020			Nine Months Ended September 27, 2019		
	U.S.	Canada	Total	U.S.	Canada	Total
Fee revenue:						
Asset-based fee revenue:						
Advisory programs fees	\$ 3,928	\$ 61	\$ 3,989	\$ 3,463	\$ 51	\$ 3,514
Service fees	950	66	1,016	915	65	980
Other asset-based fees	445	—	445	468	—	468
Total asset-based fee revenue	5,323	127	5,450	4,846	116	4,962
Account and activity fee revenue:						
Shareholder accounting services fees	319	—	319	323	—	323
Other account and activity fee revenue	166	9	175	172	9	181
Total account and activity fee revenue	485	9	494	495	9	504
Total fee revenue	5,808	136	5,944	5,341	125	5,466
Trade revenue:						
Commissions	1,204	37	1,241	1,042	35	1,077
Principal transactions	43	2	45	80	3	83
Total trade revenue	1,247	39	1,286	1,122	38	1,160
Total revenue from customers	7,055	175	7,230	6,463	163	6,626
Net interest and dividends and other revenue	98	15	113	234	16	250
Net revenue	\$ 7,153	\$ 190	\$ 7,343	\$ 6,697	\$ 179	\$ 6,876

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

NOTE 6 – FAIR VALUE

The Partnership's valuation methodologies for financial assets and financial liabilities measured at fair value and the fair value hierarchy are described in Part II, Item 8 – Financial Statements and Supplementary Data – Note 1 of the Partnership's Annual Report. There have been no material changes to the Partnership's valuation methodologies since December 31, 2019.

The Partnership did not have any assets or liabilities categorized as Level III during the nine and twelve month periods ended September 25, 2020 and December 31, 2019, respectively.

The following tables show the Partnership's financial assets measured at fair value:

	Financial Assets at Fair Value as of September 25, 2020			
	Level I	Level II	Level III	Total
Cash equivalents:				
Certificates of deposit	\$ —	\$ 226	\$ —	\$ 226
Investments segregated under federal regulations:				
U.S. treasuries	\$ 8,697	\$ —	\$ —	\$ 8,697
Certificates of deposit	—	100	—	100
Total investments segregated under federal regulations	\$ 8,697	\$ 100	\$ —	\$ 8,797
Securities owned:				
Investment securities:				
Government and agency obligations	\$ 578	\$ —	\$ —	\$ 578
Mutual funds ⁽¹⁾	329	—	—	329
Equities	3	—	—	3
Certificates of deposit	—	1	—	1
Total investment securities	\$ 910	\$ 1	\$ —	\$ 911
Inventory securities:				
Mutual funds	\$ 29	\$ —	\$ —	\$ 29
State and municipal obligations	—	27	—	27
Equities	8	—	—	8
Corporate bonds and notes	—	2	—	2
Certificates of deposit	—	2	—	2
Total inventory securities	\$ 37	\$ 31	\$ —	\$ 68

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

	Financial Assets at Fair Value as of December 31, 2019			
	Level I	Level II	Level III	Total
Cash equivalents:				
Certificates of deposit	\$ —	\$ 326	\$ —	\$ 326
Investments segregated under federal regulations:				
U.S. treasuries	\$ 3,394	\$ —	\$ —	\$ 3,394
Securities owned:				
Investment securities:				
Mutual funds ⁽¹⁾	\$ 328	\$ —	\$ —	\$ 328
Government and agency obligations	3	—	—	3
Equities	1	—	—	1
Total investment securities	\$ 332	\$ —	\$ —	\$ 332
Inventory securities:				
Equities	\$ 18	\$ —	\$ —	\$ 18
State and municipal obligations	—	18	—	18
Certificates of deposit	—	9	—	9
Corporate bonds and notes	—	3	—	3
Mutual funds	2	—	—	2
Total inventory securities	\$ 20	\$ 30	\$ —	\$ 50

- ⁽¹⁾ The mutual funds balance consists primarily of securities held to economically hedge future liabilities related to the non-qualified deferred compensation plan. The balance also includes securities held in relation to profit sharing contributions on behalf of service partners and a security held for regulatory purposes at the Trust Co.

NOTE 7 – PARTNERSHIP CAPITAL SUBJECT TO MANDATORY REDEMPTION

The Partnership makes loans available to those general partners and, in limited circumstances, subordinated limited partners (in each case, other than members of the Executive Committee, as defined in the Partnership's Twentieth Amended and Restated Agreement of Registered Limited Liability Limited Partnership, dated August 6, 2018 (the "Partnership Agreement")), who require financing for some or all of their Partnership capital contributions. In limited circumstances a general partner may withdraw from the Partnership and become a subordinated limited partner while he or she still has an outstanding Partnership loan. It is anticipated that, of the future general and subordinated limited partnership capital contributions (in each case, other than for Executive Committee members) requiring financing, the majority will be financed through Partnership loans. Loans made by the Partnership to such partners are generally for a period of one year but are expected to be renewed and bear interest at the interest rate defined in the loan documents. The Partnership recognizes interest income for the interest earned related to these loans. The outstanding amount of Partnership loans is reflected as a reduction to total Partnership capital. As of September 25, 2020 and December 31, 2019, the outstanding amount of Partnership loans was \$363 and \$360, respectively. Interest income earned from these loans, which is included in interest and dividends in the Consolidated Statements of Income, was \$3 and \$11 for the three and nine month periods ended September 25, 2020, respectively, and \$5 and \$16 for the three and nine month periods ended September 27, 2019, respectively.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

The following table shows the roll forward of outstanding Partnership loans for:

	Nine Months Ended	
	September 25, 2020	September 27, 2019
Partnership loans outstanding at beginning of period	\$ 360	\$ 332
Partnership loans issued during the period	163	164
Repayment of Partnership loans during the period	(160)	(123)
Total Partnership loans outstanding	<u>\$ 363</u>	<u>\$ 373</u>

The minimum 7.5% annual return on the face amount of limited partnership capital was \$23 and \$70 for the three and nine month periods ended September 25, 2020, respectively, and \$24 and \$71 for the three and nine month periods ended September 27, 2019, respectively. These amounts are included as a component of interest expense in the Consolidated Statements of Income.

The Partnership filed a Registration Statement on Form S-8 with the U.S. Securities and Exchange Commission ("SEC") on January 12, 2018, to register \$450 of Interests issuable pursuant to the Partnership's 2018 Employee Limited Partnership Interest Purchase Plan (the "2018 Plan"). The Partnership issued approximately \$380 and \$1 of Interests under the 2018 Plan on January 2, 2019 and January 2, 2020, respectively. The remaining \$69 of Interests may be issued under the Plan at the discretion of the Managing Partner in the future.

NOTE 8 – NET CAPITAL REQUIREMENTS

As a result of its activities as a U.S. broker-dealer, Edward Jones is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and capital compliance rules of the FINRA Rule 4110. Under the alternative method permitted by the rules, Edward Jones must maintain minimum net capital equal to the greater of \$0.25 or 2% of aggregate debit items arising from client transactions. The net capital rules also provide that Edward Jones' partnership capital may not be withdrawn if resulting net capital would be less than minimum requirements. Additionally, certain withdrawals require the approval of the SEC and FINRA to the extent they exceed defined levels, even though such withdrawals would not cause net capital to be less than minimum requirements.

The Partnership's Canada broker-dealer subsidiary is a registered broker-dealer regulated by the Investment Industry Regulatory Organization of Canada ("IIROC"). Under the regulations prescribed by IIROC, the Partnership's Canada broker-dealer subsidiary is required to maintain minimum levels of risk-adjusted capital, which are dependent on the nature of the Partnership's Canada broker-dealer subsidiary's assets and operations.

The following table shows the Partnership's capital figures for its U.S. and Canada broker-dealer subsidiaries as of:

	September 25, 2020	December 31, 2019
U.S.:		
Net capital	\$ 1,259	\$ 1,244
Net capital in excess of the minimum required	\$ 1,202	\$ 1,188
Net capital as a percentage of aggregate debit items	44.3%	44.2%
Net capital after anticipated capital withdrawals, as a percentage of aggregate debit items	21.8%	26.4%
Canada:		
Regulatory risk-adjusted capital	\$ 52	\$ 40
Regulatory risk-adjusted capital in excess of the minimum required to be held by IIROC	\$ 41	\$ 38

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

U.S. net capital, Canada regulatory risk-adjusted capital and the related capital percentages may fluctuate on a daily basis. In addition, Trust Co. was in compliance with its regulatory capital requirements.

NOTE 9 – CONTINGENCIES

In the normal course of its business, the Partnership is involved, from time to time, in various legal and regulatory matters, including arbitrations, class actions, other litigation, and examinations, investigations and proceedings by governmental authorities, self-regulatory organizations and other regulators, which may result in losses. These matters include:

Retirement Plan Litigation. On August 19, 2016, JFC, Edward Jones and certain other defendants were named in a putative class action lawsuit (*McDonald v. Edward D. Jones & Co., L.P., et al.*) filed in the U.S. District Court for the Eastern District of Missouri brought under the Employee Retirement Income Security Act of 1974, as amended, by a participant in the Edward D. Jones & Co. Profit Sharing and 401(k) Plan (the "Retirement Plan"). The lawsuit alleges that the defendants breached their fiduciary duties to Retirement Plan participants and seeks declaratory and equitable relief and monetary damages on behalf of the Retirement Plan. The defendants filed a motion to dismiss the *McDonald* lawsuit which was granted in part dismissing the claim against JFC and denied in part as to all other defendants on January 26, 2017.

On November 11, 2016, a substantially similar lawsuit (*Schultz, et al. v. Edward D. Jones & Co., L.P., et al.*) was filed in the same court. The plaintiffs consolidated the two lawsuits by adding the *Schultz* plaintiffs to the *McDonald* case, and the *Schultz* action was dismissed. The plaintiffs filed their first amended consolidated complaint on April 28, 2017. On December 13, 2018, the court entered a preliminary order approving a class action settlement agreement reached among the parties. Following a fairness hearing held on April 18, 2019, the court entered judgment on April 22, 2019 in which it granted final approval of the settlement, effected a full release of claims by the settlement class in favor of the defendants, and dismissed the consolidated lawsuit with prejudice. On June 14, 2019, the lone objector filed an appeal to the judgment approving the settlement. On January 31, 2020, the U.S. Court of Appeals for the Eighth Circuit denied the objector's appeal and affirmed the district court's approval of the class action settlement. On February 6, 2020, the objector petitioned the Court of Appeals for a rehearing, which was denied on March 3, 2020. A petition for certiorari the objector filed on May 11, 2020 seeking review of the Court of Appeals' decision by the U.S. Supreme Court was denied by the Supreme Court on October 5, 2020.

Wage-and-Hour Class Action. On March 13, 2018, JFC and Edward Jones were named as defendants in a purported collective and class action lawsuit (*Bland, et al. v. Edward D. Jones & Co., L.P., et al.*) filed in the U.S. District Court for the Northern District of Illinois by four former financial advisors. The lawsuit was brought under the Fair Labor Standards Act (FLSA) as well as Missouri and Illinois law and alleges that the defendants unlawfully attempted to recoup training costs from departing financial advisors and failed to pay all overtime owed to financial advisor trainees among other claims. The lawsuit seeks declaratory and injunctive relief, compensatory and liquidated damages. On March 19, 2019, the court entered an order granting the defendants' motion to dismiss all claims, but permitting the plaintiffs to amend and re-file certain of their claims. Plaintiffs filed an amended complaint on May 3, 2019. On March 30, 2020 the court partially granted the defendants' renewed motion to dismiss the amended complaint and dismissed seven of the ten causes of action it purported to state. The court's order eliminated from the case any claims that rely upon the firm's contractual right to recoup training costs as well as related claims for declaratory relief. It also dismissed various state law claims. JFC and Edward Jones deny the allegations in the remaining counts and intend to vigorously defend against the allegations in this lawsuit.

Securities Class Action. On March 30, 2018, Edward Jones and its affiliated entities and individuals were named as defendants in a putative class action (*Anderson, et al. v. Edward D. Jones & Co., L.P., et al.*) filed in the U.S. District Court for the Eastern District of California. The lawsuit was brought under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act, as well as Missouri and California law and alleges that the defendants inappropriately transitioned client assets from commission-based accounts to fee-based programs. The plaintiffs requested declaratory, equitable, and exemplary relief, and compensatory damages. On July 9, 2019, the district court entered an order dismissing the lawsuit in its entirety without prejudice. On July 29, 2019, the plaintiffs filed a second amended complaint, which eliminated certain affiliated entities and individuals as defendants, withdrew the claims under the Securities Act, added claims under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and certain additional state law claims, and reasserted the remaining claims with modified allegations. In response to the amended complaint, the defendants filed a motion to dismiss. In the plaintiffs' opposition brief filed on September 9, 2019, the plaintiffs withdrew their Investment Advisers Act claims. On November 12, 2019 the district court granted defendants' motion to dismiss the

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

second amended complaint and entered judgment in favor of defendants. On December 11, 2019, plaintiffs filed a notice of appeal of the district court's order dismissing the case. Edward Jones and its affiliated entities and individuals deny the allegations and intend to continue to vigorously defend this lawsuit on appeal.

Discrimination Class Action. On May 24, 2018, Edward Jones and JFC were named as defendants in a putative class action lawsuit (*Bland v. Edward D. Jones & Co., L.P., et al.*) filed in the U.S. District Court for the Northern District of Illinois by a former financial advisor under 42 U.S.C. § 1981, alleging that the defendants discriminated against the former financial advisor and other financial advisors and financial advisor trainees on the basis of race. On July 27, 2018, two named plaintiffs filed an amended complaint adding allegations of discrimination and retaliation under 42 U.S.C. § 2000e, Title VII of the Civil Rights Act of 1964 and retaliation under 42 U.S.C. § 1981. On November 26, 2018, three named plaintiffs filed a second amended complaint. The lawsuit seeks equitable and injunctive relief, as well as compensatory and punitive damages. Edward Jones and JFC deny the allegations and intend to vigorously defend this lawsuit.

Reimbursement Class Action. On April 25, 2019, Edward Jones and JFC were named as defendants in a putative class action (*Watson, et al. v. The Jones Financial Companies L.L.P., et al.*) filed by two former financial advisors in the Superior Court of the State of California, Sacramento County. Plaintiffs allege that defendants did not reimburse financial advisors and financial advisor trainees in California for certain categories of business expenses, which plaintiffs allege violates the California Labor Code and California Unfair Competition Law. The lawsuit seeks damages and restitution as well as attorneys' fees and costs and equitable and injunctive relief. On February 19, 2020, the plaintiffs filed a motion seeking the court's approval of a proposed class action settlement reached by the parties. On June 5, 2020, the court granted preliminary approval of the proposed settlement.

In addition to these matters, the Partnership provides for potential losses that may arise related to other contingencies. The Partnership assesses its liabilities and contingencies utilizing available information. The Partnership accrues for potential losses for those matters where it is probable that the Partnership will incur a potential loss to the extent that the amount of such potential loss can be reasonably estimated, in accordance with FASB Accounting Standards Codification No. 450, *Contingencies*. This liability represents the Partnership's estimate of the probable loss at September 25, 2020, after considering, among other factors, the progress of each case, the Partnership's experience with other legal and regulatory matters and discussion with legal counsel, and is believed to be sufficient. The aggregate accrued liability within the accounts payable, accrued expenses and other line of the Consolidated Statements of Financial Condition was \$108 as of September 25, 2020 and may be adjusted from time to time to reflect any relevant developments.

For such matters where an accrued liability has not been established and the Partnership believes a loss is both reasonably possible and estimable, as well as for matters where an accrued liability has been recorded but for which an exposure to loss in excess of the amount accrued is both reasonably possible and estimable, the current estimated aggregated range of additional possible loss is up to \$22 as of September 25, 2020. This range of reasonably possible loss does not necessarily represent the Partnership's maximum loss exposure as the Partnership was not able to estimate a range of reasonably possible loss for all matters.

Further, the matters underlying any disclosed estimated range will change from time to time, and actual results may vary significantly. While the outcome of these matters is inherently uncertain, based on information currently available, the Partnership believes that its established liabilities at September 25, 2020 are adequate, and the liabilities arising from such matters will not have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Partnership. However, based on future developments and the potential unfavorable resolution of these matters, the outcome could be material to the Partnership's future consolidated operating results for a particular period or periods.

NOTE 10 – SEGMENT INFORMATION

The Partnership has determined it has two operating and reportable segments based upon geographic location, the U.S. and Canada. Canada segment information, as reported in the following table, is based upon the consolidated financial statements of the Partnership's Canada operations, which primarily occur through a non-guaranteed subsidiary of the Partnership. The U.S. segment information is derived from the Consolidated Financial Statements less the Canada segment information as presented. Pre-variable income represents income before variable compensation expense and before allocations to partners. This is consistent with how management views the segments to assess performance.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

The following table shows financial information for the Partnership's reportable segments:

	Three Months Ended		Nine Months Ended	
	September 25, 2020	September 27, 2019	September 25, 2020	September 27, 2019
Net revenue:				
U.S.	\$ 2,469	\$ 2,306	\$ 7,153	\$ 6,697
Canada	58	61	190	179
Total net revenue	<u>\$ 2,527</u>	<u>\$ 2,367</u>	<u>\$ 7,343</u>	<u>\$ 6,876</u>
Pre-variable income:				
U.S.	\$ 689	\$ 575	\$ 1,894	\$ 1,620
Canada	3	5	17	11
Total pre-variable income	<u>\$ 692</u>	<u>\$ 580</u>	<u>\$ 1,911</u>	<u>\$ 1,631</u>
Variable compensation:				
U.S.	\$ 369	\$ 293	\$ 983	\$ 806
Canada	7	6	21	18
Total variable compensation	<u>\$ 376</u>	<u>\$ 299</u>	<u>\$ 1,004</u>	<u>\$ 824</u>
Income (loss) before allocations to partners:				
U.S.	\$ 320	\$ 282	\$ 911	\$ 814
Canada	(4)	(1)	(4)	(7)
Total income before allocations to partners	<u>\$ 316</u>	<u>\$ 281</u>	<u>\$ 907</u>	<u>\$ 807</u>

NOTE 11 – OFFSETTING ASSETS AND LIABILITIES

The Partnership does not offset financial instruments in the Consolidated Statements of Financial Condition. However, the Partnership enters into master netting arrangements with counterparties for securities purchased under agreements to resell that are subject to net settlement in the event of default. These agreements create a right of offset for the amounts due to and due from the same counterparty in the event of default or bankruptcy.

The following table shows the Partnership's securities purchased under agreements to resell as of:

	Gross amounts of recognized assets	Gross amounts offset in the Consolidated Statements of Financial Condition	Net amounts presented in the Consolidated Statements of Financial Condition	Gross amounts not offset in the Consolidated Statements of Financial Condition		Net amount
				Financial instruments	Securities collateral ⁽¹⁾	
September 25, 2020	\$ 1,734	—	1,734	—	(1,734)	\$ —
December 31, 2019	\$ 1,693	—	1,693	—	(1,693)	\$ —

⁽¹⁾ Actual collateral was 102% of the related assets in U.S. agreements and 100% in Canada agreements as of all dates presented.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements, continued

NOTE 12 – CASH FLOW INFORMATION

The following table shows supplemental cash flow information for:

	Nine Months Ended	
	September 25, 2020	September 27, 2019
Cash paid for interest	\$ 79	\$ 121
Cash paid for taxes	\$ 9	\$ 8
Non-cash activities:		
Issuance of general partnership interests through partnership loans in current period	\$ 163	\$ 164
Repayment of partnership loans through distributions from partnership capital in current period	\$ 160	\$ 123

The following table reconciles certain line items on the Consolidated Statements of Financial Condition to the cash, cash equivalents and restricted cash balance on the Consolidated Statements of Cash Flows as of:

	September 25, 2020	September 27, 2019
Cash and cash equivalents	\$ 1,026	\$ 1,087
Cash and investments segregated under federal regulations	14,682	8,368
Less: Investments segregated under federal regulations	8,797	2,497
Total cash, cash equivalents and restricted cash	<u>\$ 6,911</u>	<u>\$ 6,958</u>

Restricted cash represents cash segregated in special reserve bank accounts for the benefit of U.S. clients pursuant to the Customer Protection Rule, Rule 15c3-3 under the Exchange Act.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis is intended to help the reader understand the results of operations and the financial condition of the Partnership. Management's Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in Part I, Item 1 – Financial Statements of this Quarterly Report on Form 10-Q and Part II, Item 8 – Financial Statements and Supplementary Data of the Partnership's Annual Report. All amounts are presented in millions, except as otherwise noted.

Basis of Presentation

The Partnership broadly categorizes its net revenues into four categories: fee revenue, trade revenue, net interest and dividends revenue (net of interest expense) and other revenue. In the Partnership's Consolidated Statements of Income, fee revenue is composed of asset-based fees and account and activity fees. Asset-based fees are generally a percentage of the total value of specific assets in client accounts. These fees are impacted by client dollars invested in and divested from the accounts which generate asset-based fees and changes in market values of the assets. Account and activity fees and other revenue are impacted by the number of client accounts and the variety of services provided to those accounts, among other factors. Trade revenue is composed of commissions and principal transactions revenue. Commissions are earned from the purchase or sale of mutual fund shares and equities, as well as the purchase of insurance products. Principal transactions revenue primarily results from the Partnership's distribution of, and participation in, principal trading activities in municipal obligations, over-the-counter corporate obligations and certificates of deposit. Trade revenue is impacted by the number of financial advisors, trading volume (client dollars invested), mix of the products in which clients invest, size of trades, margins earned on the transactions and market volatility. Net interest and dividends revenue is impacted by the amount of cash and investments, receivables from and payables to clients, the variability of interest rates earned and paid on such balances, the number of Interests outstanding, and the balances of Partnership loans.

COVID-19

In the second half of March 2020, markets and interest rates experienced sudden declines due to the global uncertainty from the COVID-19 pandemic. While the federal funds effective rate remains near zero, markets in the second and third quarters of 2020 experienced a significant rebound compared to the end of the first quarter of 2020. However, the full extent of the health crisis and related economic impact is not yet known, and further economic or market events could negatively impact the Partnership's financial results in fiscal 2020.

The Partnership has several ongoing measures in response to COVID-19 to support the health and well-being of its clients and associates, as well as measures to optimize firm resources and control costs. The ongoing measures include, among other things, closure and phased reopening of branches to public access, establishing the technological capability for branches to serve clients remotely, virtually all home-office associates working remotely with limited exceptions, temporary financial support for certain financial advisors, temporary hiring reductions, additional paid time off for associates related to COVID-19, a travel halt, and a pause on new branch and home office real estate projects. The Partnership is continuing to assess these and other existing firm measures in response to the COVID-19 pandemic and may consider additional potential measures in response to further economic or market events. Further, in response to COVID-19, the Partnership continues to review its business continuity plans and has had ongoing conversations with third-party providers to ensure the viability of their business operations supporting the Partnership. The Partnership has not experienced any significant disruptions in providing services to clients. The impact of COVID-19, as well as the Partnership's response to it, continues to evolve and is uncertain.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

OVERVIEW

The following table sets forth the changes in major categories of the Consolidated Statements of Income as well as several related key metrics for the three and nine month periods ended September 25, 2020 and September 27, 2019. Management of the Partnership relies on this financial information and the related metrics to evaluate the Partnership's operating performance and financial condition.

	Three Months Ended			Nine Months Ended		
	Sept 25, 2020	Sept 27, 2019	% Change	Sept 25, 2020	Sept 27, 2019	% Change
Revenue:						
Fee revenue:						
Asset-based	\$ 1,926	\$ 1,738	11%	\$ 5,450	\$ 4,962	10%
Account and activity	163	167	-2%	494	504	-2%
Total fee revenue	2,089	1,905	10%	5,944	5,466	9%
% of net revenue	83%	80%	3%	81%	79%	2%
Trade revenue	398	391	2%	1,286	1,160	11%
% of net revenue	16%	17%	0%	18%	17%	4%
Net interest and dividends	16	66	-76%	85	197	-57%
Other revenue, net	24	5	380%	28	53	-47%
Net revenue	2,527	2,367	7%	7,343	6,876	7%
Operating expenses	2,211	2,086	6%	6,436	6,069	6%
Income before allocations to partners	<u>\$ 316</u>	<u>\$ 281</u>	<u>12%</u>	<u>\$ 907</u>	<u>\$ 807</u>	<u>12%</u>
Related metrics:						
Client dollars invested (\$ billions) ⁽¹⁾ :						
Trade	\$ 26	\$ 28	-7%	\$ 88	\$ 88	0%
Advisory programs	\$ 10	\$ 8	25%	\$ 28	\$ 22	27%
Client households at period end	5.6	5.4	4%	5.6	5.4	4%
Net new assets for the period (\$ billions) ⁽²⁾	\$ 13	\$ 14	-7%	\$ 47	\$ 45	4%
Client assets under care (\$ billions):						
Total:						
At period end	\$ 1,384	\$ 1,270	9%	\$ 1,384	\$ 1,270	9%
Average	\$ 1,372	\$ 1,263	9%	\$ 1,317	\$ 1,214	8%
Advisory programs:						
At period end	\$ 488	\$ 423	15%	\$ 488	\$ 423	15%
Average	\$ 481	\$ 419	15%	\$ 453	\$ 398	14%
Financial advisors (actual):						
At period end	19,342	18,505	5%	19,342	18,505	5%
Average	19,252	18,311	5%	19,076	18,032	6%
Attrition % ⁽³⁾	6.8%	7.9%	n/a	6.4%	8.6%	n/a
Dow Jones Industrial Average (actual):						
At period end	27,174	26,820	1%	27,174	26,820	1%
Average for period	27,199	26,671	2%	26,135	25,966	1%
S&P 500 Index (actual):						
At period end	3,298	2,962	11%	3,298	2,962	11%
Average for period	3,306	2,957	12%	3,101	2,853	9%

⁽¹⁾ Client dollars invested for trade revenue represents the principal amount of clients' buy and sell transactions resulting in revenue and for advisory programs revenue represents the net of the inflows and outflows of client dollars into advisory programs.

⁽²⁾ Net new assets represents cash and securities inflows and outflows from new and existing clients and excludes mutual fund capital gain distributions received by U.S. clients.

⁽³⁾ Attrition % represents the annualized number of financial advisors that left the firm during the period compared to the total number of financial advisors as of period end.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Third Quarter 2020 versus Third Quarter 2019 Overview

The Partnership ended the third quarter of 2020 with 19,342 financial advisors and \$1.38 trillion in client assets under care, which reflected increases of 5% and 9%, respectively, compared to the third quarter of 2019. Net new assets decreased 7% to \$13 billion during the third quarter of 2020 compared to the third quarter of 2019. Average client assets under care increased 9% during the third quarter of 2020 compared to the same period in 2019, due to increases in the market value of client assets and net new assets gathered during the period.

Advisory programs' average assets under care increased 15% in the third quarter of 2020 to \$481 billion due to the continued investment of client assets into advisory programs and higher average market levels in the third quarter of 2020 compared to the same period in 2019.

Net revenue increased 7% to \$2,527 for the third quarter of 2020 compared to the same period in 2019. Results reflected an 11% increase in asset-based fee revenue, primarily due to the cumulative impact of net asset inflows into advisory programs in both 2020 and 2019, as well as average market increases, which was partially offset by a \$50 decrease in net interest and dividends revenue due to the low interest rates in the third quarter of 2020 compared to the same period in 2019.

Operating expenses increased 6% to \$2,211 in the third quarter of 2020 compared to the third quarter of 2019, primarily due to an increase in compensation and benefits expense, partially offset by decreases in other operating expenses primarily as a result of reductions in discretionary spending, a travel halt, and a pause on certain strategic firm initiatives and real estate projects. Financial advisor compensation increased largely due to an increase in revenues on which commissions are earned, an increase in the number of financial advisors, and an increase in compensation related to supporting new financial advisors and trainees. Home office and branch compensation increased primarily due to higher wages and healthcare costs.

Overall, the increase in net revenue, offset by the increase in operating expenses, generated income before allocations to partners of \$316, a 12% increase from the third quarter of 2019.

Nine Months Ended September 25, 2020 versus Nine Months Ended September 27, 2019 Overview

Net new assets increased 4% to \$47 billion during the first nine months of 2020 compared to the first nine months of 2019. Average client assets under care increased 8% during the first nine months of 2020 compared to the same period in 2019, due to increases in the market value of client assets and net new assets gathered during the period.

Advisory programs' average assets under care increased 14% in the first nine months of 2020 to \$453 billion due to the continued investment of client assets into advisory programs and higher average market levels compared to the same period in 2019.

Net revenue increased 7% to \$7,343 for the first nine months of 2020 compared to the same period in 2019. Results reflected a 10% increase in asset-based fee revenue, primarily due to the cumulative impact of net asset inflows into advisory programs in both 2020 and 2019, as well as average market increases. The increase in net revenue also reflected 11% growth in trade revenue due to an increase in the overall margin earned. The increase in net revenue was partially offset by the decrease in net interest and dividends revenue and other revenue. Net interest and dividends revenue decreased due to the low interest rates in the first nine months of 2020 compared to the same period in 2019. The decrease in other revenue was the result of the significant market volatility in the second half of March 2020, causing an unrealized loss from the decrease in the value of investment securities held to economically hedge future liabilities related to the non-qualified deferred compensation plan, which was partially offset by increased market values in the second and third quarters of 2020. The unrealized loss was offset by lower financial advisor compensation expense.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Operating expenses increased 6% to \$6,436 in the first nine months of 2020 compared to 2019, primarily due to an increase in compensation and benefits expense, partially offset by decreases in other operating expenses primarily as a result of reductions in discretionary spending, a travel halt, and a pause on certain strategic firm initiatives and real estate projects. Financial advisor compensation increased largely due to an increase in revenues on which commissions are earned, an increase in the number of financial advisors, and an increase in compensation related to supporting new financial advisors and trainees. Home office and branch compensation increased primarily due to an increase in the average number of personnel to support increased client activity, certain strategic firm initiatives to enhance the client experience, and growth of the Partnership's financial advisor network, as well as higher wages and healthcare costs.

Overall, the increase in net revenue, offset by the increase in operating expenses, generated income before allocations to partners of \$907, a 12% increase compared to the first nine months of 2019.

Given the global health, market, employment and economic uncertainty of the COVID-19 pandemic and governmental responses to it, the Partnership cannot reliably predict the ultimate impact of COVID-19 on financial markets or its financial results, including how its clients, their trading activity, the financial markets or government regulators will respond to such uncertainty. The Partnership's composition of net revenue is heavily weighted towards asset-based fee revenue, which is highly dependent on market performance and asset values. Due to the heightened market volatility from the global pandemic and its effects on the economy and the Partnership's current and prospective clients, the Partnership could experience declines in client assets under care, and net new asset growth may continue to slow in fiscal 2020, which could result in declines in future asset-based fee revenue and overall net revenue.

Given the global health, market, employment and economic uncertainty of COVID-19, the Partnership is unable to reliably predict future client trading activity in response to COVID-19, and further economic or market events could negatively impact trade revenue in fiscal 2020.

Based on current information and if interest rates remain at record low levels, the Partnership expects continued decreases in net interest and dividends revenue in fiscal 2020 compared to fiscal 2019.

Although the Partnership cannot reliably predict the ultimate impact of COVID-19 on financial markets or its financial results, the Partnership has several ongoing measures to reduce future operating expenses in an effort to help mitigate the negative impacts of potentially lower revenue on the Partnership's future income before allocations to partners, such as temporary hiring reductions, reduction of discretionary spending, a travel halt, and a pause on new branch and home office real estate projects. The Partnership is continuing to assess these and other existing firm measures in response to the COVID-19 pandemic and may consider additional potential measures in response to further economic or market events.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 25, 2020 AND SEPTEMBER 27, 2019

The discussion below details the significant fluctuations and their drivers for each of the major categories of the Partnership's Consolidated Statements of Income.

Fee Revenue

Fee revenue, which consists of asset-based fees and account and activity fees, increased 10% to \$2,089 and 9% to \$5,944 in the third quarter and the first nine months of 2020, respectively, compared to the same periods in 2019. A discussion of fee revenue components follows.

	Three Months Ended			Nine Months Ended		
	Sept 25, 2020	Sept 27, 2019	% Change	Sept 25, 2020	Sept 27, 2019	% Change
Fee revenue:						
Asset-based fee revenue:						
Advisory programs fees	\$ 1,431	\$ 1,240	15%	\$ 3,989	\$ 3,514	14%
Service fees	353	337	5%	1,016	980	4%
Other asset-based fees	142	161	-12%	445	468	-5%
Total asset-based fee revenue	1,926	1,738	11%	5,450	4,962	10%
Account and activity fee revenue:						
Shareholder accounting services fees	106	109	-3%	319	323	-1%
Other account and activity fee revenue	57	58	-2%	175	181	-3%
Total account and activity fee revenue	163	167	-2%	494	504	-2%
Total fee revenue	<u>\$ 2,089</u>	<u>\$ 1,905</u>	<u>10%</u>	<u>\$ 5,944</u>	<u>\$ 5,466</u>	<u>9%</u>
Related metrics:						
Average U.S. client asset values (\$ billions) ⁽¹⁾ :						
Mutual fund assets held outside of advisory programs	\$ 474.4	\$ 433.3	9%	\$ 455.1	\$ 415.5	10%
Advisory programs	\$ 473.1	\$ 412.6	15%	\$ 446.3	\$ 391.9	14%
Insurance	\$ 77.8	\$ 75.8	3%	\$ 75.8	\$ 74.1	2%
Cash solutions	\$ 40.6	\$ 32.8	24%	\$ 38.3	\$ 32.7	17%
Shareholder accounting holdings serviced	31.1	29.3	6%	30.6	28.9	6%

⁽¹⁾ Assets on which the Partnership earns asset-based fee revenue. The U.S. portion of consolidated asset-based fee revenue was 98% for the periods presented.

Overall asset-based fee revenue increased 11% to \$1,926 and 10% to \$5,450 in the third quarter and first nine months of 2020, respectively, compared to the same periods in 2019, primarily due to 15% and 14% respective increases in revenue from advisory programs fees. Growth in advisory programs fees was due to the continued investment of client assets in advisory programs and higher average market levels in the third quarter and first nine months of 2020. The decrease in other asset-based fee revenue in 2020 reflected declines in cash solutions revenue, primarily from increased fee waivers in order to maintain a positive client yield on the Money Market Fund following the decrease in the federal funds effective rate to near zero in March 2020. If interest rates remain at record low levels, the Partnership expects to continue to incur fee waivers in order to maintain a positive client yield on the Money Market Fund, thereby reducing other asset-based fee revenue.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Trade Revenue

Trade revenue, which consists of commissions and principal transactions, increased 2% to \$398 and increased 11% to \$1,286 in the third quarter and first nine months of 2020, respectively, compared to the same periods in 2019. A discussion of trade revenue components follows.

	Three Months Ended			Nine Months Ended		
	Sept 25, 2020	Sept 27, 2019	% Change	Sept 25, 2020	Sept 27, 2019	% Change
Trade revenue:						
Commissions revenue:						
Mutual funds	\$ 171	\$ 171	0%	\$ 525	\$ 487	8%
Equities	150	120	25%	521	363	44%
Insurance products and other	65	80	-19%	195	227	-14%
Total commissions revenue	\$ 386	\$ 371	4%	\$ 1,241	\$ 1,077	15%
Principal transactions	12	20	-40%	45	83	-46%
Total trade revenue	<u>\$ 398</u>	<u>\$ 391</u>	<u>2%</u>	<u>\$ 1,286</u>	<u>\$ 1,160</u>	<u>11%</u>
Related metrics:						
Client dollars invested (\$ billions)						
Equities	\$ 10	\$ 8	25%	\$ 35	\$ 23	52%
Mutual funds	11	10	10%	30	26	15%
Insurance products and other	1	1	0%	4	4	0%
Principal transactions	4	9	-56%	19	35	-46%
Total client dollars invested	<u>\$ 26</u>	<u>\$ 28</u>	<u>-7%</u>	<u>\$ 88</u>	<u>\$ 88</u>	<u>0%</u>
Margin per \$1,000 invested	\$ 15.8	\$ 14.0	13%	\$ 14.7	\$ 13.1	12%
U.S. business days	63	63	0%	186	187	-1%

The increase in trade revenue in the third quarter and first nine months of 2020 was due to an increase in commissions revenue, partially offset by a decrease in principal transactions revenue. Commissions revenue increased primarily due to higher overall margins from a change in product mix with a higher proportion of client dollars invested in equities and mutual funds, which earn higher margins than principal transaction products. Principal transactions revenue decreased as a result of a decrease in client dollars invested, due to the decline in interest rates on those products during the third quarter and first nine months of 2020 compared to the prior periods. Year to date results also reflected significant increases in first quarter trade revenue. As global markets became increasingly volatile in the second half of March 2020 due to the uncertainties surrounding the impacts of COVID-19, that resulted in lower securities prices, the Partnership experienced a significant increase in client dollars invested in equities.

Net Interest and Dividends

Net interest and dividends revenue decreased 76% to \$16 and 57% to \$85 in the third quarter and first nine months of 2020, respectively, compared to the same periods in 2019 due to interest rates remaining at record low levels since the Federal Reserve cut the federal funds effective rate to near zero in March 2020. Despite increases in short-term investment balances, interest revenue decreased due to the lower federal funds rate compared to the prior period. Interest revenue also decreased due to lower interest earned on lower client margin balances. The decrease in interest revenue was partially offset by a decrease in customer credit interest expense in 2020 compared to the same periods in 2019.

Based on current information and if interest rates remain at record low levels, the Partnership expects continued decreases in net interest and dividends revenue in fiscal 2020 compared to fiscal 2019.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Operating Expenses

Operating expenses increased 6% to \$2,211 in the third quarter of 2020 and increased 6% to \$6,436 in the first nine months of 2020 compared to the same periods in 2019, primarily due to an increase in compensation and benefits expense. A discussion of operating expense components follows.

	Three Months Ended			Nine Months Ended		
	Sept 25, 2020	Sept 27, 2019	% Change	Sept 25, 2020	Sept 27, 2019	% Change
Operating expenses:						
Compensation and benefits:						
Financial advisor	\$ 1,034	\$ 960	8%	\$ 3,026	\$ 2,833	7%
Home office and branch	396	388	2%	1,186	1,142	4%
Variable compensation	376	299	26%	1,004	824	22%
Total compensation and benefits	1,806	1,647	10%	5,216	4,799	9%
Occupancy and equipment	131	127	3%	392	369	6%
Communications and data processing	100	100	0%	307	285	8%
Fund sub-adviser fees	48	41	17%	134	116	16%
Professional and consulting fees	28	29	-3%	80	81	-1%
Advertising	14	24	-42%	50	66	-24%
Postage and shipping	12	13	-8%	38	42	-10%
Other operating expenses	72	105	-31%	219	311	-30%
Total operating expenses	<u>\$ 2,211</u>	<u>\$ 2,086</u>	<u>6%</u>	<u>\$ 6,436</u>	<u>\$ 6,069</u>	<u>6%</u>
Related metrics (actual):						
Number of branches:						
At period end	15,403	14,900	3%	15,403	14,900	3%
Average	15,405	14,772	4%	15,286	14,526	5%
Financial advisors:						
At period end	19,342	18,505	5%	19,342	18,505	5%
Average	19,252	18,311	5%	19,076	18,032	6%
Branch office administrators ⁽¹⁾ :						
At period end	16,655	16,825	-1%	16,655	16,825	-1%
Average	16,657	16,776	-1%	16,825	16,566	2%
Home office associates ⁽¹⁾ :						
At period end	6,864	6,947	-1%	6,864	6,947	-1%
Average	6,905	7,064	-2%	7,018	6,953	1%
Home office associates ⁽¹⁾ per 100 financial advisors (average)	35.9	38.6	-7%	36.8	38.6	-5%
Branch office administrators ⁽¹⁾ per 100 financial advisors (average)	86.5	91.6	-6%	88.2	91.9	-4%
Operating expenses per financial advisor (average) ⁽²⁾	\$ 39,113	\$ 42,925	-9%	\$ 119,103	\$ 127,329	-6%

⁽¹⁾ Counted on a full-time equivalent basis.

⁽²⁾ Operating expenses used in calculation represent total operating expenses less financial advisor compensation, variable compensation and fund sub-adviser fees.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

The increases in operating expenses in the third quarter and first nine months of 2020 were primarily due to compensation and benefits expense (described below) increasing 10% to \$1,806 and 9% to \$5,216 for the third quarter and first nine months of 2020, respectively. The increases in operating expenses were partially offset by decreases in other operating expenses in the third quarter and first nine months of 2020 primarily as a result of reductions in discretionary spending, a travel halt, and a pause on certain strategic firm initiatives and real estate projects.

Financial advisor compensation and benefits expense increased 8% and 7% in the third quarter and first nine months of 2020 due to an increase in revenues on which commissions are earned, growth in the number of financial advisors and an increase in compensation related to supporting new financial advisors and trainees.

Home office and branch compensation and benefits expense increased 2% in the third quarter of 2020, primarily due to higher wages and healthcare costs, and increased 4% in the first nine months of 2020, primarily due to an increase in the average number of personnel to support increased client activity, certain strategic firm initiatives to enhance the client experience, and growth of the Partnership's financial advisor network, as well as higher wages and healthcare costs. The average number of the Partnership's home office associates and branch office administrators ("BOAs") decreased 2% and 1%, respectively, for the third quarter of 2020 and increased 1% and 2%, respectively, for the first nine months of 2020.

Variable compensation expands and contracts in relation to the Partnership's related profitability and net margin earned. A significant portion of the Partnership's profits are allocated to variable compensation and paid to associates in the form of bonuses and profit sharing. Variable compensation increased 26% to \$376 and 22% to \$1,004 in the third quarter and first nine months of 2020 due to increases in the Partnership's profitability, including an increase in the number of profitable branches and an overall increase in branch profitability. Given the uncertainty of the ongoing impacts of COVID-19, the Partnership cannot reliably predict their effects on profitability and variable compensation.

The Partnership uses the ratios of both the number of home office associates and the number of BOAs per 100 financial advisors, as well as operating expenses per financial advisor (excluding financial advisor compensation, variable compensation and fund sub-advisor fees), as key metrics in managing its costs. In the third quarter of 2020, the average number of home office associates and BOAs per 100 financial advisors decreased 7% and 6%, respectively, and decreased 5% and 4%, respectively, in the first nine months of 2020. The operating expenses per financial advisor decreased 9% and 6% in the third quarter and first nine months of 2020, respectively, due to a decrease in operating expenses (excluding financial advisor compensation, variable compensation and fund sub-advisor fees) and an increase in financial advisors. While the Partnership's longer-term strategy is to continue to grow its financial advisor network at a faster pace than its home office staff, the near-term growth will be slowed due to recent temporary hiring reductions. In addition, effects of COVID-19 on financial advisor attrition are uncertain and cannot be reliably predicted.

Given the uncertainty of the ongoing impacts of COVID-19, the Partnership has several ongoing measures to support the health and well-being of its clients and associates while also reducing future operating expenses by implementing temporary reductions to hiring of new financial advisors, BOAs and home office associates, which may slow the growth of compensation and benefits expense in fiscal 2020. The Partnership has also decreased discretionary spending, implemented a travel halt and temporarily paused spending on new branch and home office real estate projects. Controlling costs could help reduce the impact that potential decreases in Partnership revenue could have on future profitability. The Partnership is continuing to assess these and other existing firm measures in response to the COVID-19 pandemic.

Segment Information

The Partnership has two operating and reportable segments based upon geographic location, the U.S. and Canada. Canada segment information, as reported in the following table, is based upon the consolidated financial statements of the Partnership's Canada operations. The U.S. segment information is derived from the Consolidated Financial Statements less the Canada segment information as presented. Pre-variable income represents income before variable compensation expense and before allocations to partners. This is consistent with how management views the segments to assess performance. COVID-19 is a global pandemic that has resulted in rapid changes and significant uncertainty; however, based on current information, the Partnership expects COVID-19 to impact the future financial results of the segments similarly. The following table shows financial information for the Partnership's reportable segments.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

	Three Months Ended			Nine Months Ended		
	Sept 25, 2020	Sept 27, 2019	% Change	Sept 25, 2020	Sept 27, 2019	% Change
Net revenue:						
U.S.	\$ 2,469	\$ 2,306	7%	\$ 7,153	\$ 6,697	7%
Canada	58	61	-5%	190	179	6%
Total net revenue	2,527	2,367	7%	7,343	6,876	7%
Operating expenses (excluding variable compensation):						
U.S.	1,780	1,731	3%	5,259	5,077	4%
Canada	55	56	-2%	173	168	3%
Total operating expenses	1,835	1,787	3%	5,432	5,245	4%
Pre-variable income:						
U.S.	689	575	20%	1,894	1,620	17%
Canada	3	5	-40%	17	11	55%
Total pre-variable income	692	580	19%	1,911	1,631	17%
Variable compensation:						
U.S.	369	293	26%	983	806	22%
Canada	7	6	17%	21	18	17%
Total variable compensation	376	299	26%	1,004	824	22%
Income (loss) before allocations to partners:						
U.S.	320	282	13%	911	814	12%
Canada	(4)	(1)	-300%	(4)	(7)	43%
Total income before allocations to partners	\$ 316	\$ 281	12%	\$ 907	\$ 807	12%
Client assets under care (\$ billions):						
U.S.						
At period end	\$ 1,355.4	\$ 1,243.2	9%	\$ 1,355.4	\$ 1,243.2	9%
Average	\$ 1,344.2	\$ 1,237.0	9%	\$ 1,289.7	\$ 1,188.8	8%
Canada						
At period end	\$ 28.3	\$ 26.6	6%	\$ 28.3	\$ 26.6	6%
Average	\$ 27.9	\$ 26.4	6%	\$ 26.9	\$ 25.3	6%
Net new assets for the period (\$ billions):						
U.S.	\$ 12.9	\$ 13.5	-4%	\$ 45.5	\$ 44.0	3%
Canada	\$ 0.3	\$ 0.3	0%	\$ 1.4	\$ 1.0	40%
Financial advisors (actual):						
U.S.						
At period end	18,433	17,646	4%	18,433	17,646	4%
Average	18,333	17,462	5%	18,170	17,196	6%
Canada						
At period end	909	859	6%	909	859	6%
Average	919	849	8%	906	836	8%

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

U.S.

For both the third quarter and first nine months of 2020, net revenue increased 7% to \$2,469 and \$7,153, respectively, compared to the same periods in 2019, primarily due to increases in asset-based fee revenue. Asset-based fee revenue increased 11% to \$1,881 and 10% to \$5,323 in the third quarter and first nine months of 2020, respectively, led by an increase in advisory programs fees largely due to the cumulative impact of net asset inflows into advisory programs, as well as higher average market levels in the third quarter and first nine months of 2019 compared to the same periods in 2019. The increase in net revenue for the third quarter and first nine months of 2020 also reflected growth in trade revenue of 2% and 11%, respectively, due to an increase in overall margin earned.

Operating expenses (excluding variable compensation) increased 3% to \$1,780 and 4% to \$5,259 in the third quarter and first nine months of 2020, respectively, compared to the same periods in 2019. The increase in operating expenses (excluding variable compensation) was due to an increase in financial advisor and home office and branch compensation, partially offset by reductions in discretionary spending, a travel halt, and a pause on certain strategic firm initiatives and real estate projects. Financial advisor compensation and benefits expense increased primarily due to an increase in revenues on which commissions are earned, growth in the number of financial advisors and an increase in compensation related to supporting new financial advisors and trainees. Home office and branch compensation and benefits expense increased primarily due to higher wages and healthcare costs in the third quarter of 2020 and increased primarily due to an increase in the average number of personnel to support increased client activity, certain strategic firm initiatives to enhance the client experience, and growth of the Partnership's financial advisor network, as well as higher wages and healthcare costs in the first nine months of 2020.

Canada

Net revenue decreased 5% to \$58 in the third quarter of 2020 and increased 6% to \$190 in the first nine months of 2020 compared to the same periods in 2019. The decrease in net revenue in the third quarter of 2020 is primarily due to decreases in net interest, dividend and other revenue compared to the same period in 2019. The increase in net revenue for the first nine months of 2020 was primarily due to an increase in asset-based fee revenue. Asset-based fee revenue increased 9% to \$127 in the first nine months of 2020 led by an increase in advisory programs fees largely due to the cumulative impact of net asset inflows into advisory programs, as well as higher average market levels in the first nine months of 2020.

Operating expenses (excluding variable compensation) decreased 2% to \$55 in the third quarter of 2020 and increased 3% to \$173 in the first nine months of 2020. The decrease in operating expenses (excluding variable compensation) for the third quarter of 2020 was the result of a decrease in other operating expenses, partially offset by an increase in financial advisor compensation. The increase in operating expenses (excluding variable compensation) for the first nine months of 2020 was due to an increase in financial advisor compensation attributable to growth in the number of financial advisors and an increase in compensation related to supporting new financial advisors and trainees.

LEGISLATIVE AND REGULATORY REFORM

As discussed more fully in Part I, Item 1A – Risk Factors – Risk Related to the Partnership's Business – Legislative and Regulatory Initiatives of the Partnership's Annual Report, which is supplemented by Part II, Item 1A – Risk Factors – Legislative and Regulatory Initiatives of this Quarterly Report on Form 10-Q for the period ended September 25, 2020 and the Quarterly Reports on Form 10-Q for the periods ended March 27, 2020 and June 26, 2020, the Partnership continues to monitor several proposed, potential and recently enacted federal and state legislation, rules and regulations ("Legislative and Regulatory Initiatives"), including the SEC's Regulation Best Interest and Form CRS Relationship Summary and accompanying guidance.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

MUTUAL FUNDS AND INSURANCE PRODUCTS

The Partnership estimates approximately 30% of its total revenue was derived from sales and services related to mutual fund and insurance products for each of the three and nine month periods ended September 25, 2020 and September 27, 2019. In addition, the Partnership derived 13% of its total revenue for both of the three and nine month periods ended September 25, 2020 and 14% of its total revenue for both of the three and nine month periods ended September 27, 2019 from one mutual fund company. The revenue generated from this company relates to business conducted with the Partnership's U.S. segment.

Significant reductions in these revenues due to changes in mutual fund fee structures that result in decreased margins earned, regulatory reform or other changes to the Partnership's relationship with mutual fund or insurance companies could have a material adverse effect on the Partnership's results of operations, financial condition, and liquidity.

LIQUIDITY AND CAPITAL RESOURCES

The Partnership requires liquidity to cover its operating expenses, net capital requirements, capital expenditures, distributions to partners and redemptions of Partnership interests, as well as to facilitate client transactions. The principal sources for meeting the Partnership's liquidity requirements include existing liquidity and capital resources of the Partnership, discussed further below, and funds generated from operations. The Partnership believes that the liquidity provided by these sources will be sufficient to meet its capital and liquidity requirements for the next twelve months. Depending on conditions in the capital markets and other factors, the Partnership will, from time to time, consider the issuance of debt and additional Partnership capital, the proceeds of which could be used to meet growth needs or for other purposes.

As of September 25, 2020, the Partnership had \$3,260 in cash, cash equivalents and highly liquid investments, consisting of securities purchased under agreements to resell and U.S. treasuries, \$3,158 in Partnership capital and no debt. The Partnership has committed and uncommitted lines of credit in place should a liquidity need arise but has not drawn upon these lines. The Partnership believes that its financial position remains strong as it addresses the uncertainty of the ongoing impacts of COVID-19 on the global economy and, based on current information, does not anticipate any significant changes to its current liquidity or capital position.

Partnership Capital

The Partnership's growth in capital has historically been the result of the sale of Interests to its associates and existing limited partners, the sale of subordinated limited partnership interests to its current or retiring general partners, and retention of a portion of general partner earnings.

The Partnership filed a Registration Statement on Form S-8 with the SEC on January 12, 2018, to register \$450 of Interests issuable pursuant to the 2018 Plan. The Partnership issued approximately \$380 and \$1 of Interests under the 2018 Plan on January 2, 2019 and January 2, 2020, respectively. The remaining \$69 of Interests may be issued under the 2018 Plan at the discretion of the Managing Partner in the future. Proceeds from the offering under the 2018 Plan are expected to be used for working capital and general firm purposes and to ensure there is adequate general liquidity of the Partnership for future needs. The issuance of Interests reduces the Partnership's net interest income and profitability.

The Partnership's capital subject to mandatory redemption at September 25, 2020, net of reserve for anticipated withdrawals, was \$3,158, an increase of \$201 from December 31, 2019. This increase in Partnership capital subject to mandatory redemption was primarily due to the retention of a portion of general partner earnings (\$91) and additional capital contributions related to limited partner, subordinated limited partner and general partner interests (\$1, \$49 and \$163, respectively), partially offset by the net increase in Partnership loans outstanding (\$3) and redemption of limited partner, subordinated limited partner and general partner interests (\$10, \$37 and \$53, respectively). During each of the three and nine month periods ended September 25, 2020 and September 27, 2019, the Partnership retained 13.8% of income allocated to general partners.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

Under the terms of the Partnership Agreement, a partner's capital is required to be redeemed by the Partnership in the event of the partner's death or withdrawal from the Partnership, subject to compliance with ongoing regulatory capital requirements. In the event of a partner's death, the Partnership generally redeems the partner's capital within nine months. The Partnership has restrictions in place which govern the withdrawal of capital. Under the terms of the Partnership Agreement, limited partners requesting withdrawal from the Partnership are to be repaid their capital in three equal annual installments beginning no earlier than 90 days after their withdrawal notice is received by the Managing Partner. The capital of general partners requesting withdrawal from the Partnership is converted to subordinated limited partnership capital or, at the discretion of the Managing Partner, redeemed by the Partnership. Subordinated limited partners requesting withdrawal are repaid their capital in six equal annual installments beginning no earlier than 90 days after their request for withdrawal of contributed capital is received by the Managing Partner. The Partnership's Managing Partner has discretion to waive or modify these withdrawal restrictions and to accelerate the return of capital.

The Partnership makes loans available to those general partners and, in limited circumstances, subordinated limited partners (in each case, other than members of the Executive Committee) who require financing for some or all of their Partnership capital contributions. In limited circumstances a general partner may withdraw from the Partnership and become a subordinated limited partner while he or she still has an outstanding Partnership loan. It is anticipated that, of the future general and subordinated limited partnership capital contributions (in each case, other than for Executive Committee members) requiring financing, the majority will be financed through Partnership loans. Loans made by the Partnership to such partners are generally for a period of one year but are expected to be renewed and bear interest at the interest rate defined in the loan documents. The Partnership recognizes interest income for the interest earned related to these loans. Partners borrowing from the Partnership will be required to repay such loans by applying the earnings received from the Partnership to such loans, net of amounts retained by the Partnership, amounts distributed for income taxes and 5% of earnings distributed to the partner. The Partnership has full recourse against any partner that defaults on loan obligations to the Partnership. The Partnership does not anticipate that partner loans will have an adverse impact on the Partnership's short-term liquidity or capital resources.

Any partner may also choose to have individual banking arrangements for their Partnership capital contributions. Any bank financing of capital contributions is in the form of unsecured bank loan agreements and is between the individual and the bank. The Partnership does not guarantee these bank loans, nor can the partner pledge his or her partnership interest as collateral for the bank loan. The Partnership performs certain administrative functions in connection with its limited partners who have elected to finance a portion of their Partnership capital contributions through individual unsecured bank loan agreements from banks with whom the Partnership has other banking relationships. For all limited partner capital contributions financed through such bank loan agreements, each agreement instructs the Partnership to apply the proceeds from the redemption of that individual's capital account to the repayment of the limited partner's bank loan prior to any funds being released to the partner. In addition, the partner is required to apply Partnership earnings, net of any distributions to pay taxes, to service the interest and principal on the bank loan. Should a partner's individual bank loan not be renewed upon maturity for any reason, the Partnership could experience increased requests for capital liquidations, which could adversely impact the Partnership's liquidity. In addition, partners who finance all or a portion of their capital contributions with bank financing may be more likely to request the withdrawal of capital to meet bank financing requirements should the partners experience a period of reduced earnings. As a partnership, any withdrawals by general partners, subordinated limited partners or limited partners would reduce the Partnership's available liquidity and capital.

Many of the same banks that provide financing to limited partners also provide financing to the Partnership. To the extent these banks increase credit available to the partners, financing available to the Partnership may be reduced.

The Partnership, while not a party to any partner unsecured bank loan agreements, does facilitate making payments of allocated income to certain banks on behalf of the limited partner. The following table represents amounts related to Partnership loans as well as bank loans (for which the Partnership facilitates certain administrative functions). Partners may have arranged their own bank loans to finance their Partnership capital for which the Partnership does not facilitate certain administrative functions and therefore any such loans are not included in the table.

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	As of September 25, 2020			
	Limited Partnership Interests	Subordinated Limited Partnership Interests	General Partnership Interests	Total Partnership Interests
Total Partnership capital ⁽¹⁾	\$ 1,240	\$ 539	\$ 1,742	\$ 3,521
Partnership capital owned by partners with individual loans	\$ 314	\$ 1	\$ 884	\$ 1,199
Partnership capital owned by partners with individual loans as a percent of total Partnership capital	25%	0%	51%	34%
Individual loans:				
Individual bank loans	\$ 80	\$ —	\$ —	\$ 80
Individual Partnership loans	—	1	362	363
Total individual loans	\$ 80	\$ 1	\$ 362	\$ 443
Individual loans as a percent of total Partnership capital	6%	0%	21%	13%
Individual loans as a percent of respective Partnership capital owned by partners with loans	25%	100%	41%	37%

⁽¹⁾ Total Partnership capital, as defined for this table, is before the reduction of Partnership loans and is net of reserve for anticipated withdrawals.

Historically, neither the amount of Partnership capital financed with individual loans as indicated in the table above, nor the amount of partner withdrawal requests, has had a significant impact on the Partnership's liquidity or capital resources.

Lines of Credit

The following table shows the composition of the Partnership's aggregate bank lines of credit in place as of:

	September 25, 2020	December 31, 2019
2018 Credit Facility	\$ 500	\$ 500
Uncommitted secured credit facilities	390	290
Total bank lines of credit	\$ 890	\$ 790

In accordance with the terms of the Partnership's \$500 committed revolving line of credit (the "2018 Credit Facility") entered into in September 2018, the Partnership is required to maintain a leverage ratio of no more than 35% and minimum Partnership capital, net of reserve for anticipated withdrawals and Partnership loans, of at least \$1,884. In addition, Edward Jones is required to maintain a minimum tangible net worth of at least \$1,344 and minimum regulatory net capital of at least 6% of aggregate debit items as calculated under the alternative method. The Partnership has the ability to draw on various types of loans. The associated interest rate depends on the type of loan, duration of the loan, whether the loan is secured or unsecured and the amount of leverage. Contractual rates are based on an index rate plus the applicable rate. The 2018 Credit Facility is intended to provide short-term liquidity to the Partnership should the need arise. As of September 25, 2020, the Partnership was in compliance with all covenants related to the 2018 Credit Facility.

In addition, the Partnership has multiple uncommitted lines of credit, including the \$390 of uncommitted secured lines of credit that are subject to change at the discretion of the banks. The amount available on one of the uncommitted lines of credit and the associated collateral requirements are at the bank's discretion upon the event of a borrowing. Based on credit market conditions and the uncommitted nature of these credit facilities, it is possible that these lines of credit could decrease or not be available in the future. Actual borrowing availability on the uncommitted secured lines is based on availability of client margin securities or firm-owned securities, which would serve as collateral on loans in the event the Partnership borrowed against these lines.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

There were no amounts outstanding on the 2018 Credit Facility or the uncommitted lines of credit as of September 25, 2020 or December 31, 2019. In addition, the Partnership did not have any draws against these lines of credit during the three or nine month period ended September 25, 2020.

Cash Activity

As of September 25, 2020, the Partnership had \$1,026 in cash and cash equivalents, \$1,734 in securities purchased under agreements to resell, which generally have maturities of less than one week, and \$500 in U.S. treasuries. This totaled to \$3,260 of Partnership liquidity as of September 25, 2020, a 20% increase from \$2,707 at December 31, 2019. The Partnership had \$14,682 and \$10,387 in cash and investments segregated under federal regulations as of September 25, 2020 and December 31, 2019, respectively, which was not available for general use. As of September 25, 2020, \$8,697 of the cash and investments segregated under federal regulations balance consisted of U.S. treasuries, compared with \$3,394 as of December 31, 2019. Given global health, market, employment and economic uncertainty from COVID-19, the Partnership increased the proportion of U.S. treasuries to focus on principal protection of the portfolio. There was an increase in cash and investments segregated under federal regulations, primarily due to an increase in cash held in clients' accounts, resulting in a corresponding increase in payables to clients. Changes in cash were also due to timing of daily client cash activity in relation to the weekly segregation requirement.

Regulatory Requirements

As a result of its activities as a U.S. broker-dealer, Edward Jones is subject to the net capital provisions of Rule 15c3-1 of the Exchange Act and capital compliance rules of the FINRA Rule 4110. Under the alternative method permitted by the rules, Edward Jones must maintain minimum net capital, as defined, equal to the greater of \$0.25 or 2% of aggregate debit items arising from client transactions. The net capital rules also provide that Edward Jones' partnership capital may not be withdrawn if the resulting net capital would be less than minimum requirements. Additionally, certain withdrawals of partnership capital require the approval of the SEC and FINRA to the extent they exceed defined levels, even though such withdrawals would not cause net capital to be less than minimum requirements.

The Partnership's Canada broker-dealer subsidiary is a registered broker-dealer regulated by IIROC. Under the regulations prescribed by IIROC, the Partnership's Canada broker-dealer subsidiary is required to maintain minimum levels of risk-adjusted capital, which are dependent on the nature of the Partnership's Canada broker-dealer subsidiary's assets and operations.

The following table shows the Partnership's capital figures for its U.S. and Canada broker-dealer subsidiaries as of:

	September 25, 2020	December 31, 2019	% Change
U.S.:			
Net capital	\$ 1,259	\$ 1,244	1%
Net capital in excess of the minimum required	\$ 1,202	\$ 1,188	1%
Net capital as a percentage of aggregate debit items	44.3%	44.2%	0%
Net capital after anticipated capital withdrawals, as a percentage of aggregate debit items	21.8%	26.4%	-17%
Canada:			
Regulatory risk-adjusted capital	\$ 52	\$ 40	30%
Regulatory risk-adjusted capital in excess of the minimum required to be held by IIROC	\$ 41	\$ 38	8%

U.S. net capital, Canada regulatory risk-adjusted capital and the related capital percentages may fluctuate on a daily basis. In addition, Trust Co. was in compliance with its regulatory capital requirements.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

OFF-BALANCE SHEET ARRANGEMENTS

The Partnership does not have any significant off-balance sheet arrangements.

THE EFFECTS OF INFLATION

The Partnership's net assets are primarily monetary, consisting of cash and cash equivalents, cash and investments segregated under federal regulations, firm-owned securities, and receivables, less liabilities. Monetary net assets are primarily liquid in nature and would not be significantly affected by inflation. Inflation and future expectations of inflation influence securities prices, as well as activity levels in the securities markets. As a result, profitability and capital may be impacted by inflation and inflationary expectations. Additionally, inflation's impact on the Partnership's operating expenses may affect profitability to the extent that additional costs are not recoverable through increased prices of services offered by the Partnership.

RECENTLY ADOPTED ACCOUNTING STANDARDS

There have been no material changes to the Partnership's disclosures of recently issued and adopted accounting standards as described in Part II, Item 8 – Financial Statements and Supplementary Data – Note 1 of the Partnership's Annual Report. See Note 2 of this Quarterly Report on Form 10-Q for recently adopted accounting standards.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, and in particular Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements within the meaning of the federal securities laws. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "project," "will," "should," and other expressions which predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Partnership. These risks, uncertainties and other factors may cause the actual results, performance or achievements of the Partnership to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause differences between forward-looking statements and actual events include, but are not limited to, the following: (1) general economic conditions, including an economic downturn or volatility in the U.S. and/or global securities markets, and actions of the U.S. Federal Reserve and/or central banks outside of the United States; (2) regulatory actions; (3) changes in legislation or regulation; (4) actions of competitors; (5) litigation; (6) the ability of clients, other broker-dealers, banks, depositories and clearing organizations to fulfill contractual obligations; (7) changes in interest rates; (8) changes in technology and other technology-related risks; (9) a fluctuation or decline in the fair value of securities; (10) our ability to attract and retain qualified financial advisors and other employees; and (11) the risks discussed under Part I, Item 1A – Risk Factors in the Partnership's Annual Report and Part II, Item 1A – Risk Factors in the Partnership's Quarterly Reports on Form 10-Q for the periods ended March 27, 2020, June 26, 2020 and September 25, 2020. These forward-looking statements were based on information, plans, and estimates at the date of this report, and the Partnership does not undertake to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

The continuing spread and evolution of COVID-19 and various governments' responses to the pandemic have adversely affected the global economy and have resulted in significant uncertainty, which could negatively impact our future business operations and financial results.

The Partnership has several ongoing measures in response to COVID-19 to support the health and well-being of its clients, partners and associates, as well as measures to optimize firm resources and control costs, but cannot provide any assurance that such measures will be successful. While markets in the second and third quarters of 2020 experienced a significant rebound compared to the end of the first quarter of 2020, further economic or market events could negatively impact the Partnership's business operations and financial results in fiscal 2020. The potential effects of the pandemic and interest rate reductions made in continued response to the pandemic on certain of the Partnership's financial results have

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, continued

been disclosed in Note 1 and Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report on Form 10-Q. However, actual results with respect to such items will vary from the assumed amounts and the variation could be material. Accordingly, you should not rely on these descriptions because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Partnership.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Various levels of management within the Partnership manage the Partnership's risk exposure. Position limits in inventory accounts are established and monitored on an ongoing basis. Credit risk related to various financing activities is reduced by the industry practice of obtaining and maintaining collateral. The Partnership monitors its exposure to counterparty risk through the use of credit exposure information, the monitoring of collateral values and the establishment of credit limits. For further discussion of monitoring, see the Risk Management discussion in Part III, Item 10 – Directors, Executive Officers and Corporate Governance of the Partnership's Annual Report.

The Partnership is exposed to market risk from changes in interest rates. Such changes in interest rates impact the income from interest-earning assets, primarily receivables from clients on margin balances and short-term, primarily overnight, investments, which are primarily comprised of cash and cash equivalents, investments segregated under federal regulations, and securities purchased under agreements to resell, which averaged \$2.8 billion and \$15.0 billion, respectively, for the nine month period ended September 25, 2020. These margin receivables and investments earned interest at an average annual rate of approximately 417 and 48 basis points (4.17% and 0.48%), respectively, during the first nine months of 2020. Changes in interest rates also have an impact on the expense related to the liabilities that finance these assets, such as amounts payable to clients.

The Partnership performed an analysis of its financial instruments and assessed the related interest rate risk and materiality in accordance with the SEC rules. Under current market conditions and based on current levels of interest-earning assets and the liabilities that finance these assets, the Partnership estimates that a 100 basis point (1.00%) increase in short-term interest rates could increase its annual net interest income by approximately \$118 million. Conversely, the Partnership estimates that a reduction in short-term interest rates to zero could decrease the Partnership's annual net interest income by approximately \$20 million. A 100 basis point (1.00%) decrease in short-term interest rates was not utilized for this comparison because it would result in negative rates given that rates are already near zero. Assuming interest rates and balances as of September 25, 2020 remain unchanged, the Partnership estimates that its net interest and dividends revenue could decline by approximately \$140 for fiscal 2020 compared to fiscal 2019. Actual results likely will vary from those estimates and the variation could be material.

For information related to the impacts of COVID-19 on interest rates and the Partnership's market risk, see Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

The Partnership maintains a system of disclosure controls and procedures which are designed to ensure that information required to be disclosed by the Partnership in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Partnership's certifying officers, as appropriate to allow timely decisions regarding required disclosure.

Based upon an evaluation performed as of the end of the period covered by this report, the Partnership's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have concluded that the Partnership's disclosure controls and procedures were effective as of September 25, 2020.

There have been no changes in the Partnership's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information in Part I, Item 1, Note 9 supplements the discussion in Item 3 – Legal Proceedings in the Partnership's Annual Report.

ITEM 1A. RISK FACTORS

For information regarding risk factors affecting the Partnership, please see the language in Part I, Item 2 – Forward-looking Statements of this Quarterly Report on Form 10-Q and the discussion in Part I, Item 1A – Risk Factors of the Partnership's Annual Report and Part II Item 1A – Risk Factors of the Quarterly Reports on Form 10-Q for the periods ended March 27, 2020 and June 26, 2020. The following risk factors supplement the risk factors in Part I, Item 1A – Risk Factors – Risk Related to the Partnership's Business of the Partnership's Annual Report.

COVID-19 GLOBAL PANDEMIC — *Given the significant global health, market, employment and economic impacts of COVID-19 and the uncertainty of its duration, the Partnership may experience negative impacts to its business operations and financial results.*

The spread of COVID-19 has adversely affected global business activities and has resulted in significant uncertainty in the global economy and volatility in financial markets. While markets in the second and third quarters of 2020 experienced a significant rebound compared to the end of the first quarter of 2020, the federal funds effective rate remains near zero, and further economic or market events could negatively impact the Partnership's business operations and financial results in fiscal 2020. In particular, the Partnership may experience lower asset-based revenue due to declines in the market value of client assets on which asset-based revenue is earned and lower interest revenue due to decreases in the federal funds rate and increased fee waivers in order to maintain a positive client yield on the Money Market Fund.

In response to the COVID-19 global pandemic, the uncertainty of its duration and the potentially negative impacts on the Partnership's business operations and financial results, the Partnership has several ongoing measures to support the health and well-being of its clients and associates, as well as measures to optimize firm resources and control costs. The ongoing measures include, among other things, closure and phased reopening of branches to public access, establishing the technological capability for branches to serve clients remotely, as well as virtually all home-office associates working remotely with limited exceptions. Such remote work may limit financial advisors' ability to obtain new clients and maintain existing client relationships through face-to-face client interactions. Additionally, the Partnership has reduced hiring of new financial advisors in light of the COVID-19 pandemic, which may lower the Partnership's ability for growth. Slower growth rates in the number of financial advisors, client accounts and net new assets could have an adverse impact on revenue the Partnership receives from commissions and asset-based fees and on its results of operations.

Potentially lower asset-based fees and trade revenue resulting from the market uncertainty in response to COVID-19 could reduce commissions, bonuses, travel benefits and branch profitability for financial advisors. The effects of COVID-19 on financial advisor attrition are uncertain and cannot be reliably predicted; however, these potentially negative impacts to financial advisor compensation and benefits may result in increased financial advisor attrition. The Partnership may experience increased costs from providing temporary financial assistance to certain financial advisors in attempts to help support some financial advisors that may be experiencing financial hardship while also potentially mitigating heightened attrition rates.

PART II. OTHER INFORMATION

Item 1A. Risk Factors, continued

MARKET CONDITIONS AND INFLATION — *As a part of the securities industry, a downturn in the U.S. and/or global securities markets historically has, and in the future could have, a significant negative effect on revenues and could significantly reduce or eliminate profitability of the Partnership. In addition, an increase in inflation could affect securities prices and as a result, the profitability of the Partnership.*

General political and economic conditions and events such as U.S. fiscal and monetary policy, economic recession, governmental shutdown, trade tensions and disputes, global economic slowdown, widespread health epidemics or pandemics, natural disasters, terrorist attacks, war, changes in local and national economic and political conditions, regulatory changes or changes in the law, or interest rate or currency rate fluctuations could create a downturn in the U.S. and/or global securities markets. The securities industry is, and therefore the Partnership is, highly dependent upon market prices and volumes which are highly unpredictable and volatile in nature. Events such as global recession, frozen credit markets, and institutional failures could make the capital markets increasingly volatile. Weakened global economic conditions and unsettled financial markets, among other things, could cause significant declines in the Partnership's net revenues which would adversely impact its overall financial results.

The Partnership's composition of net revenue is heavily weighted towards asset-based fee revenue, and a decrease in the market value of assets would have a negative impact on the Partnership's financial results due to the fact that asset-based fees are earned on the market value of the underlying client assets. A market decline could have a greater negative impact on revenues and profitability than experienced in prior years due to the increasing proportion of asset-based revenues. Market volatility could also cause clients to move their investments to lower margin products, or withdraw them, which could have an adverse impact on the profitability of the Partnership. The Partnership could also experience a material reduction in volume and lower securities prices in times of market volatility, which would result in lower trade and asset-based fee revenue, decreased margins and losses in firm inventory accounts. Current and potential market changes to fee structures in the mutual funds industry have resulted in and may continue to result in decreased margins and therefore lower revenues. In the event of a significant reduction in revenues and depending on the amount of fixed financial advisor compensation at that time, the Partnership could experience a material adverse impact on the profitability of the Partnership.

Inflation and future expectations of inflation can negatively influence securities prices, as well as activity levels in the securities markets. As a result, the Partnership's profitability may be adversely affected by inflation and inflationary expectations. Additionally, the impact of inflation on the Partnership's operating expenses may affect profitability to the extent that additional costs are not recoverable through increased prices of services offered by the Partnership.

Refer to the preceding risk factor for specific market conditions and risks related to the current COVID-19 pandemic.

LEGISLATIVE AND REGULATORY INITIATIVES — *Legislative and Regulatory Initiatives could significantly impact the regulation and operation of the Partnership and its subsidiaries. In addition, Legislative and Regulatory Initiatives may significantly alter or restrict the Partnership's historic business practices, which could negatively affect its operating results.*

The Partnership is subject to extensive regulation by federal and state regulatory agencies and by SROs and other regulators. The Partnership operates in a regulatory environment that is subject to ongoing change and has seen significantly increased regulation in recent years. The Partnership may be adversely affected as a result of new or revised legislation or regulations, by changes in federal, state or foreign tax laws and regulations, or by changes in the interpretation or enforcement of existing laws and regulations. Legislative and Regulatory Initiatives may impact the manner in which the Partnership markets its products and services, manages its business and operations, and interacts with clients and regulators, any or all of which could materially impact the Partnership's results of operations, financial condition, and liquidity. Regulatory changes or changes in the law could increase compliance costs which would adversely impact profitability.

There is a high degree of uncertainty surrounding Legislative and Regulatory Initiatives. Current Legislative and Regulatory Initiatives have resulted in an increasingly complex environment in which the Partnership conducts its business. As such, the Partnership cannot reliably predict when or if any of the proposed or potential Legislative and Regulatory Initiatives will be enacted, when or if any enacted Legislative and Regulatory Initiatives will be implemented, whether there will be any changes to enacted or proposed Legislative and Regulatory Initiatives or the impact that any Legislative and Regulatory Initiatives will have on the Partnership.

PART II. OTHER INFORMATION

Item 1A. Risk Factors, continued

The Partnership continues to monitor several Legislative and Regulatory Initiatives, including, but not limited to:

SEC Rules and Guidance on the Standards of Conduct for Investment Professionals (the "Rules and Guidance"). On June 5, 2019, the SEC adopted Regulation Best Interest, establishing a standard of care for broker-dealers that includes acting in the best interest of their brokerage clients when making a recommendation and addressing conflicts of interest. On the same day, the SEC adopted the Form CRS Relationship Summary and accompanying rule requiring registered investment advisers and broker-dealers to deliver a brief relationship summary to their clients informing them of the types of client relationships offered, together with the applicable standards of care, and information on fees, costs, conflicts of interest, and legal and disciplinary history. Regulation Best Interest and Form CRS and its rule became effective September 10, 2019, with a compliance date of June 30, 2020. On June 5, 2019, the SEC issued guidance clarifying the "fiduciary" standard of care applicable to investment advisers and advisory clients and guidance clarifying what broker-dealer activities are excluded from the definition of "investment adviser." The Partnership implemented measures to comply with the Rules and Guidance by the June 30, 2020 compliance date.

Canadian Securities Administrators ("CSA") Amendments. On October 3, 2019, the CSA finalized amendments (the "Client Focused Reforms") to National Instrument 31-103, "Registration Requirements, Exemptions and Ongoing Registrant Obligations." The Client Focused Reforms, many of which are similar to the SEC's Rules and Guidance, make changes to the registrant conduct requirements applicable to the Partnership's Canada broker-dealer subsidiary. The amendments will become effective over a two-year phased implementation, concluding December 31, 2021. The Partnership is continuing to dedicate significant resources to interpret and address the Client Focused Reforms, to identify any potential changes to be made by the phased compliance dates and to assess the potential impact on the Partnership's business.

Other Standard of Care Initiatives. In addition, state legislators and other regulators are proposing, or have adopted, laws and rules to articulate their required standard of care, which may diverge from the SEC's Rules and Guidance. The Partnership is dedicating significant resources to interpret and address these laws and rules as well. The Partnership cannot reliably predict the ultimate form or impact of such rules and laws, but their enactment and implementation may have an adverse effect on the Partnership's financial condition, results of operations, and liquidity.

INTENT TO PURSUE A BANK — *The Partnership is subject to the risk its application to obtain an industrial bank charter may not be successful; and if the charter is granted, the Partnership would be subject to additional risks related to capital and other costs to establish and maintain the bank, additional regulatory oversight, potential legislative changes and uncertainty of obtaining the anticipated benefits.*

On July 1, 2020, the Partnership announced it had submitted an application to the Federal Deposit Insurance Corporation (FDIC) and Utah Department of Financial Institutions (UDFI) to establish a Utah-chartered industrial bank subsidiary to be named Edward Jones Bank. The Partnership cannot reliably predict the timing of the application process, whether its application will be successful and, if so, on what terms and whether and to what extent an industrial bank would yield the anticipated benefits. If the charter is granted, the Partnership expects to incur substantial start-up costs and commit a significant amount of capital to support the development and initial operations of the Edward Jones Bank. Factors that could affect the profitability and success of Edward Jones Bank if the charter is granted include, but are not limited to, unanticipated additional costs, the need for additional capital support, significant delays, operational challenges, uncertain client demand, legislative changes and regulatory changes and oversight, any or all of which may adversely impact Edward Jones Bank's and the Partnership's results of operations, financial condition and liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	* Twentieth Amended and Restated Agreement of Registered Limited Liability Limited Partnership, dated August 6, 2018, incorporated by reference from Exhibit 3.1 to The Jones Financial Companies, L.L.L.P. Form 8-K dated August 6, 2018.
3.2	* Twenty-First Restated Certificate of Limited Partnership of the Jones Financial Companies, L.L.L.P., dated January 24, 2019, incorporated by reference from Exhibit 3.2 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2018.
3.3	* First Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated February 21, 2019, incorporated by reference from Exhibit 3.3 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2018.
3.4	* Second Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated March 25, 2019, incorporated by reference from Exhibit 3.4 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended March 29, 2019.
3.5	* Third Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated April 22, 2019, incorporated by reference from Exhibit 3.5 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended March 29, 2019.
3.6	* Fourth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated May 22, 2019, incorporated by reference from Exhibit 3.6 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended June 28, 2019.
3.7	* Fifth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated July 19, 2019, incorporated by reference from Exhibit 3.7 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended June 28, 2019.
3.8	* Sixth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated August 19, 2019, incorporated by reference from Exhibit 3.8 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended September 27, 2019.
3.9	* Seventh Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated September 17, 2019, incorporated by reference from Exhibit 3.8 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended September 27, 2019.
3.10	* Eighth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated November 19, 2019, incorporated by reference from Exhibit 3.10 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
3.11	* Ninth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated December 18, 2019, incorporated by reference from Exhibit 3.11 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
3.12	* Tenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated January 21, 2020, incorporated by reference from Exhibit 3.12 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
3.13	* Eleventh Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated February 18, 2020, incorporated by reference from Exhibit 3.13 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

PART II. OTHER INFORMATION

Item 6. Exhibits, continued

<u>Exhibit Number</u>	<u>Description</u>
3.14	* Twelfth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated March 19, 2020, incorporated by reference from Exhibit 3.14 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended March 27, 2020.
3.15	* Thirteenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated May 18, 2020, incorporated by reference from Exhibit 3.15 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended June 26, 2020.
3.16	* Fourteenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated June 14, 2020, incorporated by reference from Exhibit 3.16 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended June 26, 2020.
3.17	* Fifteenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated July 29, 2020, incorporated by reference from Exhibit 3.17 to The Jones Financial Companies, L.L.L.P. Form 10-Q for the quarterly period ended June 26, 2020.
3.18	** Sixteenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated August 18, 2020.
3.19	** Seventeenth Amendment of Twenty-First Restated Certificate of Limited Partnership of The Jones Financial Companies, L.L.L.P., dated September 22, 2020.
4.1	* Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as Amended, of The Jones Financial Companies, L.L.L.P, incorporated by reference from Exhibit 4.1 to The Jones Financial Companies, L.L.L.P. Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
31.1	** Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2	** Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15(d)-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1	** Certification of Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
32.2	** Certification of Chief Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	** XBRL Instance Document
101.SCH	** XBRL Taxonomy Extension Schema
101.CAL	** XBRL Taxonomy Extension Calculation
101.DEF	** XBRL Extension Definition
101.LAB	** XBRL Taxonomy Extension Label
101.PRE	** XBRL Taxonomy Extension Presentation

* Incorporated by reference to previously filed exhibits.

** Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE JONES FINANCIAL COMPANIES, L.L.L.P.

By: /s/ Penny Pennington
Penny Pennington
Managing Partner (Principal Executive Officer)
November 4, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated:

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Penny Pennington</u> Penny Pennington	Managing Partner (Principal Executive Officer)	November 4, 2020
<u>/s/ Kevin D. Bastien</u> Kevin D. Bastien	Chief Financial Officer (Principal Financial and Accounting Officer)	November 4, 2020

**SIXTEENTH AMENDMENT OF TWENTY-FIRST RESTATED
CERTIFICATE OF LIMITED PARTNERSHIP
OF
THE JONES FINANCIAL COMPANIES, L.L.L.P.**

The undersigned, for the purpose of amending the Twenty-First Restated Certificate of Limited Partnership under the Missouri Revised Uniform Limited Partnership Act, states the following:

- (1) The name of the limited partnership is The Jones Financial Companies, L.L.L.P., and the limited partnership's charter number is LP0000443.**
- (2) The partnership filed the Twenty-First Restated Certificate of Limited Partnership with the Missouri Secretary of State on January 25, 2019.**
- (3) The Twenty-First Restated Certificate of Limited Partnership is hereby amended to reflect the general partner admission and withdrawal attached hereto on Exhibit A effective as of the dates listed on Exhibit A.**

Upon the admission and withdrawal of said partner, the number of general partners is 469.

In affirmation thereof, the facts stated above are true.

Dated: August 18, 2020

General Partner:

By /s/ Penny Pennington

Penny Pennington

Managing Partner/Authorized Person/Attorney-in-Fact

EXHIBIT A

Withdrawn General Partners:			
Partner Name	Date Withdrawn as General Partner	Address 1 & 2	City, State & Zip
Lingley, Troy Paul	8/1/2020	12555 Manchester Road	St. Louis, MO 63131
Admitted General Partners:			
Partner Name	Date Admitted as General Partner	Address 1 & 2	City, State & Zip
The Lingley Family Trust	8/1/2020	12555 Manchester Road	St. Louis, MO 63131

**SEVENTEENTH AMENDMENT OF TWENTY-FIRST RESTATED
CERTIFICATE OF LIMITED PARTNERSHIP
OF
THE JONES FINANCIAL COMPANIES, L.L.L.P.**

The undersigned, for the purpose of amending the Twenty-First Restated Certificate of Limited Partnership under the Missouri Revised Uniform Limited Partnership Act, states the following:

- (1) The name of the limited partnership is The Jones Financial Companies, L.L.L.P., and the limited partnership's charter number is LP0000443.
- (2) The partnership filed the Twenty-First Restated Certificate of Limited Partnership with the Missouri Secretary of State on January 25, 2019.
- (3) The Twenty-First Restated Certificate of Limited Partnership is hereby amended to reflect the general partner admissions and withdrawals attached hereto on Exhibit A effective as of the dates listed on Exhibit A.

Upon the admissions and withdrawals of said partners, the number of general partners is 469.

In affirmation thereof, the facts stated above are true.

Dated: September 22, 2020

General Partner:

By /s/ Penny Pennington

Penny Pennington

Managing Partner/Authorized Person/Attorney-in-Fact

EXHIBIT A

Withdrawn General Partners:			
Partner Name	Date Withdrawn as General Partner	Address 1 & 2	City, State & Zip
Blackley, Edgar Leonard	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Boehne, Melanie Lynn	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Lampi, Nicholas Michael	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Price, Christina Jeanette	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Admitted General Partners:			
Partner Name	Date Admitted as General Partner	Address 1 & 2	City, State & Zip
Lampi Joint Living Trust	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Melanie L. Boehne Revocable Living Trust	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
The Blackley Living Trust	9/1/2020	12555 Manchester Road	St. Louis, MO 63131
Price Family Trust	9/1/2020	12555 Manchester Road	St. Louis, MO 63131

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Penny Pennington, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Jones Financial Companies, L.L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Penny Pennington

Chief Executive Officer

The Jones Financial Companies, L.L.P.

November 4, 2020

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Kevin D. Bastien, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Jones Financial Companies, L.L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Kevin D. Bastien

Chief Financial Officer

The Jones Financial Companies, L.L.P.

November 4, 2020

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of The Jones Financial Companies, L.L.P. (the "Registrant") on Form 10-Q for the period ended September 25, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Penny Pennington, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Penny Pennington
Chief Executive Officer
The Jones Financial Companies, L.L.P.
November 4, 2020

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of The Jones Financial Companies, L.L.L.P. (the "Registrant") on Form 10-Q for the period ended September 25, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin D. Bastien, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Kevin D. Bastien

Chief Financial Officer

The Jones Financial Companies, L.L.L.P.

November 4, 2020