

Fidelity's brokerage claims industry price leadership

By Editorial Staff Thu, Oct 10, 2019

New commission changes take effect on October 10, 2019 for individual investors and will be available on November 4, 2019 for registered investment advisors, a Fidelity release said.

Fidelity Investments, whose 21.8 million accounts make it America's largest brokerage firm, said this week that it is the only firm to offer zero commissions for online U.S. stocks, exchange traded funds (ETFs) and option trades, automatically direct retail investors' cash into higher yielding alternatives available for new brokerage and retirement accounts, and provide best execution practices with zero payment for order flow for stock and ETF trades.

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"Vanguard now appears to be the last major discount broker to charge commissions to trade U.S. stocks," according to a [report](#) in Barrons today, which refers to the pricing pressure created by [Robinhood](#) on E*Trade, Charles Schwab, TD Ameritrade, Fidelity and Vanguard. "Vanguard charges \$7 to \$20 a trade for investors with less than \$500,000 in assets with the firm; trades cost \$2 a pop for accounts of \$500,000 to \$1 million and are free on a limited basis above that level."

Fidelity now claims that:

- It is the only online brokerage firm to automatically direct investors' cash into higher yielding alternatives available for new retail brokerage and retirement accounts as well as providing product choice, without any minimum requirements.
- Its buy and sell order execution practices provide price improvement of \$17.20 on average for a 1,000-share equity order, while the industry average is just \$2.89, for aggregate client savings of more than \$635 million in 2018.
- It receives no payment for equity order flow from market makers, allowing us to provide better execution quality for customers.
- It is the only brokerage firm to report quarterly price improvement savings and other execution statistics voluntarily using the Financial Information Forum (FIF) Rule 605/606 Working Group standards.
- It displays the amount a customer has saved on each trade, as well as statistics on order execution and price improvement, and offers a tool that investors can use to calculate their potential price improvement savings.
- It offers zero expense ratio index mutual funds, zero minimums for account opening, zero investment minimums on Fidelity retail and advisor mutual funds and 529 plans,

zero account fees, and zero domestic money movement fees.

- Its stock and bond index funds and sector ETFs have total net expenses lower than comparable funds at Vanguard, the Malvern, PA-based, investment manager that has historically claimed to be the investment industry's low-cost leader and is Fidelity's long-time rival in mutual funds and institutional retirement services.

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