TD AMERITRADE HOLDING CORP
Form 10-Q
July 24, 2017

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

FORM 10-Q

(Mark One)
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 30, 2017
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: 1-35509

TD Ameritrade Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware	82-0543156
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 South 108th Avenue, Omaha, Nebraska, 68154
(Address of principal executive offices) (Zip Code)
(402) 331-7856
(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes x 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 x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨
	Emerging growth company ¨

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

As of July 17, 2017, there were 528,149,235 outstanding shares of the registrant’s common stock.

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PART I – FINANCIAL INFORMATION
Item 1. – Financial Statements
REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
The Board of Directors and Shareholders
TD Ameritrade Holding Corporation

We have reviewed the condensed consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries (the Company) as of June 30, 2017, and the related condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended June 30, 2017 and 2016, and the condensed consolidated statements of cash flows for the nine-month periods ended June 30, 2017 and 2016. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries as of September 30, 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated November 18, 2016. In our opinion, the accompanying condensed consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries as of September 30, 2016, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP
New York, New York
July 24, 2017

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TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2017	September 30, 2016
	(In millions)	
ASSETS		
Cash and cash equivalents	$2,880	$ 1,855
Cash and investments segregated and on deposit for regulatory purposes	7,328	8,729
Receivable from brokers, dealers and clearing organizations	1,239	1,190
Receivable from clients, net	13,504	11,941
Receivable from affiliates	140	106
Other receivables, net	137	160
Securities owned, at fair value	407	331
Investments available-for-sale, at fair value	747	757
Property and equipment at cost, net	592	526
Goodwill	2,467	2,467
Acquired intangible assets, net	518	575
Other assets	151	181
Total assets	$30,110	$ 28,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Payable to brokers, dealers and clearing organizations	$2,366	$ 2,040
Payable to clients	18,928	19,055
Accounts payable and other liabilities	520	565
Payable to affiliates	7	9
Long-term debt	2,561	1,817
Deferred income taxes	268	281
Total liabilities	24,650	23,767
Stockholders' equity:		
Preferred stock, $0.01 par value; 100 million shares authorized, none issued	—	—
Common stock, $0.01 par value; one billion shares authorized; 631 million shares issued; June 30, 2017 - 528 million shares outstanding; September 30, 2016 - 526 million shares outstanding	6	6
Additional paid-in capital	1,699	1,670
Retained earnings	5,895	5,518
Treasury stock, common, at cost: June 30, 2017 - 103 million shares; September 30, 2016 - 105 million shares	(2,116)	(2,121)
Deferred compensation	1	—
Accumulated other comprehensive loss	(25)	(22)
Total stockholders' equity	5,460	5,051
Total liabilities and stockholders' equity	$30,110	$ 28,818

See notes to condensed consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
	(In millions, except per share amounts)			
Revenues:				
Transaction-based revenues:				
Commissions and transaction fees	$335	$347	$1,054	$1,035
Asset-based revenues:				
Insured deposit account fees	286	234	800	696
Net interest revenue	175	143	480	444
Investment product fees	112	96	309	276
Total asset-based revenues	573	473	1,589	1,416
Other revenues	23	18	50	46
Net revenues	931	838	2,693	2,497
Operating expenses:				
Employee compensation and benefits	234	209	677	617
Clearing and execution costs	38	35	111	102
Communications	34	33	98	99
Occupancy and equipment costs	44	43	133	128
Depreciation and amortization	25	23	74	67
Amortization of acquired intangible assets	19	22	57	66
Professional services	67	47	178	121
Advertising	58	58	195	202
Other	18	20	65	61
Total operating expenses	537	490	1,588	1,463
Operating income	394	348	1,105	1,034
Other expense:				
Interest on borrowings	20	14	48	39
Loss on debt refinancing	1	—	1	—
Total other expense	21	14	49	39
Pre-tax income	373	334	1,056	995
Provision for income taxes	142	94	395	338
Net income	$231	$240	$661	$657
Earnings per share - basic	$0.44	$0.45	$1.25	$1.23
Earnings per share - diluted	$0.44	$0.45	$1.25	$1.23
Weighted average shares outstanding - basic	528	529	528	533
Weighted average shares outstanding - diluted	530	531	530	536
Dividends declared per share	$0.18	$0.17	$0.54	$0.51

See notes to condensed consolidated financial statements.

TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
	(In millions)			
Net income	$231	$240	$661	$657
Other comprehensive income (loss), before tax:				
Investments available-for-sale:				
Unrealized gain (loss)	1	—	(8)	—
Cash flow hedging instruments:				
Reclassification adjustment for portion of realized loss amortized to net income	1	1	3	3
Total other comprehensive income (loss), before tax	2	1	(5)	3
Income tax effect	(1)	—	2	(1)
Total other comprehensive income (loss), net of tax	1	1	(3)	2
Comprehensive income	$232	$241	$658	$659

See notes to condensed consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30, 2017	2016
	(In millions)	
Cash flows from operating activities:		
Net income	$661	$657
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74	67
Amortization of acquired intangible assets	57	66
Deferred income taxes	(11)	5
Loss on debt refinancing	1	—
Stock-based compensation	26	24
Excess tax benefits on stock-based compensation	(12)	(16)
Other, net	8	6
Changes in operating assets and liabilities:		
Cash and investments segregated and on deposit for regulatory purposes	1,401	(759)
Receivable from brokers, dealers and clearing organizations	(49)	(431)
Receivable from clients, net	(1,563)	608
Receivable from/payable to affiliates, net	(36)	(4)
Other receivables, net	23	12
Securities owned, at fair value	(76)	188
Other assets	(19)	(37)
Payable to brokers, dealers and clearing organizations	326	(775)
Payable to clients	(127)	1,469
Accounts payable and other liabilities	(32)	(48)
Net cash provided by operating activities	652	1,032
Cash flows from investing activities:		
Purchase of property and equipment	(141)	(78)
Purchase of short-term investments	(1)	(602)
Proceeds from sale and maturity of short-term investments	1	201
Net cash used in investing activities	(141)	(479)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	798	—
Payment of debt issuance costs	(8)	—
Payment of cash dividends	(285)	(272)
Proceeds from exercise of stock options: Nine months ended June 30, 2017 - 1.3 million shares	23	—
Purchase of treasury stock: Nine months ended June 30, 2016 - 10.7 million shares	—	(319)
Purchase of treasury stock for income tax withholding on stock-based compensation: Nine months ended June 30, 2017 - 0.7 million shares; 2016 - 0.9 million shares	(26)	(30)
Payment for future treasury stock purchases under accelerated stock repurchase agreement	—	(9)
Excess tax benefits on stock-based compensation	12	16
Net cash provided by (used in) financing activities	514	(614)
Net increase (decrease) in cash and cash equivalents	1,025	(61)
Cash and cash equivalents at beginning of period	1,855	1,978
Cash and cash equivalents at end of period	$2,880	$1,917

Supplemental cash flow information:		
Interest paid	$48	$46
Income taxes paid	$367	$377

See notes to condensed consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Month and Nine Month Periods Ended June 30, 2017 and 2016
(Unaudited)

1. Basis of Presentation

The condensed consolidated financial statements include the accounts of TD Ameritrade Holding Corporation (the "Parent") and its wholly-owned subsidiaries (collectively, the "Company"). Intercompany balances and transactions have been eliminated.

These financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, reflect all adjustments, which are all of a normal recurring nature, necessary to present fairly the financial position, results of operations and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles ("GAAP"). These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report filed on Form 10-K for the fiscal year ended September 30, 2016.

Recently Adopted Accounting Pronouncements

ASU 2017-03 — In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-03, Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings. The applicable SEC Staff announcement applies to the following recently issued accounting standards that have not yet been adopted by the Company: Revenue from Contracts with Customers (ASU 2014-09); Leases (ASU 2016-02); Measurement of Credit Losses on Financial Instruments (ASU 2016-13); and any subsequent amendments to the aforementioned ASUs. Based on the views of the SEC staff, the amendments in ASU 2017-03 require entities to consider providing additional qualitative financial statement disclosures when the financial statement impact of adopting the three new ASUs mentioned above is not known or cannot be reasonably estimated. Such qualitative disclosures should include a description of the effect of the accounting policies that the registrant expects to apply, if determined, and a comparison to the entity's current accounting policies. In addition, an entity should describe the status of its process to implement the new standards and the significant implementation matters yet to be addressed. Since this update is intended to add disclosures related to certain ASUs, the adoption of ASU 2017-03 did not have a material impact on the Company's financial statements.

Recently Issued Accounting Pronouncements

ASU 2017-04 — In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment, which is intended to simplify the test for goodwill impairment by eliminating Step 2 from the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. When measuring the goodwill impairment loss, income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit should be considered, if applicable. An entity will still have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative test is necessary. ASU 2017-04 should be applied prospectively and is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. ASU 2017-04 will be effective the Company's fiscal year beginning October 1, 2020. The Company does not expect this ASU to have a material impact on its financial statements.

ASU 2016-18 — In November 2016, the FASB issued ASU 2016-18, Restricted Cash. This ASU will amend the guidance in ASC Topic 230, Statement of Cash Flows, and is intended to reduce the diversity in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments within this ASU will require that the reconciliation of the beginning-of-period and end-of-period cash and cash equivalents amounts shown on the statement of cash flows include restricted cash and restricted cash equivalents. If restricted cash and restricted cash equivalents are presented separately from cash and cash equivalents on the balance sheet, an entity will be required to reconcile the amounts presented on the statement of cash flows to the amounts on the balance sheet. An entity will also be required to disclose information regarding the nature of the restrictions. ASU 2016-18 requires retrospective application and is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted. ASU 2016-18 will be effective for the Company's fiscal year beginning October 1, 2018. The adoption of ASU 2016-18 will change the manner in which restricted cash and restricted cash equivalents are presented in the Company's financial statements.

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ASU 2016-16 — In October 2016, the FASB issued ASU 2016-16, Intra-Entity Transfers of Assets Other Than Inventory. This ASU will amend the guidance in ASC Topic 740, Income Taxes. The amendments in this ASU are intended to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory by requiring an entity to recognize the income tax consequences when a transfer occurs, instead of when the asset is sold to a third party. ASU 2016-16 requires modified retrospective adoption and is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods, with early adoption permitted. ASU 2016-16 will be effective for the Company's fiscal year beginning October 1, 2018. The Company is currently assessing the impact this ASU will have on its financial statements.

ASU 2016-13 — In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by an entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to develop credit loss estimates. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, with early adoption permitted. Therefore, ASU 2016-13 will be effective for the Company's fiscal year beginning on October 1, 2020, using a modified retrospective approach. The Company is currently assessing the impact this ASU will have on its financial statements.

ASU 2016-09 — In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The guidance in ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including: (1) all excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement; (2) tax effects of exercised or vested awards should be treated as discrete items in the period in which they occur; (3) excess tax benefits should be recognized regardless of whether the benefit reduces taxes payable in the current period; (4) excess tax benefits should be classified along with other income tax cash flows as an operating activity; (5) an entity can make an accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur; (6) the threshold to qualify for equity classification will permit withholding up to the maximum statutory rates in the applicable jurisdictions; and (7) cash paid by an employer when directly withholding shares for tax withholding purposes should be classified as a financing activity in the statement of cash flows. The transition requirements are dependent upon each amendment within this update and will be applied either prospectively, retrospectively or using a modified retrospective transition method. ASU 2016-09 is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods, with early adoption permitted. Therefore, ASU 2016-09 will be effective for the Company's fiscal year beginning October 1, 2017. The Company expects the adoption of this ASU may create some volatility in its quarterly and annual effective income tax rate related to the excess tax benefits and tax deficiencies being recognized as income tax expense or benefit in the Condensed Consolidated Statements of Income. The amount of excess tax benefits and tax deficiencies recognized will be dependent on the volume of equity compensation during a particular period and on the market price of the Company's common stock at the date the equity awards either vest or are exercised. A large portion of the impact from the adoption of ASU 2016-09 will likely occur during the first quarter of each fiscal year due to the Company's historic practice of granting the majority of equity compensation in that period.

ASU 2016-02 — In February 2016, the FASB issued ASU 2016-02, Leases. This ASU will supersede the guidance in Accounting Standards Codification ("ASC") Topic 840, Leases. Under ASU 2016-02, for lease arrangements exceeding a 12-month term, a lessee will be required to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 will retain a distinction between finance and operating leases; however, the principal difference from the previous guidance is that lease assets and liabilities arising from operating leases will be recognized in the statement of financial position. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will not significantly change from current GAAP. The accounting applied by a lessor will be largely unchanged from that applied under current GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and will require an entity to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Therefore, ASU 2016-02 will be effective for the Company's fiscal year beginning October 1, 2019. Early adoption is permitted. The Company is currently assessing the impact of this ASU, but does not expect the standard to have a material impact on its net income. Upon adoption of ASU 2016-02, the Company expects to recognize right-of-use assets and lease liabilities for its operating leases, with initial measurement as defined by the ASU, in its Condensed Consolidated Balance Sheets.

ASU 2014-09 — In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to clarify the principles of recognizing revenue from contracts with customers and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. This ASU will supersede the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. Entities are required to apply the following steps when recognizing revenue under ASU 2014-09: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and, (5) recognize revenue when (or as) the entity satisfies a performance obligation. This ASU also requires additional disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. An entity may apply the amendments by using one of the following two methods: (1) retrospective application to each prior reporting period presented or (2) a modified retrospective approach, requiring the standard be applied only to the most current period presented, with the cumulative effect of initially applying the standard recognized at the date of initial application. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. Subsequent to issuing ASU 2014-09, the FASB has issued additional standards for the purpose of clarifying certain aspects of ASU 2014-09. The subsequently issued ASUs have the same effective date and transition requirements as ASU 2014-09.

The Company plans to adopt the revenue recognition standard as of October 1, 2018. The guidance does not apply to revenue associated with financial instruments, such as interest revenue, which is accounted for under other GAAP. Accordingly, the Company does not expect the adoption of this standard to impact net interest revenue. While the Company has not yet identified any material changes in the timing of revenue recognition, its review is ongoing. The Company has not selected a transition method and continues to evaluate the potential impacts that these revenue recognition standards may have on its financial statements, including the incremental costs of obtaining contracts, gross versus net reporting, and additional disclosure requirements.

2. Business Acquisition

On October 24, 2016, the Company entered into an Agreement and Plan of Merger with Scottrade Financial Services, Inc. ("Scottrade"), Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012, and Alto Acquisition Corp., a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to acquire Scottrade in a cash and equity transaction, which was valued at $4 billion as of that date. The transaction will take place in two, consecutive steps. First, and as a condition precedent to the Company's acquisition of Scottrade, The Toronto-Dominion Bank ("TD") will purchase Scottrade Bank, a wholly-owned subsidiary of Scottrade, from Scottrade for $1.3 billion in cash, subject to closing adjustments. Under the terms of the planned acquisition, Scottrade Bank will merge with and into TD Bank, N.A., an indirect wholly-owned subsidiary of TD. Additionally, the Company expects TD to purchase $400 million in new common equity, or approximately 11 million shares, from the Company in connection with the planned transaction. Immediately following TD's acquisition of Scottrade Bank, the Company will acquire Scottrade for $4 billion less the proceeds from the sale of Scottrade Bank, which is subject to closing adjustments. The Company intends to fund the acquisition of Scottrade with $1 billion in new common equity, or approximately 28 million shares, issued to Scottrade shareholders, the net proceeds received from the Company's issuance of 3.300% Senior Notes on April 27, 2017, cash on hand and cash proceeds from the sale of the Company's common stock to TD, as described above. For information regarding the Company's issuance of 3.300% Senior Notes, see "Senior Notes" in Note 6. The transaction is subject to regulatory approvals and customary closing conditions and is expected to close by September 30, 2017. On December 8, 2016, the U.S. Federal Trade Commission notified the Company that early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 was granted, effective immediately.

3. Cash and Cash Equivalents

The Company's cash and cash equivalents is summarized in the following table (dollars in millions):

	June 30, 2017	September 30, 2016
Corporate	$ 1,893	$ 460
Broker-dealer subsidiaries	796	1,153
Trust company subsidiary	89	85
Futures commission merchant and forex dealer member subsidiary	88	125
Investment advisory subsidiaries	14	32
Total	$ 2,880	$ 1,855

Capital requirements may limit the amount of cash available for dividend from the broker-dealer, trust company and futures commission merchant ("FCM")/forex dealer member ("FDM") subsidiaries to the Parent.

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4. Cash and Investments Segregated and on Deposit for Regulatory Purposes

Cash and investments segregated and on deposit for regulatory purposes consists of the following (dollars in millions):

	June 30, 2017	September 30, 2016
U.S. government debt securities	$ 4,799	$ 6,523
Cash in demand deposit accounts	1,319	657
Reverse repurchase agreements (collateralized by U.S. government debt securities)	650	1,288
U.S. government agency mortgage-backed securities	270	—
Cash on deposit with futures commission merchants	215	186
U.S. government debt securities on deposit with futures commission merchant	75	75
Total	$ 7,328	$ 8,729

5. Income Taxes

The Company's effective income tax rate for the nine months ended June 30, 2017 was 37.4%, compared to 34.0% for the nine months ended June 30, 2016. The provision for income taxes for the nine months ended June 30, 2017 included $7 million of net favorable resolutions of state income tax matters and $3 million of favorable tax benefits for federal incentives. These items had a net favorable impact on the Company's earnings for the nine months ended June 30, 2017 of approximately two cents per share. The provision for income taxes for the nine months ended June 30, 2016 was impacted by $38 million of net favorable adjustments to uncertain tax positions and related deferred income tax assets, which included a favorable $33 million tax liability remeasurement related to a state court decision. The provision was also impacted by $5 million of net favorable deferred income tax adjustments due to the remeasurement of deferred tax assets and liabilities and the cumulative impact of the decline in the state tax rate. These items had a net favorable impact on the Company's earnings for the nine months ended June 30, 2016 of approximately eight cents per share.

6. Long-term Debt and Credit Facilities

Long-term debt consists of the following (dollars in millions):

June 30, 2017	Face Value	Unamortized Discounts and Debt Issuance Costs	Fair Value Adjustment [(1)]	Net Carrying Value
Senior Notes:				
5.600% Notes due 2019	$500	$ (1)	$ 18	$ 517
2.950% Notes due 2022	750	(5)	—	745
3.625% Notes due 2025	500	(4)	12	508
3.300% Notes due 2027	800	(9)	—	791
Total long-term debt	$2,550	$ (19)	$ 30	$ 2,561

September 30, 2016	Face Value	Unamortized Discounts and Debt Issuance Costs	Fair Value Adjustment [(1)]	Net Carrying Value
Senior Notes:				
5.600% Notes due 2019	$500	$ (2)	$ 33	$ 531
2.950% Notes due 2022	750	(6)	—	744
3.625% Notes due 2025	500	(4)	46	542
Total long-term debt	$1,750	$ (12)	$ 79	$ 1,817

(1) Fair value adjustments relate to changes in the fair value of the debt while in a fair value hedging relationship. See "Fair Value Hedging" below.

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Fiscal year maturities on long-term debt outstanding at June 30, 2017 are as follows (dollars in millions):

2017 Remaining	$—
2018	—
2019	—
2020	500
2021	—
2022	750
Thereafter	1,300
Total	$2,550

Senior Notes - The Company's unsecured, fixed-rate Senior Notes were each sold through a public offering and pay interest semi-annually in arrears. Key information about the Senior Notes is summarized in the following table (dollars in millions):

Description	Date Issued	Maturity Date	Aggregate Principal	Interest Rate
2019 Notes	November 25, 2009	December 1, 2019	$500	5.600%
2022 Notes	March 4, 2015	April 1, 2022	$750	2.950%
2025 Notes	October 17, 2014	April 1, 2025	$500	3.625%
2027 Notes	April 27, 2017	April 1, 2027	$800	3.300%

The Company intends to use the net proceeds from the recent issuance of the 2027 Notes to finance a portion of the cash consideration payable by the Company in its planned acquisition of Scottrade. The Company's obligations in respect to the 2027 Notes are not guaranteed by any of its subsidiaries. The Company may redeem the 2027 Notes, in whole or in part, at any time prior to January 1, 2027 at a redemption price equal to the greater of (a) 100% of the principal amount of the notes being redeemed, and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted to the date of redemption on a semi-annual basis at the comparable U.S. Treasury rate, plus 20 basis points, plus accrued and unpaid interest to the date of redemption. The Company may redeem the 2027 Notes, in whole or in part, at any time on or after January 1, 2027 at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest to the date of redemption. If (a) the consummation of the Scottrade acquisition does not occur on or before April 24, 2018 or (b) the Company notifies the trustee of the 2027 Notes in writing that the Company will not pursue the consummation of the Scottrade acquisition, the Company will be required to redeem the 2027 Notes then outstanding at a redemption price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but not including, the date of this special mandatory redemption.

Unlike the 2022 Notes, 2025 Notes and 2027 Notes, which are not required to be guaranteed by any of the Company's subsidiaries, the 2019 Notes are required to be jointly and severally and fully and unconditionally guaranteed by each of the Company’s current and future subsidiaries that is or becomes a borrower or a guarantor under the TD Ameritrade Holding Corporation Credit Agreement described below. As of April 21, 2017, the obligations under the TD Ameritrade Holding Corporation Credit Agreement are no longer guaranteed by any subsidiary of the Parent; therefore the guarantee of the 2019 Notes was released.

Fair Value Hedging – The Company is exposed to changes in the fair value of its fixed-rate Senior Notes resulting from interest rate fluctuations. To hedge a portion of this exposure, the Company has entered into fixed-for-variable interest rate swaps on the 2019 Notes and the 2025 Notes. Each fixed-for-variable interest rate swap has a notional amount of $500 million and a maturity date matching the maturity date of the respective Senior Notes.

The interest rate swaps effectively change the fixed-rate interest on the 2019 Notes and 2025 Notes to variable-rate interest. Under the terms of the interest rate swap agreements, the Company receives semi-annual fixed-rate interest payments based on the same rates applicable to the Senior Notes, and makes quarterly variable-rate interest payments based on three-month LIBOR plus (a) 2.3745% for the swap on the 2019 Notes and (b) 1.1022% for the swap on the 2025 Notes. As of June 30, 2017, the weighted average effective interest rate on the aggregate principal balance of the 2019 Notes and 2025 Notes was 2.91%.

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The interest rate swaps are accounted for as fair value hedges and qualify for the shortcut method of accounting. Changes in the payment of interest resulting from the interest rate swaps are recorded in interest on borrowings on the Condensed Consolidated Statements of Income. Changes in fair value of the interest rate swaps are completely offset by changes in fair value of the related notes, resulting in no effect on net income. The following table summarizes gains and losses resulting from changes in the fair value of interest rate swaps designated as fair value hedges and the hedged fixed-rate debt for the periods indicated (dollars in millions):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Gain (loss) on fair value of interest rate swaps	$4	$13	$(49)	$27
Gain (loss) on fair value of hedged fixed-rate debt	(4)	(13)	49	(27)
Net gain (loss) recorded in interest on borrowings	$—	$—	$—	$—

Balance Sheet Impact of Hedging Instruments — The following table summarizes the fair value of outstanding derivatives designated as hedging instruments on the Condensed Consolidated Balance Sheets (dollars in millions):

	Balance Sheet Location	June 30, 2017	September 30, 2016
Interest rate contracts:			
Pay-variable interest rate swaps designated as fair value hedges	Other assets	$ 30	$ 79

The interest rate swaps are subject to counterparty credit risk. Credit risk is managed by limiting activity to approved counterparties that meet a minimum credit rating threshold, by entering into credit support agreements, or by utilizing approved central clearing counterparties registered with the Commodity Futures Trading Commission ("CFTC"). The interest rate swaps require daily collateral coverage, in the form of cash or U.S. Treasury securities, for the aggregate fair value of the interest rate swaps (including accrued interest). As of June 30, 2017 and September 30, 2016, the pay-variable interest rate swap counterparties had pledged $34 million and $93 million of collateral, respectively, to the Company in the form of cash. A liability for collateral pledged to the Company in the form of cash is recorded in accounts payable and other liabilities on the Condensed Consolidated Balance Sheets.

TD Ameritrade Holding Corporation Credit Agreement — On April 21, 2017, the Parent entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the "Parent Revolving Facility"). The Parent Revolving Facility replaced the Parent's prior $300 million unsecured revolving credit facility, which was scheduled to expire on June 11, 2019. The maturity date of the Parent Revolving Facility is April 21, 2022.

The applicable interest rate under the Parent Revolving Facility is calculated as a per annum rate equal to, at the option of the Parent, (a) LIBOR plus an interest rate margin ("Parent Eurodollar loans") or (b) (i) the highest of (x) the prime rate, (y) the federal funds effective rate (or, if the federal funds effective rate is unavailable, the overnight bank funding rate) plus 0.50% or (z) the eurodollar rate assuming a one-month interest period plus 1.00%, plus (ii) an interest rate margin ("ABR loans"). The interest rate margin ranges from 0.875% to 1.50% for Parent Eurodollar loans and from 0% to 0.50% for ABR loans, determined by reference to the Company's public debt ratings. The Parent is obligated to pay a commitment fee ranging from 0.08% to 0.20% on any unused amount of the Parent Revolving Facility, determined by reference to the Company's public debt ratings. As of June 30, 2017, the interest rate margin would have been 1.125% for Parent Eurodollar loans and 0.125% for ABR loans, and the commitment fee was 0.125%, each determined by reference to the Company's public debt ratings. There were no borrowings outstanding under the Parent Revolving Facility and the Parent's prior unsecured revolving credit facility as of June 30, 2017 and September 30, 2016, respectively.

The obligations under the Parent Revolving Facility are not guaranteed by any subsidiary of Parent. Prior to the termination of the Parent's prior revolving credit facility, TD Ameritrade Online Holdings Corp. ("TDAOH"), a wholly-owned subsidiary of the Company, guaranteed the Parent's obligations under the Parent's prior revolving credit facility and its 2019 Notes. Upon termination of the Parent's prior revolving credit facility on April 21, 2017, TDAOH's guarantee of the 2019 Notes was also terminated.

The Parent Revolving Facility contains negative covenants that limit or restrict, subject to certain exceptions, the incurrence of liens, indebtedness of subsidiaries, mergers, consolidations, transactions with affiliates, change in nature of business and the sale of all or substantially all of the assets of the Company. The Parent is also required to maintain compliance with a maximum consolidated leverage ratio covenant and a minimum consolidated interest coverage ratio covenant, and the Company's broker-dealer and FCM/FDM subsidiaries are required to maintain compliance with a minimum regulatory net capital covenant. The Company was in compliance with all covenants under the Parent Revolving Facility as of June 30, 2017.

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TD Ameritrade Clearing, Inc. Credit Agreement — On April 21, 2017, TDAC ("TDAC"), the Company's clearing broker-dealer subsidiary, entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $600 million (the "TDAC Revolving Facility"). The TDAC Revolving Facility replaced TDAC's prior $300 million unsecured revolving credit facility, which was scheduled to expire on June 11, 2019. The maturity date of the TDAC Revolving Facility is April 21, 2022.

The applicable interest rate under the TDAC Revolving Facility is calculated as a per annum rate equal to, at the option of TDAC, (a) LIBOR plus an interest rate margin ("TDAC Eurodollar loans") or (b) the federal funds effective rate plus an interest rate margin ("Federal Funds Rate loans"). The interest rate margin ranges from 0.75% to 1.25% for both TDAC Eurodollar loans and Federal Funds Rate loans, determined by reference to the Company's public debt ratings. TDAC is obligated to pay a commitment fee ranging from 0.07% to 0.175% on any unused amount of the TDAC Revolving Facility, determined by reference to the Company's public debt ratings. As of June 30, 2017, the interest rate margin would have been 1.00% for both TDAC Eurodollar loans and Federal Funds Rate loans, and the commitment fee was 0.10%, each determined by reference to the Company's public debt ratings. There were no borrowings outstanding under the TDAC Revolving Facility and TDAC's prior unsecured revolving credit facility as of June 30, 2017 and September 30, 2016, respectively.

The TDAC Revolving Facility contains negative covenants that limit or restrict, subject to certain exceptions, the incurrence of liens, indebtedness of TDAC, mergers, consolidations, change in nature of business and the sale of all or substantially all of the assets of TDAC. TDAC is also required to maintain minimum tangible net worth and is required to maintain compliance with minimum regulatory net capital requirements. TDAC was in compliance with all covenants under the TDAC Revolving Facility as of June 30, 2017.

7. Capital Requirements

The Company's broker-dealer subsidiaries are subject to the SEC Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934, or the "Exchange Act"), administered by the SEC and the Financial Industry Regulatory Authority ("FINRA"), which requires the maintenance of minimum net capital, as defined. Net capital and the related net capital requirement may fluctuate on a daily basis. TDAC, the Company's clearing broker-dealer subsidiary, and TD Ameritrade, Inc., the Company's introducing broker-dealer subsidiary, compute net capital under the alternative method as permitted by Rule 15c3-1. TDAC is required to maintain minimum net capital of the greater of $1.5 million, which is based on the type of business conducted by the broker-dealer, or 2% of aggregate debit balances arising from client transactions. TD Ameritrade, Inc. is required to maintain minimum net capital of the greater of $250,000 or 2% of aggregate debit balances. In addition, under the alternative method, a broker-dealer may not repay any subordinated borrowings, pay cash dividends or make any unsecured advances or loans to its parent company or employees if such payment would result in a net capital amount of less than (a) 5% of aggregate debit balances or (b) 120% of its minimum dollar requirement.

TD Ameritrade Futures & Forex LLC ("TDAFF"), the Company's FCM and FDM subsidiary registered with the CFTC, is subject to CFTC Regulations 1.17 and 5.7 under the Commodity Exchange Act, administered by the CFTC and the National Futures Association ("NFA"). As an FCM, TDAFF is required to maintain minimum adjusted net capital under CFTC Regulation 1.17 of the greater of (a) $1.0 million or (b) its futures risk-based capital requirement, equal to 8% of the total risk margin requirement for all futures positions carried by the FCM in client and nonclient accounts. As an FDM, TDAFF is also subject to the net capital requirements under CFTC Regulation 5.7, which requires TDAFF to maintain minimum adjusted net capital of the greater of (a) any amount required under CFTC Regulation 1.17 as described above or (b) $20.0 million plus 5% of all foreign exchange liabilities owed to forex clients in excess of $10.0 million. In addition, an FCM and FDM must provide notice to the CFTC if its adjusted net capital amounts to less than (a) 110% of its risk-based capital requirement under CFTC Regulation 1.17, (b) 150% of its $1.0 million minimum dollar requirement, or (c) 110% of $20.0 million plus 5% of all foreign exchange liabilities owed to forex clients in excess of $10.0 million.

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Net capital and net capital requirements for the Company's broker-dealer subsidiaries are summarized in the following tables (dollars in millions):

TD Ameritrade Clearing, Inc.

Date	Net Capital	Required Net Capital (2% of Aggregate Debit Balances)	Net Capital in Excess of Required Net Capital	Ratio of Net Capital to Aggregate Debit Balances
June 30, 2017	$1,465	$ 330	$ 1,135	8.87 %
September 30, 2016	$1,719	$ 288	$ 1,431	11.95 %

TD Ameritrade, Inc.

Date	Net Capital	Required Net Capital (Minimum Dollar Requirement)	Net Capital in Excess of Required Net Capital
June 30, 2017	$ 118	$ 0.25	$ 118
September 30, 2016	$ 139	$ 0.25	$ 138

Adjusted net capital and adjusted net capital requirements for the Company's FCM and FDM subsidiary are summarized in the following table (dollars in millions):

TD Ameritrade Futures & Forex LLC

Date	Adjusted Net Capital	Required Adjusted Net Capital ($20 Million Plus 5% of All Foreign Exchange Liabilities Owed to Forex Clients in Excess of $10 Million)	Adjusted Net Capital in Excess of Required Adjusted Net Capital
June 30, 2017	$ 71	$ 23	$ 48
September 30, 2016	$ 117	$ 22	$ 95

The Company's non-depository trust company subsidiary, TD Ameritrade Trust Company ("TDATC"), is subject to capital requirements established by the State of Maine, which require TDATC to maintain minimum Tier 1 capital, as defined. TDATC's Tier 1 capital was $31 million and $37 million as of June 30, 2017 and September 30, 2016, respectively, which exceeded the required Tier 1 capital by $13 million and $21 million, respectively.

8. Commitments and Contingencies

Legal and Regulatory Matters

Order Routing Matters – Five putative class action complaints were filed between August and October 2014 regarding TD Ameritrade, Inc.'s routing of client orders. The cases were filed in, or transferred to, the U.S. District Court for the District of Nebraska: Jay Zola et al. v. TD Ameritrade, Inc., et al., Case No. 8:14CV288; Tyler Verdieck v. TD Ameritrade, Inc., Case No. 8:14CV289; Bruce Lerner v. TD Ameritrade, Inc., Case No. 8:14CV325; Michael Sarbacker v. TD Ameritrade Holding Corporation, et al., Case No. 8:14CV341; Gerald Klein v. TD Ameritrade

Holding Corporation, et al., Case No. 8:14CV396. The complaints in Zola, Klein and Sarbacker allege that the defendants failed to provide clients with "best execution" and routed orders to the market venue that paid the most for its order flow. The complaints in Verdieck and Lerner allege that the defendant routed its clients' non-marketable limit orders to the venue paying the highest rates of maker rebates, and that clients did not receive best execution on these kinds of orders. The complaints variously include claims of breach of contract, breach of fiduciary duty, breach of the duty of best execution, fraud, negligent misrepresentation, violations of Section 10(b) and 20 of the Exchange Act and SEC Rule 10b-5, violation of Nebraska's Consumer Protection Act, violation of Nebraska's Uniform Deceptive Trade Practices Act, aiding and abetting, unjust enrichment and declaratory judgment. The complaints seek various kinds of relief including damages, restitution, disgorgement, injunctive relief, equitable relief and other relief. The Company moved to dismiss each of the five putative class action complaints. The Magistrate Judge subsequently entered Findings and Recommendations with respect to each of the five actions, recommending that the District Judge dismiss each of the five lawsuits. On March 23, 2016, the District Judge entered an order dismissing all of the state law claims in the five actions, denying the motion to dismiss the federal securities claims in the Klein case, and permitting the plaintiffs in the other four actions to amend their complaints to assert a federal securities claim. None of the plaintiffs in the other four actions filed an amended complaint. The plaintiffs in the Zola, Sarbacker and Verdieck cases filed appeals. The plaintiff in the Lerner case did not file an appeal and that case is considered closed. The Klein case is proceeding in the District Court. The Company intends to vigorously defend against these lawsuits and is unable to predict the outcome or the timing of the ultimate resolution of these lawsuits, or the potential losses, if any, that may result.

Certain regulatory authorities are conducting examinations and investigations regarding the routing of client orders. TD Ameritrade, Inc. and TDAC have received requests for documents and information from the regulatory authorities. TD Ameritrade, Inc. and TDAC are cooperating with the requests.

Lawsuit regarding Scottrade Acquisition – On April 6, 2017, an alleged stockholder of the Company filed a purported stockholder derivative complaint regarding the acquisition of Scottrade by the Company and the acquisition of Scottrade Bank by TD. The suit filed in the Delaware Chancery Court is captioned Vero Beach Police Officers' Retirement Fund, derivatively on behalf of nominal defendant TD Ameritrade Holding Corp. v. Larry Bettino et al., C.A. No. 2017-0264-JRS. The suit names as defendants TD and the members of the Company's board of directors. It also names the Company as a nominal defendant. The complaint alleges that the Scottrade acquisition and TD's acquisition of Scottrade Bank are unfair from the perspective of the Company because TD Bank, N.A. is acquiring Scottrade Bank for an alleged low price, which in turn will cause the Company to pay an alleged high price to acquire Scottrade. The complaint claims that the Company's directors and TD, as the Company's alleged controlling stockholder, breached their fiduciary duties to the Company and its stockholders. The complaint seeks a declaration that demand on the Company's board is excused as futile, corporate governance reforms, damages, interest and fees. The Company intends to vigorously defend against this lawsuit and is unable to predict the outcome or the timing of the ultimate resolution of this lawsuit, or the potential losses, if any, that may result.

Aequitas Securities Litigation – An amended putative class action complaint was filed in the U.S. District Court for the District of Oregon in Lawrence Ciuffitelli et al. v. Deloitte & Touche LLP, EisnerAmper LLP, Sidley Austin LLP, Tonkon Torp LLP, TD Ameritrade, Inc., and Integrity Bank & Trust, Case No. 3:16-cv-580, on May 19, 2016. The putative class includes all persons who purchased securities of Aequitas Commercial Finance, LLC and its affiliates on or after June 29, 2011. Other groups of plaintiffs subsequently filed three non-class action lawsuits in Oregon Circuit Court, Multnomah County, against these and other defendants: Walter Wurster, et al. v. Deloitte & Touche et al., Case No. 16CV25920 (filed Aug. 11, 2016), Kenneth Pommier, et al. v. Deloitte & Touche et al., Case No. 16CV36439 (filed Nov. 3, 2016) and Charles Ramsdell, et al. v. Deloitte & Touche et al., Case No. 16CV40659 (filed Dec. 2, 2016). Several FINRA arbitrations are also pending against TD Ameritrade, Inc. The claims include allegations that the sales of Aequitas securities were unlawful, the defendants participated or materially aided in such sales in violation of the Oregon securities laws, and material misstatements and omissions were made. While the factual allegations differ in various respects among the cases, plaintiffs' allegations include assertions that in addition to serving as custodian for Aequitas securities, TD Ameritrade, Inc. recommended and referred investors to financial advisors as part of its advisor referral program for the purpose of purchasing Aequitas securities, and provided credibility to and developed a market for such securities. In the putative class action, plaintiffs allege that more than 1,500 investors were owed more than $600 million on the Aequitas securities they purchased. In that case and the other cases, collectively 147 named plaintiffs allege a total of approximately $114 million in losses plus other damages. Of that amount, 52 plaintiffs were TD Ameritrade, Inc. customers who allege approximately $24 million in losses plus other damages. On July 5, 2017, the District Judge in the putative class action issued an opinion and order adopting the findings and recommendation of the Magistrate Judge, granting in part and denying in part, the defendants' motions to dismiss, and allowing plaintiffs to amend their complaint. The Company intends to vigorously defend against the Aequitas litigation. The Company is unable to predict the outcome or the timing of the ultimate resolution of this litigation, or the potential losses, if any, that may result.

Other Legal and Regulatory Matters – The Company is subject to a number of other lawsuits, arbitrations, claims and other legal proceedings in connection with its business. Some of these legal actions include claims for substantial or unspecified compensatory and/or punitive damages. In addition, in the normal course of business, the Company discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry. These matters could result in censures, fines, penalties or other sanctions. ASC 450, Loss Contingencies, governs the recognition and disclosure of loss contingencies, including potential losses from legal and regulatory matters. ASC 450 categorizes loss contingencies using three terms based on the likelihood of occurrence of events that result in a loss: "probable" means that "the future event or events are likely to occur;" "remote" means that "the chance of the future event or events occurring is slight;" and "reasonably possible" means that "the chance of the future event or events occurring is more than remote but less than likely." Under ASC 450, the Company accrues for losses that are considered both probable and reasonably estimable. The Company may incur losses in addition to the amounts accrued where the losses are greater than estimated by management, or for matters for which an unfavorable outcome is considered reasonably possible, but not probable.

The Company estimates that the aggregate range of reasonably possible losses in excess of amounts accrued is from $0 to $50 million as of June 30, 2017. This estimated aggregate range of reasonably possible losses is based upon currently available information for those legal and regulatory matters in which the Company is involved, taking into account the Company's best estimate of reasonably possible losses for those matters as to which an estimate can be made. For certain matters, the Company does not believe an estimate can currently be made, as some matters are in preliminary stages and some matters have no specific amounts claimed. The Company's estimate involves significant judgment, given the varying stages of the proceedings and the inherent uncertainty of predicting outcomes. The estimated range will change from time to time as the underlying matters, stages of proceedings and available information change. Actual losses may vary significantly from the current estimated range.

The Company believes, based on its current knowledge and after consultation with counsel, that the ultimate disposition of these legal and regulatory matters, individually or in the aggregate, is not likely to have a material adverse effect on the financial condition or cash flows of the Company. However, in light of the uncertainties involved in such matters, the Company is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential losses, fines, penalties or equitable relief, if any, that may result, and it is possible that the ultimate resolution of one or more of these matters may be material to the Company's results of operations for a particular reporting period.

Income Taxes

The Company's federal and state income tax returns are subject to examination by taxing authorities. Because the application of tax laws and regulations to many types of transactions is subject to varying interpretations, amounts reported in the condensed consolidated financial statements could be significantly changed at a later date upon final determinations by taxing authorities.

General Contingencies

In the ordinary course of business, there are various contingencies that are not reflected in the condensed consolidated financial statements. These include the Company's broker-dealer and FCM/FDM subsidiaries' client activities involving the execution, settlement and financing of various client securities, options, futures and foreign exchange transactions. These activities may expose the Company to credit risk in the event the clients are unable to fulfill their contractual obligations.

The Company extends margin credit and leverage to its clients. In margin transactions, the Company extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. In connection with these activities, the Company also routes client orders for execution and clears client transactions involving the sale of securities not yet purchased ("short sales"). Such margin-related transactions may expose the Company to credit risk in the event a client's assets are not sufficient to fully cover losses that the client may incur. Leverage involves securing a large potential future obligation with a lesser amount of collateral. The risks associated with margin credit and leverage increase during periods of rapid market movements, or in cases where leverage or collateral is concentrated and market movements occur. In the event the client fails to satisfy its obligations, the Company has the authority to liquidate certain positions in the client's account at prevailing market prices in order to fulfill the client's obligations. However, during periods of rapid market movements, clients who utilize margin credit or leverage and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of liquidation. The Company seeks to mitigate the risks associated with its client margin and leverage activities by requiring clients to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels throughout each trading day and, pursuant to such guidelines, requires clients to deposit additional collateral, or to reduce positions, when necessary.

The Company contracts with unaffiliated FCM, FDM and broker-dealer entities to clear and execute futures and foreign exchange transactions for its clients. This can result in concentrations of credit risk with one or more of these counterparties. This risk is partially mitigated by the counterparties' obligation to comply with rules and regulations governing FCMs, FDMs and broker-dealers in the United States. These rules generally require maintenance of net capital and segregation of client funds and securities. In addition, the Company manages this risk by requiring credit approvals for counterparties and by utilizing account funding and sweep arrangement agreements that generally specify that all client cash in excess of futures funding requirements be transferred back to the clients' securities brokerage account at the Company on a daily basis.

The Company loans securities temporarily to other broker-dealers in connection with its broker-dealer business. The Company receives cash as collateral for the securities loaned. Increases in securities prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. The Company mitigates this risk by requiring credit approvals for counterparties, by monitoring the market value of securities loaned on a daily basis and requiring additional cash as collateral when necessary, and by participating in a risk-sharing program offered through the Options Clearing Corporation ("OCC").

The Company borrows securities temporarily from other broker-dealers in connection with its broker-dealer business. The Company deposits cash as collateral for the securities borrowed. Decreases in securities prices may cause the market value of the securities borrowed to fall below the amount of cash deposited as collateral. In the event the counterparty to these transactions does not return the cash deposited, the Company may be exposed to the risk of selling the securities at prevailing market prices. The Company mitigates this risk by requiring credit approvals for counterparties, by monitoring the collateral values on a daily basis and requiring collateral to be returned by the counterparties when necessary, and by participating in a risk-sharing program offered through the OCC.

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The Company transacts in reverse repurchase agreements (securities purchased under agreements to resell) in connection with its broker-dealer business. The Company's policy is to take possession or control of securities with a market value in excess of the principal amount loaned, plus accrued interest, in order to collateralize resale agreements. The Company monitors the market value of the underlying securities that collateralize the related receivable on resale agreements on a daily basis and may require additional collateral when deemed appropriate.
The Company has accepted collateral in connection with client margin loans and securities borrowed. Under applicable agreements, the Company is generally permitted to repledge securities held as collateral and use them to enter into securities lending arrangements. The following table summarizes the fair values of client margin securities and stock borrowings that were available to the Company to utilize as collateral on various borrowings or for other purposes, and the amount of that collateral loaned or repledged by the Company (dollars in billions):

	June 30, 2017	September 30, 2016
Client margin securities	$ 18.6	$ 16.5
Stock borrowings	1.1	1.1
Total collateral available	$ 19.7	$ 17.6
Collateral loaned	$ 2.3	$ 2.0
Collateral repledged	3.7	2.7
Total collateral loaned or repledged	$ 6.0	$ 4.7

The Company is subject to cash deposit and collateral requirements with clearinghouses based on its clients' trading activity. The following table summarizes cash deposited with and securities pledged to clearinghouses by the Company (dollars in millions):

Assets	Balance Sheet Classification	June 30, 2017	September 30, 2016
Cash	Receivable from brokers, dealers and clearing organizations	$ 145	$ 116
U.S. government debt securities	Securities owned, at fair value	295	220
Total		$ 440	$ 336

Guarantees
The Company is a member of and provides guarantees to securities clearinghouses and exchanges in connection with client trading activities. Under related agreements, the Company is generally required to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted to the clearinghouse as collateral. However, the potential for the Company to be required to make payments under these agreements is considered remote. Accordingly, no contingent liability is carried on the Condensed Consolidated Balance Sheets for these guarantees.
The Company clears its clients' futures transactions on an omnibus account basis through unaffiliated clearing firms. The Company also contracts with an external provider to facilitate foreign exchange trading for its clients. The Company has agreed to indemnify these unaffiliated clearing firms and the external provider for any loss that they may incur for the client transactions introduced to them by the Company.
See "Insured Deposit Account Agreement" in Note 13 for a description of a guarantee included in that agreement.
9. Fair Value Disclosures
Fair Value Measurement — Definition and Hierarchy
ASC 820-10, Fair Value Measurement, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.
ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability,

developed based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

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The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This category includes active exchange-traded funds, money market mutual funds, mutual funds and equity securities.
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs include quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active and inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. This category includes most debt securities, U.S. government agency mortgage-backed securities, which consist of Ginnie Mae Home Equity Conversion Mortgages, and other interest-sensitive financial instruments.
- Level 3 — Unobservable inputs for the asset or liability, where there is little, if any, observable market activity or data for the asset or liability.

The following tables present the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 and September 30, 2016 (dollars in millions):

	As of June 30, 2017			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$2,668	$—	$ —	$ 2,668
Investments segregated for regulatory purposes:				
U.S. government debt securities	—	4,874	—	4,874
U.S. government agency mortgage-backed securities	—	270	—	270
Subtotal - Investments segregated for regulatory purposes	—	5,144	—	5,144
Securities owned:				
U.S. government debt securities	—	395	—	395
Other	7	5	—	12
Subtotal - Securities owned	7	400	—	407
Investments available-for-sale:				
U.S. government debt securities	—	747	—	747
Other assets:				
Pay-variable interest rate swaps(1)	—	30	—	30
U.S. government debt securities	—	4	—	4
Auction rate securities	—	—	1	1
Subtotal - Other assets	—	34	1	35
Total assets at fair value	$2,675	$6,325	$ 1	$ 9,001
Liabilities:				
Accounts payable and other liabilities:				
Securities sold, not yet purchased:				
Equity securities	$7	$—	$ —	$ 7

(1) See "Fair Value Hedging" in Note 6 for details.

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	As of September 30, 2016			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$1,658	$—	$ —	$ 1,658
Investments segregated for regulatory purposes:				
U.S. government debt securities	—	6,598	—	6,598
Securities owned:				
U.S. government debt securities	—	320	—	320
Other	6	5	—	11
Subtotal - Securities owned	6	325	—	331
Investments available-for-sale:				
U.S. government debt securities	—	757	—	757
Other assets:				
Pay-variable interest rate swaps(1)	—	79	—	79
U.S. government debt securities	—	4	—	4
Auction rate securities	—	—	1	1
Subtotal - Other assets	—	83	1	84
Total assets at fair value	$1,664	$7,763	$ 1	$ 9,428
Liabilities:				
Accounts payable and other liabilities:				
Securities sold, not yet purchased:				
Equity securities	$6	$—	$ —	$ 6

(1) See "Fair Value Hedging" in Note 6 for details.

There were no transfers between any levels of the fair value hierarchy during the periods covered by this report.

Valuation Techniques

In general, and where applicable, the Company uses quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to the Company's Level 1 assets and liabilities. If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then the Company uses quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. This pricing methodology applies to the Company's Level 2 assets and liabilities.

Level 2 Measurements:

Debt securities – Fair values for debt securities are based on prices obtained from an independent pricing vendor. The primary inputs to the valuation include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads. The Company validates the vendor pricing by periodically comparing it to pricing from another independent pricing service. The Company has not adjusted prices obtained from the independent pricing vendor for any periods presented in the condensed consolidated financial statements because no significant pricing differences have been observed.

U.S. government agency mortgage-backed securities – Fair values for mortgage-backed securities are based on prices obtained from an independent pricing vendor. The primary inputs to the valuation include quoted prices for similar assets in active markets and in markets that are not active, a market derived prepayment curve, weighted average yields on the underlying collateral and spreads to benchmark indices.

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Interest rate swaps – These derivatives are valued by the Company using a valuation model provided by a third party service that incorporates interest rate yield curves, which are observable for substantially the full term of the contract. The valuation model is widely accepted in the financial services industry and does not involve significant judgment because most of the inputs are observable in the marketplace. Credit risk is not an input to the valuation because in each case the Company or counterparty has possession of collateral, in the form of cash or U.S. Treasury securities, in amounts equal to or exceeding the fair value of the interest rate swaps. The Company validates the third party service valuations by comparing them to valuation models provided by the swap counterparties.

Level 3 Measurements:

The Company has no material assets or liabilities classified as Level 3 of the fair value hierarchy.

Fair Value of Financial Instruments Not Recorded at Fair Value

Receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates, other receivables and accounts payable and other liabilities are short-term in nature and accordingly are carried at amounts that approximate fair value. Receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates, other receivables and accounts payable and other liabilities are recorded at or near their respective transaction prices and historically have been settled or converted to cash at approximately that value (categorized as Level 2 of the fair value hierarchy).

Cash and investments segregated and on deposit for regulatory purposes includes reverse repurchase agreements (securities purchased under agreements to resell). Reverse repurchase agreements are treated as collateralized financing transactions and are carried at amounts at which the securities will subsequently be resold, plus accrued interest. The Company's reverse repurchase agreements generally have a maturity of seven days and are collateralized by U.S. Treasury securities in amounts exceeding the carrying value of the resale agreements. Accordingly, the carrying value of reverse repurchase agreements approximates fair value (categorized as Level 2 of the fair value hierarchy). In addition, this category includes cash held in demand deposit accounts and on deposit with futures commission merchants, for which the carrying values approximate the fair value (categorized as Level 1 of the fair value hierarchy). See Note 4 for a summary of cash and investments segregated and on deposit for regulatory purposes.

Long-term debt – As of June 30, 2017, the Company's Senior Notes had an aggregate estimated fair value, based on quoted market prices (categorized as Level 1 of the fair value hierarchy), of approximately $2.62 billion, compared to the aggregate carrying value of the Senior Notes on the Condensed Consolidated Balance Sheet of $2.56 billion. As of September 30, 2016, the Company's Senior Notes had an aggregate estimated fair value, based on quoted market prices, of approximately $1.87 billion, compared to the aggregate carrying value of the Senior Notes on the Condensed Consolidated Balance Sheet of $1.82 billion.

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10. Offsetting Assets and Liabilities

Substantially all of the Company's reverse repurchase agreements, securities borrowing and securities lending activity and derivative financial instruments are transacted under master agreements that may allow for net settlement in the ordinary course of business, as well as offsetting of all contracts with a given counterparty in the event of default by one of the parties. However, for financial statement purposes, the Company does not net balances related to these financial instruments.

The following tables present information about the potential effect of rights of setoff associated with the Company's recognized assets and liabilities as of June 30, 2017 and September 30, 2016 (dollars in millions):

	June 30, 2017					
				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts Presented in the Condensed Consolidated Balance Sheet	Financial Instruments[4]	Collateral Received or Pledged (Including Cash)[5]	Net Amount[6]
Assets:						
Investments segregated for regulatory purposes:						
Reverse repurchase agreements	$650	$ —	$ 650	$—	$ (650)	$ —
Receivable from brokers, dealers and clearing organizations:						
Deposits paid for securities borrowed[1]	1,075	—	1,075	(65)	(987)	23
Other assets:						
Pay-variable interest rate swaps	30	—	30	—	(30)	—
Total	$1,755	$ —	$ 1,755	$(65)	$ (1,667)	$ 23
Liabilities:						
Payable to brokers, dealers and clearing organizations:						
Deposits received for securities loaned[2][3]	$2,287	$ —	$ 2,287	$(65)	$ (1,991)	$ 231

	September 30, 2016					
				Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts Presented in the Condensed Consolidated Balance Sheet	Financial Instruments[4]	Collateral Received or Pledged (Including Cash)[5]	Net Amount[6]
Assets:						
Investments segregated for regulatory purposes:						

Reverse repurchase agreements	$1,288	$ —	$ 1,288	$—	$ (1,288)	$ —
Receivable from brokers, dealers and clearing organizations:						
Deposits paid for securities borrowed(1)	1,051	—	1,051	(172)	(862)	17
Other assets:						
Pay-variable interest rate swaps	79	—	79	—	(79)	—
Total	$2,418	$ —	$ 2,418	$(172)	$ (2,229)	$ 17
Liabilities:						
Payable to brokers, dealers and clearing organizations:						
Deposits received for securities loaned(2)(3)	$1,990	$ —	$ 1,990	$(172)	$ (1,638)	$ 180

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(1) Included in the gross amounts of deposits paid for securities borrowed is $633 million and $590 million as of June 30, 2017 and September 30, 2016, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of cash to the Company. See "General Contingencies" in Note 8 for a discussion of the potential risks associated with securities borrowing transactions and how the Company mitigates those risks.

(2) Included in the gross amounts of deposits received for securities loaned is $1.56 billion and $1.07 billion as of June 30, 2017 and September 30, 2016, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of securities to the Company. See "General Contingencies" in Note 8 for a discussion of the potential risks associated with securities lending transactions and how the Company mitigates those risks.

(3) Substantially all of the Company's securities lending transactions have a continuous contractual term and, upon notice by either party, may be terminated within three business days. The following table summarizes the Company's gross liability for securities lending transactions by the class of securities loaned (dollars in millions):

	June 30, 2017	September 30, 2016
Deposits received for securities loaned:		
Equity securities	$ 1,979	$ 1,683
Exchange-traded funds	218	216
Closed-end funds	50	73
Other	40	18
Total	$ 2,287	$ 1,990

(4) Amounts represent recognized assets and liabilities that are subject to enforceable master agreements with rights of setoff.

(5) Represents the fair value of collateral the Company had received or pledged under enforceable master agreements, limited for table presentation purposes to the net amount of the recognized assets due from or liabilities due to each counterparty. At June 30, 2017 and September 30, 2016, the Company had received total collateral with a fair value of $1.75 billion and $2.44 billion, respectively, and pledged total collateral with a fair value of $2.05 billion and $1.81 billion, respectively.

(6) Represents the amount for which, in the case of net recognized assets, the Company had not received collateral, and in the case of net recognized liabilities, the Company had not pledged collateral.

11. Accumulated Other Comprehensive Loss

The following tables present the net change in fair value recorded for each component of other comprehensive income (loss) before and after income tax for the periods indicated (dollars in millions):

	Three Months Ended June 30,					
	2017			2016		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Investments available-for-sale:						
Unrealized gain	$ 1	$ —	$ 1	$ —	$ —	$ —
Cash flow hedging instruments:						
Reclassification adjustment for portion of realized loss amortized to net income[1]	1	(1)	—	1	—	1
Other comprehensive income	$ 2	$ (1)	$ 1	$ 1	$ —	$ 1

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	Nine Months Ended June 30, 2017			2016		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Investments available-for-sale:						
Unrealized loss	$(8)	$ 3	$(5)	$—	$ —	$ —
Cash flow hedging instruments:						
Reclassification adjustment for portion of realized loss amortized to net income[(1)]	3	(1)	2	3	(1)	2
Other comprehensive income (loss)	$(5)	$ 2	$(3)	$3	$ (1)	$ 2

(1) The before tax reclassification amounts and the related tax effects are included in interest on borrowings and provision for income taxes, respectively, on the Condensed Consolidated Statements of Income.

The following table presents after-tax changes in each component of accumulated other comprehensive loss for the periods indicated (dollars in millions):

	Three Months Ended June 30, 2017	2016	Nine Months Ended June 30, 2017	2016
Investments available-for-sale:				
Beginning balance	$(6)	$—	$—	$—
Other comprehensive income (loss) before reclassification	1	—	(5)	—
Ending balance	$(5)	$—	$(5)	$—
Cash flow hedging instruments:				
Beginning balance	$(20)	$(24)	$(22)	$(25)
Amount reclassified from accumulated other comprehensive loss	—	1	2	2
Ending balance	$(20)	$(23)	$(20)	$(23)
Total accumulated other comprehensive loss:				
Beginning balance	$(26)	$(24)	$(22)	$(25)
Current period change	1	1	(3)	2
Ending balance	$(25)	$(23)	$(25)	$(23)

12. Earnings Per Share

The difference between the numerator and denominator used in the computation of basic and diluted earnings per share consists of common stock equivalent shares related to stock-based compensation for all periods presented. There were no material antidilutive awards for the three and nine months ended June 30, 2017. The Company excluded from the calculation of diluted earnings per share 0.6 million and 0.4 million shares underlying stock-based compensation awards for the three and nine months ended June 30, 2016, respectively, because their inclusion would have been antidilutive.

13. Related Party Transactions

Transactions with TD and Affiliates

As a result of the Company's acquisition of TD Waterhouse Group, Inc. during fiscal 2006, TD became an affiliate of the Company. TD owned approximately 42% of the Company's common stock as of June 30, 2017. Pursuant to the stockholders agreement between TD and the Company, TD has the right to designate five of twelve members of the Company's board of directors. The Company transacts business and has extensive relationships with TD and certain of its affiliates. Transactions with TD and its affiliates are discussed and summarized below.

Insured Deposit Account Agreement

The Company is party to an insured deposit account ("IDA") agreement with TD Bank USA, N.A. ("TD Bank USA"), TD Bank, N.A. and TD. Under the IDA agreement, TD Bank USA and TD Bank, N.A. (together, the "TD Depository

Institutions") make

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available to clients of the Company FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. The Company provides marketing, recordkeeping and support services for the TD Depository Institutions with respect to the money market deposit accounts. In exchange for providing these services, the TD Depository Institutions pay the Company an aggregate marketing fee based on the weighted average yield earned on the client IDA assets, less the actual interest paid to clients, a servicing fee to the TD Depository Institutions and the cost of FDIC insurance premiums.

The current IDA agreement became effective as of January 1, 2013 and has an initial term expiring July 1, 2018. It is automatically renewable for successive five-year terms, provided that it may be terminated by either the Company or the TD Depository Institutions by providing written notice of non-renewal at least two years prior to the initial expiration date or the expiration date of any subsequent renewal period. As of July 1, 2016, notice of non-renewal was not provided by either party, therefore the IDA agreement will automatically renew on July 1, 2018.

The fee earned on the IDA agreement is calculated based on two primary components: (a) the yield on fixed-rate "notional" investments, based on prevailing fixed rates for identical balances and maturities in the interest rate swap market (generally LIBOR-based) at the time such investments were added to the IDA portfolio (including any adjustments required to adjust the variable rate leg of such swaps to a one-month reset frequency and the overall swap payment frequency to monthly) and (b) the yield on floating-rate investments. As of June 30, 2017, the IDA portfolio was comprised of approximately 82% fixed-rate notional investments and 18% floating-rate investments.

The IDA agreement provides that the Company may designate amounts and maturity dates for the fixed-rate notional investments in the IDA portfolio, subject to certain limitations. For example, if the Company designates that $100 million of deposits be invested in 5-year fixed-rate investments, and on the day such investment is confirmed by the TD Depository Institutions the prevailing fixed yield for the applicable 5-year U.S. dollar LIBOR-based swaps is 1.45%, then the Company will earn a gross fixed yield of 1.45% on that portion of the portfolio (before any deductions for interest paid to clients, the servicing fee to the TD Depository Institutions and the cost of FDIC insurance premiums). In the event that (1) the federal funds effective rate is established at 0.75% or greater and (2) the rate on 5-year U.S. dollar interest rate swaps is equal to or greater than 1.50% for 20 consecutive business days, then the rate earned by the Company on new fixed-rate notional investments will be reduced by 20% of the excess of the 5-year U.S. dollar swap rate over 1.50%, up to a maximum of 0.10%.

The yield on floating-rate investments is calculated daily based on the greater of the following rates published by the Federal Reserve: (1) the interest rate paid by Federal Reserve Banks on balances held in excess of required reserve balances and contractual clearing balances under Regulation D and (2) the daily effective federal funds rate.

The interest rates paid to clients are set by the TD Depository Institutions and are not linked to any index. The servicing fee to the TD Depository Institutions under the IDA agreement is equal to 25 basis points on the aggregate average daily balance in the IDA accounts, subject to adjustment as it relates to deposits of less than or equal to $20 billion kept in floating-rate investments or in fixed-rate notional investments with a maturity of up to 24 months ("short-term fixed-rate investments"). For such floating-rate and short-term fixed-rate investments, the servicing fee is equal to the difference of the interest rate earned on the investments less the FDIC premiums paid (in basis points), divided by two. The servicing fee has a floor of 3 basis points (subject to adjustment from time to time to reflect material changes to the TD Depository Institutions' leverage costs) and a maximum of 25 basis points.

In the event the marketing fee computation results in a negative amount, the Company must pay the TD Depository Institutions the negative amount. This effectively results in the Company guaranteeing the TD Depository Institutions revenue equal to the servicing fee on the IDA agreement, plus the reimbursement of FDIC insurance premiums. The marketing fee computation under the IDA agreement is affected by many variables, including the type, duration, principal balance and yield of the fixed-rate and floating-rate investments, the prevailing interest rate environment, the amount of client deposits and the yield paid on client deposits. Because a negative marketing fee computation would arise only if there were extraordinary movements in many of these variables, the maximum potential amount of future payments the Company could be required to make under this arrangement cannot be reasonably estimated. Management believes the potential for the marketing fee calculation to result in a negative amount is remote. Accordingly, no contingent liability is carried on the Condensed Consolidated Balance Sheets for the IDA agreement.

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In addition, the Company has various other services agreements and transactions with TD and its affiliates. The following tables summarize revenues and expenses resulting from transactions with TD and its affiliates for the periods indicated (dollars in millions):

Description	Statement of Income Classification	Revenues from TD and Affiliates Three months ended June 30, 2017	2016	Nine months ended June 30, 2017	2016
Insured Deposit Account Agreement	Insured deposit account fees	$ 286	$ 234	$ 800	$ 696
Referral and Strategic Alliance Agreement	Various	4	4	11	10
Mutual Fund Agreements	Investment product fees	4	4	11	7
Other	Various	2	1	7	6
Total revenues		$ 296	$ 243	$ 829	$ 719

Description	Statement of Income Classification	Expenses to TD and Affiliates Three months ended June 30, 2017	2016	Nine months ended June 30, 2017	2016
Canadian Call Center Services Agreement[1]	Professional services	$ 3	$ 4	$ 9	$ 13
Other	Various	—	1	2	2
Total expenses		$ 3	$ 5	$ 11	$ 15

(1) On September 30, 2016, the Company notified TD of its intent to not extend or renew the Canadian Call Center Services Agreement. The Company expects that services with the Canadian Call Center will be completed by September 30, 2017.

The following table summarizes the classification and amount of receivables from and payables to TD and its affiliates on the Condensed Consolidated Balance Sheets resulting from related party transactions (dollars in millions):

	June 30, 2017	September 30, 2016
Assets:		
Receivable from affiliates	$ 140	$ 106
Liabilities:		
Payable to brokers, dealers and clearing organizations	$ 55	$ 72
Payable to affiliates	7	9

Payables to brokers, dealers and clearing organizations primarily relate to securities lending activity and are settled in accordance with customary contractual terms. Receivables from and payables to TD affiliates resulting from client cash sweep activity are generally settled in cash the next business day. Other receivables from and payables to affiliates of TD are generally settled in cash on a monthly basis.

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

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Selected Financial Data and the Consolidated Financial Statements and Notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2016, and the Condensed Consolidated Financial Statements and Notes thereto contained in this quarterly report on Form 10-Q.

This discussion contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar words or expressions. In particular, forward-looking statements contained in this discussion include our expectations regarding: the effect of client trading activity on our results of operations; the effect of changes in interest rates on our net interest spread; diluted earnings per share; the effect of reducing client pricing for online equity trades on our average commissions and transactions fees per trade; amounts of commissions and transaction fees, asset-based revenues and total operating expenses; our effective income tax rate; our capital and liquidity needs and our plans to finance such needs; and our clearinghouse deposit requirements.

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The Company's actual results could differ materially from those anticipated in such forward-looking statements. Important factors that may cause such differences include, but are not limited to: general economic and political conditions and other securities industry risks; fluctuations in interest rates; stock market fluctuations and changes in client trading activity; credit risk with clients and counterparties; increased competition; systems failures, delays and capacity constraints; network security risks; liquidity risk; new laws and regulations affecting our business; regulatory and legal matters and uncertainties, inability to obtain regulatory approval for our planned acquisition of Scottrade Financial Services, Inc. ("Scottrade"), including the completion of the merger between Scottrade Bank and TD Bank, N.A., delay or failure to close such transaction or meet other closing conditions and the other risks and uncertainties set forth under Item 1A. – Risk Factors of the Company's annual report on Form 10-K for the fiscal year ended September 30, 2016. The forward-looking statements contained in this report speak only as of the date on which the statements were made and do not include information related to the planned acquisition of Scottrade, except where Scottrade is referred to. We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise, except to the extent required by the federal securities laws.

The preparation of our financial statements requires us to make judgments and estimates that may have a significant impact upon our financial results. Note 1 of our Notes to Consolidated Financial Statements for the fiscal year ended September 30, 2016, contains a summary of our significant accounting policies, many of which require the use of estimates and assumptions. We believe that the following areas are particularly subject to management's judgments and estimates and could materially affect our results of operations and financial position: valuation of goodwill and acquired intangible assets; estimates of effective income tax rates, uncertain tax positions, deferred income taxes and related valuation allowances; accruals for contingent liabilities; and valuation of guarantees. These areas are discussed in further detail under the heading "Critical Accounting Policies and Estimates" in Item 7 of our annual report on Form 10-K for the fiscal year ended September 30, 2016.

The term "GAAP" refers to U.S. generally accepted accounting principles. We utilize non-GAAP calculations of earnings before interest, taxes, depreciation and amortization ("EBITDA") and liquid assets available for corporate investing and financing activities. We believe that these non-GAAP measures will allow for a better evaluation of the operating performance and liquidity of the business. Reference to these non-GAAP measures should not be considered as a substitute for results that are presented in a manner consistent with GAAP. These non-GAAP measures are provided to enhance investors' overall understanding of our financial performance.

Unless otherwise indicated, the terms "we," "us," "our" or "Company," or "TD Ameritrade" in this report refer to TD Ameritrade Holding Corporation and its wholly-owned subsidiaries.

Glossary of Terms

In discussing and analyzing our business, we utilize several metrics and other terms that are defined in the following Glossary of Terms. Italics indicate other defined terms that appear elsewhere in the Glossary.

Asset-based revenues — Revenues consisting of (1) insured deposit account fees, (2) net interest revenue and (3) investment product fees. The primary factors driving our asset-based revenues are average balances and average rates. Average balances consist primarily of average client insured deposit account balances, average client margin balances, average segregated cash balances, average client credit balances, average fee-based investment balances and average securities borrowing and securities lending balances. Average rates consist of the average interest rates and fees earned and paid on such balances.

Average client trades per day — Total trades divided by the number of trading days in the period. This metric is also known as daily average revenue trades ("DARTs").

Average commissions and transaction fees per trade — Total commissions and transaction fee revenues as reported on the Company's financial statements divided by total trades for the period. Commissions and transaction fee revenues primarily consist of trading commissions, order routing revenue and markups on riskless principal transactions in fixed-income securities.

Basis point — When referring to interest rates, one basis point represents one one-hundredth of one percent.

Beneficiary accounts — Brokerage accounts managed by a custodian, guardian, conservator or trustee on behalf of one or more beneficiaries. Examples include accounts maintained under the Uniform Gift to Minors Act (UGMA) or Uniform Transfer to Minors Act (UTMA), guardianship, conservatorship and trust arrangements and pension or profit

plan for small business accounts.
Brokerage accounts — Accounts maintained by the Company on behalf of clients for securities brokerage activities. The primary types of brokerage accounts are cash accounts, margin accounts, IRA accounts and beneficiary accounts. Futures accounts are sub-accounts associated with a brokerage account for clients who want to trade futures and/or options on futures. Forex accounts are sub-accounts associated with a brokerage account for clients who want to engage in foreign exchange trading.
Cash accounts — Brokerage accounts that do not have margin account approval.
Client assets — The total value of cash and securities in brokerage accounts.

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Client cash and money market assets — The sum of all client cash balances, including client credit balances and client cash balances swept into insured deposit accounts or money market mutual funds.
Client credit balances — Client cash held in brokerage accounts, excluding balances generated by client short sales on which no interest is paid. Interest paid on client credit balances is a reduction of net interest revenue. Client credit balances are included in "payable to clients" on our financial statements.
Client margin balances — The total amount of cash loaned to clients in margin accounts. Such loans are secured by client assets. Interest earned on client margin balances is a component of net interest revenue. Client margin balances are included in "receivable from clients, net" on our financial statements.
Consolidated duration — The weighted average remaining years until maturity of our spread-based assets. For purposes of this calculation, floating rate balances are treated as having a one-month duration. Consolidated duration is used in analyzing our aggregate interest rate sensitivity.
Daily average revenue trades ("DARTs") — Total trades divided by the number of trading days in the period. This metric is also known as average client trades per day.
EBITDA — EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP financial measure. We consider EBITDA to be an important measure of our financial performance and of our ability to generate cash flows to service debt, fund capital expenditures and fund other corporate investing and financing activities. EBITDA is used as the denominator in the consolidated leverage ratio calculation for covenant purposes under our senior revolving credit facility. EBITDA eliminates the non-cash effect of tangible asset depreciation and amortization and intangible asset amortization. EBITDA should be considered in addition to, rather than as a substitute for, GAAP pre-tax income, net income and cash flows from operating activities.
Fee-based investment balances — Client assets invested in money market mutual funds, other mutual funds and Company programs such as AdvisorDirect® and Selective Portfolios® (formerly known as Amerivest®), on which we earn fee revenues. Fee revenues earned on these balances are included in investment product fees on our financial statements.
Forex accounts - Sub-accounts maintained by the Company on behalf of clients for foreign exchange trading. Each forex account must be associated with a brokerage account. Forex accounts are not counted separately for purposes of the Company's client account metrics.
Funded accounts — All open client accounts with a total liquidation value greater than zero.
Futures accounts — Sub-accounts maintained by the Company on behalf of clients for trading in futures and/or options on futures. Each futures account must be associated with a brokerage account. Futures accounts are not counted separately for purposes of the Company's client account metrics.
Insured deposit account — The Company is party to an Insured Deposit Account ("IDA") agreement with TD Bank USA, N.A. ("TD Bank USA"), TD Bank, N.A. and The Toronto-Dominion Bank ("TD"). Under the IDA agreement, TD Bank USA and TD Bank, N.A. (together, the "TD Depository Institutions") make available to clients of the Company FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. The Company provides marketing, recordkeeping and support services for the TD Depository Institutions with respect to the money market deposit accounts. In exchange for providing these services, the TD Depository Institutions pay the Company an aggregate marketing fee based on the weighted average yield earned on the client IDA assets, less the actual interest paid to clients, a servicing fee to the TD Depository Institutions and the cost of FDIC insurance premiums.
Interest-earning assets — Consist of client margin balances, segregated cash, deposits paid on securities borrowing and other cash and interest-earning investment balances.
Interest rate-sensitive assets — Consist of spread-based assets and client cash invested in money market mutual funds.
Investment product fees — Revenues earned on fee-based investment balances. Investment product fees include fees earned on money market mutual funds, other mutual funds and through Company programs such as AdvisorDirect® and Selective Portfolios®.
IRA accounts (Individual Retirement Arrangements) — A personal trust account for the exclusive benefit of a U.S. individual (or his or her beneficiaries) that provides tax advantages in accumulating funds to save for retirement or other qualified purposes. These accounts are subject to numerous restrictions on additions to and withdrawals from the

account, as well as prohibitions against certain investments or transactions conducted within the account. The Company offers traditional, Roth, Savings Incentive Match Plan for Employees (SIMPLE) and Simplified Employee Pension (SEP) IRA accounts.

Liquid assets available for corporate investing and financing activities — Liquid assets available for corporate investing and financing activities is a non-GAAP financial measure. We consider liquid assets available for corporate investing and financing activities to be an important measure of our liquidity. We define liquid assets available for corporate investing and financing

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activities as the sum of (a) excess corporate cash and cash equivalents and investments and (b) our regulated subsidiaries net capital in excess of minimum operational targets established by management. Excess corporate cash and cash equivalents and investments includes cash and cash equivalents from our investment advisory subsidiaries and excludes (i) amounts being maintained to provide liquidity for operational contingencies, including lending to our broker-dealer and FCM/FDM subsidiaries under intercompany credit agreements, (ii) amounts maintained for corporate working capital and (iii) amounts held as collateral for derivative contracts. We include the excess capital of our regulated subsidiaries in the calculation of liquid assets available for corporate investing and financing activities, rather than simply including regulated subsidiaries' cash and cash equivalents, because capital requirements may limit the amount of cash available for dividend from the regulated subsidiaries to the parent company. Excess capital, as defined under clause (b) above, is generally available for dividend from the regulated subsidiaries to the parent company. Liquid assets available for corporate investing and financing activities is based on more conservative measures of net capital than regulatory requirements because we generally manage to higher levels of net capital at our regulated subsidiaries than the regulatory thresholds require. Liquid assets available for corporate investing and financing activities should be considered as a supplemental measure of liquidity, rather than as a substitute for GAAP cash and cash equivalents.

Liquidation value — The net value of a client's account holdings as of the close of a regular trading session. Liquidation value includes client cash and the value of long security positions, less margin balances and the cost to buy back short security positions. It also includes the value of open futures, foreign exchange and options positions.

Margin accounts — Brokerage accounts in which clients may borrow from the Company to buy securities or for any other purpose, subject to regulatory and Company-imposed limitations.

Market fee-based investment balances — Client assets invested in mutual funds (except money market funds) and Company programs such as AdvisorDirect® and Selective Portfolios,® on which we earn fee revenues that are largely based on a percentage of the market value of the investment. Market fee-based investment balances are a component of fee-based investment balances. Fee revenues earned on these balances are included in investment product fees on our financial statements.

Net income excluding amortization of intangible assets — Net income excluding amortization of intangible assets is a non-GAAP financial measure. We define net income excluding amortization of intangible assets as net income (loss), adjusted to remove the after-tax effect of amortization of acquired intangible assets. We consider net income excluding amortization of intangible assets an important measure of our financial performance. Amortization of acquired intangible assets is excluded because we believe it is not indicative of underlying business performance. Net income excluding amortization of intangible assets should be considered in addition to, rather than as a substitute for, GAAP net income.

Net interest margin ("NIM") — A measure of the net yield on our average spread-based assets. Net interest margin is calculated for a given period by dividing the annualized sum of insured deposit account fees and net interest revenue by average spread-based assets.

Net interest revenue — Net interest revenue is interest revenues less brokerage interest expense. Interest revenues are generated by charges to clients on margin balances maintained in margin accounts, the investment of cash from operations and segregated cash and interest earned on securities borrowing/securities lending. Brokerage interest expense consists of amounts paid or payable to clients based on credit balances maintained in brokerage accounts and interest incurred on securities borrowing/securities lending. Brokerage interest expense does not include interest on Company non-brokerage borrowings.

Net new assets — Consists of total client asset inflows, less total client asset outflows, excluding activity from business combinations. Client asset inflows include interest and dividend payments and exclude changes in client assets due to market fluctuations. Net new assets are measured based on the market value of the assets as of the date of the inflows and outflows.

Net new asset growth rate (annualized) — Annualized net new assets as a percentage of client assets as of the beginning of the period.

Order routing revenue — Revenues generated from revenue-sharing arrangements with market destinations (also referred to as "payment for order flow"). Order routing revenue is a component of transaction-based revenues.

Securities borrowing — We borrow securities temporarily from other broker-dealers in connection with our broker-dealer business. We deposit cash as collateral for the securities borrowed, and generally earn interest revenue on the cash deposited with the counterparty. We also incur interest expense for borrowing certain securities.

Securities lending — We loan securities temporarily to other broker-dealers in connection with our broker-dealer business. We receive cash as collateral for the securities loaned, and generally incur interest expense on the cash deposited with us. We also earn revenue for lending certain securities.

Segregated cash — Client cash and investments segregated in compliance with Rule 15c3-3 of the Securities Exchange Act of 1934 (the Customer Protection Rule) and other regulations. Interest earned on segregated cash is a component of net interest revenue.

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Spread-based assets — Client and brokerage-related asset balances, consisting of insured deposit account balances and interest-earning assets. Spread-based assets is used in the calculation of our net interest margin and our consolidated duration.

Total trades — Revenue-generating client securities trades, which are executed by the Company's broker-dealer and FCM/FDM subsidiaries. Total trades are a significant source of the Company's revenues. Such trades include, but are not limited to, trades in equities, options, futures, foreign exchange, mutual funds and debt instruments. Trades generate revenue from commissions, markups on riskless principal transactions in fixed income securities, transaction fees and/or order routing revenue.

Trading days — Days in which the U.S. equity markets are open for a full trading session. Reduced exchange trading sessions are treated as half trading days.

Transaction-based revenues — Revenues generated from client trade execution, consisting primarily of commissions, markups on riskless principal transactions in fixed income securities, transaction clearing fees and order routing revenue.

Results of Operations

Conditions in the U.S. equity markets significantly impact the volume of our clients' trading activity. There is a strong relationship between the volume of our clients' trading activity and our results of operations. We cannot predict future trading volumes in the U.S. equity markets. If client trading activity increases, we generally expect that it would have a positive impact on our results of operations. If client trading activity declines, we expect that it would have a negative impact on our results of operations.

Changes in average balances, especially client insured deposit account, margin, credit and mutual fund balances, may significantly impact our results of operations. Changes in interest rates also significantly impact our results of operations. We seek to mitigate interest rate risk by aligning the average duration of our interest-earning assets with that of our interest-bearing liabilities. We cannot predict the direction of interest rates or the levels of client balances. If interest rates rise, we generally expect to earn a larger net interest spread. Conversely, a falling interest rate environment generally would result in our earning a smaller net interest spread.

Financial Performance Metrics

Net income, diluted earnings per share and EBITDA are key metrics we use in evaluating our financial performance. Net income and diluted earnings per share are GAAP financial measures and EBITDA is a non-GAAP financial measure.

We consider EBITDA to be an important measure of our financial performance and of our ability to generate cash flows to service debt, fund capital expenditures and fund other corporate investing and financing activities. EBITDA is used as the denominator in the consolidated leverage ratio calculation for covenant purposes under the TD Ameritrade Holding Corporation senior revolving credit facility. EBITDA eliminates the non-cash effect of tangible asset depreciation and amortization and intangible asset amortization. EBITDA should be considered in addition to, rather than as a substitute for, GAAP pre-tax income, net income and cash flows from operating activities.

The following table sets forth net income in dollars and as a percentage of net revenues for the periods indicated, and provides reconciliations to EBITDA (dollars in millions):

	Three months ended June 30,						Nine months ended June 30,					
	2017			2016			2017			2016		
	$	% of Net Revenues		$	% of Net Revenues		$	% of Net Revenues		$	% of Net Revenues	
Net income - GAAP	$231	24.8	%	$240	28.6	%	$661	24.5	%	$657	26.3	%
Add:												
Depreciation and amortization	25	2.7	%	23	2.7	%	74	2.7	%	67	2.7	%
Amortization of acquired intangible assets	19	2.0	%	22	2.6	%	57	2.1	%	66	2.6	%
Interest on borrowings	20	2.1	%	14	1.7	%	48	1.8	%	39	1.6	%
Provision for income taxes	142	15.3	%	94	11.2	%	395	14.7	%	338	13.5	%
EBITDA - non-GAAP	$437	46.9	%	$393	46.9	%	$1,235	45.9	%	$1,167	46.7	%

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

Our net income decreased 4% for the third quarter of fiscal 2017 compared to the same period in the prior year, primarily due to a lower effective income tax rate during the third quarter of the prior year and increases in operating expenses and interest on borrowings, partially offset by an increase in net revenues during the third quarter of fiscal 2017. Detailed analysis of net revenues and expenses is presented later in this discussion.

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Our EBITDA increased 11% for the third quarter of fiscal 2017 compared to the same period in the prior year, primarily due to an increase in net revenues, partially offset by an increase in operating expenses excluding depreciation and amortization.

Our diluted earnings per share decreased 2% to $0.44 for the third quarter of fiscal 2017 compared to $0.45 for the third quarter of fiscal 2016 due to lower net income. We are expecting a decrease in our commissions and transactions fees and increases in our asset-based revenues and total operating expenses for the remainder of fiscal 2017; however, we still expect our diluted earnings per share for fiscal 2017 to range from $1.50 to $1.80. Details regarding our revised expectations for certain revenue and expense line items are presented later in this discussion.

Nine Months Ended June 30, 2017 Compared to Nine Months Ended June 30, 2016

Our net income increased 1% for the first nine months of fiscal 2017 compared to the same period in the prior year, primarily due to an increase in net revenues, mostly offset by increases in operating expenses and interest on borrowings during the first nine months of fiscal 2017 and a lower effective income tax rate during the first nine months of the prior year.

Our EBITDA increased 6% for the first nine months of fiscal 2017 compared to the same period in the prior year, primarily due to an increase in net revenues, partially offset by an increase in operating expenses excluding depreciation and amortization.

Our diluted earnings per share increased 2% to $1.25 for the first nine months of fiscal 2017 compared to $1.23 for the first nine months of fiscal 2016, primarily due to a decrease in the weighted average diluted shares outstanding as a result of our stock repurchase programs and higher net income.

Operating Metrics

Our largest sources of revenues are asset-based revenues and transaction-based revenues. For the first nine months of fiscal 2017, asset-based revenues and transaction-based revenues accounted for 59% and 39% of our net revenues, respectively. Asset-based revenues consist of (1) insured deposit account fees, (2) net interest revenue and (3) investment product fees. The primary factors driving our asset-based revenues are average balances and average rates. Average balances consist primarily of average client insured deposit account balances, average client margin balances, average segregated cash balances, average client credit balances, average fee-based investment balances and average securities borrowing and lending balances. Average rates consist of the average interest rates and fees earned and paid on such balances. The primary factors driving our transaction-based revenues are total client trades and average commissions and transaction fees per trade. We also consider client account and client asset metrics, although we believe they are generally of less significance to our results of operations for any particular period than our metrics for asset-based and transaction-based revenues.

Asset-Based Revenue Metrics

We calculate the return on our insured deposit account balances and our interest-earning assets using a measure we refer to as net interest margin. Net interest margin is calculated for a given period by dividing the annualized sum of insured deposit account fees and net interest revenue by average spread-based assets. Spread-based assets consist of client and brokerage-related asset balances, including insured deposit account balances, client margin balances, segregated cash, deposits paid on securities borrowing and other cash and interest-earning investment balances. The following table sets forth net interest margin and average spread-based assets (dollars in millions):

	Three months ended June 30,		Increase/ (Decrease)	Nine months ended June 30,		Increase/ (Decrease)
	2017	2016		2017	2016	
Average insured deposit account balances	$92,271	$83,429	$8,842	$93,551	$82,580	$10,971
Average interest-earning assets	25,542	22,733	2,809	24,860	22,250	2,610
Average spread-based balances	$117,813	$106,162	$11,651	$118,411	$104,830	$13,581
Insured deposit account fee revenue	$286	$234	$52	$800	$696	$104
Net interest revenue	175	143	32	480	444	36
Spread-based revenue	$461	$377	$84	$1,280	$1,140	$140

Avg. annualized yield—insured deposit account fees	1.23 %	1.11 %	0.12 %	1.13 %	1.11 %	0.02 %
Avg. annualized yield—interest-earning assets	2.71 %	2.50 %	0.21 %	2.55 %	2.62 %	(0.07)%
Net interest margin (NIM)	1.55 %	1.41 %	0.14 %	1.43 %	1.43 %	0.00 %

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The following tables set forth key metrics that we use in analyzing net interest revenue, which is a component of net interest margin (dollars in millions):

	Interest Revenue (Expense) Three months ended June 30,		Increase/ (Decrease)	Interest Revenue (Expense) Nine months ended June 30,		Increase/ (Decrease)
	2017	2016		2017	2016	
Segregated cash	$14	$5	$ 9	$30	$9	$ 21
Client margin balances	121	107	14	338	329	9
Securities lending/borrowing, net	34	30	4	99	104	(5)
Other cash and interest-earning investments	6	1	5	14	3	11
Client credit balances	—	—	—	(1)	(1)	—
Net interest revenue	$175	$143	$ 32	$480	$444	$ 36

	Average Balance Three months ended June 30,		% Change	Average Balance Nine months ended June 30,		% Change
	2017	2016		2017	2016	
Segregated cash	$8,003	$7,425	8 %	$8,469	$6,713	26 %
Client margin balances	12,586	11,508	9 %	12,118	11,779	3 %
Securities borrowing	1,067	1,005	6 %	985	836	18 %
Other cash and interest-earning investments	3,886	2,795	39 %	3,288	2,922	13 %
Interest-earning assets	$25,542	$22,733	12 %	$24,860	$22,250	12 %
Client credit balances	$15,872	$14,706	8 %	$16,039	$14,385	11 %
Securities lending	2,113	2,083	1 %	1,885	2,132	(12)%
Interest-bearing liabilities	$17,985	$16,789	7 %	$17,924	$16,517	9 %

	Avg. Annualized Yield (Cost) Three months ended June 30,		Net Yield Increase/ (Decrease)	Avg. Annualized Yield (Cost) Nine months ended June 30,		Net Yield Increase/ (Decrease)
	2017	2016		2017	2016	
Segregated cash	0.67 %	0.25 %	0.42 %	0.47 %	0.18 %	0.29 %
Client margin balances	3.81 %	3.69 %	0.12 %	3.68 %	3.67 %	0.01 %
Other cash and interest-earning investments	0.67 %	0.21 %	0.46 %	0.56 %	0.14 %	0.42 %
Client credit balances	(0.01)%	(0.01)%	0.00 %	(0.01)%	(0.01)%	0.00 %
Net interest revenue	2.71 %	2.50 %	0.21 %	2.55 %	2.62 %	(0.07)%

The following tables set forth key metrics that we use in analyzing investment product fee revenues (dollars in millions):

Fee Revenue Three months ended June 30,	Increase/ (Decrease)	Fee Revenue Nine months ended June 30,	Increase/ (Decrease)

	2017	2016		2017	2016	
Money market mutual fund	$4	$4	$ —	$12	$7	$ 5
Market fee-based investment balances	108	92	16	297	269	28
Total investment product fees	$112	$96	$ 16	$309	$276	$ 33

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	Average Balance Three months ended June 30, 2017	2016	% Change	Average Balance Nine months ended June 30, 2017	2016	% Change
Money market mutual fund	$3,591	$5,778	(38)%	$3,608	$5,782	(38)%
Market fee-based investment balances	186,134	156,340	19 %	176,556	152,176	16 %
Total fee-based investment balances	$189,725	$162,118	17 %	$180,164	$157,958	14 %

	Average Annualized Yield Three months ended June 30, 2017	2016	Increase/ (Decrease)	Average Annualized Yield Nine months ended June 30, 2017	2016	Increase/ (Decrease)
Money market mutual fund	0.43%	0.26%	0.17 %	0.42%	0.16%	0.26 %
Market fee-based investment balances	0.23%	0.23%	0.00 %	0.22%	0.23%	(0.01)%
Total investment product fees	0.23%	0.23%	0.00 %	0.23%	0.23%	0.00 %

Transaction-Based Revenue Metrics

The following table sets forth several key metrics regarding client trading activity, which we utilize in measuring and evaluating performance and the results of our operations:

	Three months ended June 30, 2017	2016	% Change	Nine months ended June 30, 2017	2016	% Change
Total trades (in millions)	32.15	29.56	9 %	94.63	88.22	7 %
Average client trades per day	510,358	461,941	10 %	504,700	469,262	8 %
Trading days	63.0	64.0	(2)%	187.5	188.0	0 %
Average commissions and transaction fees per trade	$10.42	$11.72	(11)%	$11.14	$11.74	(5)%
Order routing revenue (in millions)	$83	$77	8 %	$245	$223	10 %
Average order routing revenue per trade(1)	$2.60	$2.60	0 %	$2.59	$2.53	2 %

(1) Average order routing revenue per trade is included in average commissions and transaction fees per trade.

Client Account and Client Asset Metrics

The following table sets forth certain metrics regarding client accounts and client assets, which we use to analyze growth and trends in our client base:

	Three months ended June 30, 2017	2016	% Change	Nine months ended June 30, 2017	2016	% Change
Funded accounts (beginning of period)	7,189,000	6,777,000	6 %	6,950,000	6,621,000	5 %
Funded accounts (end of period)	7,279,000	6,872,000	6 %	7,279,000	6,872,000	6 %
Percentage change during period	1 %	1 %		5 %	4 %	
Client assets (beginning of period, in billions)	$846.7	$711.2	19 %	$773.8	$667.4	16 %
Client assets (end of period, in billions)	$882.4	$736.3	20 %	$882.4	$736.3	20 %
Percentage change during period	4 %	4 %		14 %	10 %	
Net new assets (in billions)	$22.0	$13.6	62 %	$60.2	$45.2	33 %

Net new assets annualized growth rate	10 %	8 %	10 %	9 %

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Condensed Consolidated Statements of Income Data

The following table summarizes certain data from our Condensed Consolidated Statements of Income for analysis purposes (dollars in millions):

	Three months ended June 30, 2017	Three months ended June 30, 2016	% Change	Nine months ended June 30, 2017	Nine months ended June 30, 2016	% Change
Revenues:						
Transaction-based revenues:						
Commissions and transaction fees	$335	$347	(3)%	$1,054	$1,035	2 %
Asset-based revenues:						
Insured deposit account fees	286	234	22 %	800	696	15 %
Net interest revenue	175	143	22 %	480	444	8 %
Investment product fees	112	96	17 %	309	276	12 %
Total asset-based revenues	573	473	21 %	1,589	1,416	12 %
Other revenues	23	18	28 %	50	46	9 %
Net revenues	931	838	11 %	2,693	2,497	8 %
Operating expenses:						
Employee compensation and benefits	234	209	12 %	677	617	10 %
Clearing and execution costs	38	35	9 %	111	102	9 %
Communications	34	33	3 %	98	99	(1)%
Occupancy and equipment costs	44	43	2 %	133	128	4 %
Depreciation and amortization	25	23	9 %	74	67	10 %
Amortization of acquired intangible assets	19	22	(14)%	57	66	(14)%
Professional services	67	47	43 %	178	121	47 %
Advertising	58	58	0 %	195	202	(3)%
Other	18	20	(10)%	65	61	7 %
Total operating expenses	537	490	10 %	1,588	1,463	9 %
Operating income	394	348	13 %	1,105	1,034	7 %
Other expense:						
Interest on borrowings	20	14	43 %	48	39	23 %
Loss on debt refinancing	1	—	N/A	1	—	N/A
Total other expense	21	14	50 %	49	39	26 %
Pre-tax income	373	334	12 %	1,056	995	6 %
Provision for income taxes	142	94	51 %	395	338	17 %
Net income	$231	$240	(4)%	$661	$657	1 %
Other information:						
Effective income tax rate	38.1 %	28.1 %		37.4 %	34.0 %	
Average debt outstanding	$2,321	$1,748	33 %	$1,939	$1,748	11 %
Effective interest rate incurred on borrowings	3.47 %	3.14 %		3.33 %	3.00 %	

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Three-Month Periods Ended June 30, 2017 and 2016

Net Revenues

Commissions and transaction fees decreased 3% to $335 million, primarily due to lower average commissions and transaction fees per trade and the effect of one less trading day during the third quarter of fiscal 2017 compared to the third quarter of fiscal 2016, partially offset by increased client trading activity. Total trades increased 9%, as average client trades per day increased 10% to 510,358 for the third quarter of fiscal 2017 compared to 461,941 for the third quarter of the prior year. Average commissions and transaction fees per trade decreased to $10.42 for the third quarter of fiscal 2017 from $11.72 for the third quarter of the prior year, primarily due to our reduction in client pricing for online equity trades and clients receiving reduced commission trades as a result of price competition in the industry. Effective March 6, 2017, we reduced our online equity and ETF trade commissions from $9.99 to $6.95 per trade and also lowered options pricing to $6.95 per trade (plus $0.75 per contract). The reduction in client pricing for online equity trades is expected to decrease our commissions and transaction fees by $80 million to $90 million for fiscal 2017, which equates to approximately $1.10 to $1.30 per trade, and we also expect commissions and transaction fees to decrease to between $300 million and $320 million per quarter for the remainder of fiscal 2017.

Asset-based revenues, which consists of insured deposit account fees, net interest revenue and investment product fees, increased 21% to $573 million, primarily due to an increase of 14 basis points in the net interest margin earned on spread-based assets, an 11% increase in average spread-based assets and a 19% increase in average market fee-based investment balances. Net interest margin increased to 1.55%, primarily due to the Federal Open Market Committee increasing the target range for the federal funds rate by 75 basis points (to between 1.00% and 1.25%) during fiscal 2017, partially offset by lower negotiated rates for clients with larger margin balances. Due to the growth in asset-based balances and the favorable impact of the federal funds rate increases, we expect asset-based revenues to remain between $560 million and $580 million for the last quarter of fiscal 2017.

Insured deposit account fees increased 22% to $286 million, primarily due to an 11% increase in average client IDA balances and an increase of 12 basis points in the average yield earned on the IDA assets. The growth in the IDA balances is due to our success in attracting net new client assets. The average yield earned on IDA assets increased primarily due to floating-rate investment balances within the IDA portfolio benefiting from the federal funds rate increases and investments within the IDA portfolio, including maturities of investments and new balance growth, being invested at higher rates. For more information about the IDA agreement, please see Note 13 – Related Party Transactions under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements.

Net interest revenue increased 22% to $175 million, primarily due to increases in the average yields earned on interest-earning assets as a result of the federal funds rate increases during fiscal 2017, a 9% increase in average margin balances and a $4 million increase in net interest revenue from our securities borrowing/lending program. The average yield earned on interest-earning assets increased 21 basis points to 2.71%, primarily due to the benefits realized from the federal fund rate increases during fiscal 2017 and the increase in net interest revenue from our securities borrowing/lending program, partially offset by lower negotiated interest rates for clients with larger margin balances.

Investment product fees increased 17% to $112 million, primarily due to a 19% increase in average market fee-based investment balances.

Operating Expenses

Total operating expenses increased 10% during the third quarter of fiscal 2017 compared to the third quarter of the prior year. As a result of strategic growth initiatives and costs related to the planned acquisition of Scottrade, we expect total operating expenses to remain between $530 million and $540 million for the last quarter of fiscal 2017.

Employee compensation and benefits increased 12% to $234 million, primarily due to an increase in average headcount related to strategic growth initiatives, higher incentive-based compensation related to Company and individual performance and higher severance costs. The average number of full-time equivalent employees increased to 6,454 for the third quarter of fiscal 2017 compared to 5,872 for the third quarter of the prior year.

Clearing and execution costs increased 9% to $38 million, primarily due to higher client trading volumes.

Amortization of acquired intangible assets decreased 14% to $19 million primarily due to certain acquired intangible assets becoming fully amortized during the prior period.

Professional services increased 43% to $67 million, primarily due to higher usage of consulting and contract services in connection with operational, technology and Scottrade acquisition-related initiatives and higher costs associated with legal and regulatory matters.

Advertising expense was $58 million for the third quarter of fiscal 2017 and 2016. We generally adjust our level of advertising spending in relation to stock market activity and other market conditions in an effort to maximize the number of new accounts while minimizing the advertising cost per new account. We find that self-directed investors tend to demonstrate more interest in financial products and services during certain times of the year, such as in months immediately preceding the annual April tax filing deadline, and less interest during certain other times, such as the summer months. In addition, in periods when advertising market demand is weak, we may adjust our spending to take advantage of attractive advertising rates.

Other Expense and Income Taxes

Interest on borrowings increased 43% to $20 million, primarily due to a 33% increase in average debt outstanding and an increase of 33 basis points in the average effective interest rate incurred on our debt. On April 27, 2017, we issued $800 million of 3.300% Senior Notes due April 1, 2027 to finance a portion of the cash consideration payable by us in our planned acquisition of Scottrade.

Our effective income tax rate was 38.1% for the third quarter of fiscal 2017, compared to 28.1% for the third quarter of the prior year. The effective tax rate for the third quarter of the prior year included $34 million of net favorable adjustments to uncertain tax positions and related deferred income tax assets, which included a favorable $33 million tax liability remeasurement related to a state court decision. These items had a net favorable impact on our earnings for the third quarter of the prior year of approximately six cents per share. We expect our effective income tax rate to range from 37% to 38% for the remainder of fiscal 2017, excluding the effect of any adjustments related to remeasurement or resolution of uncertain tax positions and federal incentives. However, we expect to experience some volatility in our quarterly and annual effective income tax rate because current accounting rules for uncertain tax positions require that any change in measurement of a tax position taken in a prior tax year be recognized as a discrete event in the period in which the change occurs.

Nine-Month Periods Ended June 30, 2017 and 2016

Net Revenues

Commissions and transaction fees increased 2% to $1.05 billion, primarily due to increased client trading activity, partially offset by lower average commissions and transaction fees per trade. Total trades increased 7%, as average client trades per day increased 8% to 504,700 for the first nine months of fiscal 2017 compared to 469,262 for the first nine months of the prior year. Average commissions and transaction fees per trade decreased to $11.14 for the first nine months of fiscal 2017 from $11.74 for the first nine months of the prior year, primarily due to our reduction in client pricing for online equity trades and clients receiving reduced commission trades as a result of price competition in the industry, partially offset by a 2% increase in average order routing revenue per trade.

Asset-based revenues increased 12% to $1.59 billion for the first nine months of fiscal 2017, primarily due to a 13% increase in average spread-based assets and a 16% increase in average market fee-based investment balances, partially offset by the effect of one less interest day during the first nine months of fiscal 2017 compared to the first nine months of fiscal 2016. Net interest margin was 1.43% for the first nine months of fiscal 2017 and 2016 as the benefits realized on the federal funds rate increases during fiscal 2017 were offset by lower negotiated interest rates for clients with larger margin balances, the impact of higher average segregated cash balances, which earn a lower net interest spread, the increased FDIC surcharge, which began in July 2016, a higher IDA servicing fee due to more balances being kept in floating-rate investments and a decrease in net interest revenue from our securities borrowing/lending program.

Insured deposit account fees increased 15% to $800 million, primarily due to a 13% increase in average client IDA balances and an increase of 2 basis points in the average yield earned on the IDA assets. The growth in IDA balances is due to our success in attracting net new client assets and due to our clients' lower net buying activity in the market during the first quarter of fiscal 2017, resulting in a higher percentage of total client assets being held in cash. The average yield earned on IDA assets increased primarily due to floating-rate investment balances within the IDA portfolio benefiting from the federal funds rate increases and investments within the IDA portfolio, including maturities of investments and new balance growth, being invested at higher rates. The increase in the average yield was mostly offset by a higher IDA servicing fee due to more balances being kept in floating-rate investments and due to the increased FDIC surcharge.

Net interest revenue increased 8% to $480 million, primarily due to increases in the average yields earned on segregated cash and other cash and interest-earning investment balances as a result of the federal funds rate increases during fiscal 2017 and a 3% increase in average margin balances, partially offset by a $5 million decrease in net interest revenue from our securities borrowing/lending program. The average yield earned on interest-earning assets decreased 7 basis points to 2.55% as the benefits realized on the federal funds rate increases during fiscal 2017 were more than offset by the impact of higher average segregated cash balances, which earn a lower net interest spread, lower negotiated interest rates for clients with larger margin balances and a decrease in net interest revenue from our securities borrowing/lending program.

Investment product fees increased 12% to $309 million, primarily due to a 16% increase in average market fee-based investment balances and an increase of 26 basis points in the average yield earned on money market mutual fund balances. These increases were partially offset by a decrease of 1 basis point earned on market fee-based investment balances.

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Operating Expenses

Total operating expenses increased 9% during the first nine months of fiscal 2017 compared to the first nine months of the prior year.

Employee compensation and benefits increased 10% to $677 million, primarily due to an increase in average headcount related to strategic growth initiatives and higher incentive-based compensation related to Company and individual performance. The average number of full-time equivalent employees increased to 6,277 for the first nine months of fiscal 2017 compared to 5,831 for the first nine months of the prior year.

Clearing and execution costs increased 9% to $111 million, primarily due to a $5 million benefit from a retroactive fee decrease from a clearinghouse during the first quarter of the prior year and higher client trading volumes.

Occupancy and equipment costs increased 4% to $133 million, primarily due to increased software licensing and facilities expenses, partially offset by decreased software maintenance expense.

Depreciation and amortization increased 10% to $74 million, primarily due to recent technology infrastructure upgrades.

Amortization of acquired intangible assets decreased 14% to $57 million, primarily due to certain acquired intangible assets becoming fully amortized during the prior year.

Professional services increased 47% to $178 million, primarily due to higher usage of consulting and contract services in connection with operational, technology and Scottrade acquisition-related initiatives and higher costs associated with legal and regulatory matters.

Other Expense and Income Taxes

Interest on borrowings increased 23% to $48 million, primarily due to an increase of 33 basis points in the average effective interest rate incurred on our debt and an 11% increase in average debt outstanding. On April 27, 2017, we issued $800 million of 3.300% Senior Notes due April 1, 2027 to finance a portion of the cash consideration payable by us in our planned acquisition of Scottrade.

Our effective income tax rate was 37.4% for the first nine months of fiscal 2017, compared to 34.0% for the first nine months of the prior year. The effective income tax rate for the first nine months of fiscal 2017 included $7 million of net favorable resolutions of state income tax matters and $3 million of favorable tax benefits for federal incentives. These items had a net favorable impact on our earnings for the first nine months of fiscal 2017 of approximately two cents per share. The effective income tax rate for the first nine months of the prior year was impacted by $38 million of net favorable adjustments to uncertain tax positions and related deferred income tax assets, which included a favorable $33 million tax liability remeasurement related to a state court decision. The provision was also impacted by $5 million of net favorable deferred income tax adjustments due to the remeasurement of deferred tax assets and liabilities and the cumulative impact of the decline in the state tax rate. These items had a net favorable impact our earnings for the first nine months of the prior year of approximately eight cents per share.

Liquidity and Capital Resources

As a holding company, TD Ameritrade Holding Corporation (the "Parent") conducts substantially all of its business through its operating subsidiaries, principally its broker-dealer and futures commission merchant ("FCM")/forex dealer member ("FDM") subsidiaries.

We have historically financed our liquidity and capital needs primarily through the use of funds generated from subsidiary operations and from borrowings under our credit agreements. We have also issued common stock and long-term debt to finance mergers and acquisitions and for other corporate purposes. Our liquidity needs during the first nine months of fiscal 2017 were financed primarily from our subsidiaries' earnings and cash on hand. We plan to finance our ordinary capital and liquidity needs during the remainder of fiscal 2017 primarily from our subsidiaries' earnings, cash on hand and borrowings. During fiscal 2017, we plan to return approximately 40% of our net income excluding amortization of intangible assets to our stockholders through cash dividends. We returned $285 million, or approximately 41% of net income excluding amortization of intangible assets, to our stockholders during the first nine months of fiscal 2017 through cash dividends. For more information about our dividends, see "Cash Dividends" later in this section.

We intend to fund the acquisition of Scottrade with new common equity, the net proceeds received from our issuance of 3.300% Senior Notes on April 27, 2017, cash on hand and cash proceeds from the sale of our common stock to TD.

The Scottrade acquisition is expected to close by September 30, 2017. For further information about the Scottrade acquisition, see Note 2 — Business Acquisition under Item 1, Financial Statements — Notes to Condensed Consolidated Financial Statements.

The Parent may make loans of cash or securities under committed and/or uncommitted lines of credit with each of its primary broker-dealer and FCM/FDM subsidiaries in order to provide liquidity for operational contingencies. Liquidity for operational contingencies could be used to fund increases in our subsidiaries' deposit requirements with clearinghouses, and to provide operating liquidity for client trading and investing activity in the normal course of business and during times of market volatility. Committed facilities of $723 million and uncommitted facilities of $600 million were available to the Parent's primary broker-dealer and FCM/FDM subsidiaries as of June 30, 2017. For more information about these credit agreements, see "Long-term Debt and Credit Facilities — Intercompany Credit Agreements" later in this section.

Dividends from our subsidiaries are an important source of liquidity for the parent company. Some of our subsidiaries are subject to requirements of the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), the Commodity Futures Trading Commission ("CFTC"), the National Futures Association ("NFA") and other regulators relating to liquidity, capital standards and the use of client funds and securities, which may limit funds available for the payment of dividends to the parent company.

Broker-dealer and Futures Commission Merchant/Forex Dealer Member Subsidiaries

Our broker-dealer and FCM/FDM subsidiaries are subject to regulatory requirements that are intended to ensure their liquidity and general financial soundness. Under the SEC's Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934, or the "Exchange Act"), our broker-dealer subsidiaries are required to maintain, at all times, at least the minimum level of net capital required under Rule 15c3-1. For our clearing broker-dealer subsidiary, this minimum net capital level is determined by a calculation described in Rule 15c3-1 that is primarily based on the broker-dealer's "aggregate debits," which primarily are a function of client margin balances at the clearing broker-dealer. Since our aggregate debits may fluctuate significantly, our minimum net capital requirements may also fluctuate significantly from period to period. The parent company may make cash capital contributions to our broker-dealer and FCM/FDM subsidiaries, if necessary, to meet minimum net capital requirements.

Each of our broker-dealer subsidiaries may not repay any subordinated borrowings, pay cash dividends or make any unsecured advances or loans to its parent company or employees if such payment would result in a net capital amount of less than (a) 5% of aggregate debit balances or (b) 120% of its minimum dollar requirement. TD Ameritrade Futures & Forex LLC ("TDAFF"), our FCM and FDM subsidiary, must provide notice to the CFTC if its adjusted net capital amounts to less than (a) 110% of its risk-based capital requirement under CFTC Regulation 1.17, (b) 150% of its $1.0 million minimum dollar requirement, or (c) 110% of $20.0 million plus 5% of all liabilities owed to forex clients in excess of $10.0 million. These broker-dealer, FCM and FDM net capital thresholds, which are specified in Rule 17a-11 under the Exchange Act and CFTC Regulations 1.12 and 5.6, are typically referred to as "early warning" net capital thresholds.

The following tables summarize our broker-dealer and FCM/FDM subsidiaries' net capital and adjusted net capital, respectively, as of June 30, 2017 (dollars in millions):

	Net Capital	Early Warning Threshold	Net Capital in Excess of Early Warning Threshold
TD Ameritrade Clearing, Inc.	$ 1,465	$ 826	$ 639
TD Ameritrade, Inc.	$ 118	$ 0.3	$ 118

	Adjusted Net Capital	Early Warning Threshold	Adjusted Net Capital in Excess of Early Warning Threshold
TD Ameritrade Futures & Forex LLC	$ 71	$ 25	$ 46

Our clearing broker-dealer subsidiary, TD Ameritrade Clearing, Inc. ("TDAC"), engages in activities such as settling client securities transactions with clearinghouses, extending credit to clients through margin lending, securities lending and borrowing transactions and processing client cash sweep transactions to and from insured deposit accounts and money market mutual funds. These types of broker-dealer activities require active daily liquidity management.

Most of TDAC's assets are readily convertible to cash, consisting primarily of cash and investments segregated for the exclusive benefit of clients, receivables from clients and receivables from brokers, dealers and clearing organizations. Cash and investments segregated for the exclusive benefit of clients may be held in cash, reverse repurchase agreements (collateralized by U.S. Treasury securities), U.S. Treasury securities and other qualified securities. Receivables from clients consist of margin loans, which are demand loan obligations secured by readily marketable securities. Receivables from brokers, dealers and clearing organizations primarily arise from current open transactions, which usually settle or can be settled within a few business days.

TDAC is subject to cash deposit and collateral requirements with clearinghouses such as the Depository Trust & Clearing Corporation ("DTCC") and the OCC, which may fluctuate significantly from time to time based on the nature and size of our clients' trading activity. TDAC had $440 million and $335 million of cash and investments deposited with clearing organizations for the clearing of client equity and option trades as of June 30, 2017 and September 30, 2016, respectively. The largest amount

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of TDAC cash and investments ever deposited with clearing organizations was approximately $714 million, which occurred in October 2015.

TDAC's liquidity needs relating to client trading and margin borrowing are met primarily through cash balances in client brokerage accounts and lending of client margin securities. Cash balances in client brokerage accounts were $18.5 billion and $18.7 billion as of June 30, 2017 and September 30, 2016, respectively. Cash balances in client brokerage accounts not used for client trading and margin borrowing activity are not generally available for other liquidity purposes and must be segregated for the exclusive benefit of clients under Rule 15c3-3 of the Exchange Act. TDAC had $7.0 billion and $8.4 billion of cash and investments segregated in special reserve bank accounts for the exclusive benefit of clients under Rule 15c3-3 as of June 30, 2017 and September 30, 2016, respectively.

For general liquidity needs, TDAC currently maintains a senior unsecured revolving credit facility in an aggregate principal amount of $600 million. This facility is described under Long-term Debt and Credit Facilities – TD Ameritrade Clearing, Inc. Credit Agreement later in this section.

In addition, we have established intercompany credit agreements under which the broker-dealer and FCM/FDM subsidiaries may borrow from the parent company. The intercompany credit agreement with TDAC provides for a committed revolving loan facility of $700 million and an uncommitted revolving loan facility of $300 million. The intercompany credit agreements are described under Long-term Debt and Credit Facilities – Intercompany Credit Agreements later in this section.

Liquid Assets Available for Corporate Investing and Financing Activities

We consider "liquid assets available for corporate investing and financing activities" to be an important measure of our liquidity. Liquid assets available for corporate investing and financing activities is considered a non-GAAP financial measure. We include the excess capital of our regulated subsidiaries in the calculation of liquid assets available for corporate investing and financing activities, rather than simply including the regulated subsidiaries' cash and cash equivalents, because capital requirements may limit the amount of cash available for dividend from the regulated subsidiaries to the parent company. Excess capital, as defined below, is generally available for dividend from the regulated subsidiaries to the parent company. Liquid assets available for corporate investing and financing activities should be considered as a supplemental measure of liquidity, rather than as a substitute for GAAP cash and cash equivalents.

We define liquid assets available for corporate investing and financing activities as the sum of (a) excess corporate cash and cash equivalents and investments and (b) our regulated subsidiaries net capital in excess of minimum operational targets established by management. Excess corporate cash and cash equivalents and investments includes cash and cash equivalents from our investment advisory subsidiaries and excludes (i) amounts being maintained to provide liquidity for operational contingencies, including lending to our broker-dealer and FCM/FDM subsidiaries under intercompany credit agreements, (ii) amounts maintained for corporate working capital and (iii) amounts held as collateral for derivative contracts. Liquid assets available for corporate investing and financing activities is based on more conservative measures of net capital than regulatory requirements because we generally manage to higher levels of net capital at our regulated subsidiaries than the regulatory thresholds require. In March 2017, the liquid assets available for corporate investing and financing activities metric was revised to reflect changes in how we manage liquidity. The prior period has been updated to conform to the current presentation.

The following table sets forth a reconciliation of cash and cash equivalents, which is the most directly comparable GAAP measure, to liquid assets available for corporate investing and financing activities (dollars in millions):

	June 30, 2017	Sept. 30, 2016	Change
Cash and cash equivalents - GAAP	$2,880	$1,855	$1,025
Less: Non-corporate cash and cash equivalents	(973)	(1,363)	390
Corporate cash and cash equivalents	1,907	492	1,415
Corporate investments	747	757	(10)
Less: Corporate liquidity maintained for operational contingencies	(723)	(773)	50
Amounts maintained for corporate working capital	(87)	(87)	—

Amounts held as collateral for derivative contracts	(34)	(93)	59
Excess corporate cash and cash equivalents and investments	1,810	296	1,514
Excess regulatory net capital over management targets	8	357	(349)
Liquid assets available for corporate investing and financing activities - non-GAAP	$1,818	$653	$1,165

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The changes in liquid assets available for corporate investing and financing activities are summarized as follows (dollars in millions):

Liquid assets available for corporate investing and financing activities as of September 30, 2016	$653
Plus: EBITDA(1)	1,235
Proceeds from issuance of long-term debt	798
Other changes in working capital and regulatory net capital	228
Proceeds from exercise of stock options	23
Less: Income taxes paid	(367)
Payment of cash dividends	(285)
Additional net capital requirement due to increase in aggregate debits	(213)
Purchase of property and equipment	(141)
Interest paid	(48)
Change in net capital related to daily futures client cash sweep	(31)
Purchase of treasury stock for income tax withholding on stock-based compensation	(26)
Payment of debt issuance costs	(8)
Liquid assets available for corporate investing and financing activities as of June 30, 2017	$1,818

(1) See "Financial Performance Metrics" earlier in this section for a description of EBITDA.

Long-term Debt and Credit Facilities

The following is a summary of our long-term debt and credit facilities.

Senior Notes – Our unsecured, fixed-rate Senior Notes were each sold through a public offering and pay interest semi-annually in arrears. Key information about the Senior Notes outstanding is summarized in the following table (dollars in millions):

Description	Date Issued	Maturity Date	Aggregate Principal	Interest Rate
2019 Notes	November 25, 2009	December 1, 2019	$500	5.600%
2022 Notes	March 4, 2015	April 1, 2022	$750	2.950%
2025 Notes	October 17, 2014	April 1, 2025	$500	3.625%
2027 Notes	April 27, 2017	April 1, 2027	$800	3.300%

We intend to use the net proceeds from the recent issuance of the 2027 Notes to finance a portion of the cash consideration payable by us in our planned acquisition of Scottrade.

Fair Value Hedging – We are exposed to changes in the fair value of our fixed-rate Senior Notes resulting from interest rate fluctuations. To hedge a portion of this exposure, we entered into fixed-for-variable interest rate swaps on the 2019 Notes and the 2025 Notes. Each fixed-for-variable interest rate swap has a notional amount of $500 million and a maturity date matching the maturity date of the respective Senior Notes.

The interest rate swaps effectively change the fixed-rate interest on the 2019 Notes and 2025 Notes to variable-rate interest. Under the terms of the interest rate swap agreements, we receive semi-annual fixed-rate interest payments based on the same rates applicable to the Senior Notes, and make quarterly variable-rate interest payments based on three-month LIBOR plus (a) 2.3745% for the swap on the 2019 Notes and (b) 1.1022% for the swap on the 2025 Notes. As of June 30, 2017, the weighted average effective interest rate on the aggregate principal balance of the 2019 Notes and 2025 Notes was 2.91%.

TD Ameritrade Holding Corporation Credit Agreement – On April 21, 2017, the Parent entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the "Parent Revolving Facility"). The Parent Revolving Facility replaced the Parent's prior $300 million unsecured revolving credit facility, which was scheduled to expire on June 11, 2019. The maturity date of the Parent Revolving Facility is April 21, 2022. There were no borrowings outstanding under the Parent Revolving Facility as of June 30, 2017.

TD Ameritrade Clearing, Inc. Credit Agreement – On April 21, 2017, TDAC entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $600 million (the "TDAC Revolving Facility"). The

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TDAC Revolving Facility replaced TDAC's prior $300 million unsecured revolving credit facility, which was scheduled to expire on June 11, 2019. The maturity date of the TDAC Revolving Facility is April 21, 2022. There were no borrowings outstanding under the TDAC Revolving Facility as of June 30, 2017.
For additional details regarding debt transactions, see Note 6 – Long-term Debt and Credit Facilities under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements.
Intercompany Credit Agreements – The Parent has entered into credit agreements with each of its primary broker-dealer and FCM/FDM subsidiaries, under which the Parent may make loans of cash or securities under committed and/or uncommitted lines of credit as summarized in the table below (dollars in millions):

Borrower Subsidiary	Committed Facility	Uncommitted Facility(1)	Termination Date
TD Ameritrade Clearing, Inc.	$700	$300	March 1, 2022
TD Ameritrade, Inc.	N/A	$300	March 1, 2022
TD Ameritrade Futures & Forex LLC	$22.5	N/A	August 11, 2021

(1) The Parent is permitted, but under no obligation, to make loans under uncommitted facilities.
There were no borrowings outstanding under any of the intercompany credit agreements as of June 30, 2017.
Stock Repurchase Program
On November 20, 2015, our board of directors authorized the repurchase of up to 30 million shares of our common stock. As of June 30, 2017, we had approximately 26 million shares remaining under this stock repurchase authorization. We have suspended further repurchases under our current stock repurchase authorization until after the completion of the Scottrade integration.
Cash Dividends
We declared an $0.18 per share quarterly cash dividend on our common stock each quarter of fiscal 2017. We paid a total of $285 million in quarterly cash dividends during the first nine months of fiscal 2017. We will pay the fourth quarter dividend of $0.18 per share on August 15, 2017 to all shareholders of record as of August 1, 2017.
Contractual Obligations
The following items constitute material changes in our contractual obligations outside the ordinary course of business since September 30, 2016:
On October 24, 2016, we entered into an Agreement and Plan of Merger to acquire Scottrade in a cash and equity transaction, which was valued at $4 billion as of that date. The transaction will take place in two, consecutive steps. First, and as a condition precedent to our acquisition of Scottrade, TD will purchase Scottrade Bank, a wholly-owned subsidiary of Scottrade, from Scottrade for $1.3 billion, subject to closing adjustments. Additionally, we expect TD to purchase $400 million in new common equity, or approximately 11 million shares, from us in connection with the planned transaction. Immediately following TD's acquisition of Scottrade Bank, we will acquire Scottrade for $4 billion less the proceeds from the sale of Scottrade Bank, which is subject to closing adjustments. We intend to fund the acquisition of Scottrade with $1 billion in new common equity, or approximately 28 million shares, issued to Scottrade shareholders, the net proceeds received from our issuance of 3.300% Senior Notes on April 27, 2017, cash on hand and cash proceeds from the sale of our common stock to TD, as described above. The transaction is subject to regulatory approvals and customary closing conditions and is expected to close by September 30, 2017. On December 8, 2016, the U.S. Federal Trade Commission notified the Company that early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 was granted, effective immediately.
On April 27, 2017, we issued $800 million of 3.300% Senior Notes due April 1, 2027, the proceeds of which we intend to use to finance a portion of the cash consideration payable by us in our planned acquisition of Scottrade.
Off-Balance Sheet Arrangements
We enter into guarantees and other off-balance sheet arrangements in the ordinary course of business, primarily to meet the needs of our clients and to manage our asset-based revenues. For information on these arrangements, see the following sections under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements: "General Contingencies" and "Guarantees" in Note 8 – Commitments and Contingencies and "Insured Deposit Account Agreement" in Note 13 – Related Party Transactions. The IDA agreement accounts for a significant percentage of our net revenues (30% of our net revenues for the first nine months

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of fiscal 2017) and enables our clients to invest in an FDIC-insured deposit product without the need for the Company to establish the significant levels of capital that would be required to maintain our own bank charter.

Websites and Social Media Disclosure

From time to time, the Company may use its website and/or Twitter as distribution channels of material information. The Company's Code of Business Conduct and Ethics, financial data and other important information regarding the Company is routinely accessible through and posted on the Company's website at www.amtd.com and its Twitter account @TDAmeritradePR. We ask that interested parties visit or subscribe to newsfeeds at www.amtd.com/newsroom to automatically receive email alerts and other information, including the most up-to-date corporate financial information, presentation announcements, transcripts and archives. The website to access the Company's Twitter account is https://twitter.com/TDAmeritradePR. Website links provided in this report, although correct when published, may change in the future. We make available free of charge on our website at www.amtd.com/investor-relations/sec-filings/ our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after we electronically file such material with or furnish it to the SEC. Our SEC filings are also available on the SEC's website at http://www.sec.gov/.

Item 3. – Quantitative and Qualitative Disclosures About Market Risk

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest rates and market prices. We have established policies, procedures and internal processes governing our management of market risks in the normal course of our business operations.

Market-related Credit Risk

Two primary sources of credit risk inherent in our business are (1) client credit risk related to margin lending and leverage and (2) counterparty credit risk related to securities lending and borrowing. We manage risk on client margin lending and leverage by requiring clients to maintain margin collateral in compliance with regulatory and internal guidelines. The risks associated with margin lending and leverage increase during periods of rapid market movements, or in cases where leverage or collateral is concentrated and market movements occur. We monitor required margin levels daily and, pursuant to such guidelines, require our clients to deposit additional collateral, or to reduce positions, when necessary. We continuously monitor client accounts to detect excessive concentration, large orders or positions, patterns of day trading and other activities that indicate increased risk to us. We manage risks associated with our securities lending and borrowing activities by requiring credit approvals for counterparties, by monitoring the market value of securities loaned and collateral values for securities borrowed on a daily basis and requiring additional cash as collateral for securities loaned or return of collateral for securities borrowed when necessary, and by participating in a risk-sharing program offered through the Options Clearing Corporation.

We are party to interest rate swaps related to our long-term debt, which are subject to counterparty credit risk. Credit risk on derivative financial instruments is managed by limiting activity to approved counterparties that meet a minimum credit rating threshold and by entering into credit support agreements, or by utilizing approved central clearing counterparties registered with the Commodity Futures Trading Commission. Our interest rate swaps require daily collateral coverage, in the form of cash or U.S. Treasury securities, for the aggregate fair value of the interest rate swaps.

Interest Rate Risk

As a fundamental part of our brokerage business, we invest in interest-earning assets and are obligated on interest-bearing liabilities. In addition, we earn fees on our insured deposit account ("IDA") arrangement with TD Bank USA, N.A. and TD Bank, N.A. and on money market mutual funds, which are subject to interest rate risk. Changes in interest rates could affect the interest earned on assets differently than interest paid on liabilities. A rising interest rate environment generally results in our earning a larger net interest spread. Conversely, a falling interest rate environment generally results in our earning a smaller net interest spread.

Our most prevalent form of interest rate risk is referred to as "gap" risk. This risk occurs when the interest rates we earn on our assets change at a different frequency or amount than the interest rates we pay on our liabilities. For example, in the current low interest rate environment, sharp increases in short-term interest rates could result in net interest spread compression if the yields paid on interest-bearing client balances were to increase faster than our earnings on interest-earning assets. We seek to mitigate interest rate risk by aligning the average duration of our interest-earning assets with that of our interest-bearing liabilities. As of June 30, 2017, our consolidated duration was 2.2 years. We have an Asset/Liability Committee as the governance body with the responsibility of managing interest rate risk, including gap risk.

We use net interest simulation modeling techniques to evaluate the effect that changes in interest rates might have on pre-tax income. Our model includes all interest-sensitive assets and liabilities of the Company and interest-sensitive assets and liabilities associated with the IDA arrangement. The simulations involve assumptions that are inherently uncertain and, as a result, cannot precisely predict the impact that changes in interest rates will have on pre-tax income. Actual results may differ from simulated

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results due to differences in timing and frequency of rate changes, changes in market conditions and changes in management strategy that lead to changes in the mix of interest-sensitive assets and liabilities.

The simulations assume that the asset and liability structure of our Condensed Consolidated Balance Sheet and the IDA arrangement would not be changed as a result of a simulated change in interest rates. The results of the simulations based on our financial position as of June 30, 2017 indicate that a gradual 1% (100 basis points) increase in interest rates over a 12-month period would result in a range of approximately $20 million to $160 million higher pre-tax income and a gradual 1% (100 basis points) decrease in interest rates over a 12-month period would result in a range of approximately $180 million to $200 million lower pre-tax income, depending largely on the extent and timing of possible increases in payment rates on client cash balances and interest rates charged on client margin balances. The results of the simulations reflect the fact that short-term interest rates remain at historically low levels despite the increase in the federal funds target range to 1.00% to 1.25% as directed by the Federal Open Market Committee in June 2017.

Other Market Risks

Substantially all of our revenues and financial instruments are denominated in U.S. dollars. We generally do not enter into derivative transactions, except for hedging purposes.

Item 4. – Controls and Procedures

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures as of June 30, 2017. Management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2017.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. – Legal Proceedings

For information regarding legal proceedings, see Note 8 – Commitments and Contingencies – "Legal and Regulatory Matters" under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements.

Item 1A. – Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed under Item 1A— "Risk Factors" in our annual report on Form 10-K for the year ended September 30, 2016, which could materially affect our business, financial condition or future results of operations. The risks described in this Form 10-Q and in our Form 10 K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

During April 2017, we sold, through a public offering, $800 million aggregate principal amount of unsecured 3.300% Senior Notes due April 1, 2027 and entered into two new credit agreements consisting of senior unsecured revolving credit facilities in the aggregate principal amounts of $300 million and $600 million. The new revolving credit facilities replaced our existing revolving credit facilities. The risk factors presented below have been updated to reflect these debt transactions and should be considered in addition to the risk factors disclosed in our Form 10-K for the fiscal year ended September 30, 2016. There have been no other material changes from the risk factors disclosed in our Form 10-K for the fiscal year ended September 30, 2016.

Risk Factors Relating to Owning Our Stock

We are restricted by the terms of our revolving credit facilities and senior notes.

Our senior unsecured revolving credit facilities contain various covenants and restrictions that may, in certain circumstances and subject to carve-outs and exceptions, which may be material, limit our ability to:

- incur additional indebtedness;
- create liens;

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- sell all or substantially all of our assets;
- change the nature of our business;
- merge or consolidate with another entity; and
- conduct transactions with affiliates.

Under our revolving credit facilities, we are also required to maintain compliance with a maximum consolidated leverage ratio covenant (not to exceed 3.00:1.00) and a minimum consolidated interest coverage ratio covenant (not less than 4.00:1:00). TDAC is required to maintain compliance with a minimum consolidated tangible net worth covenant and our broker-dealer and FCM/FDM subsidiaries are required to maintain compliance with minimum regulatory net capital covenants.

Our senior unsecured notes contain various covenants and restrictions that may, in certain circumstances and subject to carve-outs and exceptions, which may be material, limit our ability to:

- create liens;
- merge or consolidate with another entity; and
- sell all or substantially all of our assets.

As a result of the covenants and restrictions contained in the revolving credit facilities and our senior unsecured notes, we are limited in how we conduct our business. We cannot guarantee that we will be able to remain in compliance with these covenants or be able to obtain waivers for noncompliance in the future. A failure to comply with these covenants could have a material adverse effect on our financial condition by impairing our ability to secure and maintain financing.

Our corporate debt level may limit our ability to obtain additional financing.

As of June 30, 2017, we had approximately $2.55 billion of long-term debt, consisting of:

- $500 million of 5.600% Senior Notes with principal due in full on December 1, 2019;
- $750 million of 2.950% Senior Notes with principal due in full on April 1, 2022;
- $500 million of 3.625% Senior Notes with principal due in full on April 1, 2025; and
- $800 million of 3.300% Senior Notes with principal due in full on April 1, 2027.

Our ability to meet our cash requirements, including our debt repayment obligations, is dependent upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are or may be beyond our control. We cannot provide assurance that our business will generate sufficient cash flows from operations to fund our cash requirements. If we are unable to meet our cash requirements from operations, we would be required to obtain alternative financing. The degree to which we may be leveraged as a result of the indebtedness we have incurred could materially and adversely affect our ability to obtain financing for working capital, acquisitions or other purposes, could make us more vulnerable to industry downturns and competitive pressures or could limit our flexibility in planning for, or reacting to, changes and opportunities in our industry, which may place us at a competitive disadvantage. There can be no assurance that we would be able to obtain alternative financing, that any such financing would be on acceptable terms or that we would be permitted to do so under the terms of existing financing arrangements. In the absence of such financing, our ability to respond to changing business and economic conditions, make future acquisitions, react to adverse operating results, meet our debt repayment obligations or fund required capital expenditures could be materially and adversely affected.

Item 2. – Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
April 1, 2017 – April 30, 2017	231,045	$ 38.65	—	25,979,986
May 1, 2017 – May 31, 2017	—	$ —	—	25,979,986
June 1, 2017 – June 30, 2017	78,924	$ 37.75	—	25,979,986

Total – Three months ended June 30, 2017	309,969	$ 38.42	—	25,979,986

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On November 20, 2015, our board of directors authorized the repurchase of up to 30 million shares of our common stock. We disclosed this authorization on November 20, 2015 in our annual report on Form 10-K. This program was the only stock repurchase program in effect and no programs expired during the third quarter of fiscal 2017.
During the quarter ended June 30, 2017, 309,969 shares were repurchased from employees for income tax withholding in connection with distributions of stock-based compensation.
Item 6. – Exhibits

2.1^	Agreement and Plan of Merger, dated as of October 24, 2016, by and among Scottrade Financial Services, Inc., Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012, TD Ameritrade Holding Corporation and Alto Acquisition Corp. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on October 28, 2016)
3.1	Amended and Restated Certificate of Incorporation of TD Ameritrade Holding Corporation, dated January 24, 2006 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on January 27, 2006)
3.2	Amended and Restated By-Laws of TD Ameritrade Holding Corporation, effective February 12, 2014 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on February 19, 2014)
4.1	Form of Certificate for Common Stock (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A filed on September 5, 2002)
4.2	First Supplemental Indenture, dated November 25, 2009, among TD Ameritrade Holding Corporation, TD Ameritrade Online Holdings Corp., as guarantor, and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on November 25, 2009)
4.3	Form of 5.600% Senior Note due 2019 (included in Exhibit 4.2)
4.4	Indenture, dated October 22, 2014, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on October 23, 2014)
4.5	Form of 3.625% Senior Note due 2025 (included in Exhibit 4.4)
4.6	Supplemental Indenture, dated October 22, 2014, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Company's Form 8-K filed on October 23, 2014)
4.7	Second Supplemental Indenture, dated March 9, 2015, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on March 9, 2015)
4.8	Form of 2.950% Senior Note due 2022 (included in Exhibit 4.7)
4.9	Third Supplemental Indenture, dated April 27, 2017, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on April 28, 2017)
4.10	Form of 3.300% Senior Note due 2027 (included in Exhibit 4.9)

10.1	Credit Agreement, dated April 21, 2017, among TD Ameritrade Holding Corporation, the lenders party thereto, U.S. Bank National Association, as syndication agent, Barclays Bank PLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC, as co-documentation agents and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on April 21, 2017)
10.2	Credit Agreement, dated April 21, 2017, among TD Ameritrade Clearing, Inc., the lenders party thereto, U.S. Bank National Association, as syndication agent, Barclays Bank PLC, TD Securities (USA) LLC and Wells Fargo Securities, LLC, as co-documentation agents and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on April 21, 2017)
15.1	Awareness Letter of Independent Registered Public Accounting Firm
31.1	Certification of Tim Hockey, Principal Executive Officer, as required pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
31.2	Certification of Stephen J. Boyle, Principal Financial Officer, as required pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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99.1	Form of Registration Rights Agreement, by and among TD Ameritrade Holding Corporation, Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012, The Toronto-Dominion Bank and the other stockholders described therein (incorporated by reference to Exhibit 99.1 of the Company's Form 8-K filed on October 28, 2016)
99.2	Form of Stockholders Agreement by and among TD Ameritrade Holding Corporation and Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012 (incorporated by reference to Exhibit 99.2 of the Company's Form 8-K filed on October 28, 2016)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation
101.DEF	XBRL Taxonomy Extension Definition

^ Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule upon request.

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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.

Dated: July 24, 2017

TD Ameritrade Holding Corporation
(Registrant)

By: /s/ TIM HOCKEY
Tim Hockey
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ STEPHEN J. BOYLE
Stephen J. Boyle
Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)