TD AMERITRADE HOLDING CORP
Form 10-K
November 21, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

þ	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the fiscal year ended September 30, 2014
¨	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)

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

Title of each class	Name of each exchange on which registered
Common Stock — $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
(Title of class)
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $8.7 billion computed by reference to the closing sale price of the stock on the New York Stock Exchange on March 31, 2014, the last trading day of the registrant's most recently completed second fiscal quarter.

The number of shares of common stock outstanding as of November 7, 2014 was 543,824,055 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement relating to the registrant's 2015 Annual Meeting of Stockholders to be filed hereafter (incorporated into Part III hereof).

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Unless otherwise indicated, references to "we," "us," "our," "Company," or "TD Ameritrade" mean TD Ameritrade Holding Corporation and its subsidiaries, and references to "fiscal" mean the Company's fiscal year ended September 30. References to the "parent company" mean TD Ameritrade Holding Corporation.

PART I

Item 1. Business

Form of Organization

The Company was established in 1971 as a local investment banking firm and began operations as a retail discount securities brokerage firm in 1975. The parent company is a Delaware corporation.

Operations

We are a leading provider of securities brokerage services and related technology-based financial services to retail investors, traders and independent registered investment advisors ("RIAs"). We provide our services predominantly through the Internet, a national branch network and relationships with RIAs. We believe that our services appeal to a broad market of independent, value-conscious retail investors, traders, financial planners and institutions. We use our efficient platform to offer brokerage services to retail investors and institutions under a simple, low-cost commission structure.

We have been an innovator in electronic brokerage services since entering the retail securities brokerage business in 1975. We believe that we were the first brokerage firm to offer the following products and services to retail clients: touch-tone trading; trading over the Internet; unlimited, streaming, free real-time quotes; extended trading hours; direct access to market destinations; and commitment on the speed of order execution. Since initiating online trading, we have substantially increased our number of brokerage accounts, number of RIA relationships, average daily trading volume and total assets in client accounts. We have also built, and continue to invest in, a proprietary trade processing platform that is both cost-efficient and highly scalable, significantly lowering our operating costs per trade. In addition, we have made significant and effective investments in building the TD Ameritrade brand.

Strategy

We intend to capitalize on the growth and consolidation of the retail brokerage industry in the United States and leverage our low-cost infrastructure to grow our market share and profitability. Our long-term growth strategy is to increase our market share of total assets in client accounts, while maintaining a leadership position in client trading, by providing superior offerings to long-term investors, RIAs and active traders. We strive to enhance the client experience by providing sophisticated asset management products and services, enhanced trading tools and capabilities and a superior, proprietary, single-platform system to support RIAs. The key elements of our strategy are as follows:

- Focus on brokerage services. We continue to focus on attracting active traders, long-term investors and RIAs to our brokerage services. This focused strategy is designed to enable us to maintain our low operating cost structure while offering our clients outstanding products and services. We primarily execute client trades on an agency, rather than a principal, basis. We maintain only a small inventory of fixed income securities to meet client requirements.
- Provide a comprehensive long-term investor solution. We continue to expand our suite of diversified investment products and services to best serve investors' needs. We help clients make investment decisions by providing simple-to-use investment tools, guidance, education and objective third-party research.
- Maintain industry leadership and market share with active traders. We help active traders make better-informed investment decisions by offering fast access to markets, insight into market trends and innovative tools such as strategy back-testing and comprehensive options research and trading capabilities.

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- Continue to be a leader in the RIA industry. We provide RIAs with comprehensive brokerage and custody services supported by our robust integrated technology platform, customized personal service and practice management solutions.
- Leverage our infrastructure to add incremental revenue. Through our proprietary technology, we are able to provide a very robust online experience for long-term investors and active traders. Our low-cost, scalable systems provide speed, reliability and quality trade execution services for clients. The scalable capacity of our trading system allows us to add a significant number of transactions while incurring minimal additional fixed costs.
- Continue to be a low-cost provider of quality services. We achieve low operating costs per trade by creating economies of scale, utilizing our proprietary transaction-processing systems, continuing to automate processes and locating much of our operations in low-cost geographical areas. This low fixed-cost infrastructure provides us with significant financial flexibility.
- Continue to differentiate our offerings through innovative technologies and service enhancements. We have been an innovator in our industry for nearly 40 years. We continually strive to provide our clients with the ability to customize their trading experience. We provide our clients greater choice by tailoring our features and functionality to meet their specific needs.
- Leverage the TD Ameritrade brand. We believe that we have a superior brand identity and that our advertising has established TD Ameritrade as a leading brand in the retail brokerage market.
- Continue to evaluate opportunities for growth through acquisitions. When evaluating potential acquisitions, we look for transactions that will give us operational leverage, technological leverage, increased market share or other strategic opportunities.

Client Offerings

We deliver products and services aimed at providing a comprehensive, personalized experience for active traders, long-term investors and independent RIAs. Our client offerings are described below:

Trading and Investing Platforms

- tdameritrade.com Web Platform is our core offering for self-directed retail investors. We offer sophisticated tools and services, including alerts, screeners, conditional orders, free fundamental third-party research and a customizable workspace. SnapTicket™ conveniently stays at the bottom of the browser window no matter where investors navigate on the site, so that quotes may be accessed and trades placed seamlessly at a moment’s notice. Free planning tools are also provided, such as Portfolio Planner to efficiently create a bundle of securities to trade, invest and rebalance and WealthRuler™ to realistically assess retirement needs.
- Trade Architect® is a powerful and intuitive web-based platform that helps active investors and traders identify opportunities and stay informed. It includes advanced features such as complex options, Level II equity and option quotes, streaming news from CNBC and Dow Jones, free reports from S&P Capital IQ and Morningstar and visual position profit/loss analysis.
- thinkorswim® is a downloadable desktop platform designed for advanced traders, featuring easy-to-use interfaces, elite-level trading and analytical tools, and fast and efficient order execution for complex trading strategies. thinkorswim clients trade a broad range of products including stock and stock options, index options, futures and futures options, foreign exchange and exchange-traded funds (“ETFs”).
- TD Ameritrade Mobile allows on-the-go investors and traders to trade and monitor accounts from web-enabled mobile devices with features such as alerts, research and streaming market commentary. Access is available through the TD Ameritrade Mobile App, the more advanced TD Ameritrade Mobile Trader App or via a mobile browser at the TD Ameritrade Mobile Site.
- TD Ameritrade Institutional is a leading provider of comprehensive brokerage and custody services to more than 4,500 independent RIAs and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams, allows RIAs to grow and manage their practices more effectively and efficiently while optimizing time with clients. Additionally, TD Ameritrade Institutional provides a

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robust offering of products, programs and services. These services are all designed to help advisors build their businesses and do the best possible job they can to help their clients with their financial goals.

Other Offerings

- TD Ameritrade Apex™ status offers top benefits to retail clients who place an average of five trades per month over a three-month period or maintain a total account value of at least $100,000. Apex clients receive certain services for free that are otherwise subject to service fees, as well as discounts on certain premium content.
- Investools® offers a comprehensive suite of investor education products and services for stock, option, foreign exchange, futures, mutual fund and fixed-income investors. Our education subsidiary, Investools, Inc., offers educational products and services primarily built around an investing method that is designed to teach both experienced and beginning investors how to approach the selection process for investment securities and actively manage their investment portfolios. Course offerings are generally combined with web-based tools, personalized instruction techniques and ongoing service and support and are offered in a variety of learning formats. Designed for the advanced student, continuing education programs offer students comprehensive access to a multitude of education products and services priced either individually or on a bundled basis. Typically included in the continuing education bundles are additional curriculum, online courses, live workshops and coaching services.
- Amerivest® is an advisory service that develops portfolios of ETFs or mutual funds, along with cash and cash alternatives, to help long-term investors pursue their financial goals. Our subsidiary, Amerivest Investment Management, LLC, recommends an investment portfolio based on an investor’s objective, time horizon and risk tolerance.
- AdvisorDirect® is a national referral service for investors who wish to engage the services of an independent RIA. AdvisorDirect refers interested investors to one or more independent RIAs that are unaffiliated with TD Ameritrade and that offer investment management and/or financial planning services to investors served by TD Ameritrade's branch offices. All RIAs participating in AdvisorDirect meet or exceed TD Ameritrade's professional eligibility requirements.
- TD Ameritrade Corporate Services provides self-directed brokerage services to employees of corporations, either directly in partnership with the employer or through joint marketing relationships with third-party administrators, such as 401(k) providers and employee benefit consultants. Trust and custody services are also offered to a wide range of plan types through our TD Ameritrade Trust Company subsidiary.

Products and Services

We strive to provide the best value of retail brokerage services to our clients. The products and services available to our clients include:

- Common and preferred stock. Clients can purchase common and preferred stocks, American Depository Receipts and closed-end funds traded on any United States exchange or quotation system.
- Exchange-Traded Funds. ETFs are baskets of securities (stocks or bonds) that typically track recognized indices. They are similar to mutual funds, except that they trade on an exchange like stocks. Our ETF Market Center offers our clients over 100 commission-free ETFs, each of which has been selected by independent experts at Morningstar Associates, LLC. Trades in these ETFs are commission-free, provided the funds are held for 30 days or longer. Our website includes an ETF screener, along with independent research and commentary to assist investors in their decision-making.
- Options. We offer a full range of option trades, including complex, multi-leg option strategies. In 2013, we began offering the ability to trade mini-options on certain high-priced securities. Mini-option contracts are 1/10 the size of a standard option contract and were created to respond to the evolving needs of investors who utilize options as part of their trading strategies.
- Futures. We offer futures trades, as well as options on futures, in a wide variety of commodities, stock indices and currencies.
- Foreign exchange. We offer access to trading in over 100 different currency pairs.

- Mutual funds. Clients can compare and select from a portfolio of over 13,000 mutual funds from leading fund families, including a broad range of no-transaction-fee ("NTF") funds. Clients can also easily exchange funds within the same mutual fund family.
- Fixed income. We offer our clients access to a variety of Treasury, corporate, government agency and municipal bonds, as well as certificates of deposit.
- New and secondary issue securities. We offer primary and secondary offerings of fixed income securities, closed-end funds, common stock and preferred stock.
- Margin lending. We extend credit to clients that maintain margin accounts. Portfolio margin, which bases margin requirements on the net exposure of all positions in an account rather than just on individual positions, is also available for accounts with net liquidating values of at least $125,000.
- Cash management services. Through third-party banking relationships, we offer FDIC-insured deposit accounts and money market mutual funds to our clients as cash sweep alternatives. Through these relationships, we also offer free standard checking, free online bill pay and ATM services with unlimited ATM fee reimbursements at any machine nationwide.
- Annuities. We offer access to a full range of competitively priced fixed and variable annuities provided by highly-rated insurance carriers.

We earn commissions and transaction fees on client trades in common and preferred stock, ETFs, closed-end funds, options, futures, foreign exchange, mutual funds and fixed income securities. Margin lending and the related securities lending business generate net interest revenue. Cash management services and fee-based mutual funds generate insured deposit account fees and investment product fee revenues. Other revenues include revenue from education services, miscellaneous securities brokerage fees and annuities. The following table presents the percentage of net revenues contributed by each class of similar services during the last three fiscal years:

	Percentage of Net Revenues					
	Fiscal Year Ended September 30,					
Class of Service	2014		2013		2012	
Commissions and transaction fees	43.2	%	42.4	%	41.2	%
Net interest revenue	18.6	%	17.0	%	17.0	%
Insured deposit account fees	26.3	%	29.1	%	31.4	%
Investment product fees	9.9	%	9.0	%	7.4	%
Other revenues	2.0	%	2.5	%	3.0	%
Net revenues	100.0	%	100.0	%	100.0	%

We provide our clients with an array of channels to access our products and services. These include the Internet, our network of retail branches, mobile trading applications, interactive voice response and registered representatives via telephone.

Client Service and Support

We strive to provide the best client service in the industry as measured by: (1) speed of response time to telephone calls, (2) turnaround time responding to client inquiries and (3) client satisfaction with the account relationship.

We endeavor to optimize our highly-rated client service by:

- Ensuring prompt response to client service calls through adequate staffing with properly trained and motivated personnel in our client service departments, a majority of whom hold the Series 7 license;
- Tailoring client service to the particular expectations of the clients of each of our client segments; and
- Expanding our use of technology to provide automated responses to the most typical inquiries generated in the course of clients' securities trading and related activities.

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We provide access to client service and support through the following means:

- Websites. Our websites provide basic information on how to use our services, as well as an in-depth education center that includes a selection of online investing courses. “Ted”, our Virtual Investment Consultant, is a web tool that allows retail clients to interact with a virtual representative to ask questions regarding our products, tools and services.
- Branches. We offer a nationwide network of over 100 retail branches, located primarily in large metropolitan areas.
- Email. Clients are encouraged to use e-mail to contact our client service representatives. Our operating standards require a response within 24 hours of receipt of the e-mail; however, we strive to respond within four hours after receiving the original message.
- Telephone. For clients who choose to call or whose inquiries necessitate calling one of our client service representatives, we provide a toll-free number that connects to advanced call handling systems. These systems provide automated answering and directing of calls to the proper department. Our systems also allow linkage between caller identification and the client database to give the client service representative immediate access to the client’s account data when the call is received. Client service representatives are available 24 hours a day, seven days a week.

Technology and Information Systems

Our technological capabilities and systems are central to our business and are critical to our goal of providing the best execution at the best value to our clients. Our operations require reliable, scalable systems that can handle complex financial transactions for our clients with speed and accuracy. We maintain sophisticated and proprietary technology that automates traditionally labor-intensive securities transactions. Our ability to effectively leverage and adopt new technology to improve our services is a key component of our success.

We continue to make investments in technology and information systems. We have spent a significant amount of resources to increase capacity and improve speed, reliability and security. To provide for system continuity during potential power outages, we have equipped our data centers with uninterruptible power supply units and back-up generators.

Our trading platforms currently have the capacity to process approximately 1,500,000 trades per day. The greatest number of trades our clients have made in a single day is approximately 895,000.

Advertising and Marketing

We intend to continue to grow and increase our market share by advertising online, on television, in print and direct mail and on our own websites, and utilizing various forms of social media. We invest heavily in advertising programs designed to bring greater brand recognition to our services. We intend to continue to aggressively advertise our services. From time to time, we may choose to increase our advertising to target specific groups of investors or to decrease advertising in response to market conditions.

Advertising for retail clients is generally conducted through websites, financial news networks and other television and cable networks. We also place print advertisements in a broad range of business publications and use direct mail advertising. Advertising for institutional clients is significantly less than for retail clients and is generally conducted through highly-targeted media.

To monitor the success of our various marketing efforts, we use a data gathering and tracking system. This system enables us to determine the type of advertising that best appeals to our target market so that we can invest in these programs in the future. Additionally, through the use of our database tools, we are working to more efficiently determine the needs of our various client segments and tailor our services to their individual needs. We intend to utilize this system to strengthen our client relationships and support marketing campaigns to attract new clients. How we share client information is disclosed in our privacy statement.

All of our securities brokerage-related communications with the public are regulated by the Financial Industry Regulatory Authority (“FINRA”). All of our futures brokerage-related communications with the public are regulated by the National Futures Association (“NFA”).

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Clearing Operations

Our subsidiary, TD Ameritrade Clearing, Inc. ("TDAC"), provides clearing and execution services to TD Ameritrade, Inc., our introducing broker-dealer subsidiary. Clearing services include the confirmation, receipt, settlement, delivery and record-keeping functions involved in processing securities transactions. Our clearing broker-dealer subsidiary provides the following back office functions:

- Maintaining client accounts;
- Extending credit in a margin account to the client;
- Engaging in securities lending and borrowing transactions;
- Settling securities transactions with clearinghouses such as The Depository Trust & Clearing Corporation and The Options Clearing Corporation;
- Settling commissions and transaction fees;
- Preparing client trade confirmations and statements;
- Performing designated cashiering functions, including the delivery and receipt of funds and securities to or from the client;
- Possession, control and safeguarding of funds and securities in client accounts;
- Processing cash sweep transactions to and from insured deposit accounts and money market mutual funds;
- Transmitting tax accounting information to the client and to the applicable tax authority; and
- Forwarding prospectuses, proxy materials and other shareholder information to clients.

We contract with external providers for futures clearing. We also contract with external providers to facilitate foreign exchange trading for our clients.

Competition

We believe that the principal determinants of success in the retail brokerage market are brand recognition, size of client base and client assets, ability to attract new clients and client assets, client trading activity, efficiency of operations, technology infrastructure and access to financial resources. We also believe that the principal factors considered by clients in choosing a brokerage firm are reputation, client service quality, price, convenience, product offerings, quality of trade execution, platform capabilities, innovation and overall value. Based on our experience, focus group research and the success we have enjoyed to date, we believe that we presently compete successfully in each of these categories.

The market for brokerage services, particularly electronic brokerage services, continues to evolve and is highly competitive. We experience significant competition and expect this competitive environment to continue. We encounter direct competition from numerous other brokerage firms, many of which provide online brokerage services. These competitors include E*TRADE Financial Corporation, The Charles Schwab Corporation, Fidelity Investments and Scottrade, Inc. We also encounter competition from established full-commission brokerage firms such as Merrill Lynch and Morgan Stanley Smith Barney, as well as financial institutions, mutual fund sponsors and other organizations, some of which provide online brokerage services.

Regulation

The securities and futures industries are subject to extensive regulation under federal and state law. Broker-dealers are required to register with the U.S. Securities and Exchange Commission ("SEC") and to be members of FINRA. In addition, our introducing broker-dealer subsidiary (TD Ameritrade, Inc.) is registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant and is a member of, and the corresponding services functions are regulated by, the NFA. Our broker-dealer subsidiaries are subject to the requirements of the Securities Exchange Act of 1934 (the "Exchange Act") relating to broker-dealers, including, among other things, minimum net capital requirements under the SEC Uniform Net Capital Rule (Rule 15c3-1) and segregation of client funds under the SEC Customer Protection Rule (Rule 15c3-3), administered by the SEC and FINRA. TD Ameritrade, Inc. is also subject to regulations under the Commodity Exchange Act, administered by

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the CFTC and NFA, including CFTC Regulation 1.17, which requires the maintenance of minimum net capital, and CFTC Regulation 1.20, which requires segregation of client funds.

Net capital rules are designed to protect clients, counterparties and creditors by requiring a broker-dealer to have sufficient liquid resources available to satisfy its financial obligations. Net capital is a measure, defined by the SEC, of a broker-dealer's readily available liquid assets, reduced by its total liabilities other than approved subordinated debt. Under the Uniform Net Capital Rule, 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 below required levels.

Certain of our subsidiaries are also registered as investment advisors under the Investment Advisers Act of 1940. We are also subject to regulation in all 50 states and the District of Columbia, including registration requirements.

TD Ameritrade Trust Company is chartered in the state of Maine as a state-regulated non-depository trust company.

In its capacity as a securities clearing firm, TDAC is a member of The Depository Trust & Clearing Corporation and The Options Clearing Corporation, each of which is registered as a clearing agency with the SEC. As a member of these clearing agencies, TDAC is required to comply with the rules of such clearing agencies, including rules relating to possession or control of client funds and securities, margin lending and execution and settlement of transactions.

Margin lending activities are subject to limitations imposed by regulations of the Federal Reserve System and FINRA. In general, these regulations provide that, in the event of a significant decline in the value of securities collateralizing a margin account, we are required to obtain additional collateral from the borrower or liquidate security positions.

We are subject to a number of state and federal laws applicable to companies conducting business on the Internet that address client privacy, system security and safeguarding practices and the use of client information.

For additional, important information relating to government regulation, please review the information set forth under the heading "Risk Factors Relating to the Regulatory and Legislative Environment" in Item 1A — Risk Factors.

Risk Management

Our business activities expose us to various risks. Identifying and measuring our risks is critical to our ability to manage risk within acceptable tolerance levels in order to minimize the effect on our business, results of operations and financial condition.

Our management team is responsible for managing risk, and it is overseen by our board of directors, primarily through the board's Risk Committee. We use risk management processes and have policies and procedures for identifying, measuring and managing risks, including establishing threshold levels for our most significant risks. Our risk management, compliance, internal audit, and legal departments assist management in identifying and managing risks.

Our management team's Enterprise Risk Committee ("ERC") is responsible for reviewing risk exposures and risk mitigation. Subcommittees of the ERC have been established to assist in identifying and managing specific areas of risk.

Our business exposes us to the following broad categories of risk:

Operational Risk — Operational risk is the risk of loss resulting from inadequate or failed internal processes or controls, human error, systems and technology problems or from external events. It also involves compliance with regulatory and legal requirements. Operational risk is the most prevalent form of risk in our risk profile. We manage operational risk by establishing policies and procedures to accomplish timely and efficient processing, obtaining periodic internal control attestations from management and conducting internal audit reviews to evaluate the effectiveness of internal controls.

Market Risk — Market risk is the risk of loss resulting from adverse movements in market factors, such as asset prices, foreign exchange rates and interest rates. Our market risk related to asset prices is mitigated by our execution of client trades primarily on an agency, rather than a principal, basis and our maintenance of only a small inventory of fixed-income securities to meet client requirements. Interest rate risk is our most prevalent form of

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market risk. For more information about our interest rate risk and how we manage it, see Item 7A — Quantitative and Qualitative Disclosures About Market Risk.

Credit Risk — Credit risk is the risk of loss resulting from failure of obligors to honor their payments. Our exposure to credit risk mainly arises from client margin lending and leverage activities, securities lending activities and other counterparty credit risks. For more information about our credit risk and how we manage it, see Item 7A – Quantitative and Qualitative Disclosures About Market Risk.

Liquidity Risk — Liquidity risk is the risk of loss resulting from the inability to meet current and future cash flow needs. We actively monitor our liquidity position at the holding company and broker-dealer subsidiary levels. For more information, see Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources.

Strategic Risk — Strategic risk is the risk of loss arising from ineffective business strategies, improper implementation of business strategies, or lack of responsiveness to changes in the business and competitive environment. Our executive management is responsible for establishing an appropriate corporate strategy intended to create value for stockholders, clients and employees, with oversight by our board of directors. Our management is responsible for defining the priorities, initiatives and resources necessary to execute the strategic plan, the success of which is regularly evaluated by the board of directors.

Reputational Risk — Reputational risk is the risk arising from possible negative perceptions, whether true or not, of the Company among our clients, counterparties, stockholders, suppliers, employees and regulators. The potential for either enhancing or damaging our reputation is inherent in almost all aspects of business activity. We manage this risk through our commitment to a set of core values that emphasize and reward high standards of ethical behavior, maintaining a culture of compliance and by being responsive to client and regulatory requirements.

Risk is inherent in our business, and therefore, despite our efforts to manage risk, there can be no assurance that we will not sustain unexpected losses. For a discussion of the factors that could materially affect our business, financial condition or future results of operations, see Item 1A — Risk Factors.

Intellectual Property Rights

Our success and ability to compete are significantly dependent on our intellectual property. We rely on copyright, trade secret, trademark, domain name, patent and contract laws to protect our intellectual property and have utilized the various methods available to us, including filing applications for patents and trademark registrations with the United States Patent and Trademark Office and entering into written licenses and other technology agreements with third parties. Our patented and patent pending technologies include stock indexing and investor education technologies, as well as innovative trading and analysis tools. Our trademarks include both our primary brand, TD Ameritrade, as well as brands for other products and services. A substantial portion of our intellectual property is protected by trade secrets. The source and object code for our proprietary software is also protected using applicable methods of intellectual property protection and general protections afforded to confidential information. In addition, it is our policy to enter into confidentiality and intellectual property ownership agreements with our employees and confidentiality and noncompetition agreements with our independent contractors and business partners and to control access to and distribution of our intellectual property.

Employees

As of September 30, 2014, we had 5,771 full-time equivalent employees. None of our employees is covered by a collective bargaining agreement. We believe that our relations with our employees are good. In fiscal 2014, we surveyed our employees and found that 88% responded favorably to questions designed to measure sustainable employee engagement. This score placed us above the benchmark for U.S. high-performance companies as measured by Towers Watson.

Financial Information about Segments and Geographic Areas

We primarily operate in the securities brokerage industry and have no other reportable segments. Substantially all of our revenues from external clients for the fiscal years ended September 30, 2014, 2013 and 2012 were derived from our operations in the United States.

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Website and Social Media Disclosure

From time to time, the Company may use its website and/or Twitter as distribution channels of material information. Financial 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/TDAmeritrade. Website links provided in this report, although correct when published, may change in the future. We make available free of charge on our website 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.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the following factors which could materially affect our business, financial condition or future results of operations. Although the risks described below are those that management believes are the most significant, these are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently do not deem to be material also may materially affect our business, financial condition or future results of operations.

Risk Factors Relating to Our Business Operations

Economic conditions and other securities industry risks could adversely affect our business.

Substantially all of our revenues are derived from our securities brokerage business. Like other securities brokerage businesses, we are directly affected by economic and political conditions, broad trends in business and finance and changes in volume and price levels of securities transactions. Events in global financial markets in recent years, including failures and government bailouts of large financial services companies, resulted in substantial market volatility and increased client trading volume. However, any sustained downturn in general economic conditions or U.S. equity markets could result in reduced client trading volume and net revenues. For example, events such as the terrorist attacks in the United States on September 11, 2001 and the invasion of Iraq in 2003 resulted in periods of substantial market volatility and reductions in trading volume and net revenues. Severe market fluctuations or weak economic conditions could reduce our trading volume and net revenues and have a material adverse effect on our profitability.

We have exposure to 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 FDIC-insured deposit account arrangement with TD Bank USA, N.A. and TD Bank N.A., which are subject to interest rate risk. During fiscal 2009, the Federal Open Market Committee reduced the federal funds rate from 2.00% to between 0% and 0.25%, where it has remained. In addition, medium- to long-term interest rates have also decreased substantially since fiscal 2009. This lower interest rate environment has compressed our net interest spread and reduced our spread-based revenues. It has also resulted in our voluntarily waiving fees on certain money market mutual funds in order to prevent our clients' yields on such funds from becoming negative.

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. If we are unable to effectively manage our interest rate risk, changes in interest rates could have a material adverse effect on our profitability.

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Our brokerage operations have exposure to liquidity risk.

Maintaining adequate liquidity is crucial to our brokerage operations, including key functions such as transaction settlement and margin lending. Our liquidity needs to support interest-earning assets are primarily met by client cash balances or financing created from our securities lending activities. A reduction of funds available from these sources may require us to seek other potentially more expensive forms of financing, such as borrowings on our revolving credit facility. Our liquidity could be constrained if we are unable to obtain financing on acceptable terms, or at all, due to a variety of unforeseen market disruptions. Inability to meet our funding needs on a timely basis would have a material adverse effect on our business.

We are exposed to credit risk with clients and counterparties.

We extend margin credit and leverage to clients, which are collateralized by client cash and securities. We also borrow and lend securities in connection with our broker-dealer business. A significant portion of our net revenues is derived from interest on margin loans. By permitting clients to purchase securities on margin and exercise leverage with options and futures positions, we are subject to risks inherent in extending credit, especially during periods of rapidly declining markets in which the value of the collateral held by us could fall below the amount of a client's indebtedness. In addition, in accordance with regulatory guidelines, we collateralize borrowings of securities by depositing cash or securities with lenders. Sharp changes in market values of substantial amounts of securities and the failure by parties to the borrowing transactions to honor their commitments could have a material adverse effect on our revenues and profitability.

Our clearing operations expose us to liability for errors in clearing functions.

Our broker-dealer subsidiary, TDAC, provides clearing and execution services to our introducing broker-dealer subsidiary, TD Ameritrade, Inc. Clearing and execution services include the confirmation, receipt, settlement and delivery functions involved in securities transactions. Clearing brokers also assume direct responsibility for the possession or control of client securities and other assets and the clearing of client securities transactions. However, clearing brokers also must rely on third-party clearing organizations, such as The Depository Trust & Clearing Corporation and The Options Clearing Corporation, in settling client securities transactions. Clearing securities firms, such as TDAC, are subject to substantially more regulatory control and examination than introducing brokers that rely on others to perform clearing functions. Errors in performing clearing functions, including clerical and other errors related to the handling of funds and securities held by us on behalf of clients, could lead to regulatory fines and civil penalties as well as losses and liability in related legal proceedings brought by clients and others.

Systems failures, delays and capacity constraints could harm our business.

We receive and process trade orders through a variety of electronic channels, including the Internet, mobile trading applications and our interactive voice response system. These methods of trading are heavily dependent on the integrity of the electronic systems supporting them. Our systems and operations are vulnerable to damage or interruption from human error, natural disasters, power loss, computer viruses, distributed denial of service ("DDOS") attacks, spurious spam attacks, intentional acts of vandalism and similar events. It could take several hours or more to restore full functionality following any of these events. Extraordinary trading volumes could cause our computer systems to operate at an unacceptably slow speed or even fail. Extraordinary Internet traffic caused by DDOS or spam attacks could cause our website to be unavailable or slow to respond. While we have made significant investments to upgrade the reliability and scalability of our systems and added hardware to address extraordinary Internet traffic, there can be no assurance that our systems will be sufficient to handle such extraordinary circumstances. We may not be able to project accurately the rate, timing or cost of any increases in our business or to expand and upgrade our systems and infrastructure to accommodate any increases in a timely manner. Systems failures and delays could occur and could cause, among other things, unanticipated disruptions in service to our clients, slower system response time resulting in transactions not being processed as quickly as our clients desire, decreased levels of client service and client satisfaction and harm to our reputation. The occurrence of any of these events could have a material adverse effect on our business, results of operations and financial condition.

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Failure to protect client data or prevent breaches of our information systems could expose us to liability or reputational damage.

The secure transmission of confidential information over public networks is a critical element of our operations. We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations and with our clients and vendors. As the breadth and complexity of this infrastructure continue to grow, the potential risk of security breaches and cyber-attacks increases. As a financial services company, we are continuously subject to cyber-attacks by third parties. In addition, vulnerabilities of our external service providers and other third parties could pose security risks to client information. Such breaches could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information.

We, along with the financial services industry in general, have experienced losses related to clients' login and password information being compromised, generally caused by clients' use of public computers or vulnerabilities of clients' private computers and mobile devices. Also, in 2007, we discovered and eliminated unauthorized code from our computer systems that had allowed an unauthorized third party to retrieve client email addresses, names, addresses and phone numbers from an internal database. Following the incident, the Company incurred significant remediation costs. If a similar incident were to occur, we could suffer damage to our reputation and incur significant remediation costs and losses.

In providing services to clients, we manage, utilize and store sensitive and confidential client data, including personal data. As a result, we are subject to numerous laws and regulations designed to protect this information, such as U.S. federal and state laws and foreign regulations governing the protection of personally identifiable information. These laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions. Unauthorized disclosure of sensitive or confidential client data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems, whether by our employees or third parties, including a cyber-attack by third parties who may deploy viruses, worms or other malicious software programs, could result in negative publicity, significant remediation costs, legal liability, financial responsibility under our security guarantee to reimburse clients for losses resulting from unauthorized activity in their accounts and damage to our reputation and could have a material adverse effect on our results of operations. In addition, our liability insurance might not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

Aggressive competition could reduce our market share and harm our financial performance.

The market for electronic brokerage services is continually evolving and is intensely competitive. The retail brokerage industry has experienced significant consolidation, which may continue in the future, and which may increase competitive pressures in the industry. Consolidation could enable other firms to offer a broader range of products and services than we do, or offer them at lower prices. There has been aggressive price competition in the industry, including various free trade offers. We expect this competitive environment to continue in the future. We face direct competition from numerous retail brokerage firms, including E*TRADE Financial Corporation, The Charles Schwab Corporation, Fidelity Investments and Scottrade, Inc. We also encounter competition from the broker-dealer affiliates of established full-commission brokerage firms, such as Merrill Lynch and Morgan Stanley Smith Barney, as well as from financial institutions, mutual fund sponsors and other organizations, some of which provide online brokerage services. Some of our competitors have greater financial, technical, marketing and other resources, offer a wider range of services and financial products, and have greater name recognition and a more extensive client base than we do. We believe that the general financial success of companies within the retail securities industry will continue to attract new competitors to the industry, such as banks, software development companies, insurance companies, providers of online financial information and others. These companies may provide a more comprehensive suite of services than we do. Increased competition, including pricing pressure, could have a material adverse effect on our results of operations and financial condition.

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We will need to introduce new products and services and enhance existing products and services to remain competitive.

Our future success depends in part on our ability to develop and enhance our products and services. In addition, the adoption of new Internet, networking or telecommunications technologies or other technological changes could require us to incur substantial expenditures to enhance or adapt our services or infrastructure.

There are significant technical and financial costs and risks in the development of new or enhanced products and services, including the risk that we might be unable to effectively use new technologies, adapt our services to emerging industry standards or develop, introduce and market enhanced or new products and services. An inability to develop new products and services, or enhance existing offerings, could have a material adverse effect on our profitability.

Advisory services subject us to additional risks.

We provide investment advisory services to investors through our SEC-registered investment advisors, TD Ameritrade, Inc., Amerivest Investment Management, LLC ("Amerivest") and Red Option Advisors, Inc. ("Red Option"). TD Ameritrade, Inc. offers AdvisorDirect®, a service that refers a client to an independent RIA. Amerivest® is an online advisory service that develops portfolios of ETFs or mutual funds, along with cash and cash alternatives, to help long-term investors pursue their financial goals. Red Option provides an option advisory service for self-directed investors. The risks associated with these investment advisory activities include those arising from possible conflicts of interest, unsuitable investment recommendations, inadequate due diligence, inadequate disclosure and fraud. Realization of these risks could lead to liability for client losses, regulatory fines, civil penalties and harm to our reputation and business.

We rely on external service providers to perform certain key functions.

We rely on a number of external service providers for certain key technology, processing, service and support functions. These include the services of other broker-dealers, market makers, exchanges and clearinghouses to execute and settle client orders. We contract with external providers for futures and foreign exchange clearing. External content providers provide us with financial information, market news, charts, option and stock quotes, research reports and other fundamental data that we offer to clients. These service providers face technological and operational risks of their own. Any significant failures by them, including improper use or disclosure of our confidential client, employee or company information, could interrupt our business, cause us to incur losses and harm our reputation.

We cannot assure that any external service providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. Some external service providers have assets that are important to the services they provide us located outside the United States, and their ability to provide these services is subject to risks from unfavorable political, economic, legal or other developments, such as social or political instability, changes in governmental policies or changes in laws and regulations.

An interruption in or the cessation of service by any external service provider as a result of systems failures, capacity constraints, financial constraints or problems, unanticipated trading market closures or for any other reason, and our inability to make alternative arrangements in a smooth and timely manner, if at all, could have a material adverse effect on our business, results of operations and financial condition.

Risk Factors Relating to the Regulatory and Legislative Environment

Legislation has and may continue to result in changes to rules and regulations applicable to our business, which may negatively impact our business and financial results.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), enacted in 2010, requires many federal agencies to adopt new rules and regulations applicable to the financial services industry and also calls for many studies regarding various industry practices. In particular, the Dodd-Frank Act gives the SEC discretion to adopt rules regarding standards of conduct for broker-dealers providing investment advice to retail customers. Additional rulemaking or legislative action could negatively impact our business and financial results. While we have not yet been required to make material changes to our business or operations as a result of the Dodd-

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Frank Act or other rulemaking or legislative action, it is not certain what the scope of future rulemaking or interpretive guidance from the SEC, FINRA, Department of Labor, banking regulators and other regulatory agencies may be, and what impact this will have on our compliance costs, business, operations and profitability.

Our profitability could also be affected by new or modified laws that impact the business and financial communities generally, including changes to the laws governing banking, the securities market, fiduciary duties, conflicts of interest, taxation, electronic commerce, client privacy and security of client data.

Failure to comply with net capital requirements could adversely affect our business.

The SEC, FINRA, CFTC, NFA and various other regulatory agencies have stringent rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. Net capital is a measure, defined by the SEC, of a broker-dealer's readily available liquid assets, reduced by its total liabilities other than approved subordinated debt. Our broker-dealer subsidiaries are required to comply with net capital requirements. If we fail to maintain the required net capital, the SEC could suspend or revoke our registration, or FINRA could expel us from membership, which could ultimately lead to our liquidation, or they could impose censures, fines or other sanctions. If the net capital rules are changed or expanded, or if there is an unusually large charge against net capital, then our operations that require capital could be limited. A large operating loss or charge against net capital could have a material adverse effect on our ability to maintain or expand our business.

Extensive regulation and regulatory uncertainties could harm our business.

The securities industry is subject to extensive regulation by federal, state, international government and self-regulatory agencies, and financial services companies are subject to regulations covering all aspects of the securities business. Regulations are intended to ensure the integrity of financial markets, appropriate capitalization of broker-dealers and the protection of clients and their assets. These regulations often serve to limit our business activities through capital, client protection and market conduct requirements, as well as restrictions on the activities that we are authorized to conduct. Federal, state, self-regulatory organizations and foreign regulators can, among other things, censure, fine, issue cease-and-desist orders to, suspend or expel a regulated entity or any of its officers or employees. We could fail to establish and enforce procedures to comply with applicable regulations, which could have a material adverse effect on our business.

Recent turmoil in the financial markets has contributed to changes in laws and regulations, heightened scrutiny of the conduct of financial services firms and increasing penalties for violations of applicable laws and regulations. We may be adversely affected by new laws or regulations, changes in the interpretation of existing laws or regulations or more rigorous enforcement. The new laws and regulations may be complex, and we may not have the benefit of regulatory or federal interpretations to guide us in compliance. Changes in laws and regulations or new interpretations of existing laws and regulations also can have adverse effects on our methods and costs of doing business. We also may be adversely affected by other regulatory changes related to suitability of financial products, supervision, sales practices, application of fiduciary standards, best execution and market structure, which could limit the Company's business.

Because The Toronto-Dominion Bank ("TD"), among other things, owns more than 25% of our common stock, we are considered a non-bank subsidiary of TD under the Bank Holding Company Act of 1956 (the "BHC Act"). As a result, under the BHC Act, we are subject to the supervision and regulation of the Federal Reserve. These banking regulations limit the activities and the types of businesses that we may conduct and the types of companies we may acquire, and under these regulations the Federal Reserve could impose significant limitations on our current business and operations. TD is currently regulated as a "financial holding company" under the BHC Act, which allows TD and us to engage in a much broader set of activities than would otherwise be permitted under the BHC Act. Any failure of TD to maintain its status as a financial holding company could result in substantial limitations on certain of our activities.

Financial services firms are subject to numerous conflicts of interest or perceived conflicts of interest. Federal and state regulators and self-regulatory organizations have increased their scrutiny of potential conflicts of interest. Addressing conflicts of interest is a complex and difficult undertaking. Our business and reputation could be harmed if we were to fail, or appear to fail, to address conflicts appropriately.

In addition, we use the Internet as a major distribution channel to provide services to our clients. A number of regulatory agencies have adopted regulations regarding client privacy, system security and safeguarding practices and the use of client information by service providers. Additional laws and regulations relating to the Internet and

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safeguarding practices could be adopted in the future, including laws related to access, identity theft and regulations regarding the pricing, taxation, content and quality of products and services delivered over the Internet. Complying with these laws and regulations may be expensive and time-consuming and could limit our ability to use the Internet as a distribution channel, which would have a material adverse effect on our business and profitability.

We are subject to litigation and regulatory investigations and proceedings and may not always be successful in defending against such claims and proceedings.

The financial services industry faces substantial litigation and regulatory risks. We are subject to arbitration claims and lawsuits in the ordinary course of our business, as well as class actions and other significant litigation. We also are the subject of inquiries, investigations and proceedings by regulatory and other governmental agencies. Actions brought against us may result in settlements, awards, injunctions, fines, penalties and other results adverse to us. Predicting the outcome of such matters is inherently difficult, particularly where claims are brought on behalf of various classes of claimants or by a large number of claimants, when claimants seek substantial or unspecified damages or when investigations or legal proceedings are at an early stage. A substantial judgment, settlement, fine or penalty could be material to our operating results or cash flows for a particular period, depending on our results for that period, or could cause us significant reputational harm, which could harm our business prospects. In market downturns, the volume of legal claims and amount of damages sought in litigation and regulatory proceedings against financial services companies have historically increased. We are also subject to litigation claims from third parties alleging infringement of their intellectual property rights. Such litigation can require the expenditure of significant resources, regardless of whether the claims have merit. If we were found to have infringed a third-party patent or other intellectual property right, then we could incur substantial liability and in some circumstances could be enjoined from using the relevant technology or providing related products and services, which could have a material adverse effect on our business and results of operations.

Risk Factors Relating to Strategic Acquisitions and the Integration of Acquired Operations

Acquisitions involve risks that could adversely affect our business.

We may pursue strategic acquisitions of businesses and technologies. Acquisitions may entail numerous risks, including:

- difficulties in the integration of acquired operations, services and products;
- failure to achieve expected synergies;
- diversion of management’s attention from other business concerns;
- assumption of unknown material liabilities of acquired companies;
- amortization of acquired intangible assets, which could reduce future reported earnings;
- potential loss of clients or key employees of acquired companies; and
- dilution to existing stockholders.

As part of our growth strategy, we regularly consider, and from time to time engage in, discussions and negotiations regarding strategic transactions, such as acquisitions, mergers and combinations within our industry. The purchase price for possible acquisitions could be paid in cash, through the issuance of common stock or other securities, borrowings or a combination of these methods.

We cannot be certain that we will be able to continue to identify, consummate and successfully integrate strategic transactions, and no assurance can be given with respect to the timing, likelihood or business effect of any possible transaction. For example, we could begin negotiations that we subsequently decide to suspend or terminate for a variety of reasons. However, opportunities may arise from time to time that we will evaluate. Any transactions that we consummate would involve risks and uncertainties to us. These risks could cause the failure of any anticipated benefits of an acquisition to be realized, which could have a material adverse effect on our revenues and profitability.

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Risk Factors Relating to Owning Our Stock

The market price of our common stock has experienced, and may continue to experience, substantial volatility.

Our common stock, and the U.S. securities markets in general, can experience significant price fluctuations. The market prices of securities of financial services companies, in particular, have been especially volatile. The price of our common stock could decrease substantially. Among the factors that may affect our stock price are the following:

- speculation in the investment community or the press about, or actual changes in, our competitive position, organizational structure, executive team, operations, financial condition, financial reporting and results, effectiveness of cost reduction initiatives, or strategic transactions;
- the announcement of new products, services, acquisitions, or dispositions by us or our competitors; and
- increases or decreases in revenue or earnings, changes in earnings estimates by the investment community, and variations between estimated financial results and actual financial results.

Changes in the stock market generally or as it concerns our industry, as well as geopolitical, economic, and business factors unrelated to us, may also affect our stock price.

Because the market price of our common stock can fluctuate significantly, we could become the object of securities class action litigation, which could result in substantial costs and a diversion of management's attention and resources and could have a material adverse effect on our business and the price of our common stock.

We are restricted by the terms of our revolving credit facilities, senior notes and secured loan agreement.

Our senior unsecured revolving credit facilities contain various negative covenants and restrictions that may limit our ability to:

- incur additional indebtedness;
- create liens;
- 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 and secured loan agreement, 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 subsidiaries are required to maintain compliance with minimum regulatory net capital covenants. 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 November 14, 2014, we have approximately $1.7 billion of notes payable and long-term debt, consisting of:

- $500 million of 4.150% Senior Notes with principal due in full on December 1, 2014 (expected to be repaid on the maturity date using the proceeds of the 3.625% Senior Notes, together with cash on hand);
- $500 million of 5.600% Senior Notes with principal due in full on December 1, 2019;
- $500 million of 3.625% Senior Notes with principal due in full on April 1, 2025;

- $125 million of borrowings outstanding on our parent company's revolving credit facility, which expires June 11, 2019; and
- a $69 million secured real estate loan with quarterly principal payments due through October 1, 2019.

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.

Our business, financial position, and results of operations could be harmed by adverse rating actions by credit rating agencies.

If our counterparty credit rating or the credit ratings of our outstanding indebtedness are downgraded, or if rating agencies indicate that a downgrade may occur, our business, financial position, and results of operations could be adversely affected and perceptions of our financial strength could be damaged. A downgrade would have the effect of increasing our incremental borrowing costs and could decrease the availability of funds for borrowing. In addition, a downgrade could adversely affect our relationships with our clients.

TD and the Ricketts holders exercise significant influence over TD Ameritrade.

As of September 30, 2014, TD and J. Joe Ricketts, our founder, members of his family and trusts held for their benefit (which we collectively refer to as the Ricketts holders), owned approximately 41% and 11%, respectively, of our outstanding common stock. As a result, TD and the Ricketts holders have the ability to significantly influence the outcome of any matter submitted for the vote of our stockholders. TD is permitted under a stockholders agreement to exercise voting rights on up to 45% of our outstanding shares of common stock until termination of the stockholders agreement (which will occur no later than January 24, 2021). Beginning January 24, 2016, if our stock repurchases cause TD’s ownership percentage to exceed 45%, TD is required to use reasonable efforts to sell or dispose of such excess stock, subject to TD’s commercial judgment as to the optimal timing, amount and method of sales with a view to maximizing proceeds from such sales. TD has no absolute obligation to reduce its ownership percentage to 45% by the termination of the Stockholders Agreement. However, prior to and following the termination of the Stockholders Agreement, TD is required to vote any such excess stock on any matter in the same proportions as all the outstanding shares of stock held by holders other than TD and its affiliates are voted. Beginning January 24, 2016, in no event may TD Ameritrade repurchase shares of its common stock that would result in TD’s ownership percentage exceeding 47%. The Ricketts holders are permitted under the stockholders agreement to own up to 29% of our outstanding common stock until January 24, 2016, when they will no longer be a party to the stockholders agreement. There is no restriction on the number of shares TD may own following the termination of the stockholders agreement or on the number of shares the Ricketts holders may own after January 24, 2016. As a result of their significant share ownership in TD Ameritrade, TD or the Ricketts holders may have the power, subject to applicable law, to significantly influence actions that might be favorable to TD or the Ricketts holders, but not necessarily favorable to our other stockholders. The stockholders agreement also provides that TD may designate five of the twelve members of our board of directors and the Ricketts holders may designate three of the twelve members of our board of directors, subject to adjustment based on their respective ownership positions in TD Ameritrade. As of September 30, 2014, based on their ownership positions, TD has designated five members of our board of directors, and the Ricketts holders have designated one. Accordingly, TD and the Ricketts holders are able to significantly influence the outcome of all matters that come before our board.

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The ownership position and governance rights of TD and the Ricketts holders could also discourage a third party from proposing a change of control or other strategic transaction concerning TD Ameritrade. As a result, our common stock could trade at prices that do not reflect a “takeover premium” to the same extent as do the stocks of similarly situated companies that do not have a stockholder with an ownership interest as large as TD’s and the Ricketts holders’ combined ownership interest.

We have extensive relationships and business transactions with TD and some of its affiliates, which if terminated or adversely modified could have a material adverse effect on our business, financial condition and results of operations.

We have extensive relationships and business transactions with TD and certain of its affiliates. The insured deposit account agreement between us and affiliates of TD provides a significant portion of our revenue. This agreement 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. During fiscal 2014, net revenues related to this agreement accounted for approximately 26% of our net revenues. For fiscal year 2014, the average balance of client cash swept to our insured deposit account offering was $73 billion. The average yield earned on the insured deposit account balances was 99 basis points higher than the average net yield earned on segregated cash balances during fiscal 2014. The termination or adverse modification of this agreement without replacing it on comparable terms with a different counterparty, which may not be available, could have a material adverse effect on our business, financial condition and results of operations. If this agreement was terminated or adversely modified and we elected to establish our own bank charter for purposes of offering an FDIC-insured deposit product, we would be required to establish and maintain significant levels of capital within a bank subsidiary. We would also be subject to various other risks associated with banking, including credit risk on loans and investments, liquidity risk associated with bank balance sheet management, operational risks associated with banking systems and infrastructure and additional regulatory requirements and supervision.

Conflicts of interest may arise between TD Ameritrade and TD, which may be resolved in a manner that adversely affects our business, financial condition or results of operations.

Conflicts of interest may arise between us and TD in areas relating to past, ongoing and future relationships, including corporate opportunities, potential acquisitions or financing transactions, sales or other dispositions by TD of its interests in TD Ameritrade and the exercise by TD of its influence over our management and affairs. Some of the directors on our board are persons who are also officers or directors of TD or its subsidiaries. Service as a director or officer of both TD Ameritrade and TD or its other subsidiaries could create conflicts of interest if such directors or officers are faced with decisions that could have materially different implications for us and for TD. Our amended and restated certificate of incorporation contains provisions relating to the avoidance of direct competition between us and TD. In addition, an independent committee of our board of directors reviews and approves or ratifies transactions with TD and its affiliates. There can be no assurance that any of the foregoing potential conflicts would be resolved in a manner that does not adversely affect our business, financial condition or results of operations. In addition, the provisions of the stockholders agreement related to non-competition are subject to numerous exceptions and qualifications and may not prevent us and TD from competing with each other to some degree in the future.

The terms of the stockholders agreement, our charter documents and Delaware law could inhibit a takeover that stockholders may consider favorable.

Provisions in the stockholders agreement among TD and the Ricketts holders, our certificate of incorporation and bylaws and Delaware law will make it difficult for any party to acquire control of us in a transaction not approved by the requisite number of directors. These provisions include:

- the presence of a classified board of directors;
- the ability of the board of directors to issue and determine the terms of preferred stock;
- advance notice requirements for inclusion of stockholder proposals at stockholder meetings; and
- the anti-takeover provisions of Delaware law.

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These provisions could delay or prevent a change of control or change in management that might provide stockholders with a premium to the market price of their common stock.

Our future ability to pay regular dividends to holders of our common stock is subject to the discretion of our board of directors and will be limited by our ability to generate sufficient earnings and cash flows.

Payment of future cash dividends on our common stock will depend on our ability to generate earnings and cash flows. However, sufficient cash may not be available to pay such dividends. Payment of future dividends, if any, will be at the discretion of our board of directors and will depend upon a number of factors that the board of directors deems relevant, including future earnings, the success of our business activities, capital requirements, the general financial condition and future prospects of our business and general business conditions. If we are unable to generate sufficient earnings and cash flows from our business, we may not be able to pay dividends on our common stock. Our ability to pay cash dividends on our common stock is also dependent on the ability of our subsidiaries to pay dividends to the parent company. Some of our subsidiaries are subject to requirements of the SEC, FINRA, the CFTC, the 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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our Company-owned corporate headquarters facility is located in Omaha, Nebraska and provides more than 500,000 square feet of building space. In July 2014, our headquarters facility earned Leadership in Energy and Environmental Design (LEED) Platinum Certification, the highest level of distinction awarded by the U.S. Green Building Council. We also lease approximately 178,000 square feet of building space on property adjacent to the headquarters for administrative and operational facilities. These leases expire on various dates from 2016 through 2020.

We lease approximately 190,000 and 140,000 square feet of building space for additional operations centers in Jersey City, New Jersey and Ft. Worth, Texas, respectively. The Jersey City and Ft. Worth leases expire in 2020. We lease smaller administrative and operational facilities in California, Colorado, Illinois, Maryland, Michigan, Texas and Utah, and we recently purchased a data center facility in Richardson, Texas. We also lease over 100 branch offices located in large metropolitan areas in 34 states. We believe that our facilities are suitable and adequate to meet our needs.

Item 3. Legal Proceedings

For information regarding legal proceedings, see Note 13 — Commitments and Contingencies – "Reserve Fund Matters" and "Other Legal and Regulatory Matters" under Item 8, Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock trades on the New York Stock Exchange (“NYSE”) under the symbol “AMTD.” The following table shows the high and low sales prices for our common stock for the periods indicated, as reported by the NYSE. The prices reflect inter-dealer prices and do not include retail markups, markdowns or commissions.

	Common Stock Price			
	For the Fiscal Year Ended September 30,			
	2014		2013	
	High	Low	High	Low
First Quarter	$30.68	$25.47	$17.24	$15.20
Second Quarter	$35.82	$29.78	$21.56	$17.07
Third Quarter	$34.32	$29.18	$24.51	$18.79
Fourth Quarter	$34.61	$30.43	$28.12	$24.17

The closing sale price of our common stock as reported on the NYSE on November 3, 2014 was $33.98 per share. As of that date there were 706 holders of record of our common stock based on information provided by our transfer agent. The number of stockholders of record does not reflect the number of individual or institutional stockholders that beneficially own our stock because most stock is held in the name of nominees. Based on information available to us, we believe there are approximately 54,000 beneficial holders of our common stock.

Dividends

We declared and paid a $0.12 per share and a $0.09 per share quarterly cash dividend on our common stock during each quarter of fiscal years 2014 and 2013, respectively. We also declared and paid a $0.50 per share special cash dividend on our common stock during the first quarters of fiscal 2014 and 2013. On October 28, 2014, we declared a $0.15 per share quarterly cash dividend for the first quarter of fiscal 2015. We paid the quarterly cash dividend on November 20, 2014 to all holders of record of our common stock as of November 6, 2014. The payment of any future dividends will be at the discretion of our board of directors and will depend upon a number of factors that the board of directors deems relevant, including future earnings, the success of our business activities, capital requirements, the general financial condition and future prospects of our business and general business conditions.

Our ability to pay cash dividends on our common stock is also dependent on the ability of our subsidiaries to pay dividends to the parent company. Some of our subsidiaries are subject to requirements of the SEC, FINRA, the CFTC, the 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. See Item 7, Management’s Discussion and Analysis of Results of Operations and Financial Condition — “Liquidity and Capital Resources” for further information.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about securities authorized for issuance under the Company’s equity compensation plans is contained in Item 12 — Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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Performance Graph

The following Company common stock performance information is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to the SEC’s proxy rules or to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph and table set forth information comparing the cumulative total return through the end of the Company’s most recent fiscal year from a $100 investment on September 30, 2009 in the Company’s common stock, a broad-based stock index and the stocks comprising an industry peer group.

	Period Ended					
Index	9/30/09	9/30/10	9/30/11	9/30/12	9/30/13	9/30/14
TD Ameritrade Holding Corporation	100.00	82.27	75.70	80.25	143.33	188.82
S&P 500	100.00	110.16	111.42	145.07	173.13	207.30
Peer Group	100.00	74.39	58.86	66.30	112.95	157.96

The Peer Group is comprised of the following companies that have significant retail brokerage operations:

E*TRADE Financial Corporation

The Charles Schwab Corporation

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Purchases of Equity Securities by the Issuer and Affiliated Purchasers
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
July 1, 2014 — July 31, 2014	1,402,773	$31.19	1,379,300	20,620,500
August 1, 2014 — August 31, 2014	695,266	$32.32	695,266	19,925,234
September 1, 2014 — September 30, 2014	1,049,019	$33.46	1,048,863	18,876,371
Total — Three months ended September 30, 2014	3,147,058	$32.19	3,123,429	18,876,371

On October 20, 2011, our board of directors authorized the repurchase of up to 30 million shares of our common stock. We disclosed this authorization on November 18, 2011 in our annual report on Form 10-K. This program was the only stock repurchase program in effect and no programs expired during the fourth quarter of fiscal 2014.
During the quarter ended September 30, 2014, 23,629 shares were repurchased from employees for income tax withholding in connection with distributions of stock-based compensation.

Item 6. Selected Financial Data

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
	(In millions, except per share amounts)				
Consolidated Statements of Income Data:					
Net revenues	$3,123	$2,764	$2,641	$2,763	$2,560
Operating income	1,285	1,056	934	1,048	965
Net income	787	675	586	638	592
Earnings per share — basic	$1.43	$1.23	$1.07	$1.12	$1.01
Earnings per share — diluted	$1.42	$1.22	$1.06	$1.11	$1.00
Weighted average shares outstanding — basic	550	549	548	570	585
Weighted average shares outstanding — diluted	554	554	554	576	592
Dividends declared per share	$0.98	$0.86	$0.24	$0.20	$0.00

	As of September 30,				
	2014	2013	2012	2011	2010
	(In millions)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$1,460	$1,062	$915	$1,032	$741
Total assets	23,831	21,836	19,513	17,126	14,727
Notes payable and long-term obligations	1,251	1,052	1,350	1,348	1,323
Stockholders’ equity	4,748	4,676	4,425	4,116	3,772

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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," 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; average commissions and transaction fees per trade; amounts of commissions and transaction fees, asset-based revenues, net interest revenue, insured deposit account fees, investment product fees and other revenues; net interest margin; growth in spread-based, fee-based and interest-earning asset balances; amounts of total operating expenses, advertising expense and other expense; our effective income tax rate; and our capital and liquidity needs and our plans to finance such needs.

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 and the other risks and uncertainties set forth under Item 1A. — Risk Factors of this Form 10-K. The forward-looking statements contained in this report speak only as of the date on which the statements were made. 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.

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. The term "GAAP" refers to U.S. generally accepted accounting principles.

Activity rate — funded accounts — Average client trades per day during the period divided by the average number of funded accounts during the period.

Asset-based revenues — Revenues consisting of (1) net interest revenue, (2) insured deposit account fees 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 margin balances, average segregated cash balances, average client credit balances, average client insured deposit account 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 funded account (annualized) — Total trades divided by the average number of funded accounts during the period, annualized based on the number of trading days in the fiscal year.

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 Consolidated Statements of Income (excluding clearing revenues from TD Waterhouse UK) 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.

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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 wish to trade futures and/or options on futures.
Cash accounts — Brokerage accounts that do not have margin account approval.
Client assets — The total value of cash and securities in brokerage accounts.
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 Consolidated Balance Sheets.
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 Consolidated Balance Sheets.
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 holding company’s 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, pre-tax income, net income and cash flows from operating activities.
EPS excluding amortization of intangible assets — Earnings per share (“EPS”) excluding amortization of intangible assets is a non-GAAP financial measure. We define EPS excluding amortization of intangible assets as earnings (loss) per share, adjusted to remove the after-tax effect of amortization of acquired intangible assets. We consider EPS 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. EPS excluding amortization of intangible assets should be considered in addition to, rather than as a substitute for, GAAP earnings per share.
EPS from ongoing operations — EPS from ongoing operations is a non-GAAP financial measure. We define EPS from ongoing operations as earnings (loss) per share, adjusted to remove any significant unusual gains or charges. We consider EPS from ongoing operations an important measure of the financial performance of our ongoing business. Unusual gains and charges are excluded because we believe they are not likely to be indicative of the ongoing operations of our business. EPS from ongoing operations should be considered in addition to, rather than as a substitute for, GAAP earnings per share.
Fee-based investment balances — Client assets invested in money market mutual funds, other mutual funds and Company programs such as AdvisorDirect® and Amerivest,® on which we earn fee revenues. Fee revenues earned on these balances are included in investment product fees on our Consolidated Statements of Income.
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

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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 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 Amerivest®.

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 — management target — "Liquid assets — management target" is a non-GAAP financial measure. We define "liquid assets — management target" as the sum of (a) corporate cash and cash equivalents, (b) corporate short-term investments and (c) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 10% of aggregate debit items and (ii) our introducing broker-dealer subsidiaries in excess of a minimum operational target established by management ($50 million in the case of our primary introducing broker-dealer, TD Ameritrade, Inc.). We include the excess capital of our broker-dealer subsidiaries in "liquid assets — management target," rather than simply including broker-dealer cash and cash equivalents, because capital requirements may limit the amount of cash available for dividend from the broker-dealer subsidiaries to the parent company. Excess capital, as defined under clause (c) above, is generally available for dividend from the broker-dealer subsidiaries to the parent company. "Liquid assets — management target" is based on more conservative measures of broker-dealer net capital than "liquid assets — regulatory threshold" (defined below) because we prefer to maintain significantly more conservative levels of net capital at the broker-dealer subsidiaries than the regulatory thresholds require. We consider "liquid assets — management target" to be a measure that reflects our liquidity that would be readily available for corporate investing and financing activities under normal operating circumstances. "Liquid assets — regulatory threshold" is a related metric that reflects our liquidity that would be available for corporate investing and financing activities under unusual operating circumstances, such as the need to provide funding for significant strategic business transactions. Our liquid assets metrics should be considered as supplemental measures of liquidity, rather than as substitutes for cash and cash equivalents.

Liquid assets — regulatory threshold — "Liquid assets — regulatory threshold" is a non-GAAP financial measure. We define "liquid assets — regulatory threshold" as the sum of (a) corporate cash and cash equivalents, (b) corporate short-term investments, (c) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 5% of aggregate debit items and (ii) our introducing broker-dealer subsidiaries in excess of the applicable "early warning" net capital requirement and (d) Tier 1 capital of our trust company in excess of the minimum requirement. We include the excess capital of our broker-dealer and trust company subsidiaries in "liquid assets — regulatory threshold," rather than simply including broker-dealer and trust company cash and cash equivalents, because capital requirements may limit the amount of cash available for dividend from the broker-dealer and trust company subsidiaries to the parent company. Excess capital, as defined under clauses (c) and (d) above, is generally available for dividend from the broker-dealer and trust company subsidiaries to the parent company. We consider "liquid assets — regulatory threshold" to be a measure that reflects our liquidity that would be available for corporate investing and financing activities under unusual operating circumstances, such as the need to provide funding for significant strategic business transactions. "Liquid assets — management target" is a related metric that reflects our liquidity that would be readily available for corporate investing and financing activities under normal operating

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circumstances. Our liquid assets metrics should be considered as supplemental measures of liquidity, rather than as substitutes for 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 Amerivest,® 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 Consolidated Statements of 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 net interest revenue and insured deposit account fees 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.

Operating expenses excluding advertising — Operating expenses excluding advertising is a non-GAAP financial measure. Operating expenses excluding advertising consists of total operating expenses, adjusted to remove advertising expense. We consider operating expenses excluding advertising an important measure of the financial performance of our ongoing business. Advertising spending is excluded because it is largely at the discretion of the Company, can vary significantly from period to period based on market conditions and generally relates to the acquisition of future revenues through new accounts rather than current revenues from existing accounts. Operating expenses excluding advertising should be considered in addition to, rather than as a substitute for, total operating expenses.

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 interest-earning assets and insured deposit account balances. 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 subsidiaries, excluding trades processed for TD Waterhouse UK. 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.

Financial Statement Overview

We provide securities brokerage and clearing services to our clients through our introducing and clearing broker-dealers. Substantially all of our net revenues are derived from our brokerage activities and clearing and execution services. Our primary focus is serving retail clients and independent registered investment advisors by providing services with straightforward, affordable pricing.

Our largest sources of revenues are asset-based revenues and transaction-based revenues. The primary factors driving our asset-based revenues are average balances and average rates. Average balances consist primarily of average client margin balances, average segregated cash balances, average client credit balances, average client insured deposit account 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 receive order routing revenue, which results from arrangements we have with many execution agents to receive cash payments in exchange for routing trade orders to these firms for execution. Order routing revenue is included in commissions and transaction fees on our Consolidated Statements of Income.

Our largest operating expense generally is employee compensation and benefits. Employee compensation and benefits expense includes salaries, bonuses, stock-based compensation, group insurance, contributions to benefit programs, recruitment, severance and other related employee costs.

Clearing and execution costs include incremental third-party expenses that tend to fluctuate as a result of fluctuations in client accounts or trades. Examples of expenses included in this category are outsourced clearing services, statement and confirmation processing and postage costs and clearing expenses paid to the National Securities Clearing Corporation, option exchanges and other market centers. Communications expense includes telecommunications, other postage, news and quote costs. Occupancy and equipment costs include the costs of leasing and maintaining our office spaces and the lease expenses on computer and other equipment. Depreciation and amortization includes depreciation on property and equipment and amortization of leasehold improvements. Amortization of acquired intangible assets consists of amortization of amounts allocated to the value of intangible assets acquired in business combinations.

Professional services expense includes costs paid to outside firms for assistance with legal, accounting, technology, regulatory, marketing and general management issues. Advertising costs include production and placement of advertisements in various media, including online, television, print and direct mail, as well as client promotion and development costs. Advertising expenses may fluctuate significantly from period to period. Other operating expenses include provision for bad debt losses, fraud and error losses, gains or losses on disposal of property, insurance expenses, travel expenses and other miscellaneous expenses.

Interest on borrowings consists of interest expense on our long-term debt, capital leases and other borrowings. Gain on investments represents net gains realized on corporate (non broker-dealer) investments.

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Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires us to make judgments and estimates that may have a significant impact upon our financial results. Note 1, under Item 8, Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements, of this Form 10-K 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

We test goodwill and our indefinite-lived acquired intangible asset for impairment on at least an annual basis, or whenever events and circumstances indicate that the carrying values may not be recoverable. In performing the goodwill impairment tests, we utilize quoted market prices of our common stock to estimate the fair value of the Company as a whole. The estimated fair value is then allocated to our reporting units, if applicable, based on operating revenues, and is compared with the carrying value of the reporting units. No impairment charges have resulted from our annual goodwill impairment tests.

To determine if the indefinite-lived intangible asset is impaired, we first assess certain qualitative factors. Based on this assessment, if it is determined that more likely than not the fair value of the indefinite-lived intangible asset is less than its carrying amount, we perform a quantitative impairment test. No impairment charges have resulted from the annual indefinite-lived intangible asset impairment tests.

We review our finite-lived acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. We evaluate recoverability by comparing the undiscounted cash flows associated with the asset to the asset’s carrying amount. We also evaluate the remaining useful lives of intangible assets each reporting period to determine if events or trends warrant a revision to the remaining period of amortization. We have had no events or trends that have warranted a material revision to the originally estimated useful lives.

Estimates of effective income tax rates, uncertain tax positions, deferred income taxes and related valuation allowances

We estimate our income tax expense based on the various jurisdictions where we conduct business. This requires us to estimate our current income tax obligations and to assess temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities. Temporary differences result in deferred income tax assets and liabilities. We must evaluate the likelihood that deferred income tax assets will be realized. To the extent we determine that realization is not “more likely than not,” we establish a valuation allowance. Establishing or increasing a valuation allowance results in a corresponding increase to income tax expense in our Consolidated Statements of Income. Conversely, to the extent circumstances indicate that a valuation allowance can be reduced or is no longer necessary, that portion of the valuation allowance is reversed, reducing income tax expense.

We must make significant judgments to calculate our provision for income taxes, our deferred income tax assets and liabilities and any valuation allowance against our deferred income tax assets. We must also exercise judgment in determining the need for, and amount of, any accruals for uncertain tax positions. Because the application of tax laws and regulations to many types of transactions is subject to varying interpretations, amounts reported in our consolidated financial statements could be significantly changed at a later date upon final determinations by taxing authorities.

Accruals for contingent liabilities

Accruals for contingent liabilities, such as legal and regulatory claims and proceedings, reflect an estimate of probable losses for each matter. In making such estimates, we consider many factors, including the progress of the matter, prior experience and the experience of others in similar matters, available defenses, insurance coverage, indemnification provisions and the advice of legal counsel and other experts. In many matters, such as those in which substantial or indeterminate damages or fines are sought, or where cases or proceedings are in the early stages, it is not possible to determine whether a loss will be incurred, or to estimate the range of that loss, until the matter is close to resolution, in which case no accrual is made until that time. Because matters may be resolved over long

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periods of time, accruals are adjusted as more information becomes available or when an event occurs requiring a change. Significant judgment is required in making these estimates, and the actual cost of resolving a matter may ultimately differ materially from the amount accrued.

Valuation of guarantees

We enter into guarantees in the ordinary course of business, primarily to meet the needs of our clients and to manage our asset-based revenues. We record a liability for the estimated fair value of the guarantee at its inception. If actual results differ significantly from these estimates, our results of operations could be materially affected. For further details regarding our guarantees, see the following sections under Item 8, Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements: “Guarantees” under Note 13 — Commitments and Contingencies and “Insured Deposit Account Agreement” under Note 18 — Related Party Transactions.

Results of Operations

Conditions in the U.S. equity markets significantly impact the volume of our clients’ trading activity. There is a direct correlation 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 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 margin, credit, insured deposit account 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

Pre-tax income, net income, earnings per share and EBITDA are key metrics we use in evaluating our financial performance. 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 our holding company’s 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, pre-tax income, net income and cash flows from operating activities.

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

	Fiscal Year Ended September 30,					
	2014		2013		2012	
	$	% of Net Revenues	$	% of Net Revenues	$	% of Net Revenues
EBITDA	$1,480	47.4 %	$1,290	46.7 %	$1,098	41.6 %
Less:						
Depreciation and amortization	(95)	(3.0)%	(86)	(3.1)%	(72)	(2.7)%
Amortization of acquired intangible assets	(90)	(2.9)%	(91)	(3.3)%	(92)	(3.5)%
Interest on borrowings	(25)	(0.8)%	(25)	(0.9)%	(28)	(1.1)%
Provision for income taxes	(483)	(15.5)%	(413)	(14.9)%	(320)	(12.1)%
Net income	$787	25.2 %	$675	24.4 %	$586	22.2 %

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Our EBITDA increased 15% for fiscal 2014 compared to fiscal 2013, primarily due to a 13% increase in net revenues, partially offset by an 8% increase in operating expenses excluding depreciation and amortization and a $47 million decrease in net gains on investments. The increase in net revenues was due to a 15% increase in transaction-based revenues and a 12% increase in asset-based revenues. The increase in operating expenses excluding depreciation and amortization was primarily due to a 10% increase in employee compensation and benefits expense, a 23% increase in clearing and execution costs, a 5% increase in advertising expense and a 7% increase in professional services expense. Detailed analysis of our operating results is presented later in this discussion.

Our diluted earnings per share was $1.42, $1.22 and $1.06 for fiscal years 2014, 2013 and 2012, respectively. Higher EBITDA for fiscal 2014 contributed to a 17% increase in net income compared to the prior year. Based on our expectations for net revenues and expenses, we expect diluted earnings per share to range from $1.45 to $1.70 for fiscal year 2015, depending largely on the level of client trading activity, client asset growth and the nature of the interest rate environment. Details regarding our fiscal year 2015 expectations for net revenues and expenses are presented later in this discussion.

Operating Metrics

Our largest sources of revenues are asset-based revenues and transaction-based revenues. For fiscal 2014, asset-based revenues and transaction-based revenues accounted for 55% and 43% of our net revenues, respectively. Asset-based revenues consist of (1) net interest revenue, (2) insured deposit account fees 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 margin balances, average segregated cash balances, average client credit balances, average client insured deposit account 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 interest-earning assets and our insured deposit account balances 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 net interest revenue and insured deposit account fees by average spread-based assets. Spread-based assets consist of client and brokerage-related asset balances, including client margin balances, segregated cash, insured deposit account balances, 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):

	Fiscal Year			‘14 vs. ‘13	‘13 vs. ‘12
	2014	2013	2012	Increase/ (Decrease)	Increase/ (Decrease)
Average interest-earning assets	$18,541	$15,857	$14,884	$2,684	$973
Average insured deposit account balances	72,933	67,981	59,384	4,952	8,597
Average spread-based balances	$91,474	$83,838	$74,268	$7,636	$9,570
Net interest revenue	$581	$469	$450	$112	$19
Insured deposit account fee revenue	820	804	828	16	(24)
Spread-based revenue	$1,401	$1,273	$1,278	$128	$(5)
Average yield — interest-earning assets	3.09%	2.92%	2.97%	0.17%	(0.05)%
Average yield — insured deposit account fees	1.11%	1.17%	1.37%	(0.06)%	(0.20)%
Net interest margin (NIM)	1.51%	1.50%	1.69%	0.01%	(0.19)%

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):

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	Interest Revenue (Expense) Fiscal Year 2014	2013	2012	'14 vs. '13 Increase/ (Decrease)	'13 vs. '12 Increase/ (Decrease)
Segregated cash	$7	$6	$4	$1	$2
Client margin balances	405	345	345	60	—
Securities lending/borrowing, net	169	118	101	51	17
Other cash and interest-earning investments	1	1	1	—	—
Client credit balances	(1)	(1)	(1)	—	—
Net interest revenue	$581	$469	$450	$112	$19

	Average Balance Fiscal Year 2014	2013	2012	'14 vs. '13 % Change	'13 vs. '12 % Change
Segregated cash	$5,307	$4,626	$4,346	15%	6%
Client margin balances	10,493	8,576	8,200	22%	5%
Securities borrowing	1,085	1,056	804	3%	31%
Other cash and interest-earning investments	1,656	1,599	1,534	4%	4%
Interest-earning assets	$18,541	$15,857	$14,884	17%	7%
Client credit balances	$11,240	$9,469	$9,171	19%	3%
Securities lending	2,513	2,139	1,969	17%	9%
Interest-bearing liabilities	$13,753	$11,608	$11,140	18%	4%

	Average Yield (Cost) Fiscal Year 2014	2013	2012	'14 vs. '13 Net Yield Increase/ (Decrease)	'13 vs. '12 Net Yield Increase/ (Decrease)
Segregated cash	0.13%	0.12%	0.08%	0.01%	0.04%
Client margin balances	3.81%	3.97%	4.13%	(0.16)%	(0.16)%
Other cash and interest-earning investments	0.07%	0.08%	0.09%	(0.01)%	(0.01)%
Client credit balances	(0.01)%	(0.01)%	(0.01)%	0.00%	0.00%
Net interest revenue	3.09%	2.92%	2.97%	0.17%	(0.05)%

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

	Fee Revenue Fiscal Year 2014	2013	2012	'14 vs. '13 Increase/ (Decrease)	'13 vs. '12 Increase/ (Decrease)
Money market mutual fund	$—	$1	$3	$(1)	$(2)
Market fee-based investment balances	309	249	193	60	56
Total investment product fees	$309	$250	$196	$59	$54

	Average Balance Fiscal Year 2014	2013	2012	'14 vs. '13 % Change	'13 vs. '12 % Change
Money market mutual fund	$5,306	$5,163	$5,113	3%	1%
Market fee-based investment balances	131,360	107,653	81,024	22%	33%
Total fee-based investment balances	$136,666	$112,816	$86,137	21%	31%

	Average Yield Fiscal Year 2014	2013	2012	'14 vs. '13 Increase/ (Decrease)	'13 vs. '12 Increase/ (Decrease)
Money market mutual fund	0.00%	0.02%	0.07%	(0.02)%	(0.05)%
Market fee-based investment balances	0.23%	0.23%	0.23%	0.00%	0.00%
Total investment product fees	0.22%	0.22%	0.22%	0.00%	0.00%

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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:

	Fiscal Year			‘14 vs. ‘13	‘13 vs. ‘12
	2014	2013	2012	% Change	% Change
Total trades (in millions)	106.94	92.85	89.91	15 %	3 %
Average client trades per day	426,888	373,630	359,631	14 %	4 %
Average client trades per funded account (annualized)	17.4	15.8	15.8	10 %	0 %
Activity rate — funded accounts	6.9 %	6.3 %	6.3 %	10 %	0 %
Trading days	250.5	248.5	250.0	1 %	(1)%
Average commissions and transaction fees per trade[1]	$12.62	$12.61	$12.09	0 %	4 %
Order routing revenue (in millions)	$304	$236	$184	29 %	28 %
Average order routing revenue per trade[2]	$2.84	$2.54	$2.05	12 %	24 %

(1) Average commissions and transaction fees per trade excludes the TD Waterhouse UK business.

(2) 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:

	Fiscal Year		
	2014	2013	2012
Funded accounts (beginning of year)	5,993,000	5,764,000	5,617,000
Funded accounts (end of year)	6,301,000	5,993,000	5,764,000
Percentage change during year	5 %	4 %	3 %
Client assets (beginning of year, in billions)	$555.9	$472.3	$378.7
Client assets (end of year, in billions)	$653.1	$555.9	$472.3
Percentage change during year	17 %	18 %	25 %
Net new assets (in billions)	$53.4	$49.5	$40.8
Net new assets annualized growth rate	10 %	10 %	11 %

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Consolidated Statements of Income Data

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

	Fiscal Year 2014	2013	2012	‘14 vs. ‘13 % Change	‘13 vs. ‘12 % Change
Revenues:					
Transaction-based revenues:					
Commissions and transaction fees	$1,351	$1,171	$1,087	15 %	8 %
Asset-based revenues:					
Interest revenue	587	476	456	23 %	4 %
Brokerage interest expense	(6)	(7)	(6)	(14)%	17 %
Net interest revenue	581	469	450	24 %	4 %
Insured deposit account fees	820	804	828	2 %	(3)%
Investment product fees	309	250	196	24 %	28 %
Total asset-based revenues	1,710	1,523	1,474	12 %	3 %
Other revenues	62	70	80	(11)%	(13)%
Net revenues	3,123	2,764	2,641	13 %	5 %
Operating expenses:					
Employee compensation and benefits	760	692	690	10 %	0 %
Clearing and execution costs	134	109	89	23 %	22 %
Communications	116	113	111	3 %	2 %
Occupancy and equipment costs	156	160	150	(3)%	7 %
Depreciation and amortization	95	86	72	10 %	19 %
Amortization of acquired intangible assets	90	91	92	(1)%	(1)%
Professional services	155	145	168	7 %	(14)%
Advertising	250	239	248	5 %	(4)%
Other	82	73	87	12 %	(16)%
Total operating expenses	1,838	1,708	1,707	8 %	0 %
Operating income	1,285	1,056	934	22 %	13 %
Other expense (income):					
Interest on borrowings	25	25	28	0 %	(11)%
Gain on investments, net	(10)	(57)	—	(82)%	N/A
Total other expense (income)	15	(32)	28	N/A	N/A
Pre-tax income	1,270	1,088	906	17 %	20 %
Provision for income taxes	483	413	320	17 %	29 %
Net income	$787	$675	$586	17 %	15 %
Other information:					
Effective income tax rate	38.0 %	38.0 %	35.3 %		

Average debt outstanding	$1,106	$1,151	$1,257	(4)%	(8)%
Effective interest rate incurred on borrowings	2.20 %	2.14 %	2.21 %		

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Fiscal Year Ended September 30, 2014 Compared to Fiscal Year Ended September 30, 2013

Net Revenues

Commissions and transaction fees increased 15% to $1.35 billion, primarily due to increased client trading activity. Total trades increased 15%, as average client trades per day increased 14% to 426,888 for fiscal 2014 compared to 373,630 for fiscal 2013, and there were two more trading days during fiscal 2014. Two trading days were lost during the prior year due to unscheduled market closures resulting from Hurricane Sandy. Average client trades per funded account were 17.4 for fiscal 2014 compared to 15.8 for fiscal 2013. Average commissions and transaction fees per trade was relatively unchanged overall at $12.62 for fiscal 2014 compared to $12.61 for fiscal 2013, as a 12% increase in average order routing revenue per trade was mostly offset by a higher percentage of reduced commission trades, including negotiated rates for our active trader clients and promotional trades to attract new accounts and client assets, as well as lower average contracts per trade on option trades. We expect average commissions and transaction fees to range between $12.50 and $12.75 per trade during fiscal 2015, depending on the mix of client trading activity, level of order routing revenue and other factors. We expect revenues from commissions and transaction fees to range from $1.26 billion to $1.49 billion for fiscal 2015, depending on the volume of client trading activity, average commissions and transaction fees per trade and other factors.

Asset-based revenues, which consist of net interest revenue, insured deposit account fees and investment product fees, increased 12% to $1.71 billion, primarily due to a 9% increase in average spread-based assets and a 22% increase in average market fee-based investment balances. Our net interest margin was relatively unchanged at 1.51% for fiscal 2014, compared to 1.50% for the prior year, as increased net interest revenue from our securities borrowing/lending program was mostly offset by lower average yields earned on client margin and insured deposit account balances. We expect net interest margin to range between 1.49% and 1.57% for fiscal 2015, depending largely on the interest rate environment. We expect asset-based revenues to increase to between $1.79 billion and $2.01 billion for fiscal 2015, primarily due to expected growth in spread-based and fee-based asset balances. The low end of this estimated range assumes no change in the federal funds rate or LIBOR yield curve for fiscal 2015. The high end of the estimated range assumes a gradual increase in the federal funds rate and in interest rates across the LIBOR yield curve for fiscal 2015. The following paragraphs provide further analysis of the components of asset-based revenues.

Net interest revenue increased 24% to $581 million, primarily due to a 22% increase in average client margin balances and a $51 million increase in net interest revenue from our securities borrowing/lending program, partially offset by a decrease of 16 basis points in the average yield earned on client margin balances. We expect net interest revenue to increase to between $590 million and $675 million for fiscal 2015, primarily due to expected growth in average interest-earning asset balances, with the extent of the increase also dependent on the interest rate environment.

Insured deposit account fees increased 2% to $820 million, primarily due to a 7% increase in average client IDA balances, mostly offset by a decrease of 6 basis points in the average yield earned on the IDA assets. The increased IDA balances are mostly due to our success in attracting net new client assets over the past year. We expect insured deposit account fees to increase to between $860 million and $945 million for fiscal 2015, primarily due to expected growth in average IDA balances, with the extent of the increase also dependent on the interest rate environment. For more information about the IDA agreement, please see Note 18 — Related Party Transactions under Item 8, Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements.

Investment product fees increased 24% to $309 million, primarily due to a 22% increase in average market fee-based investment balances. We expect investment product fees to increase to between $340 million and $385 million for fiscal 2015, primarily due to expected growth in average fee-based investment balances.

Other revenues decreased 11% to $62 million, due primarily to lower client education revenue. We expect other revenues to decrease to between $50 million and $60 million for fiscal 2015.

Operating Expenses

Total operating expenses increased 8% to $1.84 billion during fiscal 2014, as described below. Analysis of the individual components of operating expenses is provided below. We expect total operating expenses to range from $1.8 billion to $2.0 billion for fiscal 2015.

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Employee compensation and benefits expense increased 10% to $760 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 5,578 for fiscal 2014 compared to 5,310 for fiscal 2013.

Clearing and execution costs increased 23% to $134 million, primarily due to higher client trading volumes, increased option clearing and execution costs and increased client statement processing costs.

Occupancy and equipment costs decreased 3% to $156 million, primarily due to costs associated with exiting our previous headquarters building and placing our new Omaha corporate campus in service during the prior year.

Depreciation and amortization increased 10% to $95 million, primarily due to depreciation on our new Omaha corporate campus, which was placed in service in April 2013, and on recent technology infrastructure upgrades.

Professional services increased 7% to $155 million, primarily due to higher costs associated with legal and regulatory matters and increased usage of consulting and contract services in connection with operational and technology projects.

Advertising expense increased 5% to $250 million, primarily due to increased advertising in connection with our sponsorship of the Winter Olympics and an increase in new account promotions. 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 trading volumes in the stock market to be an effective indicator of self-directed investor engagement. When self-directed investors are actively engaged in the stock market, we tend to experience more success with our advertising, resulting in a lower cost per new account. We also find that self-directed investors tend to demonstrate more interest in financial products and services during certain times of the year, such as in the 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. We expect advertising expense to range from $230 million to $270 million for fiscal 2015.

Other operating expenses increased 12% to $82 million, primarily due to higher travel expenses during fiscal 2014 and the impact of a $4 million bad debt recovery during the prior year.

Other Expense (Income) and Income Taxes

Other expense (income) represented $15 million of expense during fiscal 2014 and $32 million of income during fiscal 2013. The change was primarily due to $49 million of net gains recognized on our investment in Knight Capital Group, Inc. during the prior year. We expect to incur other expense ranging from $25 million to $40 million for fiscal 2015, consisting primarily of interest on borrowings.

Our effective income tax rate was 38.0% for both fiscal 2014 and fiscal 2013. The effective tax rate for fiscal 2014 includes $10 million of favorable resolutions of state income tax matters, partially offset by $2 million of unfavorable deferred income tax adjustments resulting from state income tax law changes. These items had a net favorable impact on the Company’s earnings for fiscal 2014 of approximately one cent per share. We expect our effective income tax rate to range from 38% to 39% for fiscal 2015, excluding the effect of any adjustments related to remeasurement or resolution of uncertain tax positions. 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.

Fiscal Year Ended September 30, 2013 Compared to Fiscal Year Ended September 30, 2012

Net Revenues

Commissions and transaction fees increased 8% to $1.17 billion, primarily due to growth in funded accounts and higher average commissions and transaction fees per trade, partially offset by the effect of 1.5 fewer trading days during fiscal 2013 compared to fiscal 2012. Total trades increased 3%, as average client trades per day increased 4% to 373,630 for fiscal 2013 compared to 359,631 for fiscal 2012. Funded accounts increased 4% during fiscal 2013, while average client trades per funded account was unchanged at 15.8 for fiscal 2013 and fiscal 2012. Two trading days were lost during fiscal 2013 due to unscheduled market closures resulting from Hurricane Sandy.

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Average commissions and transaction fees per trade increased to $12.61 for fiscal 2013 from $12.09 for fiscal 2012, primarily due to higher order routing revenue per trade and, to a lesser extent, a higher percentage of option trades, which earn higher average commissions and transaction fees per trade.

Asset-based revenues increased 3% to $1.52 billion for fiscal 2013, primarily due to a 33% increase in average market fee-based investment balances and a 13% increase in average spread-based assets, partially offset by a decrease of 19 basis points in the net interest margin earned on spread-based assets. Our net interest margin was 1.50% for fiscal 2013, compared to 1.69% for fiscal 2012. The following paragraphs provide further analysis of the components of asset-based revenues.

Net interest revenue increased 4% to $469 million, due primarily to a $17 million increase in net interest revenue from our securities borrowing/lending program and a 5% increase in average client margin balances, partially offset by a decrease of 16 basis points in the average yield earned on client margin balances.

Insured deposit account fees decreased 3% to $804 million, primarily due to a decrease of 20 basis points in the average yield earned on the IDA assets, partially offset by a 14% increase in average client IDA balances. The increased IDA balances are mostly due to our success in attracting net new client assets over the past year and, to a lesser extent, due to our strategy of migrating client cash held in client credit balances or swept to money market mutual funds to the IDA offering. During fiscal 2012, we moved approximately $3 billion of client cash out of money market mutual funds.

Investment product fees increased 28% to $250 million, primarily due to a 33% increase in average market fee-based investment balances.

Other revenues decreased 13% to $70 million, due primarily to lower client education revenue, partially offset by increased fees from processing corporate securities reorganizations.

Operating Expenses

Total operating expenses was unchanged overall at approximately $1.71 billion for both fiscal 2013 and fiscal 2012. Analysis of the individual components of operating expenses is provided below.

Employee compensation and benefits expense increased slightly to $692 million, primarily due to annual merit increases and higher incentive-based compensation related to Company and individual performance, including our continued success in attracting net new client assets. These items were mostly offset by the effect of higher costs during the prior year for severance related to staff reductions and for stock-based compensation expense due to the effect of retirement eligibility provisions in certain stock award agreements.

Clearing and execution costs increased 22% to $109 million, primarily due to higher futures and option trade execution costs resulting from increased client futures and option trading activity, increased client statement processing costs, and the effect of a favorable adjustment during the prior year related to the thinkorswim clearing conversion.

Occupancy and equipment costs increased 7% to $160 million, primarily due to upgrades to our technology infrastructure and facilities and costs associated with exiting our previous headquarters building and placing our new Omaha corporate campus in service during fiscal 2013.

Depreciation and amortization increased 19% to $86 million, primarily due to depreciation on our new Omaha corporate campus, which was placed in service in April 2013, and on recent technology infrastructure upgrades and leasehold improvements.

Professional services decreased 14% to $145 million, primarily due to lower usage of consulting and contract services.

Advertising expense decreased 4% to $239 million, primarily due to lower investor education promotion costs during fiscal 2013.

Other operating expenses decreased 16% to $73 million, primarily due to lower bad debt expense and lower losses on disposal of property and equipment. Fiscal 2012 included $10 million of losses on disposal of property and equipment, primarily related to our discontinued use of certain software and hardware.

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Other Expense (Income) and Income Taxes

Other expense (income) represented $32 million of income during fiscal 2013 and $28 million of expense during fiscal 2012. The change was primarily due to $49 million of net gains recognized on our investment in Knight Capital Group, Inc. during fiscal 2013.

Our effective income tax rate was 38.0% for fiscal 2013, compared to 35.3% for fiscal 2012. The effective tax rate for fiscal 2012 was significantly lower than normal primarily due to $19 million of favorable resolutions of state income tax matters and a $3 million benefit resulting from the reversal of a valuation allowance related to a capital loss carryover. These items favorably impacted the Company’s earnings for fiscal 2012 by approximately four cents per share.

Liquidity and Capital Resources

As a holding company, TD Ameritrade Holding Corporation conducts substantially all of its business through its operating subsidiaries, principally its broker-dealer 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 fiscal 2014 were financed primarily from our subsidiaries’ earnings, cash on hand and borrowings. We financed our payment of a $0.50 per share special cash dividend on December 17, 2013 with $121 million from cash on hand and $155 million borrowed on our parent company’s revolving credit facility. During fiscal 2014, we borrowed an additional $75 million on our parent's revolving credit facility to partially fund repurchases of our common stock under our stock repurchase program. As of September 30, 2014, $150 million of borrowings remained outstanding under the parent company's revolving credit facility. We currently expect to repay the outstanding borrowings on our parent company's revolving credit facility during fiscal 2015; however, we may alter our plans if other capital or liquidity needs arise. On September 15, 2014, we also entered into a secured bank loan in the aggregate principal amount of $69 million, the proceeds of which were used to purchase real estate for use in our operations. We plan to finance our capital and liquidity needs in fiscal 2015 primarily from our subsidiaries’ earnings, cash on hand, and borrowings.

On October 17, 2014, we sold, through a public offering, $500 million aggregate principal amount of unsecured 3.625% Senior Notes due April 1, 2025. We intend to use the net proceeds from the issuance of the 3.625% Senior Notes, together with cash on hand, to repay in full the outstanding principal under our 4.150% Senior Notes that mature on December 1, 2014.

Dividends from our subsidiaries are the primary 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 Subsidiaries

Our broker-dealer 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 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 (a) less than 5% of aggregate debit balances, (b) less than 110% of its risk-based capital requirement under CFTC Regulation 1.17 or (c) less than 120% of its minimum dollar requirement. These net capital thresholds,

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which are specified in Rule 17a-11 under the Exchange Act and CFTC Regulation 1.12, are typically referred to as "early warning" net capital thresholds. As of September 30, 2014, our clearing and introducing broker-dealer subsidiaries had $1,569 million and $347 million of net capital, respectively, which exceeded the early warning net capital thresholds by $868 million and $328 million, respectively.

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 Options Clearing Corporation ("OCC"), which may fluctuate significantly from time to time based on the nature and size of our clients' trading activity. TDAC had $284 million and $175 million of cash and investments deposited with clearing organizations for the clearing of client equity and option trades as of September 30, 2014 and 2013, respectively.

TDAC's liquidity needs relating to client trading and margin borrowing are met primarily through cash balances in client brokerage accounts, which were $14.2 billion and $13.0 billion as of September 30, 2014 and 2013, 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 $4.8 billion and $5.7 billion of cash and investments segregated in special reserve bank accounts for the exclusive benefit of clients under Rule 15c3-3 as of September 30, 2014 and 2013, respectively.

For general liquidity needs, TDAC also maintains a senior unsecured revolving credit facility in an aggregate principal amount of $300 million. This facility is described under "Loan Facilities" later in this section. There were no borrowings outstanding on this facility as of September 30, 2014 and 2013.

Liquid Assets

We consider our liquid assets metrics to be important measures of our liquidity and of our ability to fund corporate investing and financing activities. Our liquid assets metrics are considered non-GAAP financial measures. We include the excess capital of our broker-dealer and trust company subsidiaries in the calculation of our liquid assets metrics, rather than simply including broker-dealer and trust company cash and cash equivalents, because capital requirements may limit the amount of cash available for dividend from the broker-dealer and trust company subsidiaries to the parent company. Excess capital, as defined below, is generally available for dividend from the broker-dealer and trust company subsidiaries to the parent company. The liquid assets metrics should be considered as supplemental measures of liquidity, rather than as substitutes for cash and cash equivalents.

We define "liquid assets — management target" as the sum of (a) corporate cash and cash equivalents, (b) corporate short-term investments and (c) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 10% of aggregate debit items and (ii) our introducing broker-dealer subsidiaries in excess of a minimum operational target established by management ($50 million in the case of our primary introducing broker-dealer, TD Ameritrade, Inc.). "Liquid assets — management target" is based on more conservative measures of broker-dealer net capital than "liquid assets — regulatory threshold" (defined below) because we prefer to maintain significantly more conservative levels of net capital at the broker-dealer subsidiaries than the regulatory thresholds require. We consider "liquid assets — management target" to be a measure that reflects our liquidity that would be readily available for corporate investing or financing activities under normal operating circumstances.

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We define “liquid assets — regulatory threshold” as the sum of (a) corporate cash and cash equivalents, (b) corporate short-term investments, (c) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 5% of aggregate debit items and (ii) our introducing broker-dealer subsidiaries in excess of the applicable “early warning” net capital requirement and (d) Tier 1 capital of our trust company in excess of the minimum requirement. For more information about the regulatory capital requirements of our broker-dealer and trust subsidiaries, please see Note 10 — Capital Requirements of the Notes to Consolidated Financial Statements under Item 8 — Financial Statements and Supplementary Data. We consider “liquid assets — regulatory threshold” to be a measure that reflects our liquidity that would be available for corporate investing or financing activities under unusual operating circumstances, such as the need to provide funding for significant strategic business transactions.

The following table sets forth a reconciliation of cash and cash equivalents, which is the most directly comparable GAAP measure, to our liquid assets metrics (dollars in millions):

		Liquid Assets — Management Target			Liquid Assets — Regulatory Threshold		
		September 30,		Change	September 30,		Change
		2014	2013		2014	2013	
Cash and cash equivalents		$1,460	$1,062	$398	$1,460	$1,062	$398
Less:	Broker-dealer cash and cash equivalents	(1,090)	(540)	(550)	(1,090)	(540)	(550)
	Trust company cash and cash equivalents	(53)	(74)	21	(53)	(74)	21
	Investment advisory cash and cash equivalents	(19)	(19)	—	(19)	(19)	—
Corporate cash and cash equivalents		298	429	(131)	298	429	(131)
Plus:	Excess trust company Tier 1 capital	—	—	—	12	8	4
	Excess broker-dealer regulatory net capital	464	445	19	1,196	1,040	156
Liquid assets		$762	$874	$(112)	$1,506	$1,477	$29

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The changes in liquid assets are summarized as follows (dollars in millions):

		Liquid Assets Management Target	Regulatory Threshold
Liquid assets as of September 30, 2013		$874	$1,477
Plus:	EBITDA[1]	1,480	1,480
	Proceeds from issuance of long-term debt	69	69
	Proceeds from notes payable	230	230
	Proceeds from exercise of stock options	8	8
	Proceeds from sale of investments	25	25
	Other investing activities	2	2
Less:	Income taxes paid	(489)	(489)
	Interest paid	(30)	(30)
	Purchase of property and equipment	(144)	(144)
	Principal payments on notes payable	(80)	(80)
	Payment of cash dividends	(540)	(540)
	Purchase of treasury stock	(207)	(207)
	Additional net capital requirement due to increase in aggregate debits	(289)	(145)
	Other changes in working capital and regulatory net capital	(147)	(150)
Liquid assets as of September 30, 2014		$762	$1,506

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

Loan Facilities

Senior Notes — As of September 30, 2014 and 2013, we had $500 million aggregate principal amount of 4.150% Senior Notes due December 1, 2014 (the “2014 Notes”) and $500 million aggregate principal amount of 5.600% Senior Notes due December 1, 2019 (the “2019 Notes”). The 2014 Notes and 2019 Notes are unsecured and were sold on November 25, 2009 through a public offering. Interest on the 2014 Notes and 2019 Notes is payable semi-annually in arrears on June 1 and December 1 of each year.

We may redeem the 2014 Notes and 2019 Notes, in whole at any time or in part from time to time, 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: 30 basis points in the case of the 2014 Notes and 35 basis points in the case of the 2019 Notes, plus, in each case, accrued and unpaid interest to the date of redemption.

On October 17, 2014, we sold, through a public offering, $500 million aggregate principal amount of unsecured 3.625% Senior Notes due April 1, 2025 (the “2025 Notes”). Interest on the 2025 Notes will be payable in arrears semi-annually on April 1 and October 1 of each year. We intend to use the net proceeds from the issuance of the 2025 Notes, together with cash on hand, to repay in full the outstanding principal under the 2014 Notes that mature on December 1, 2014.

We may redeem the 2025 Notes, in whole or in part, at any time prior to January 1, 2025 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 25 basis points, plus accrued and unpaid interest to the date of redemption. We may redeem the 2025 Notes, in whole or in part, at any time on or after January 1, 2025 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.

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Secured Loan - On September 15, 2014, we entered into a bank loan agreement (the "Loan Agreement") in the aggregate principal amount of $69 million, the proceeds of which were used to purchase real estate for use in our operations. The loan is secured by a lien against the purchased real estate. The principal amount of the loan plus accrued interest is due and payable in 20 consecutive quarterly installments, beginning January 1, 2015, with the last installment due on October 1, 2019. The interest rate under the Loan Agreement is based on the one-month London Interbank Offered Rate ("LIBOR"), adjusted and determined monthly, plus 1.375 percentage points. At September 30, 2014, the interest rate was 1.53%. We may prepay any principal or interest under the loan without penalty or other cost. The covenants applicable under the Loan Agreement are substantially consistent with the terms of the TD Ameritrade Holding Corporation Credit Agreement, dated June 11, 2014, described below.

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 this exposure, on December 30, 2009, we entered into a fixed-for-variable interest rate swap on the 2014 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2014 Notes. In addition, on January 7, 2011, we entered into a fixed-for-variable interest rate swap on the 2019 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2019 Notes. The interest rate swaps effectively change the fixed-rate interest on the Senior 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) 1.245% for the swap on the 2014 Notes and (b) 2.3745% for the swap on the 2019 Notes. As of September 30, 2014, the weighted average effective interest rate on the Senior Notes was 2.04%.

In addition, on November 19, 2014, we entered into a fixed-for-variable interest rate swap on the 2025 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2025 Notes. Under the terms of this interest rate swap agreement, we receive semi-annual fixed-rate interest payments based on the same rate applicable to the 2025 Notes, and make quarterly variable-rate interest payments based on three-month LIBOR plus 1.1022%.

Cash Flow Hedging — On January 17, 2014, we entered into forward-starting interest rate swap contracts with an aggregate notional amount of $500 million, to hedge against changes in the benchmark interest rate component of future interest payments resulting from the anticipated refinancing of the 2014 Notes.

On October 17, 2014, we sold $500 million of 2025 Notes as described under "Senior Notes" above, and paid approximately $45 million to settle the forward-starting interest rate swap contracts.

TD Ameritrade Holding Corporation Credit Agreement — On June 11, 2014, TD Ameritrade Holding Corporation (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 28, 2014. The maturity date of the Parent Revolving Facility is June 11, 2019.

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 LIBOR loans") or (b) (i) the highest of (x) the prime rate, (y) the federal funds effective rate plus 0.50% or (z) one-month LIBOR plus 1.00%, plus (ii) an interest rate margin ("Base Rate loans"). The interest rate margin ranges from 0.875% to 1.75% for Parent LIBOR loans and from 0% to 0.75% for Base Rate loans, determined by reference to the Company's public debt ratings. The Parent is obligated to pay a commitment fee ranging from 0.10% to 0.25% on any unused amount of the Parent Revolving Facility, determined by reference to the Company's public debt ratings.

As of September 30, 2014, there was $150 million of borrowings outstanding under the Parent Revolving Facility, consisting of Parent LIBOR loans. As of September 30, 2014, the commitment fee was 0.15% and the interest rate margin was 1.25%, each determined by reference to the Company's public debt ratings, and the interest rate was 1.40%, based on one-month LIBOR plus the interest rate margin.

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 subsidiaries are required to maintain compliance with a

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minimum regulatory net capital covenant. The Company was in compliance with all covenants under the Parent Revolving Facility as of September 30, 2014.

TD Ameritrade Clearing, Inc. Credit Agreement — On June 11, 2014, TD Ameritrade Clearing, Inc. (“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 $300 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 28, 2014. The maturity date of the TDAC Revolving Facility is June 11, 2019.

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 LIBOR loans”) or (b) the federal funds effective rate plus an interest rate margin (“Fed Funds Rate loans”). The interest rate margin ranges from 0.75% to 1.50% for both TDAC LIBOR loans and Fed Funds Rate loans, determined by reference to the Company’s public debt ratings. TDAC is obligated to pay a commitment fee ranging from 0.08% to 0.20% on any unused amount of the TDAC Revolving Facility, determined by reference to the Company’s public debt ratings. As of September 30, 2014, the interest rate margin would have been 1.00% for both TDAC LIBOR loans and Fed Funds Rate 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 TDAC Revolving Facility as of September 30, 2014.

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 September 30, 2014.

Stock Repurchase Programs

On October 20, 2011, our board of directors authorized the repurchase of up to 30 million shares of our common stock. During fiscal 2014, we repurchased approximately 6.0 million shares under the plan at a weighted average purchase price of $31.37 per share. From the inception of this stock repurchase authorization through September 30, 2014, we have repurchased approximately 11.1 million shares at a weighted average purchase price of $25.02 per share. As of September 30, 2014, we had approximately 18.9 million shares remaining on the stock repurchase authorization.

Cash Dividends

We declared $0.12 per share, $0.09 per share and $0.06 per share quarterly cash dividends on our common stock during each quarter of fiscal years 2014, 2013 and 2012, respectively. We also declared and paid a $0.50 per share special cash dividend on our common stock during both the first quarter of fiscal 2014 and the first quarter of fiscal 2013. We paid $540 million, $471 million and $132 million to fund the dividends for fiscal years 2014, 2013 and 2012, respectively.

On October 28, 2014, we declared a $0.15 per share quarterly cash dividend on our common stock for the first quarter of fiscal 2015. We paid approximately $82 million on November 20, 2014 to fund the quarterly cash dividend.

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 8, Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements: “General Contingencies” and “Guarantees” under Note 13 — Commitments and Contingencies and “Insured Deposit Account Agreement” under Note 18 — Related Party Transactions. The IDA agreement accounts for a significant percentage of our net revenues (26% of our net revenues for the fiscal year ended September 30, 2014) 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.

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Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2014 (dollars in millions):

		Payments Due by Period (Fiscal Years):			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations		2015	2016-17	2018-19	After 2019
Notes payable and long-term debt obligations[1]	$1,296	$677	$57	$56	$506
Operating lease obligations	345	54	105	96	90
Purchase obligations[2]	178	80	84	2	12
Income taxes payable[3]	211	211	—	—	—
Total	$2,030	$1,022	$246	$154	$608

(1) Represents scheduled principal payments, estimated interest payments and commitment fees pursuant to the 2014 Notes and 2019 Notes, the interest rate swaps, the revolving credit facilities and the secured loan. Actual amounts of interest may vary depending on changes in variable interest rates associated with the interest rate swaps.

(2) Purchase obligations primarily relate to agreements for goods and services such as computer hardware and software, telecommunications, market information, advertising and marketing, professional services, and employee compensation and benefits.

(3) A significant portion of our income taxes payable as of September 30, 2014 consists of liabilities for uncertain tax positions and related interest and penalties. The timing of payments, if any, on liabilities for uncertain tax positions cannot be predicted with reasonable accuracy.

Item 7A. 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.

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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. We currently seek to maintain a consolidated duration of interest-sensitive assets, including IDA assets, within a range of 1.75 to 2.75 years. As of September 30, 2014, 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 insured deposit account 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 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 Consolidated Balance Sheet and the insured deposit account 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 September 30, 2014 indicate that a gradual 1% (100 basis points) increase in interest rates over a 12-month period would result in a range of approximately $104 million to $176 million higher pre-tax income, depending largely on the extent and timing of possible increases in payment rates on client cash balances. A gradual 1% (100 basis points) decrease in interest rates over a 12-month period would result in approximately $16 million lower pre-tax income. The results of the simulations reflect the fact that short-term interest rates remain at historically low levels, including the federal funds target rate, which is currently a range of zero to 0.25%.

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.

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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
TD Ameritrade Holding Corporation

We have audited the accompanying consolidated balance sheets of TD Ameritrade Holding Corporation (the "Company") as of September 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TD Ameritrade Holding Corporation at September 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), TD Ameritrade Holding Corporation's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 21, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Chicago, Illinois
November 21, 2014

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TD AMERITRADE HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 30, 2014 and 2013

	2014	2013
	(In millions)	
ASSETS		
Cash and cash equivalents	$1,460	$1,062
Cash and investments segregated and on deposit for regulatory purposes	5,116	5,894
Receivable from brokers, dealers and clearing organizations	1,108	1,348
Receivable from clients, net	11,639	8,984
Receivable from affiliates	99	117
Other receivables, net	147	137
Securities owned, at fair value	332	323
Property and equipment at cost, net	543	497
Goodwill	2,467	2,467
Acquired intangible assets, net	751	841
Other assets	169	166
Total assets	$23,831	$21,836
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Payable to brokers, dealers and clearing organizations	$2,421	$1,973
Payable to clients	14,497	13,183
Accounts payable and other liabilities	595	596
Payable to affiliates	5	4
Notes payable	150	—
Long-term debt	1,101	1,052
Deferred income taxes	314	352
Total liabilities	19,083	17,160
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; 2014 — 545 million shares outstanding; 2013 — 550 million shares outstanding	6	6
Additional paid-in capital	1,618	1,592
Retained earnings	4,551	4,304
Treasury stock, common, at cost: 2014 — 86 million shares; 2013 — 81 million shares	(1,409)	(1,226)
Accumulated other comprehensive loss	(18)	—
Total stockholders' equity	4,748	4,676
Total liabilities and stockholders' equity	$23,831	$21,836

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended September 30, 2014, 2013 and 2012

	2014	2013	2012
	(In millions, except per share amounts)		
Revenues:			
Transaction-based revenues:			
Commissions and transaction fees	$1,351	$1,171	$1,087
Asset-based revenues:			
Interest revenue	587	476	456
Brokerage interest expense	(6)	(7)	(6)
Net interest revenue	581	469	450
Insured deposit account fees	820	804	828
Investment product fees	309	250	196
Total asset-based revenues	1,710	1,523	1,474
Other revenues	62	70	80
Net revenues	3,123	2,764	2,641
Operating expenses:			
Employee compensation and benefits	760	692	690
Clearing and execution costs	134	109	89
Communications	116	113	111
Occupancy and equipment costs	156	160	150
Depreciation and amortization	95	86	72
Amortization of acquired intangible assets	90	91	92
Professional services	155	145	168
Advertising	250	239	248
Other	82	73	87
Total operating expenses	1,838	1,708	1,707
Operating income	1,285	1,056	934
Other expense (income):			
Interest on borrowings	25	25	28
Gain on investments, net	(10)	(57)	—
Total other expense (income)	15	(32)	28
Pre-tax income	1,270	1,088	906
Provision for income taxes	483	413	320
Net income	$787	$675	$586
Earnings per share — basic	$1.43	$1.23	$1.07
Earnings per share — diluted	$1.42	$1.22	$1.06
Weighted average shares outstanding — basic	550	549	548
Weighted average shares outstanding — diluted	554	554	554

Dividends declared per share	$0.98	$0.86	$0.24

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended September 30, 2014, 2013 and 2012

	2014	2013	2012
	(In millions)		
Net income	$787	$675	$586
Other comprehensive income (loss), before tax:			
Investments available-for-sale:			
Net unrealized gain	—	21	28
Reclassification adjustment for net realized gain included in net income	—	(52)	—
Reclassification of impairment charge	—	3	—
Cash flow hedging instruments:			
Net unrealized loss	(29)	—	—
Total other comprehensive income (loss), before tax	(29)	(28)	28
Income tax effect	11	10	(10)
Total other comprehensive income (loss), net of tax	(18)	(18)	18
Comprehensive income	$769	$657	$604

See notes to consolidated financial statements.

TD AMERITRADE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended September 30, 2014, 2013 and 2012

	Total Common Shares Outstanding (In millions)	Total Stockholders' Equity	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)
Balance, September 30, 2011	554	$4,116	$6	$1,584	$3,646	$(1,120)	$—
Net income	—	586	—	—	586	—	—
Other comprehensive income, net of tax	—	18	—	—	—	—	18
Payment of cash dividends	—	(132)	—	—	(132)	—	—
Repurchases of common stock	(12)	(208)	—	—	—	(208)	—
Common stock issued for stock-based compensation, including tax effects	3	4	—	(38)	—	42	—
Stock-based compensation expense	—	41	—	41	—	—	—
Balance, September 30, 2012	545	4,425	6	1,587	4,100	(1,286)	18
Net income	—	675	—	—	675	—	—
Other comprehensive loss, net of tax	—	(18)	—	—	—	—	(18)
Payment of cash dividends	—	(471)	—	—	(471)	—	—
Repurchases of common stock	—	(5)	—	—	—	(5)	—
Common stock issued for stock-based compensation, including tax effects	5	41	—	(24)	—	65	—
Stock-based compensation expense	—	29	—	29	—	—	—
Balance, September 30, 2013	550	4,676	6	1,592	4,304	(1,226)	—
Net income	—	787	—	—	787	—	—
Other comprehensive loss, net of tax	—	(18)	—	—	—	—	(18)
Payment of cash dividends	—	(540)	—	—	(540)	—	—
Repurchases of common stock	(7)	(207)	—	—	—	(207)	—
Common stock issued for stock-based	2	18	—	(6)	—	24	—

compensation, including tax effects							
Stock-based compensation expense	—	32	—	32	—	—	—
Balance, September 30, 2014	545	$4,748	$6	$1,618	$4,551	$(1,409)	$(18)

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2014, 2013 and 2012

	2014	2013	2012
	(In millions)		
Cash flows from operating activities:			
Net income	$787	$675	$586
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	95	86	72
Amortization of acquired intangible assets	90	91	92
Deferred income taxes	(27)	10	5
Gain on investments, net	(10)	(57)	—
Stock-based compensation	32	29	41
Excess tax benefits on stock-based compensation	(10)	(24)	(9)
Other, net	1	2	8
Changes in operating assets and liabilities:			
Cash and investments segregated and on deposit for regulatory purposes	778	(1,864)	(1,511)
Receivable from brokers, dealers and clearing organizations	240	(238)	(275)
Receivable from clients, net	(2,655)	(337)	(588)
Receivable from/payable to affiliates, net	19	(32)	7
Other receivables, net	(10)	(19)	(3)
Securities owned, at fair value	(10)	20	104
Other assets	(37)	4	—
Payable to brokers, dealers and clearing organizations	448	(19)	282
Payable to clients	1,314	2,455	1,749
Accounts payable and other liabilities	(20)	(43)	32
Net cash provided by operating activities	1,025	739	592
Cash flows from investing activities:			
Purchase of property and equipment	(144)	(144)	(186)
Purchase of short-term investments	(4)	(4)	(155)
Proceeds from sale and maturity of short-term investments	4	154	4
Proceeds from sale of investments	25	88	2
Purchase of investments	—	—	(44)
Other, net	2	2	2
Net cash provided by (used in) investing activities	(117)	96	(377)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	69	—	—
Principal payments on long-term debt	—	(250)	—
Proceeds from notes payable	230	275	—
Principal payments on notes payable	(80)	(275)	—
Payment of cash dividends	(540)	(471)	(132)
Proceeds from exercise of stock options	8	19	5
Purchase of treasury stock	(207)	(5)	(208)
Principal payments on capital lease obligations	—	(5)	(6)
Excess tax benefits on stock-based compensation	10	24	9
Net cash used in financing activities	(510)	(688)	(332)

Net increase (decrease) in cash and cash equivalents	398	147	(117)
Cash and cash equivalents at beginning of year	1,062	915	1,032
Cash and cash equivalents at end of year	$1,460	$1,062	$915
Supplemental cash flow information:			
Interest paid	$30	$32	$34
Income taxes paid	$489	$379	$313

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2014, 2013 and 2012

1. Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation — The consolidated financial statements include the accounts of TD Ameritrade Holding Corporation (the “Parent”), a Delaware corporation, and its wholly-owned subsidiaries (collectively, the “Company”). Intercompany balances and transactions have been eliminated.

Nature of Operations — The Company provides securities brokerage services, including trade execution, clearing services and margin lending, through its broker-dealer subsidiaries. The Company provides trustee, custodial and other trust-related services to retirement plans and other custodial accounts through its state-chartered trust company subsidiary. The Company also provides cash sweep and deposit account products through third-party relationships. The Company’s broker-dealer subsidiaries are subject to regulation by the Securities and Exchange Commission (“SEC”), the Financial Industry Regulatory Authority (“FINRA”), the Commodity Futures Trading Commission (“CFTC”), the National Futures Association (“NFA”) and the various exchanges in which they maintain membership. Dividends from the Company’s broker-dealer and trust company subsidiaries are a source of liquidity for the holding company. Requirements of the SEC, FINRA and CFTC relating to liquidity, net capital standards and the use of client funds and securities may limit funds available for the payment of dividends from the broker-dealer subsidiaries to the holding company. State regulatory requirements may limit funds available for the payment of dividends from the trust company subsidiary to the holding company.

Use of Estimates — The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Company considers temporary, highly-liquid investments with an original maturity of three months or less to be cash equivalents, except for amounts required to be segregated for regulatory purposes.

Cash and Investments Segregated and on Deposit for Regulatory Purposes — Cash and investments segregated and on deposit for regulatory purposes consists primarily of qualified deposits in special reserve bank accounts for the exclusive benefit of clients under Rule 15c3-3 of the Securities Exchange Act of 1934 (the “Exchange Act”) and other regulations. Funds can be held in cash, reverse repurchase agreements, U.S. Treasury securities and other qualified securities. Reverse repurchase agreements (securities purchased under agreements to resell) 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 are collateralized by U.S. Treasury securities and generally have a maturity of seven days. Cash and investments segregated and on deposit for regulatory purposes also includes amounts that have been segregated or secured for the benefit of futures clients according to the regulations of the CFTC governing futures commission merchants.

Securities Borrowed and Securities Loaned — Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral provided or received. Securities borrowed transactions require the Company to provide the counterparty with collateral in the form of cash. The Company receives collateral in the form of cash for securities loaned transactions. For these transactions, the fees earned or incurred by the Company are recorded as interest revenue and brokerage interest expense, respectively, on the Consolidated Statements of Income. The related interest receivable from and the brokerage interest payable to broker-dealers are included in other receivables and in accounts payable and other liabilities, respectively, on the Consolidated Balance Sheets.

Receivable from/Payable to Clients — Receivable from clients primarily consists of margin loans to securities brokerage clients, which are collateralized by client securities, and is carried at the amount receivable, net of an allowance for doubtful accounts that is primarily based on the amount of unsecured margin balances. Payable to

TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

clients primarily consists of client cash held in brokerage accounts and is carried at the amount of client cash on deposit. The Company earns interest revenue and pays interest expense on its receivable from client and payable to client balances, respectively. The interest revenue and expense are included in net interest revenue on the Consolidated Statements of Income.

Securities Owned — Securities owned by our broker-dealer subsidiaries are recorded on a trade-date basis and carried at fair value, and the related changes in fair value are generally included in other revenues on the Consolidated Statements of Income.

Property and Equipment — Property and equipment is recorded at cost, net of accumulated depreciation and amortization, except for land, which is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful service lives of the assets, which range from 10 to 40 years for buildings and building components and three to seven years for all other depreciable property and equipment. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Software Development — From the date technological feasibility has been established until beta testing is complete, software development costs are capitalized and included in property and equipment. Once the product is fully functional, such costs are amortized in accordance with the Company's normal accounting policies. Software development costs that do not meet capitalization criteria are expensed as incurred.

Goodwill — The Company has recorded goodwill for purchase business combinations to the extent the purchase price of each completed acquisition exceeded the fair value of the net identifiable assets of the acquired company. The Company tests goodwill for impairment on at least an annual basis. In performing the impairment tests, the Company utilizes quoted market prices of the Company's common stock to estimate the fair value of the Company as a whole. The estimated fair value is then allocated to the Company's reporting units, if applicable, based on operating revenues, and is compared with the carrying value of the reporting units. No impairment charges have resulted from the annual impairment tests.

Amortization of Acquired Intangible Assets — Acquired intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives, ranging from three to 23 years. The acquired intangible asset associated with a trademark license agreement is not subject to amortization because the term of the agreement is considered to be indefinite.

Long-Lived Assets and Acquired Intangible Assets — The Company reviews its long-lived assets and finite-lived acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company evaluates recoverability by comparing the undiscounted cash flows associated with the asset to the asset's carrying amount. The Company also evaluates the remaining useful lives of intangible assets to determine if events or trends warrant a revision to the remaining period of amortization. The Company tests its indefinite-lived acquired intangible asset for impairment on at least an annual basis. To determine if the indefinite-lived intangible asset is impaired, the Company first assesses certain qualitative factors. Based on this assessment, if it is determined that more likely than not the fair value of the indefinite-lived intangible asset is less than its carrying amount, the Company performs a quantitative impairment test. No impairment charges have resulted from the annual impairment tests.

Income Taxes — The Company files a consolidated U.S. income tax return with its subsidiaries on a calendar year basis, combined returns for state tax purposes where required and certain of its subsidiaries file separate state income tax returns where required. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be settled or realized. Uncertain tax positions are recognized if they are more likely than not to be sustained upon examination, based on the technical merits of the position. The amount of tax benefit recognized is the largest amount of benefit that is greater than 50%

likely of being realized upon settlement. The Company recognizes interest and penalties,

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

if any, related to income tax matters as part of the provision for income taxes on the Consolidated Statements of Income.

Capital Stock — The authorized capital stock of the Company consists of a single class of common stock and one or more series of preferred stock as may be authorized for issuance by the Company's board of directors. Voting, dividend, conversion and liquidation rights of the preferred stock would be established by the board of directors upon issuance of such preferred stock.

Stock-Based Compensation — The Company measures and recognizes compensation expense based on estimated grant date fair values for all stock-based payment arrangements. Stock-based compensation expense is based on awards expected to vest and therefore is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant based on the Company's historical forfeiture experience and revised in subsequent periods if actual forfeitures differ from those estimates.

Transaction-based Revenues — Client securities trades are recorded on a settlement-date basis with such trades generally settling within three business days after the trade date. Revenues and expenses related to client trades, including order routing revenue (also referred to as payment for order flow) and revenues from markups on riskless principal trades in fixed-income securities, are recorded on a trade-date basis. Revenues related to client trades are recorded net of promotional allowances. Securities owned by clients, including those that collateralize margin or similar transactions, are not reflected in the accompanying consolidated financial statements.

Net Interest Revenue — Net interest revenue primarily consists of income generated by client cash and interest charged to clients on margin balances, net of interest paid to clients on their credit balances. It also includes net interest revenue from securities borrowed and securities loaned transactions.

Insured Deposit Account Fees — Insured deposit account fees consist of revenues resulting from the 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. The IDA agreement is described further in Note 18.

Investment Product Fees — Investment product fee revenue consists of revenues earned on client assets invested in money market mutual funds, other mutual funds and certain Company-sponsored investment programs.

Advertising — The Company expenses advertising costs the first time the advertising takes place.

Derivatives and Hedging Activities — The Company occasionally utilizes derivative instruments to manage risks, which may include market price, interest rate and foreign currency risks. The Company does not use derivative instruments for speculative or trading purposes. Derivatives are recorded on the Consolidated Balance Sheets as assets or liabilities at fair value. Derivative instruments properly designated to hedge exposure to changes in the fair value of assets or liabilities are accounted for as fair value hedges. Derivative instruments properly designated to hedge exposure to the variability of expected future cash flows or other forecasted transactions are accounted for as cash flow hedges. The Company formally documents the risk management objective and strategy for each hedge transaction. Derivative instruments that do not qualify for hedge accounting are carried at fair value on the Consolidated Balance Sheets with unrealized gains and losses recorded currently on the Consolidated Statements of Income. Cash flows from derivative instruments accounted for as fair value hedges or cash flow hedges are classified in the same category on the Consolidated Statements of Cash Flows as the cash flows from the items being hedged. For additional information on the Company's fair value and cash flow hedging instruments, see Note 8.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Earnings Per Share — Basic earnings per share (“EPS”) is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, except when such assumed exercise or conversion would have an antidilutive effect on EPS. The difference between the numerator and denominator used in the Company's computation of basic and diluted earnings per share consists of common stock equivalent shares related to stock-based compensation. The Company excluded from the calculation of diluted earnings per share 0.7 million and 2.5 million shares underlying the stock-based compensation awards for fiscal years 2013 and 2012, respectively, because their inclusion would have been antidilutive. There were no material antidilutive awards for fiscal year 2014.

Recently Adopted Accounting Pronouncements

ASU 2011-11 — On October 1, 2013 the Company retrospectively adopted, for all comparative periods presented, Accounting Standards Update (“ASU”) 2011-11, Disclosures about Offsetting Assets and Liabilities, and ASU 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The amendments in these ASUs enhance disclosures by requiring additional information about financial and derivative instruments, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either (1) offset (netting assets and liabilities) in accordance with Section 210-20-45 or Section 815-10-45 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (“ASC”) or (2) subject to an enforceable master netting arrangement or similar agreement. Adoption of ASU 2011-11 and ASU 2013-01 resulted only in the additional disclosures presented in Note 15.

Recently Issued Accounting Pronouncements

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 in ASU 2014-09 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, 2016, including interim periods within that reporting period. Therefore, ASU 2014-09 will be effective for the Company's fiscal year beginning October 1, 2017. Early adoption is not permitted. The Company is currently assessing the impact that ASU 2014-09 will have on the Company's financial statements and evaluating which adoption method to apply.

ASU 2014-11 — In June 2014, the FASB issued ASU 2014-11, Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. The amendments in ASU 2014-11 will require entities to account for repurchase-to-maturity transactions and linked repurchase financings as secured borrowings, which is consistent with the accounting for other repurchase agreements. The amendments also require new disclosures, including information regarding collateral pledged in securities lending transactions and similar transactions that are accounted for as secured borrowings. The accounting changes in ASU 2014-11 are effective for the first interim or annual period beginning after December 15, 2014, and the new disclosures related to collateral pledged in transactions that are accounted for as secured borrowings are required to be presented for annual periods beginning after December 15, 2014 and for interim periods beginning after March 15, 2015. Because the Company does not act as a transferor in repurchase-to-maturity transactions or linked repurchase financings, the Company's adoption of ASU 2014-11

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is not expected to result in any accounting changes. The new disclosure requirements of ASU 2014-11 will be effective for the Company's fiscal quarter beginning April 1, 2015.

2. Cash and Cash Equivalents

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

	September 30,	
	2014	2013
Corporate	$298	$429
Broker-dealer subsidiaries	1,090	540
Trust company subsidiary	53	74
Investment advisory subsidiaries	19	19
Total	$1,460	$1,062

Capital requirements may limit the amount of cash available for dividend from the broker-dealer and trust company subsidiaries to the parent company. Most of the trust company cash and cash equivalents arises from client transactions in the process of settlement, and therefore is generally not available for corporate purposes. Cash and cash equivalents of the investment advisory subsidiaries is generally not available for corporate purposes.

3. 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):

	September 30,	
	2014	2013
U.S. government debt securities	$3,070	$1,995
Reverse repurchase agreements (collateralized by U.S. government debt securities)	1,193	2,618
Cash in demand deposit accounts	617	1,154
Cash on deposit with futures commission merchants	186	77
U.S. government debt securities on deposit with futures commission merchant	50	50
Total	$5,116	$5,894

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4. Receivable from and Payable to Brokers, Dealers and Clearing Organizations

Amounts receivable from and payable to brokers, dealers and clearing organizations consist of the following (dollars in millions):

	September 30, 2014	2013
Receivable:		
Deposits paid for securities borrowed	$995	$1,220
Broker-dealers	3	9
Clearing organizations	104	115
Securities failed to deliver	6	4
Total	$1,108	$1,348
Payable:		
Deposits received for securities loaned	$2,384	$1,948
Broker-dealers	3	2
Clearing organizations	23	15
Securities failed to receive	11	8
Total	$2,421	$1,973

5. Allowance for Doubtful Accounts on Receivables

The following table summarizes activity in the Company's allowance for doubtful accounts on client and other receivables for the fiscal years indicated (dollars in millions):

	2014	2013	2012
Beginning balance	$15	$21	$18
Provision for (recovery of) doubtful accounts, net	3	(1)	9
Write-off of doubtful accounts	(8)	(5)	(6)
Ending balance	$10	$15	$21

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Property and Equipment

Property and equipment consists of the following (dollars in millions):

	September 30, 2014	September 30, 2013
Buildings and building components	$264	$198
Computer equipment	220	205
Software	170	144
Leasehold improvements	156	148
Land	20	17
Other property and equipment	72	67
	902	779
Less: Accumulated depreciation and amortization	(359)	(282)
Property and equipment, net	$543	$497

7. Goodwill and Acquired Intangible Assets

The Company has recorded goodwill for purchase business combinations to the extent the purchase price of each completed acquisition exceeded the fair value of the net identifiable tangible and intangible assets of each acquired company. There were no material changes in the carrying amount of goodwill during the fiscal years ended September 30, 2014 and 2013.

Acquired intangible assets consist of the following (dollars in millions):

	September 30, 2014			2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	$1,228	$(645)	$583	$1,228	$(569)	$659
Technology and content	99	(77)	22	99	(63)	36
Trademark license	146	—	146	146	—	146
	$1,473	$(722)	$751	$1,473	$(632)	$841

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Amortization expense on acquired intangible assets was $90 million, $91 million and $92 million for fiscal years 2014, 2013 and 2012, respectively. Estimated future amortization expense for acquired intangible assets outstanding as of September 30, 2014 is as follows (dollars in millions):

Fiscal Year	Estimated Amortization Expense
2015	$90
2016	85
2017	76
2018	72
2019	68
Thereafter (to 2025)	214
Total	$605

8. Notes Payable and Long-term Debt

Notes payable and long-term debt consist of the following (dollars in millions):

September 30, 2014	Face Value	Fair Value Adjustment(1)	Net Carrying Value
Notes payable:			
Parent Revolving Facility	$150	$—	$150
Long-term debt:			
Senior Notes:			
4.150% Notes due 2014	500	2	502
5.600% Notes due 2019	500	30	530
Secured Loan:			
Variable-rate Note due 2019	69	—	69
Subtotal - Long-term debt	1,069	32	1,101
Total notes payable and long-term debt	$1,219	$32	$1,251

September 30, 2013	Face Value	Fair Value Adjustment(1)	Net Carrying Value
Senior Notes:			
4.150% Notes due 2014	$500	$15	$515
5.600% Notes due 2019	500	37	537
Total long-term debt	$1,000	$52	$1,052

(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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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fiscal year maturities on long-term debt outstanding at September 30, 2014 are as follows (dollars in millions):

2015	$510
2016	14
2017	14
2018	14
2019	14
Thereafter	503
Total	$1,069

Senior Notes — As of September 30, 2014 and 2013, the Company had $500 million aggregate principal amount of 4.150% Senior Notes due December 1, 2014 (the “2014 Notes”) and $500 million aggregate principal amount of 5.600% Senior Notes due December 1, 2019 (the “2019 Notes”). The 2014 Notes and 2019 Notes are unsecured and were sold on November 25, 2009 through a public offering. Interest on the 2014 Notes and 2019 Notes is payable semi-annually in arrears on June 1 and December 1 of each year.

The 2014 Notes and 2019 Notes are 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, dated as of June 11, 2014, as described below. Currently, the only subsidiary guarantor of the obligations under the 2014 Notes and 2019 Notes is TD Ameritrade Online Holdings Corp. (“TDAOH”). The 2014 Notes, 2019 Notes and the guarantee by TDAOH are the general senior unsecured obligations of the Company and TDAOH.

The Company may redeem the 2014 Notes and 2019 Notes, in whole at any time or in part from time to time, 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: 30 basis points in the case of the 2014 Notes and 35 basis points in the case of the 2019 Notes, plus, in each case, accrued and unpaid interest to the date of redemption.

On October 17, 2014, the Company sold, through a public offering, $500 million aggregate principal amount of unsecured 3.625% Senior Notes due April 1, 2025 (the “2025 Notes”). Interest on the 2025 Notes will be payable in arrears semi-annually on April 1 and October 1 of each year. The Company intends to use the net proceeds from the issuance of the 2025 Notes, together with cash on hand, to repay in full the outstanding principal under the Company's 2014 Notes that mature on December 1, 2014.

The Company's obligations in respect to the 2025 Notes are not guaranteed by any of its subsidiaries. The Company may redeem the 2025 Notes, in whole or in part, at any time prior to January 1, 2025 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 25 basis points, plus accrued and unpaid interest to the date of redemption. The Company may redeem the 2025 Notes, in whole or in part, at any time on or after January 1, 2025 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.

Secured Loan — On September 15, 2014, the Company entered into a bank loan agreement (the “Loan Agreement”) in the aggregate principal amount of $69 million, the proceeds of which were used to purchase real estate for use in the Company’s operations. The loan is secured by a lien against the purchased real estate and is guaranteed by TDAOH and ThinkTech, Inc., a subsidiary of the Company. The principal amount of the loan plus accrued interest is due and payable in 20 consecutive quarterly installments, beginning January 1, 2015, with the last installment due on October 1, 2019. The interest rate under the Loan Agreement is based on the one-month London Interbank Offered

Rate (“LIBOR”), adjusted and determined monthly, plus 1.375 percentage points. At

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

September 30, 2014, the interest rate was 1.53%. The Company may prepay any principal or interest under the loan without penalty or other cost. The covenants applicable under the Loan Agreement are substantially consistent with the terms of the TD Ameritrade Holding Corporation Credit Agreement, dated June 11, 2014, described below.

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 this exposure, on December 30, 2009, the Company entered into a fixed-for-variable interest rate swap on the 2014 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2014 Notes. In addition, on January 7, 2011, the Company entered into a fixed-for-variable interest rate swap on the 2019 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2019 Notes. The interest rate swaps effectively change the fixed-rate interest on the Senior 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) 1.245% for the swap on the 2014 Notes and (b) 2.3745% for the swap on the 2019 Notes. As of September 30, 2014, the weighted average effective interest rate on the Senior Notes was 2.04%.

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 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 fiscal years indicated (dollars in millions):

	2014	2013	2012
Gain (loss) on fair value of interest rate swaps	$(20)	$(44)	$8
Gain (loss) on fair value of hedged fixed-rate debt	20	44	(8)
Net gain (loss) recorded in interest on borrowings	$—	$—	$—

In addition, on November 19, 2014, the Company entered into a fixed-for-variable interest rate swap on the 2025 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2025 Notes. Under the terms of this interest rate swap agreement, the Company receives semi-annual fixed-rate interest payments based on the same rate applicable to the 2025 Notes, and makes quarterly variable-rate interest payments based on three-month LIBOR plus 1.1022%.

Cash Flow Hedging – On January 17, 2014, the Company entered into forward-starting interest rate swap contracts with an aggregate notional amount of $500 million, to hedge against changes in the benchmark interest rate component of future interest payments resulting from the anticipated refinancing of the 2014 Notes. The Company designated the contracts as a cash flow hedge of the future interest payments.

Under cash flow hedge accounting, until settlement the swap contracts are carried at fair value and, to the extent they are an effective hedge, any unrealized gains or losses are recorded in other comprehensive income (loss). Any ineffective portion of the unrealized gains or losses is immediately recorded into earnings. Upon settlement, any realized gain or loss that has been recorded in other comprehensive income (loss) is amortized into earnings over the term of the newly-issued fixed-rate debt. The Company evaluates the effectiveness of forward-starting interest rate swap agreements on a quarterly basis. The Company did not record any ineffectiveness for the fiscal year ended September 30, 2014.

On October 17, 2014, the Company sold $500 million of 2025 Notes as described under “Senior Notes” above, and paid approximately $45 million to settle the forward-starting interest rate swap contracts. As of October 17, 2014, the Company recorded $0.5 million of pre-tax loss immediately into earnings to reflect ineffectiveness resulting from the issuance of the 2025 Notes slightly earlier than forecast, and expects to reclassify another $4.4 million of

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

pre-tax net unrealized losses, that were reported in accumulated other comprehensive income (loss), into earnings within the next 12 months.

The following table summarizes pre-tax losses resulting from changes in the fair value of the forward-starting interest rate swaps for the fiscal years indicated (dollars in millions):

	Amount of Loss Recognized in Other Comprehensive Income (Loss) (Effective Portion)		
	2014	2013	2012
Forward-starting interest rate swaps	$(29)	$—	$—

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

	Balance Sheet Location	September 30, 2014	September 30, 2013
Interest rate contracts:			
Pay-variable interest rate swaps designated as fair value hedges	Other assets	$32	$52
Forward-starting interest rate swaps designated as cash flow hedges	Accounts payable and other liabilities	$(29)	$—

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 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 September 30, 2014 and 2013, the pay-variable interest rate swap counterparties had pledged $47 million and $67 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 Consolidated Balance Sheets. As of September 30, 2014 the Company had pledged $43 million of collateral to the forward-starting interest rate swap counterparties in the form of cash. An asset for collateral pledged to the swap counterparties in the form of cash is recorded in other assets on the Consolidated Balance Sheets.

TD Ameritrade Holding Corporation Credit Agreement — On June 11, 2014, 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 28, 2014. The maturity date of the Parent Revolving Facility is June 11, 2019.

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 LIBOR loans”) or (b) (i) the highest of (x) the prime rate, (y) the federal funds effective rate plus 0.50% or (z) one-month LIBOR plus 1.00%, plus (ii) an interest rate margin (“Base Rate loans”). The interest rate margin ranges from 0.875% to 1.75% for Parent LIBOR loans and from 0% to 0.75% for Base Rate loans, determined by reference to the Company’s public debt ratings. The Parent is obligated to pay a commitment fee ranging from 0.10% to 0.25% on any unused amount of the Parent Revolving Facility, determined by reference to the Company's public debt ratings.

As of September 30, 2014, there was $150 million of borrowings outstanding under the Parent Revolving Facility, consisting of Parent LIBOR loans. There were no borrowings outstanding under the Parent's prior unsecured revolving credit facility as of September 30, 2013. As of September 30, 2014, the commitment fee was 0.15% and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the interest rate margin was 1.25%, each determined by reference to the Company’s public debt ratings, and the interest rate was 1.40%, based on one-month LIBOR plus the interest rate margin.

The obligations under the Parent Revolving Facility are guaranteed by TDAOH and each “significant subsidiary” (as defined in SEC Rule 1-02(w) of Regulation S-X) of the Parent, other than broker-dealer subsidiaries, futures commission merchant subsidiaries and controlled foreign corporations. Currently, the only subsidiary guarantor of the obligations under the Parent Revolving Facility is TDAOH.

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 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 September 30, 2014.

TD Ameritrade Clearing, Inc. Credit Agreement - On June 11, 2014, TD Ameritrade Clearing, Inc. (“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 $300 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 28, 2014. The maturity date of the TDAC Revolving Facility is June 11, 2019.

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 LIBOR loans”) or (b) the federal funds effective rate plus an interest rate margin (“Fed Funds Rate loans”). The interest rate margin ranges from 0.75% to 1.50% for both TDAC LIBOR loans and Fed Funds Rate loans, determined by reference to the Company’s public debt ratings. TDAC is obligated to pay a commitment fee ranging from 0.08% to 0.20% on any unused amount of the TDAC Revolving Facility, determined by reference to the Company’s public debt ratings. As of September 30, 2014, the interest rate margin would have been 1.00% for both TDAC LIBOR loans and Fed Funds Rate 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 TDAC Revolving Facility and the prior TDAC unsecured revolving credit facility as of September 30, 2014 and 2013, 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 September 30, 2014.

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9. Income Taxes

Provision for income taxes is comprised of the following for the fiscal years indicated (dollars in millions):

	2014	2013	2012
Current expense:			
Federal	$457	$370	$314
State	53	33	1
	510	403	315
Deferred expense (benefit):			
Federal	(28)	(2)	(2)
State	1	12	7
	(27)	10	5
Provision for income taxes	$483	$413	$320

A reconciliation of the federal statutory tax rate to the effective tax rate applicable to pre-tax income follows for the fiscal years indicated:

	2014	2013	2012
Federal statutory rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal tax effect	3.1	2.6	2.1
Adjustments to estimated state income taxes	0.2	0.4	0.1
Interest recorded on unrecognized tax benefits, net	0.2	0.3	0.1
Reversal of accruals for unrecognized tax benefits	(0.5)	(0.3)	(1.7)
Reversal of capital loss valuation allowance	—	—	(0.4)
Other	—	—	0.1
	38.0 %	38.0 %	35.3 %

The Company’s effective income tax rate for fiscal years 2014 and 2013 was 38.0%, compared to 35.3% for fiscal year 2012. The provision for income taxes for fiscal year 2014 included $10 million of favorable resolutions of state income tax matters, partially offset by $2 million of unfavorable deferred income tax adjustments resulting from state income tax law changes. These items had a net favorable impact on the Company's earnings for fiscal year 2014 of approximately one cent per share. The provision for income taxes for fiscal year 2013 included $6 million of favorable resolutions of state income tax matters, which was mostly offset by $4 million of unfavorable deferred income tax adjustments resulting from state income tax law changes. The provision for income taxes for fiscal year 2012 was significantly lower than normal primarily due to $19 million of favorable resolutions of state income tax matters and a $3 million benefit resulting from the reversal of a valuation allowance related to a capital loss carryover. These items favorably impacted the Company’s earnings for fiscal year 2012 by approximately four cents per share.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred tax assets (liabilities) are comprised of the following (dollars in millions):

	September 30, 2014	September 30, 2013
Deferred tax assets:		
Accrued and other liabilities	$78	$72
Intangible assets, state tax benefit	10	12
Stock-based compensation	37	36
Allowance for doubtful accounts	5	6
Operating loss carryforwards	12	21
Unrealized loss on cash flow hedging instruments	11	—
Other deferred tax assets	—	3
Gross deferred tax assets	153	150
Less: Valuation allowance	(9)	(18)
Net deferred tax assets	144	132
Deferred tax liabilities:		
Property and intangible assets	(452)	(478)
Other deferred tax liabilities	(6)	(5)
Total deferred tax liabilities	(458)	(483)
Net deferred tax liabilities	$(314)	$(351)

Included in deferred tax assets above as of September 30, 2014 and 2013, is approximately $1 million of deferred tax benefits relating to intangible asset amortization deductions expected to be claimed in various state taxing jurisdictions, which may not be offset by deferred tax liabilities arising from different taxing jurisdictions on the Consolidated Balance Sheets. These amounts are included in other assets on the Consolidated Balance Sheets.

As of September 30, 2014, the Company has recorded a tax benefit for approximately $3 million of federal net operating loss carryover that was acquired as part of the thinkorswim Group Inc. acquisition in fiscal 2009. The net operating loss expires in 2019, and is subject to substantial annual limitations on the utilization of the net operating loss. The amount of tax benefit recorded in the financial statements represents the amount that is more likely than not to be realized within the carryforward period. At September 30, 2014, subsidiaries of the Company have approximately $173 million of separate state operating loss carryforwards. These carryforwards expire between fiscal 2015 and 2033. Because the realization of the tax benefit from state loss carryforwards is dependent on certain subsidiaries generating sufficient state taxable income in future periods, as well as annual limitations on future utilization, the Company has provided a valuation allowance against the computed benefit in order to reflect the tax benefit expected to be realized. The $9 million decrease in the valuation allowance from September 30, 2013 to September 30, 2014 was primarily due to expiration of certain state net operating loss carryforwards during fiscal 2014.

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A reconciliation of the activity related to unrecognized tax benefits follows for the fiscal years indicated (dollars in millions):

	2014	2013	2012
Beginning balance	$137	$139	$145
Additions based on tax positions related to the current year	29	8	10
Additions for tax positions of prior years	10	2	8
Reductions for tax positions of prior years	(1)	(5)	(3)
Reductions due to settlements with taxing authorities	—	(1)	(5)
Reductions due to lapsed statute of limitations	(10)	(6)	(16)
Ending balance	$165	$137	$139

The balance of unrecognized tax benefits as of September 30, 2014 was $165 million ($107 million net of the federal benefit on state matters), all of which, if recognized, would favorably affect the effective income tax rate in any future periods. The balance of unrecognized tax benefits as of September 30, 2013 was $137 million ($89 million net of the federal benefit on state matters), all of which, if recognized, would favorably affect the effective income tax rate in any future periods. The Company's income tax returns are subject to review and examination by federal, state and local taxing authorities. The federal returns for 2011 through 2013 remain open under the statute of limitations. The years open to examination by state and local government authorities vary by jurisdiction, but the statute of limitations is generally three to four years from the date the tax return is filed. It is reasonably possible that the gross unrecognized tax benefits as of September 30, 2014 could decrease by up to $49 million ($32 million net of the federal benefit on state matters) within the next twelve months as a result of settlements of certain examinations or expiration of the statute of limitations with respect to other tax filings.

The Company recognized interest and penalties expense (net of the federal benefit) of $3 million and $2 million for fiscal years 2014 and 2013, respectively. The Company recognized $3 million of net benefits for interest and penalties (net of the federal income tax effect) on the Consolidated Statement of Income for fiscal year 2012, due to the favorable resolution of an uncertain tax position. As of September 30, 2014 and 2013, accrued interest and penalties related to unrecognized tax benefits was $53 million and $48 million, respectively.

10. Capital Requirements

The Company's broker-dealer subsidiaries are subject to the SEC Uniform Net Capital Rule (Rule 15c3-1 under the Exchange Act), administered by the SEC and 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.

Under Rule 15c3-1, TD Ameritrade, Inc. is required to maintain minimum net capital of the greater of $250,000 or 2% of aggregate debit balances. As a futures commission merchant registered with the CFTC, TD Ameritrade, Inc. is also subject to CFTC Regulation 1.17 under the Commodity Exchange Act, administered by the CFTC and the NFA, which requires the maintenance of minimum net capital of the greatest of (a) $1.0 million, (b) its futures risk-based capital requirement, equal to 8% of the total risk margin requirement for all futures positions carried by the futures commission merchant in client and nonclient accounts, or (c) its Rule 15c3-1 net capital requirement.

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 (a) less than 5% of aggregate debit balances, (b) less than 110% of its risk-based capital requirement

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under CFTC Regulation 1.17, or (c) less than 120% of its minimum dollar requirement. These net capital thresholds, which are specified in Exchange Act Rule 17a-11 and CFTC Regulation 1.12, are typically referred to as “early warning” net capital thresholds.

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	Net Capital in Excess of Early Warning Threshold (5% of Aggregate Debit Balances)	Ratio of Net Capital to Aggregate Debit Balances
September 30, 2014	$1,569	$280	$1,289	$868	11.19 %
September 30, 2013	$1,302	$222	$1,080	$746	11.70 %

TD Ameritrade, Inc.

Date	Net Capital	Required Net Capital (8% of Total Risk Margin)	Net Capital in Excess of Required Net Capital	Net Capital in Excess of Early Warning Threshold (110% of Required Net Capital)
September 30, 2014	$347	$17	$330	$328
September 30, 2013	$305	$10	$295	$294

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 $27 million and $23 million as of September 30, 2014 and 2013, respectively, which exceeded the required Tier 1 capital by $12 million and $8 million, respectively.

11. Stock-based Compensation

The Company has two stock incentive plans under which Company stock-based awards may be granted: the TD Ameritrade Holding Corporation Long-Term Incentive Plan (the “LTIP”) and the 2006 Directors Incentive Plan (the “Directors Plan”). The Company also assumed stock incentive plans in connection with past business combinations. New stock awards can no longer be granted under the assumed plans.The LTIP authorizes the award of options to purchase common stock, common stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units. Under the LTIP, 42,104,174 shares of the Company’s common stock are reserved for issuance to eligible employees, consultants and non-employee directors. The Directors Plan authorizes the award of options to purchase common stock, common stock appreciation rights, restricted stock units and restricted stock. Under the Directors Plan, 1,830,793 shares of the Company’s common stock are reserved for issuance to non-employee directors.
Stock options, except for replacement options granted in connection with business combinations, are granted by the Company with an exercise price not less than the fair market value of the Company’s common stock on the grant date. Stock options generally vest over a one- to four-year period and expire 10 years after the grant date. Restricted Stock Units (“RSUs”) are awards that entitle the holder to receive shares of Company common stock following a vesting period. RSUs granted to employees generally vest after the completion of a three-year period. RSUs granted to non-employee directors generally vest over a one-year period.

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Stock-based compensation expense was $32 million, $29 million and $41 million for fiscal years 2014, 2013 and 2012, respectively. The related income tax benefits were $12 million, $11 million and $15 million for fiscal years 2014, 2013 and 2012, respectively.
The following is a summary of option activity in the Company's stock incentive plans for the fiscal year ended September 30, 2014:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding at beginning of year	2,543	$18.36		
Exercised	(407)	$17.98		
Outstanding at end of year	2,136	$18.43	4.0	$32
Exercisable at end of year	2,136	$18.43	4.0	$32

The Company measures the fair value of stock options using a Black-Scholes valuation model as of the date of grant. No options were granted during fiscal years 2014, 2013 and 2012. The total intrinsic value of options exercised during fiscal years 2014, 2013 and 2012 was $6 million, $65 million and $21 million, respectively. As of September 30, 2014, there was no unrecognized compensation cost related to nonvested stock option awards.
The Company measures the fair value of RSUs based upon the volume-weighted average market price of the underlying common stock as of the date of grant. RSUs are amortized over their applicable vesting period using the straight-line method, reduced by expected forfeitures.
The following is a summary of RSU activity in the Company's stock incentive plans for the fiscal year ended September 30, 2014:

	Number of Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	5,351	$17.00
Granted	1,197	$29.97
Dividend equivalents	168	$18.66
Vested	(1,640)	$18.72
Forfeited	(244)	$19.34
Nonvested at end of year	4,832	$19.57

As of September 30, 2014, there was $27 million of estimated unrecognized compensation cost related to nonvested RSUs, which was expected to be recognized over a weighted average period of 1.8 years.
Although the Company does not have a formal policy regarding issuance of shares for stock-based compensation, such shares are generally issued from treasury stock. The Stockholders Agreement entered into in connection with the acquisition of TD Waterhouse requires the Company to repurchase its common stock from time to time to offset dilution resulting from stock option exercises and other stock awards subsequent to the acquisition. As of September 30, 2014, the Company was not obligated to repurchase additional shares pursuant to the Stockholders Agreement. The Company cannot estimate the amount and timing of repurchases that may be required as a result of future stock issuances.

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12. Employee Benefit Plans

The Company has a 401(k) and profit-sharing plan under which annual profit-sharing contributions are determined at the discretion of the board of directors. The Company also makes matching contributions pursuant to the plan document. Profit-sharing and matching contributions expense was $30 million for fiscal year 2014 and $28 million for each of fiscal years 2013 and 2012.

13. Commitments and Contingencies

Lease Commitments — The Company has various non-cancelable operating leases on facilities and certain office equipment requiring annual payments as follows (dollars in millions):

Fiscal Year	Minimum Lease Payments	Sublease Income	Net Lease Commitments
2015	$54	$(1)	$53
2016	53	(2)	51
2017	52	(2)	50
2018	50	(1)	49
2019	46	(1)	45
Thereafter (to 2030)	90	—	90
Total	$345	$(7)	$338

A majority of the leases for the Company's branch offices contain provisions for renewal at the Company's option. Rental expense, net of sublease income, was approximately $49 million, $54 million and $50 million for fiscal years 2014, 2013 and 2012, respectively.

Order Routing Litigation — Five putative class action complaints have been filed regarding TD Ameritrade's routing of client orders. Four cases are pending in the U.S. District Court for the District of Nebraska: Jay Zola et al. v. TD Ameritrade, Inc., et al; Tyler Verdieck v. TD Ameritrade, Inc.; Bruce Lerner v. TD Ameritrade, Inc.; Michael Sarbacker v. TD Ameritrade Holding Corporation, et al. A fifth case is pending in the U.S. District Court for the District of New Jersey: Gerald Klein v. TD Ameritrade Holding Corporation, et al. 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, 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 intends to vigorously defend against these lawsuits. The Company 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.

Reserve Fund Matters — During September 2008, The Reserve, an independent mutual fund company, announced that the net asset value of the Reserve Yield Plus Fund declined below $1.00 per share. The Yield Plus Fund was not a money market mutual fund, but its stated objective was to maintain a net asset value of $1.00 per share.

TD Ameritrade, Inc.'s clients continue to hold shares in the Yield Plus Fund (now known as "Yield Plus Fund – In Liquidation"), which is being liquidated. On July 23, 2010, The Reserve announced that through that date it had distributed approximately 94.8% of the Yield Plus Fund assets as of September 15, 2008 and that the Yield Plus Fund had approximately $39.7 million in total remaining assets. The Reserve stated that the fund's Board of Trustees

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has set aside almost the entire amount of the remaining assets to cover potential claims, fees and expenses. The Company estimates that TD Ameritrade, Inc. clients' current positions held in the Reserve Yield Plus Fund amount to approximately 79% of the fund.

On January 27, 2011, TD Ameritrade, Inc. entered into a settlement with the SEC, agreeing to pay $0.012 per share to all eligible current or former clients that purchased shares of the Yield Plus Fund and continued to own those shares. Clients who purchased Yield Plus Fund shares through independent registered investment advisors were not eligible for the payment. In February 2011, the Company paid clients approximately $10 million under the settlement agreement.

In November 2008, a purported class action lawsuit was filed with respect to the Yield Plus Fund. The lawsuit is captioned Ross v. Reserve Management Company, Inc. et al. and is pending in the U.S. District Court for the Southern District of New York. The Ross lawsuit is on behalf of persons who purchased shares of Reserve Yield Plus Fund. On November 20, 2009, the plaintiffs filed a first amended complaint naming as defendants the fund's advisor, certain of its affiliates and the Company and certain of its directors, officers and shareholders as alleged control persons. The complaint alleges claims of violations of the federal securities laws and other claims based on allegations that false and misleading statements and omissions were made in the Reserve Yield Plus Fund prospectuses and in other statements regarding the fund. The complaint seeks an unspecified amount of compensatory damages including interest, attorneys' fees, rescission, exemplary damages and equitable relief. On January 19, 2010, the defendants submitted motions to dismiss the complaint. The motions are pending.

The Company estimates that its clients' current aggregate shortfall, based on the original par value of their holdings in the Yield Plus Fund, less the value of fund distributions to date and payments to clients under the SEC settlement, is approximately $36 million. This amount does not take into account any assets remaining in the fund that may become available for future distributions.

The Company is unable to predict the outcome or the timing of the ultimate resolution of the Ross lawsuit, or the potential loss, if any, that may result. However, management believes the outcome is not likely to have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

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 $30 million as of September 30, 2014. 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 cases as to which an estimate can be made. For certain cases, the Company does not believe an estimate can currently be made, as some cases are in preliminary stages and some cases 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.

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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 consolidated financial statements could be significantly changed at a later date upon final determinations by taxing authorities. TD has agreed to indemnify the Company for tax obligations, if any, pertaining to activities of TD Waterhouse Group, Inc. ("TD Waterhouse") prior to the Company's acquisition of TD Waterhouse in January 2006.

General Contingencies — In the ordinary course of business, there are various contingencies that are not reflected in the consolidated financial statements. These include the Company's broker-dealer 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 executes 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 cash and securities. 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 purchase or sell financial instruments 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 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

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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.

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):

	September 30,	
	2014	2013
Client margin securities	$16.2	$12.5
Stock borrowings	1.0	1.2
Total collateral available	$17.2	$13.7
Collateral loaned	$2.4	$1.9
Collateral repledged	2.5	1.8
Total collateral loaned or repledged	$4.9	$3.7

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):

		September 30,	
Assets	Balance Sheet Classification	2014	2013
Cash	Receivable from brokers, dealers and clearing organizations	$104	$115
U.S. government debt securities	Securities owned, at fair value	181	61
Total		$285	$176

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 Consolidated Balance Sheets for these guarantees.

The Company clears its clients' futures transactions on an omnibus account basis through unaffiliated clearing firms. The Company has agreed to indemnify the unaffiliated clearing firms for any loss that they may incur for the client transactions introduced to them by the Company.

See "Insured Deposit Account Agreement" in Note 18 for a description of a guarantee included in that agreement.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. 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.

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 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.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables present the Company’s fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2014 and 2013 (dollars in millions):

	As of September 30, 2014			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$1,284	$—	$—	$1,284
Investments segregated for regulatory purposes:				
U.S. government debt securities	—	3,120	—	3,120
Securities owned:				
Money market and other mutual funds	—	—	1	1
U.S. government debt securities	—	326	—	326
Other	2	3	—	5
Subtotal - Securities owned	2	329	1	332
Other assets:				
Pay-variable interest rate swaps(1)	—	32	—	32
U.S. government debt securities	—	4	—	4
Auction rate securities	—	—	1	1
Subtotal - Other assets	—	36	1	37
Total assets at fair value	$1,286	$3,485	$2	$4,773
Liabilities:				
Accounts payable and other liabilities:				
Forward-starting interest rate swaps(2)	$—	$29	$—	$29
Securities sold, not yet purchased:				
Equity securities	1	—	—	1
Total liabilities at fair value	$1	$29	$—	$30

(1) See "Fair Value Hedging" in Note 8 for details.
(2) See "Cash Flow Hedging" in Note 8 for details.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of September 30, 2013			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$969	$—	$—	$969
Investments segregated for regulatory purposes:				
U.S. government debt securities	—	2,045	—	2,045
Securities owned:				
Auction rate securities	—	—	5	5
Money market and other mutual funds	—	—	1	1
U.S. government debt securities	—	313	—	313
Other	1	3	—	4
Subtotal - Securities owned	1	316	6	323
Other assets:				
Equity securities	13	—	—	13
Pay-variable interest rate swaps(1)	—	52	—	52
U.S. government debt securities	—	4	—	4
Subtotal - Other assets	13	56	—	69
Total assets at fair value	$983	$2,417	$6	$3,406
Liabilities:				
Accounts payable and other liabilities:				
Securities sold, not yet purchased:				
Equity securities	$13	$—	$—	$13

(1) See "Fair Value Hedging" in Note 8 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

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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 Consolidated Financial Statements because no significant pricing differences have been observed.

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

Cash and cash equivalents, receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates, other receivables, accounts payable and other liabilities and notes payable are short-term in nature and accordingly are carried at amounts that approximate fair value. Cash and cash equivalents include cash and highly-liquid investments with an original maturity of three months or less (categorized as Level 1 of the fair value hierarchy). Receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates, other receivables, accounts payable and other liabilities and notes payable 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 a futures commission merchant, for which the carrying values approximate the fair value (categorized as Level 1 of the fair value hierarchy). See Note 3 for a summary of cash and investments segregated and on deposit for regulatory purposes.

Long-term debt — As of September 30, 2014, 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 $1.081 billion, compared to the aggregate carrying value of the Senior Notes on the Consolidated Balance Sheet of $1.032 billion. As of September 30, 2013, the Company's Senior Notes had an aggregate estimated fair value, based on quoted market prices, of approximately $1.100 billion, compared to the aggregate carrying value of the Senior Notes on the Consolidated Balance Sheet of $1.052 billion.

As of September 30, 2014, the $69 million carrying value of the Company's variable-rate secured loan approximates fair value because of the frequent repricing of the loan based on market interest rates (categorized as Level 2 of the fair value hierarchy).

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. 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 September 30, 2014 and 2013 (dollars in millions):

	September 30, 2014					
				Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	Financial Instruments[3]	Collateral Received or Pledged (Including Cash) [4]	Net Amount [5]
Assets:						
Investments segregated for regulatory purposes:						
Reverse repurchase agreements	$1,193	$—	$1,193	$—	$(1,193)	$—
Receivable from brokers, dealers and clearing organizations:						
Deposits paid for securities borrowed[1]	995	—	995	(69)	(900)	26
Other assets:						
Pay-variable interest rate swaps	32	—	32	—	(32)	—
Total	$2,220	$—	$2,220	$(69)	$(2,125)	$26
Liabilities:						
Payable to brokers, dealers and clearing organizations:						
Deposits received for securities loaned[2]	$2,384	$—	$2,384	$(69)	$(2,015)	$300

Accounts payable and other liabilities:						
Forward-starting interest rate swaps	29	—	29	—	(29)	—
Total	$2,413	$—	$2,413	$(69)	$(2,044)	$300

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2013					
				Gross Amounts Not Offset in the Consolidated Balance Sheet		
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	Financial Instruments[3]	Collateral Received or Pledged (Including Cash) [4]	Net Amount [5]
Assets:						
Investments segregated for regulatory purposes:						
Reverse repurchase agreements	$2,618	$—	$2,618	$—	$(2,618)	$—
Receivable from brokers, dealers and clearing organizations:						
Deposits paid for securities borrowed[1]	1,220	—	1,220	(168)	(1,020)	32
Other assets:						
Pay-variable interest rate swaps	52	—	52	—	(52)	—
Total	$3,890	$—	$3,890	$(168)	$(3,690)	$32
Liabilities:						
Payable to brokers, dealers and clearing organizations:						
Deposits received for securities loaned[2]	$1,948	$—	$1,948	$(168)	$(1,561)	$219

(1) Included in the gross amounts of deposits paid for securities borrowed is $616 million and $702 million as of September 30, 2014 and 2013, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of cash to the Company.

(2) Included in the gross amounts of deposits received for securities loaned is $754 million and $275 million as of September 30, 2014 and 2013, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of securities to the Company.

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

(4) 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 September 30, 2014 and 2013, the Company had received total collateral with a fair value of \$2,231 million and \$3,919 million, respectively, and pledged total collateral with a fair value of \$2,124 million and \$1,721 million, respectively.

(5) 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.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

16. Accumulated Other Comprehensive Income (Loss)

The following table presents the net change in fair value recorded for each component of other comprehensive income (loss) before and after income tax for the fiscal years indicated (dollars in millions):

	2014			2013			2012		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Investments available-for-sale:									
Net unrealized gain	$—	$—	$—	$21	$(8)	$13	$28	$(10)	$18
Reclassification adjustment for net realized gain [(1)]	—	—	—	(52)	19	(33)	—	—	—
Reclassification of impairment charge [(1)]	—	—	—	3	(1)	2	—	—	—
Change in net unrealized gain	—	—	—	(28)	10	(18)	28	(10)	18
Cash flow hedging instruments:									
Net unrealized loss	(29)	11	(18)	—	—	—	—	—	—
Other comprehensive income (loss)	$(29)	$11	$(18)	$(28)	$10	$(18)	$28	$(10)	$18

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

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	2014	2013	2012
Investments available-for-sale:			
Beginning balance	$—	$18	$—
Other comprehensive income (loss) before reclassifications	—	13	18
Amounts reclassified from accumulated other comprehensive income (loss)	—	(31)	—
Current period change	—	(18)	18
Ending balance	$—	$—	$18
Cash flow hedging instruments:			
Beginning balance	$—	$—	$—
Other comprehensive income (loss) before reclassifications	(18)	—	—
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—
Current period change	(18)	—	—
Ending balance	$(18)	$—	$—
Total accumulated other comprehensive income (loss):			
Beginning balance	$—	$18	$—
Other comprehensive income (loss) before reclassifications	(18)	13	18
Amounts reclassified from accumulated other comprehensive income (loss)	—	(31)	—
Current period change	(18)	(18)	18
Ending balance	$(18)	$—	$18

17. Segment and Geographic Area Information

The Company primarily operates in the securities brokerage industry and has no other reportable segments. Substantially all of the Company’s revenues from external clients for the fiscal years ended September 30, 2014, 2013 and 2012 were derived from its operations in the United States.

18. Related Party Transactions

Transactions with TD and Affiliates

As a result of the Company’s acquisition of TD Waterhouse during fiscal 2006, TD became an affiliate of the Company. TD owned approximately 41% of the Company’s common stock as of September 30, 2014. Pursuant to the Stockholders Agreement among TD, the Company and certain other stockholders, 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

Under the IDA agreement , 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

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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.

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 September 30, 2014, the IDA portfolio was comprised of approximately 75% fixed-rate notional investments and 25% 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). Under the current IDA agreement, 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%.

Under the current IDA agreement, 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 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

amount is remote. Accordingly, no contingent liability is carried on the Consolidated Balance Sheets for the IDA agreement.

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 fiscal years indicated (dollars in millions):

Description	Statement of Income Classification	Revenues from TD and Affiliates 2014	2013	2012
Insured Deposit Account Agreement	Insured deposit account fees	$820	$804	$828
Referral and Strategic Alliance Agreement	Various	12	11	8
Other	Various	5	6	8
Total revenues		$837	$821	$844

Description	Statement of Income Classification	Expenses to TD and Affiliates 2014	2013	2012
Canadian Call Center Services Agreement	Professional Services	$17	$19	$18
Other	Various	3	4	4
Total expenses		$20	$23	$22

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

	September 30, 2014	2013
Assets:		
Receivable from brokers, dealers and clearing organizations	$1	$1
Receivable from affiliates	99	117
Liabilities:		
Payable to brokers, dealers and clearing organizations	$96	$115
Payable to affiliates	5	4

Receivables from and payables to brokers, dealers and clearing organizations primarily relate to securities borrowing and 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.

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

19. Condensed Consolidating Financial Information

The 2014 Notes and 2019 Notes are jointly and severally and fully and unconditionally guaranteed by TDAOH. Presented below is condensed consolidating financial information for the Company, its guarantor subsidiary and its non-guarantor subsidiaries for the periods indicated. Because all other comprehensive income (loss) activity occurred on the parent company for all periods presented, condensed consolidating statements of comprehensive income are not presented.

CONDENSED CONSOLIDATING BALANCE SHEET
As of September 30, 2014

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
ASSETS					
Cash and cash equivalents	$117	$2	$ 1,341	$—	$1,460
Cash and investments segregated and on deposit for regulatory purposes	—	—	5,116	—	5,116
Receivable from brokers, dealers and clearing organizations	—	—	1,108	—	1,108
Receivable from clients, net	—	—	11,639	—	11,639
Investments in subsidiaries	5,868	5,754	—	(11,622)	—
Receivable from affiliates	11	2	97	(11)	99
Goodwill	—	—	2,467	—	2,467
Acquired intangible assets, net	—	146	605	—	751
Other, net	156	16	1,073	(54)	1,191
Total assets	$6,152	$5,920	$ 23,446	$(11,687)	$23,831
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$—	$—	$ 2,421	$—	$2,421
Payable to clients	—	—	14,497	—	14,497
Accounts payable and other liabilities	153	—	455	(13)	595
Payable to affiliates	—	—	16	(11)	5
Notes payable	150	—	—	—	150
Long-term debt	1,101	—	—	—	1,101
Deferred income taxes	—	52	303	(41)	314
Total liabilities	1,404	52	17,692	(65)	19,083
Stockholders' equity	4,748	5,868	5,754	(11,622)	4,748
Total liabilities and stockholders' equity	$6,152	$5,920	$ 23,446	$(11,687)	$23,831

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET
As of September 30, 2013

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
ASSETS					
Cash and cash equivalents	$199	$7	$ 856	$—	$1,062
Cash and investments segregated and on deposit for regulatory purposes	—	—	5,894	—	5,894
Receivable from brokers, dealers and clearing organizations	—	—	1,348	—	1,348
Receivable from clients, net	—	—	8,984	—	8,984
Investments in subsidiaries	5,568	5,360	550	(11,478)	—
Receivable from affiliates	4	3	117	(7)	117
Goodwill	—	—	2,467	—	2,467
Acquired intangible assets, net	—	146	695	—	841
Other, net	140	9	1,015	(41)	1,123
Total assets	$5,911	$5,525	$ 21,926	$(11,526)	$21,836
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$—	$—	$ 1,973	$—	$1,973
Payable to clients	—	—	13,183	—	13,183
Accounts payable and other liabilities	180	—	424	(8)	596
Payable to affiliates	3	—	8	(7)	4
Long-term debt	1,052	—	—	—	1,052
Deferred income taxes	—	51	334	(33)	352
Total liabilities	1,235	51	15,922	(48)	17,160
Stockholders' equity	4,676	5,474	6,004	(11,478)	4,676
Total liabilities and stockholders' equity	$5,911	$5,525	$ 21,926	$(11,526)	$21,836

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Year Ended September 30, 2014

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
Net revenues	$14	$—	$ 3,123	$(14)	$3,123
Operating expenses	13	—	1,839	(14)	1,838
Operating income	1	—	1,284	—	1,285
Other expense (income)	24	—	(9)	—	15
Income (loss) before income taxes and equity in income of subsidiaries	(23)	—	1,293	—	1,270
Provision for (benefit from) income taxes	(14)	(1)	498	—	483
Income (loss) before equity in income of subsidiaries	(9)	1	795	—	787
Equity in income of subsidiaries	796	787	17	(1,600)	—
Net income	$787	$788	$ 812	$(1,600)	$787

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Year Ended September 30, 2013

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
Net revenues	$12	$—	$ 2,763	$(11)	$2,764
Operating expenses	10	—	1,709	(11)	1,708
Operating income	2	—	1,054	—	1,056
Other income	(23)	—	(9)	—	(32)
Income before income taxes and equity in income of subsidiaries	25	—	1,063	—	1,088
Provision for income taxes	8	—	405	—	413
Income before equity in income of subsidiaries	17	—	658	—	675
Equity in income of subsidiaries	658	634	36	(1,328)	—
Net income	$675	$634	$ 694	$(1,328)	$675

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME
For the Year Ended September 30, 2012

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
Net revenues	$32	$—	$ 2,641	$(32)	$2,641
Operating expenses	28	—	1,711	(32)	1,707
Operating income	4	—	930	—	934
Other expense (income)	29	—	(1)	—	28
Income (loss) before income taxes and equity in income of subsidiaries	(25)	—	931	—	906
Provision for (benefit from) income taxes	(19)	(3)	342	—	320
Income (loss) before equity in income of subsidiaries	(6)	3	589	—	586
Equity in income of subsidiaries	592	577	33	(1,202)	—
Net income	$586	$580	$ 622	$(1,202)	$586

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2014

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
	(In millions)			
Net cash provided by (used in) operating activities	$(81)	$1	$ 1,105	$1,025
Cash flows from investing activities:				
Purchase of property and equipment	—	—	(144)	(144)
Proceeds from sale and maturity of short-term investments	—	—	4	4
Purchase of short-term investments	—	—	(4)	(4)
Proceeds from sale of investments	13	—	12	25
Other, net	—	—	2	2
Net cash provided by (used in) investing activities	13	—	(130)	(117)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	69	—	—	69
Proceeds from notes payable	230	—	—	230
Principal payments on notes payable	(80)	—	—	(80)
Payment of cash dividends	(540)	—	—	(540)
Purchase of treasury stock	(207)	—	—	(207)
Other, net	18	—	—	18
Net cash used in financing activities	(510)	—	—	(510)
Intercompany investing and financing activities, net	496	(6)	(490)	—
Net increase (decrease) in cash and cash equivalents	(82)	(5)	485	398
Cash and cash equivalents at beginning of year	199	7	856	1,062
Cash and cash equivalents at end of year	$117	$2	$ 1,341	$1,460

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2013

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
	(In millions)			
Net cash provided by (used in) operating activities	$(70)	$1	$ 808	$739
Cash flows from investing activities:				
Purchase of property and equipment	—	—	(144)	(144)
Proceeds from sale and maturity of short-term investments	150	—	4	154
Purchase of short-term investments	—	—	(4)	(4)
Proceeds from sale of investments	78	—	10	88
Other, net	—	—	2	2
Net cash provided by (used in) investing activities	228	—	(132)	96
Cash flows from financing activities:				
Principal payments on long-term debt	(250)	—	—	(250)
Proceeds from notes payable	275	—	—	275
Principal payments on notes payable	(275)	—	—	(275)
Payment of cash dividends	(471)	—	—	(471)
Purchase of treasury stock	(5)	—	—	(5)
Other, net	43	—	(5)	38
Net cash used in financing activities	(683)	—	(5)	(688)
Intercompany investing and financing activities, net	546	—	(546)	—
Net increase in cash and cash equivalents	21	1	125	147
Cash and cash equivalents at beginning of year	178	6	731	915
Cash and cash equivalents at end of year	$199	$7	$ 856	$1,062

TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2012

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
	(In millions)			
Net cash provided by operating activities	$46	$2	$ 544	$592
Cash flows from investing activities:				
Purchase of property and equipment	—	—	(186)	(186)
Purchase of short-term investments	(152)	—	(3)	(155)
Purchase of investments	(43)	—	(1)	(44)
Proceeds from sale of investments	2	—	—	2
Proceeds from sale and maturity of short-term investments	—	—	4	4
Other, net	—	—	2	2
Net cash used in investing activities	(193)	—	(184)	(377)
Cash flows from financing activities:				
Purchase of treasury stock	(208)	—	—	(208)
Payment of cash dividends	(132)	—	—	(132)
Other, net	4	—	4	8
Net cash provided by (used in) financing activities	(336)	—	4	(332)
Intercompany investing and financing activities, net	567	(3)	(564)	—
Net increase (decrease) in cash and cash equivalents	84	(1)	(200)	(117)
Cash and cash equivalents at beginning of year	94	7	931	1,032
Cash and cash equivalents at end of year	$178	$6	$ 731	$915

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TD AMERITRADE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

20. Quarterly Data (Unaudited)
(Dollars in millions, except per share amounts)

	For the Fiscal Year Ended September 30, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$752	$812	$763	$795
Operating income	$307	$323	$316	$338
Net income	$192	$194	$190	$211
Basic earnings per share	$0.35	$0.35	$0.34	$0.39
Diluted earnings per share	$0.35	$0.35	$0.34	$0.38
	For the Fiscal Year Ended September 30, 2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)
Net revenues	$651	$679	$725	$709
Operating income	$241	$237	$298	$279
Net income	$147	$144	$184	$200
Basic earnings per share	$0.27	$0.26	$0.33	$0.36
Diluted earnings per share	$0.27	$0.26	$0.33	$0.36

Quarterly amounts may not sum to fiscal year totals due to rounding.

(1) On July 1, 2013, Knight Capital Group, Inc. ("Knight") completed its merger with GETCO Holding Company, LLC. The Company received merger consideration in exchange for its investment in Knight Class A common stock. The Company's results of operations for the fourth quarter of fiscal 2013 include a pre-tax gain of $54 million ($34 million after tax, or $0.06 per diluted share) in connection with this transaction, which is included in gain on investments, net on the Consolidated Statements of Income.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of TD Ameritrade Holding Corporation and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of and effected by the Company's chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2014 based on framework established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management concluded that, as of September 30, 2014, the Company's internal control over financial reporting is effective.

The Company's internal control over financial reporting as of September 30, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their accompanying report which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of September 30, 2014. That opinion appears on the next page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
TD Ameritrade Holding Corporation

We have audited TD Ameritrade Holding Corporation's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). TD Ameritrade Holding Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, TD Ameritrade Holding Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TD Ameritrade Holding Corporation as of September 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows of TD Ameritrade Holding Corporation for each of the three years in the period ended September 30, 2014 and our report dated November 21, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
Chicago, Illinois
November 21, 2014

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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 September 30, 2014. Management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2014.

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.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be furnished pursuant to this item is incorporated by reference from our definitive proxy statement for our 2015 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after September 30, 2014 (the “Proxy Statement”).

Item 11. Executive Compensation

The information required to be furnished pursuant to this item is incorporated by reference from the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be furnished pursuant to this item, with the exception of the equity compensation plan information presented below, is incorporated by reference from the Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes, as of September 30, 2014, information about compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	7,208,388 (1)	$18.43 (2)	10,576,526 (3)

(1) Consists of 2,136,326 stock options, 4,831,542 restricted stock units and 240,520 deferred stock units outstanding under the Company’s stock incentive plans.

(2) The weighted average exercise price does not take into account awards that have no exercise price, such as restricted stock units and deferred stock units.

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(3) The TD Ameritrade Holding Corporation Long-Term Incentive Plan (the "LTIP") and the 2006 Directors Incentive Plan (the "Directors Plan") authorize the issuance of shares of common stock as well as options. As of September 30, 2014, there were 9,620,977 shares and 955,549 shares remaining available for issuance pursuant to the LTIP and the Directors Plan, respectively.

The previous table includes the following options assumed in connection with the Company's acquisition of thinkorswim Group Inc. in fiscal 2009:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)
Equity compensation plans approved by security holders	63,586	$27.84

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required to be furnished pursuant to this item is incorporated by reference from the Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required to be furnished pursuant to this item is incorporated by reference from the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Report

1. Financial Statements

See Item 8, "Financial Statements and Supplementary Data."

2. Financial Statement Schedules

Consolidated Financial Statement Schedules have been omitted because the required information is not present, or not present in amounts sufficient to require submission of the schedules, or because the required information is provided in the Consolidated Financial Statements or Notes.

3. Exhibits

See Item 15(b) below.

(b) Exhibits

Exhibit No.	Description
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)

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Exhibit No.	Description
4.3	Form of 4.150% Senior Note due 2014 (included in Exhibit 4.2)
4.4	Form of 5.600% Senior Note due 2019 (included in Exhibit 4.2)
4.5	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)
4.6	Form of 3.625% Senior Note due 2025 (included in Exhibit 4.5)
4.7	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)
10.1*	Form of Indemnification Agreement, dated as of May 30, 2006, between TD Ameritrade Holding Corporation and several current and previous members of the Company’s board of directors (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K filed on June 5, 2006)
10.2*	Chairman of the Board of Directors Term Sheet, effective as of June 1, 2011, between Joseph H. Moglia and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.2 of the Company’s Annual Report on Form 10-K filed on November 18, 2011)
10.3*	Employment Agreement, effective as of October 1, 2013, between Fredric J. Tomczyk and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K filed on August 1, 2013)
10.4*	Non-Qualified Stock Option Agreement, dated May 15, 2008, between Fredric J. Tomczyk and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.3 of the Company’s quarterly report on Form 10-Q filed on August 8, 2008)
10.5*	Form of Restricted Stock Unit Agreement for Fredric J. Tomczyk (incorporated by reference to Exhibit 10.5 of the Company’s quarterly report on Form 10-Q filed on February 6, 2013)
10.6*	Employment Agreement, as amended and restated, effective as of October 13, 2008, between Ellen L.S. Koplow and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.9 of the Company’s Form 10-K filed on November 26, 2008)
10.7*	Amendment to Employment Agreement, executed on December 20, 2012, between Ellen L.S. Koplow and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.4 of the Company’s quarterly report on Form 10-Q filed on February 6, 2013)
10.8*	Amendment to Employment Agreement, executed on August 30, 2013, between Ellen L.S. Koplow and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.10 of the Company’s Annual Report on Form 10-K filed on November 22, 2013)
10.9*	Executive Employment Term Sheet, effective as of April 11, 2011, between Marvin W. Adams and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.4 of the Company’s

	quarterly report on Form 10-Q filed on May 6, 2011)
10.10*	Amendment to Executive Employment Term Sheet, executed on December 19, 2012, between Marvin W. Adams and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.3 of the Company's quarterly report on Form 10-Q filed on February 6, 2013)
10.11*	Form of Restricted Stock Unit Agreement for Marvin W. Adams (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on November 20, 2012)
10.12*	TD Ameritrade Holding Corporation Long-Term Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on February 18, 2011)

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Exhibit No.	Description
10.13*	Form of 1996 Long Term Incentive Plan Non-Qualified Stock Option Agreement for Executives (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K filed on December 9, 2004)
10.14*	Form of Restricted Stock Unit Agreement for Employees (incorporated by reference to Exhibit 10.1 of the Company's quarterly report on Form 10-Q filed on February 4, 2011)
10.15*	Form of Restricted Stock Unit Agreement for Employees (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on October 26, 2012)
10.16*	TD Ameritrade Holding Corporation 2006 Directors Incentive Plan, effective as of November 15, 2006 (incorporated by reference to Appendix A of the Company's Proxy Statement filed on January 24, 2007)
10.17*	Form of Directors Incentive Plan Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K filed on December 9, 2004)
10.18*	Form of Restricted Stock Unit Agreement for Non-employee Directors (incorporated by reference to Exhibit 10.2 of the Company's quarterly report on Form 10-Q filed on February 4, 2011)
10.19*	Amended and Restated Ameritrade Holding Corporation Executive Deferred Compensation Program effective December 28, 2005 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on December 30, 2005)
10.20*	TD Ameritrade Holding Corporation Management Incentive Plan, as amended effective as of February 24, 2010 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on February 18, 2011)
10.21	Stockholders Agreement among Ameritrade Holding Corporation, The Toronto-Dominion Bank, J. Joe Ricketts and certain of his affiliates dated as of June 22, 2005 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on June 28, 2005)
10.22	Amendment No. 1 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated February 22, 2006 (incorporated by reference to Exhibit 10.4 of the Company's quarterly report on Form 10-Q filed on May 8, 2006)
10.23	Amendment No. 2 and Waiver to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated August 3, 2009 (incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K filed on November 13, 2009)
10.24	Amendment No. 3 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated August 6, 2010 (incorporated by reference to Exhibit 10.35 of the Company's Annual Report on Form 10-K filed on November 19, 2010)
10.25	Amendment No. 4 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated October 31, 2011

	(incorporated by reference to Exhibit 10.1 of the Company’s quarterly report on Form 10-Q filed on February 7, 2012)
10.26	Amendment No. 5 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated December 4, 2013 (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K filed on December 5, 2013)
10.27†	Insured Deposit Account Agreement, effective as of January 1, 2013, among TD Bank USA, N.A., TD Bank, N.A., The Toronto-Dominion Bank, TD Ameritrade, Inc., TD Ameritrade Clearing, Inc. and TD Ameritrade Trust Company (incorporated by reference to Exhibit 10.1 of the Company’s quarterly report on Form 10-Q filed on February 6, 2013)

Exhibit No.	Description
10.28	Amended and Restated Registration Rights Agreement by and among Ameritrade Holding Corporation, The Toronto-Dominion Bank, J. Joe Ricketts and certain of his affiliates, entities affiliated with Silver Lake Partners, and entities affiliated with TA Associates, dated as of June 22, 2005 (incorporated by reference to Exhibit 99.1 of the Company’s Form 8-K filed on September 12, 2005)
10.29	Trademark License Agreement among The Toronto-Dominion Bank and Ameritrade Holding Corporation, dated as of June 22, 2005 (incorporated by reference to Exhibit 99.3 of the Company’s Form 8-K filed on September 12, 2005)
10.30	Credit Agreement, dated June 11, 2014, among TD Ameritrade Holding Corporation, TD Ameritrade Online Holdings Corp., as guarantor, the lenders party thereto, Bank of America, N.A., as syndication agent, Barclays Bank PLC, U.S. Bank National Association and Wells Fargo Bank, National Association, 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 June 17, 2014)
10.31	Credit Agreement, dated June 11, 2014, among TD Ameritrade Clearing, Inc., the lenders party thereto, Bank of America, N.A., as syndication agent, Barclays Bank PLC, U.S. Bank National Association and Wells Fargo Bank, National Association, 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 June 17, 2014)
10.32	Loan Agreement, dated September 15, 2014, among TD Ameritrade Holding Corporation, Thinktech, Inc. and TD Ameritrade Online Holdings Corp., as guarantors, and First National Bank of Omaha (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on September 18, 2014)
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges
14	Code of Ethics (incorporated by reference to Exhibit 14 of the Company’s quarterly report on Form 10-Q filed February 4, 2011)
21.1	Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP
31.1	Certification of Fredric J. Tomczyk, Principal Executive Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of William J. Gerber, 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
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

* Management contracts and compensatory plans and arrangements required to be filed as exhibits under Item 15(b) of this report.

† Confidential treatment has been granted with respect to the omitted portions of this Exhibit, which portions have been filed separately with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 21st day of November, 2014.

TD AMERITRADE HOLDING CORPORATION

By: /s/ FREDRIC J. TOMCZYK
Fredric J. Tomczyk
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ WILLIAM J. GERBER
William J. Gerber
Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 21st day of November, 2014.

/s/ JOSEPH H. MOGLIA
Joseph H. Moglia
Chairman of the Board

/s/ BHARAT B. MASRANI
Bharat B. Masrani
Director

W. Edmund Clark
Vice Chairman of the Board

/s/ MARK L. MITCHELL
Mark L. Mitchell
Director

/s/ MARSHALL A. COHEN
Marshall A. Cohen
Director

/s/ WILBUR J. PREZZANO
Wilbur J. Prezzano
Director

/s/ DAN W. COOK III
Dan W. Cook III
Director

/s/ J. PETER RICKETTS
J. Peter Ricketts
Director

/s/ KAREN E. MAIDMENT
Karen E. Maidment
Director

/s/ ALLAN R. TESSLER
Allan R. Tessler
Director