TD AMERITRADE HOLDING CORP
Form 10-Q
February 06, 2017

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

FORM 10-Q

(Mark One)
x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended December 31, 2016
OR
¨Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from to
Commission file number: 1-35509

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 x	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 Exchange Act). Yes ¨ No x
As of January 30, 2017, there were 527,824,288 outstanding shares of the registrant’s common stock.

Table of Contents

TD AMERITRADE HOLDING CORPORATION
INDEX

		Page No.
	PART I – FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Review Report of Independent Registered Public Accounting Firm	3
	Condensed Consolidated Balance Sheets	4
	Condensed Consolidated Statements of Income	5
	Condensed Consolidated Statements of Comprehensive Income	6
	Condensed Consolidated Statements of Cash Flows	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	43
Item 4.	Controls and Procedures	44
	PART II – OTHER INFORMATION	
Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities	44
Item 6.	Exhibits	44
	Signatures	47

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

TD Ameritrade Holding Corporation

We have reviewed the condensed consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries (the Company) as of December 31, 2016, and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month periods ended December 31, 2016 and 2015. These financial statements are the responsibility of the Company's management.

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

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

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

/s/ ERNST & YOUNG LLP

New York, New York

February 6, 2017

Table of Contents

TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2016	September 30, 2016
	(In millions)	
ASSETS		
Cash and cash equivalents	$1,662	$ 1,855
Cash and investments segregated and on deposit for regulatory purposes	9,263	8,729
Receivable from brokers, dealers and clearing organizations	959	1,190
Receivable from clients, net	12,039	11,941
Receivable from affiliates	143	106
Other receivables, net	136	160
Securities owned, at fair value	177	331
Investments available-for-sale, at fair value	747	757
Property and equipment at cost, net	531	526
Goodwill	2,467	2,467
Acquired intangible assets, net	556	575
Other assets	154	181
Total assets	$28,834	$ 28,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Payable to brokers, dealers and clearing organizations	$2,028	$ 2,040
Payable to clients	19,062	19,055
Accounts payable and other liabilities	484	565
Payable to affiliates	8	9
Long-term debt	1,769	1,817
Deferred income taxes	284	281
Total liabilities	23,635	23,767
Stockholders' equity:		
Preferred stock, $0.01 par value; 100 million shares authorized, none issued	—	—
Common stock, $0.01 par value; one billion shares authorized; 631 million shares issued; December 31, 2016 - 528 million shares outstanding; September 30, 2016 - 526 million shares outstanding	6	6
Additional paid-in capital	1,689	1,670
Retained earnings	5,640	5,518
Treasury stock, common, at cost: December 31, 2016 - 103 million shares; September 30, 2016 - 105 million shares	(2,110)	(2,121)
Deferred compensation	1	—
Accumulated other comprehensive loss	(27)	(22)
Total stockholders' equity	5,199	5,051
Total liabilities and stockholders' equity	$28,834	$ 28,818

See notes to condensed consolidated financial statements.

Table of Contents

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

	Three Months Ended December 31,	
	2016	2015
	(In millions, except per share amounts)	
Revenues:		
Transaction-based revenues:		
Commissions and transaction fees	$ 355	$ 328
Asset-based revenues:		
Insured deposit account fees	245	227
Net interest revenue	151	154
Investment product fees	94	92
Total asset-based revenues	490	473
Other revenues	14	11
Net revenues	859	812
Operating expenses:		
Employee compensation and benefits	214	201
Clearing and execution costs	36	30
Communications	35	32
Occupancy and equipment costs	44	43
Depreciation and amortization	24	22
Amortization of acquired intangible assets	19	22
Professional services	53	37
Advertising	57	62
Other	24	20
Total operating expenses	506	469
Operating income	353	343
Other expense:		
Interest on borrowings	14	12
Total other expense	14	12
Pre-tax income	339	331
Provision for income taxes	123	119
Net income	$ 216	$ 212
Earnings per share - basic	$ 0.41	$ 0.39
Earnings per share - diluted	$ 0.41	$ 0.39
Weighted average shares outstanding - basic	527	537
Weighted average shares outstanding - diluted	530	540
Dividends declared per share	$ 0.18	$ 0.17

See notes to condensed consolidated financial statements.

Table of Contents

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

	Three Months Ended December 31,	
	2016	2015
	(In millions)	
Net income	$216	$212
Other comprehensive income (loss), before tax:		
Investments available-for-sale:		
Unrealized loss	(10)	—
Cash flow hedging instruments:		
Reclassification adjustment for portion of realized loss amortized to net income	1	1
Total other comprehensive income (loss), before tax	(9)	1
Income tax effect	4	—
Total other comprehensive income (loss), net of tax	(5)	1
Comprehensive income	$211	$213

See notes to condensed consolidated financial statements.

Table of Contents

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

	Three Months Ended December 31,	
	2016	2015
	(In millions)	
Cash flows from operating activities:		
Net income	$216	$212
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	24	22
Amortization of acquired intangible assets	19	22
Deferred income taxes	7	12
Stock-based compensation	10	9
Excess tax benefits on stock-based compensation	(9)	(15)
Other, net	1	2
Changes in operating assets and liabilities:		
Cash and investments segregated and on deposit for regulatory purposes	(534)	265
Receivable from brokers, dealers and clearing organizations	231	(160)
Receivable from clients, net	(98)	361
Receivable from/payable to affiliates, net	(38)	(34)
Other receivables, net	24	1
Securities owned, at fair value	154	162
Other assets	(21)	(46)
Payable to brokers, dealers and clearing organizations	(12)	(658)
Payable to clients	7	70
Accounts payable and other liabilities	(71)	(74)
Net cash provided by (used in) operating activities	(90)	151
Cash flows from investing activities:		
Purchase of property and equipment	(29)	(43)
Purchase of short-term investments	—	(201)
Net cash used in investing activities	(29)	(244)
Cash flows from financing activities:		
Payment of cash dividends	(95)	(91)
Proceeds from exercise of stock options: Three months ended December 31, 2016 - 1.3 million shares	23	—
Purchase of treasury stock: Three months ended December 31, 2015 - 1.1 million shares	—	(38)
Purchase of treasury stock for income tax withholding on stock-based compensation: Three months ended December 31, 2016 - 0.3 million shares; 2015 - 0.7 million shares	(11)	(27)
Payment for future treasury stock purchases under accelerated stock repurchase agreement	—	(9)
Excess tax benefits on stock-based compensation	9	15
Net cash used in financing activities	(74)	(150)
Net decrease in cash and cash equivalents	(193)	(243)
Cash and cash equivalents at beginning of period	1,855	1,978
Cash and cash equivalents at end of period	$1,662	$1,735
Supplemental cash flow information:		
Interest paid	$19	$20

Income taxes paid	$99	$138

See notes to condensed consolidated financial statements.

Table of Contents

TD AMERITRADE HOLDING CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Month Periods Ended December 31, 2016 and 2015
(Unaudited)

1. BASIS OF PRESENTATION

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

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

Recently Issued Accounting Pronouncements

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

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

ASU 2014-09 — In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to clarify the principles of recognizing revenue from contracts with customers and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. This ASU will supersede the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. Entities are required to apply the following steps when recognizing revenue under ASU 2014-09: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and, (5) recognize revenue when (or as) the entity satisfies a performance obligation. This ASU also requires additional disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. An entity may apply the amendments by using one of the following two methods: (1) retrospective application to each prior reporting period presented or (2) a modified retrospective approach, requiring the standard be applied only to the most current period presented, with the cumulative effect of initially applying the standard

recognized at the date of initial application. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Therefore, ASU 2014-09 will be effective for the Company's fiscal year beginning October 1, 2018. Early adoption is permitted for annual reporting periods beginning after December 15, 2016.

Subsequent to issuing ASU 2014-09, the FASB has issued additional standards for the purpose of clarifying certain aspects of ASU 2014-09. The subsequently issued ASUs have the same effective date and transition requirements as ASU 2014-09. The Company is currently assessing the impact that these revenue recognition standards will have on the Company's financial statements and is evaluating which adoption method to apply.

Table of Contents

2. BUSINESS ACQUISITION

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

3. CASH AND CASH EQUIVALENTS

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

	December 31, 2016	September 30, 2016
Broker-dealer subsidiaries	$ 904	$ 1,153
Corporate	442	460
Trust company subsidiary	163	85
Futures commission merchant and forex dealer member subsidiary	136	125
Investment advisory subsidiaries	17	32
Total	$ 1,662	$ 1,855

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

4. CASH AND INVESTMENTS SEGREGATED AND ON DEPOSIT FOR REGULATORY PURPOSES

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

	December 31, 2016	September 30, 2016
U.S. government debt securities	$ 6,214	$ 6,523
Cash in demand deposit accounts	2,064	657
Reverse repurchase agreements (collateralized by U.S. government debt securities)	700	1,288
Cash on deposit with futures commission merchants	210	186
U.S. government debt securities on deposit with futures commission merchant	75	75
Total	$ 9,263	$ 8,729

5. INCOME TAXES

The Company's effective income tax rate for the three months ended December 31, 2016 was 36.3%, compared to 36.0% for the three months ended December 31, 2015. The provision for income taxes for the three months ended December 31, 2016 included $7 million of favorable resolutions of state income tax matters. This favorably impacted the Company's earnings for the three months ended December 31, 2016 by approximately one cent per share. The

provision for income taxes for the three months ended December 31, 2015 included $7 million of net favorable resolutions of state income tax matters and $2 million of net favorable adjustments to uncertain tax positions and related deferred income tax assets. These items had a net favorable impact on the Company's earnings for the three months ended December 31, 2015 of approximately two cents per share.

Table of Contents

6. LONG-TERM DEBT

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

December 31, 2016	Face Value	Unamortized Discounts and Debt Issuance Costs	Fair Value Adjustment [1]	Net Carrying Value
Senior Notes:				
5.600% Notes due 2019	$500	$ (1)	$ 22	$ 521
2.950% Notes due 2022	750	(6)	—	744
3.625% Notes due 2025	500	(4)	8	504
Total long-term debt	$1,750	$ (11)	$ 30	$ 1,769

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

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

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

The interest rate swaps effectively change the fixed-rate interest on the 2019 Notes and 2025 Notes to variable-rate interest. Under the terms of the interest rate swap agreements, the Company receives semi-annual fixed-rate interest payments based on the same rates applicable to the Senior Notes, and makes quarterly variable-rate interest payments based on three-month LIBOR plus (a) 2.3745% for the swap on the 2019 Notes and (b) 1.1022% for the swap on the 2025 Notes. As of December 31, 2016, the weighted average effective interest rate on the aggregate principal balance of the 2019 Notes and 2025 Notes was 2.63%.

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

	Three Months Ended December 31,	
	2016	2015
Gain (loss) on fair value of interest rate swaps	$(49)	$(17)
Gain (loss) on fair value of hedged fixed-rate debt	49	17

Net gain (loss) recorded in interest on borrowings	$—	$—

Table of Contents

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

	Balance Sheet Location	December 31, 2016	September 30, 2016
Interest rate contracts:			
Pay-variable interest rate swaps designated as fair value hedges	Other assets	$ 30	$ 79

The interest rate swaps are subject to counterparty credit risk. Credit risk is managed by limiting activity to approved counterparties that meet a minimum credit rating threshold, by entering into credit support agreements, or by utilizing approved central clearing counterparties registered with the Commodity Futures Trading Commission ("CFTC"). The interest rate swaps require daily collateral coverage, in the form of cash or U.S. Treasury securities, for the aggregate fair value of the interest rate swaps (including accrued interest). As of December 31, 2016 and September 30, 2016, the pay-variable interest rate swap counterparties had pledged $32 million and $93 million of collateral, respectively, to the Company in the form of cash. A liability for collateral pledged to the Company in the form of cash is recorded in accounts payable and other liabilities on the Condensed Consolidated Balance Sheets.

7. CAPITAL REQUIREMENTS

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

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

Table of Contents

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

TD Ameritrade Clearing, Inc.

Date	Net Capital	Required Net Capital (2% of Aggregate Debit Balances)	Net Capital in Excess of Required Net Capital	Ratio of Net Capital to Aggregate Debit Balances
December 31, 2016	$1,768	$ 290	$ 1,478	12.21 %
September 30, 2016	$1,719	$ 288	$ 1,431	11.95 %

TD Ameritrade, Inc.

Date	Net Capital	Required Net Capital (Minimum Dollar Requirement)	Net Capital in Excess of Required Net Capital
December 31, 2016	$ 215	$ 0.25	$ 215
September 30, 2016	$ 139	$ 0.25	$ 138

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

TD Ameritrade Futures & Forex LLC

Date	Adjusted Net Capital	Required Adjusted Net Capital ($20 Million Plus 5% of All Foreign Exchange Liabilities Owed to Forex Clients in Excess of $10 Million)	Adjusted Net Capital in Excess of Required Adjusted Net Capital
December 31, 2016	$ 122	$ 22	$ 100
September 30, 2016	$ 117	$ 22	$ 95

The Company's non-depository trust company subsidiary, TD Ameritrade Trust Company ("TDATC"), is subject to capital requirements established by the State of Maine, which require TDATC to maintain minimum Tier 1 capital, as defined. TDATC's Tier 1 capital was $38 million and $37 million as of December 31, 2016 and September 30, 2016, respectively, which exceeded the required Tier 1 capital by $21 million and $21 million, respectively.

8. COMMITMENTS AND CONTINGENCIES

Legal and Regulatory Matters

Order Routing Matters – Five putative class action complaints were filed between August and October 2014 regarding TD Ameritrade's routing of client orders. The cases were filed in, or transferred to, the U.S. District Court for the District of Nebraska: Jay Zola et al. v. TD Ameritrade, Inc., et al.; Tyler Verdieck v. TD Ameritrade, Inc.; Bruce Lerner v. TD Ameritrade, Inc.; Michael Sarbacker v. TD Ameritrade Holding Corporation, et al.; 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, violation of Nebraska's Uniform Deceptive Trade Practices Act, aiding and abetting, unjust enrichment and declaratory judgment. The complaints seek various kinds of relief including damages, restitution, disgorgement, injunctive relief, equitable relief and other relief. The Company moved to dismiss each of the five putative class action complaints. The Magistrate Judge subsequently entered Findings and Recommendations with respect to each of the five actions, recommending that the District Judge dismiss each of the five lawsuits. On March 23, 2016, the District Judge entered an order dismissing all of the state law claims in the five actions, denying the motion to dismiss the federal securities claims in the Klein case, and permitting the plaintiffs in the other four actions to amend their complaints to assert a federal securities claim. None of the plaintiffs in the other four actions filed an amended complaint. The plaintiffs in the Zola, Sarbacker and Verdieck cases filed notices of appeal. The plaintiff in the Lerner case did not file a notice of appeal and that case is considered closed. The Klein case is proceeding in the District Court. The Company intends to vigorously defend against

Table of Contents

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.

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

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 $55 million as of December 31, 2016. This estimated aggregate range of reasonably possible losses is based upon currently available information for those legal and regulatory matters in which the Company is involved, taking into account the Company's best estimate of reasonably possible losses for those matters as to which an estimate can be made. For certain matters, the Company does not believe an estimate can currently be made, as some matters are in preliminary stages and some matters have no specific amounts claimed. The Company's estimate involves significant judgment, given the varying stages of the proceedings and the inherent uncertainty of predicting outcomes. The estimated range will change from time to time as the underlying matters, stages of proceedings and available information change. Actual losses may vary significantly from the current estimated range.

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

Income Taxes

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

General Contingencies

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

The Company extends margin credit and leverage to its clients. In margin transactions, the Company extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. In connection with these activities, the Company also routes client orders for execution and clears client transactions involving the sale of securities not yet purchased ("short sales"). Such margin-related transactions

may expose the Company to credit risk in the event a client's assets are not sufficient to fully cover losses that the client may incur. Leverage involves securing a large potential future obligation with a lesser amount of collateral. The risks associated with margin credit and leverage increase during periods of rapid market movements, or in cases where leverage or collateral is concentrated and market movements occur. In the event the client fails to satisfy its obligations, the Company has the authority to liquidate certain positions in the client's account at prevailing market prices in order to fulfill the client's obligations. However, during periods of rapid market movements, clients who utilize margin credit or leverage and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of liquidation. The Company seeks to mitigate the risks associated with its client margin and leverage activities by requiring clients to maintain margin collateral in

Table of Contents

compliance with various regulatory and internal guidelines. The Company monitors required margin levels throughout each trading day and, pursuant to such guidelines, requires clients to deposit additional collateral, or to reduce positions, when necessary.

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

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

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

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):

	December 31, 2016	September 30, 2016
Client margin securities	$ 16.5	$ 16.5
Stock borrowings	0.8	1.1
Total collateral available	$ 17.3	$ 17.6
Collateral loaned	$ 2.0	$ 2.0
Collateral repledged	2.9	2.7
Total collateral loaned or repledged	$ 4.9	$ 4.7

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

Assets	Balance Sheet Classification	December 31, 2016	September 30, 2016
Cash	Receivable from brokers, dealers and clearing organizations	$ 137	$ 116
U.S. government debt securities	Securities owned, at fair value	165	220
Total		$ 302	$ 336

Table of Contents

Guarantees

The Company is a member of and provides guarantees to securities clearinghouses and exchanges in connection with client trading activities. Under related agreements, the Company is generally required to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted to the clearinghouse as collateral. However, the potential for the Company to be required to make payments under these agreements is considered remote. Accordingly, no contingent liability is carried on the Condensed Consolidated Balance Sheets for these guarantees.

The Company clears its clients' futures transactions on an omnibus account basis through unaffiliated clearing firms. The Company also contracts with an external provider to facilitate foreign exchange trading for its clients. The Company has agreed to indemnify these unaffiliated clearing firms and the external provider for any loss that they may incur for the client transactions introduced to them by the Company.

See "Insured Deposit Account Agreement" in Note 13 for a description of a guarantee included in that agreement.

9. FAIR VALUE DISCLOSURES

Fair Value Measurement — Definition and Hierarchy

ASC 820-10, Fair Value Measurement, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

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.

Table of Contents

The following tables present the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and September 30, 2016 (dollars in millions):

	As of December 31, 2016			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$1,391	$—	$ —	$ 1,391
Investments segregated for regulatory purposes:				
U.S. government debt securities	—	6,289	—	6,289
Securities owned:				
U.S. government debt securities	—	165	—	165
Other	7	5	—	12
Subtotal - Securities owned	7	170	—	177
Investments available-for-sale:				
U.S. government debt securities	—	747	—	747
Other assets:				
Pay-variable interest rate swaps[(1)]	—	30	—	30
U.S. government debt securities	—	4	—	4
Auction rate securities	—	—	1	1
Subtotal - Other assets	—	34	1	35
Total assets at fair value	$1,398	$7,240	$ 1	$ 8,639
Liabilities:				
Accounts payable and other liabilities:				
Securities sold, not yet purchased:				
Equity securities	$9	$—	$ —	$ 9

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

Table of Contents

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

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

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

Valuation Techniques

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

Level 2 Measurements:

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

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

Table of Contents

interest rate swaps. The Company validates the third party service valuations by comparing them to valuation models provided by the swap counterparties.

Level 3 Measurements:

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

Fair Value of Financial Instruments Not Recorded at Fair Value

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

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

Long-term debt – As of December 31, 2016, 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 $1.81 billion, compared to the aggregate carrying value of the Senior Notes on the Condensed Consolidated Balance Sheet of $1.77 billion. As of September 30, 2016, the Company's Senior Notes had an aggregate estimated fair value, based on quoted market prices, of approximately $1.87 billion, compared to the aggregate carrying value of the Senior Notes on the Condensed Consolidated Balance Sheet of $1.82 billion.

Table of Contents

10. OFFSETTING ASSETS AND LIABILITIES

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

The following tables present information about the potential effect of rights of setoff associated with the Company's recognized assets and liabilities as of December 31, 2016 and September 30, 2016 (dollars in millions):

	December 31, 2016					
	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts Presented in the Condensed Consolidated Balance Sheet	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
				Financial Instruments[4]	Collateral Received or Pledged (Including Cash)[5]	Net Amount[6]
Assets:						
Investments segregated for regulatory purposes:						
Reverse repurchase agreements	$700	$ —	$ 700	$—	$ (700)	$ —
Receivable from brokers, dealers and clearing organizations:						
Deposits paid for securities borrowed[1]	801	—	801	(59)	(721)	21
Other assets:						
Pay-variable interest rate swaps	30	—	30	—	(30)	—
Total	$1,531	$ —	$ 1,531	$(59)	$ (1,451)	$ 21
Liabilities:						
Payable to brokers, dealers and clearing organizations:						
Deposits received for securities loaned[2][3]	$1,964	$ —	$ 1,964	$(59)	$ (1,706)	$ 199

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

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

Table of Contents

(1) Included in the gross amounts of deposits paid for securities borrowed is $449 million and $590 million as of December 31, 2016 and September 30, 2016, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of cash to the Company. See "General Contingencies" in Note 8 for a discussion of the potential risks associated with securities borrowing transactions and how the Company mitigates those risks.

(2) Included in the gross amounts of deposits received for securities loaned is $1.35 billion and $1.07 billion as of December 31, 2016 and September 30, 2016, respectively, transacted through a risk-sharing program with the OCC, which guarantees the return of securities to the Company. See "General Contingencies" in Note 8 for a discussion of the potential risks associated with securities lending transactions and how the Company mitigates those risks.

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

	December 31, 2016	September 30, 2016
Deposits received for securities loaned:		
Equity securities	$ 1,659	$ 1,652
Exchange-traded funds	191	216
Closed-end funds	50	73
Other	64	49
Total	$ 1,964	$ 1,990

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

(5) Represents the fair value of collateral the Company had received or pledged under enforceable master agreements, limited for table presentation purposes to the net amount of the recognized assets due from or liabilities due to each counterparty. At December 31, 2016 and September 30, 2016, the Company had received total collateral with a fair value of $1.52 billion and $2.44 billion, respectively, and pledged total collateral with a fair value of $1.76 billion and $1.81 billion, respectively.

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

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended December 31,					
	2016			2015		
	Before Tax	Tax Effect	Net of Tax	Before Tax	Tax Effect	Net of Tax
Investments available-for-sale:						
Unrealized loss	$(10)	$ 4	$(6)	$—	$ —	$ —
Cash flow hedging instruments:						
Reclassification adjustment for portion of realized loss amortized to net income[1]	1	—	1	1	—	1
Other comprehensive income (loss)	$(9)	$ 4	$(5)	$1	$ —	$ 1

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

20

Table of Contents

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

	Three Months Ended December 31,	
	2016	2015
Investments available-for-sale:		
Beginning balance	$—	$—
Other comprehensive loss before reclassification	(6)	—
Ending balance	$(6)	$—
Cash flow hedging instruments:		
Beginning balance	$(22)	$(25)
Amount reclassified from accumulated other comprehensive loss	1	1
Ending balance	$(21)	$(24)
Total accumulated other comprehensive loss:		
Beginning balance	$(22)	$(25)
Current period change	(5)	1
Ending balance	$(27)	$(24)

12. EARNINGS PER SHARE

The difference between the numerator and denominator used in the computation of basic and diluted earnings per share consists of common stock equivalent shares related to stock-based compensation for all periods presented. There were no material antidilutive awards for the three months ended December 31, 2016 and 2015.

13. RELATED PARTY TRANSACTIONS

Transactions with TD and Affiliates

As a result of the Company's acquisition of TD Waterhouse Group, Inc. during fiscal 2006, TD became an affiliate of the Company. TD owned approximately 42% of the Company's common stock as of December 31, 2016. Pursuant to the stockholders agreement between TD and the Company, TD has the right to designate five of twelve members of the Company's board of directors. The Company transacts business and has extensive relationships with TD and certain of its affiliates. Transactions with TD and its affiliates are discussed and summarized below.

Insured Deposit Account Agreement

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

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

The fee earned on the IDA agreement is calculated based on two primary components: (a) the yield on fixed-rate "notional" investments, based on prevailing fixed rates for identical balances and maturities in the interest rate swap market (generally LIBOR-based) at the time such investments were added to the IDA portfolio (including any adjustments required to adjust the variable rate leg of such swaps to a one-month reset frequency and the overall swap

payment frequency to monthly) and (b) the yield on floating-rate investments. As of December 31, 2016, the IDA portfolio was comprised of approximately 74% fixed-rate notional investments and 26% floating-rate investments.

Table of Contents

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

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

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

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

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

		Revenues from TD and Affiliates Three months ended December 31,	
Description	Statement of Income Classification	2016	2015
Insured Deposit Account Agreement	Insured deposit account fees	$ 245	$ 227
Referral and Strategic Alliance Agreement	Various	3	3
Mutual Fund Agreements	Investment product fees	4	1
Other	Various	2	1
Total revenues		$ 254	$ 232

		Expenses to TD and Affiliates Three months ended December 31,	
Description	Statement of Income Classification	2016	2015
Canadian Call Center Services Agreement	Professional services[1]	$ 4	$ 4
Other	Various	—	1

Total expenses	$ 4	$ 5

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

Table of Contents

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

	December 31, 2016	September 30, 2016
Assets:		
Receivable from affiliates	$ 143	$ 106
Liabilities:		
Payable to brokers, dealers and clearing organizations	$ 35	$ 72
Payable to affiliates	8	9

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

Table of Contents

14. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The 2019 Senior Notes are jointly and severally and fully and unconditionally guaranteed by TD Ameritrade Online Holdings Corp. ("TDAOH"), a wholly-owned subsidiary of the Company. 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 DECEMBER 31, 2016
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
ASSETS					
Cash and cash equivalents	$290	$ 2	$ 1,370	$ —	$1,662
Cash and investments segregated and on deposit for regulatory purposes	—	—	9,263	—	9,263
Receivable from brokers, dealers and clearing organizations	—	—	959	—	959
Receivable from clients, net	—	—	12,039	—	12,039
Receivable from affiliates	9	—	144	(10)	143
Investments available-for-sale, at fair value	747	—	—	—	747
Investments in subsidiaries	5,888	5,773	—	(11,661)	—
Goodwill	—	—	2,467	—	2,467
Acquired intangible assets, net	—	146	410	—	556
Other, net	105	21	944	(72)	998
Total assets	$7,039	$ 5,942	$ 27,596	$ (11,743)	$28,834
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$—	$ —	$ 2,028	$ —	$2,028
Payable to clients	—	—	19,062	—	19,062
Accounts payable and other liabilities	70	—	433	(19)	484
Payable to affiliates	1	—	17	(10)	8
Long-term debt	1,769	—	—	—	1,769
Deferred income taxes	—	54	283	(53)	284
Total liabilities	1,840	54	21,823	(82)	23,635
Stockholders' equity	5,199	5,888	5,773	(11,661)	5,199
Total liabilities and stockholders' equity	$7,039	$ 5,942	$ 27,596	$ (11,743)	$28,834

Table of Contents

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 2016
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
ASSETS					
Cash and cash equivalents	$248	$ 2	$ 1,605	$ —	$1,855
Cash and investments segregated and on deposit for regulatory purposes	—	—	8,729	—	8,729
Receivable from brokers, dealers and clearing organizations	—	—	1,190	—	1,190
Receivable from clients, net	—	—	11,941	—	11,941
Receivable from affiliates	8	—	138	(40)	106
Investments available-for-sale, at fair value	757	—	—	—	757
Investments in subsidiaries	5,894	5,779	—	(11,673)	—
Goodwill	—	—	2,467	—	2,467
Acquired intangible assets, net	—	146	429	—	575
Other, net	163	21	1,083	(69)	1,198
Total assets	$7,070	$ 5,948	$ 27,582	$ (11,782)	$28,818
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$—	$ —	$ 2,040	$ —	$2,040
Payable to clients	—	—	19,055	—	19,055
Accounts payable and other liabilities	171	—	413	(19)	565
Payable to affiliates	31	—	18	(40)	9
Long-term debt	1,817	—	—	—	1,817
Deferred income taxes	—	54	277	(50)	281
Total liabilities	2,019	54	21,803	(109)	23,767
Stockholders' equity	5,051	5,894	5,779	(11,673)	5,051
Total liabilities and stockholders' equity	$7,070	$ 5,948	$ 27,582	$ (11,782)	$28,818

Table of Contents

CONDENSED CONSOLIDATING STATEMENT OF INCOME
THREE MONTHS ENDED DECEMBER 31, 2016
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
Net revenues	$9	$ —	$ 857	$ (7)	$859
Operating expenses	7	—	506	(7)	506
Operating income	2	—	351	—	353
Other expense	14	—	—	—	14
Income (loss) before income taxes and equity in income of subsidiaries	(12)	—	351	—	339
Provision for (benefit from) income taxes	(5)	1	127	—	123
Income (loss) before equity in income of subsidiaries	(7)	(1)	224	—	216
Equity in income of subsidiaries	223	224	—	(447)	—
Net income	$216	$ 223	$ 224	$ (447)	$216

CONDENSED CONSOLIDATING STATEMENT OF INCOME
THREE MONTHS ENDED DECEMBER 31, 2015
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
	(In millions)				
Net revenues	$4	$ —	$ 813	$ (5)	$812
Operating expenses	4	—	470	(5)	469
Operating income	—	—	343	—	343
Other expense	12	—	—	—	12
Income (loss) before income taxes and equity in income of subsidiaries	(12)	—	343	—	331
Provision for (benefit from) income taxes	(7)	—	126	—	119
Income (loss) before equity in income of subsidiaries	(5)	—	217	—	212
Equity in income of subsidiaries	217	217	—	(434)	—
Net income	$212	$ 217	$ 217	$ (434)	$212

Table of Contents

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED DECEMBER 31, 2016
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
	(In millions)			
Net cash provided by (used in) operating activities	$(114)	$ —	$ 24	$(90)
Cash flows from investing activities:				
Purchase of property and equipment	—	—	(29)	(29)
Net cash used in investing activities	—	—	(29)	(29)
Cash flows from financing activities:				
Payment of cash dividends	(95)	—	—	(95)
Purchase of treasury stock for income tax withholding on stock-based compensation	(11)	—	—	(11)
Other	32	—	—	32
Net cash used in financing activities	(74)	—	—	(74)
Intercompany investing and financing activities, net	230	—	(230)	—
Net increase (decrease) in cash and cash equivalents	42	—	(235)	(193)
Cash and cash equivalents at beginning of period	248	2	1,605	1,855
Cash and cash equivalents at end of period	$290	$ 2	$ 1,370	$1,662

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED DECEMBER 31, 2015
(Unaudited)

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
	(In millions)			
Net cash provided by (used in) operating activities	$(55)	$ —	$ 206	$151
Cash flows from investing activities:				
Purchase of property and equipment	—	—	(43)	(43)
Purchase of short-term investments	(201)	—	—	(201)
Net cash used in investing activities	(201)	—	(43)	(244)
Cash flows from financing activities:				
Payment of cash dividends	(91)	—	—	(91)
Purchase of treasury stock	(38)	—	—	(38)
Purchase of treasury stock for income tax withholding on stock-based compensation	(27)	—	—	(27)
Other, net	6	—	—	6
Net cash used in financing activities	(150)	—	—	(150)
Intercompany investing and financing activities, net	175	—	(175)	—
Net decrease in cash and cash equivalents	(231)	—	(12)	(243)
Cash and cash equivalents at beginning of period	920	2	1,056	1,978
Cash and cash equivalents at end of period	$689	$ 2	$ 1,044	$1,735

Table of Contents

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

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

This discussion contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar words or expressions. In particular, forward-looking statements contained in this discussion include our expectations regarding: the effect of client trading activity on our results of operations; the effect of changes in interest rates on our net interest spread; our effective income tax rate; our capital and liquidity needs and our plans to finance such needs; and our clearinghouse deposit requirements.

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

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

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

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

GLOSSARY OF TERMS

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

Asset-based revenues — Revenues consisting of (1) insured deposit account fees, (2) net interest revenue and (3) investment product fees. The primary factors driving our asset-based revenues are average balances and average rates. Average balances consist primarily of average client insured deposit account balances, average client margin

balances, average segregated cash balances, average client credit balances, average fee-based investment balances and average securities borrowing and securities lending balances. Average rates consist of the average interest rates and fees earned and paid on such balances.

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

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

Table of Contents

Basis point — When referring to interest rates, one basis point represents one one-hundredth of one percent.
Beneficiary accounts — Brokerage accounts managed by a custodian, guardian, conservator or trustee on behalf of one or more beneficiaries. Examples include accounts maintained under the Uniform Gift to Minors Act (UGMA) or Uniform Transfer to Minors Act (UTMA), guardianship, conservatorship and trust arrangements and pension or profit plan for small business accounts.
Brokerage accounts — Accounts maintained by the Company on behalf of clients for securities brokerage activities. The primary types of brokerage accounts are cash accounts, margin accounts, IRA accounts and beneficiary accounts. Futures accounts are sub-accounts associated with a brokerage account for clients who want to trade futures and/or options on futures. Forex accounts are sub-accounts associated with a brokerage account for clients who want to engage in foreign exchange trading.
Cash accounts — Brokerage accounts that do not have margin account approval.
Client assets — The total value of cash and securities in brokerage accounts.
Client cash and money market assets — The sum of all client cash balances, including client credit balances and client cash balances swept into insured deposit accounts or money market mutual funds.
Client credit balances — Client cash held in brokerage accounts, excluding balances generated by client short sales on which no interest is paid. Interest paid on client credit balances is a reduction of net interest revenue. Client credit balances are included in "payable to clients" on our financial statements.
Client margin balances — The total amount of cash loaned to clients in margin accounts. Such loans are secured by client assets. Interest earned on client margin balances is a component of net interest revenue. Client margin balances are included in "receivable from clients, net" on our financial statements.
Consolidated duration — The weighted average remaining years until maturity of our spread-based assets. For purposes of this calculation, floating rate balances are treated as having a one-month duration. Consolidated duration is used in analyzing our aggregate interest rate sensitivity.
Daily average revenue trades ("DARTs") — Total trades divided by the number of trading days in the period. This metric is also known as average client trades per day.
EBITDA — EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-GAAP financial measure. We consider EBITDA to be an important measure of our financial performance and of our ability to generate cash flows to service debt, fund capital expenditures and fund other corporate investing and financing activities. EBITDA is used as the denominator in the consolidated leverage ratio calculation for covenant purposes under our senior revolving credit facility. EBITDA eliminates the non-cash effect of tangible asset depreciation and amortization and intangible asset amortization. EBITDA should be considered in addition to, rather than as a substitute for, GAAP pre-tax income, net income and cash flows from operating activities.
Fee-based investment balances — Client assets invested in money market mutual funds, other mutual funds and Company programs such as AdvisorDirect® and Selective Portfolios® (formerly known as Amerivest®), on which we earn fee revenues. Fee revenues earned on these balances are included in investment product fees on our financial statements.
Forex accounts - Sub-accounts maintained by the Company on behalf of clients for foreign exchange trading. Each forex account must be associated with a brokerage account. Forex accounts are not counted separately for purposes of the Company's client account metrics.
Funded accounts — All open client accounts with a total liquidation value greater than zero.
Futures accounts — Sub-accounts maintained by the Company on behalf of clients for trading in futures and/or options on futures. Each futures account must be associated with a brokerage account. Futures accounts are not counted separately for purposes of the Company's client account metrics.
Insured deposit account — The Company is party to an Insured Deposit Account ("IDA") agreement with TD Bank USA, N.A. ("TD Bank USA"), TD Bank, N.A. and The Toronto-Dominion Bank ("TD"). Under the IDA agreement, TD Bank USA and TD Bank, N.A. (together, the "TD Depository Institutions") make available to clients of the Company FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. The Company provides marketing, recordkeeping and support services for the TD Depository Institutions with respect to the money market deposit accounts. In exchange for providing these services, the TD Depository

Institutions pay the Company an aggregate marketing fee based on the weighted average yield earned on the client IDA assets, less the actual interest paid to clients, a servicing fee to the TD Depository Institutions and the cost of FDIC insurance premiums.

Interest-earning assets — Consist of client margin balances, segregated cash, deposits paid on securities borrowing and other cash and interest-earning investment balances.

Interest rate-sensitive assets — Consist of spread-based assets and client cash invested in money market mutual funds.

Table of Contents

Investment product fees — Revenues earned on fee-based investment balances. Investment product fees include fees earned on money market mutual funds, other mutual funds and through Company programs such as AdvisorDirect® and Selective Portfolios®.

IRA accounts (Individual Retirement Arrangements) — A personal trust account for the exclusive benefit of a U.S. individual (or his or her beneficiaries) that provides tax advantages in accumulating funds to save for retirement or other qualified purposes. These accounts are subject to numerous restrictions on additions to and withdrawals from the account, as well as prohibitions against certain investments or transactions conducted within the account. The Company offers traditional, Roth, Savings Incentive Match Plan for Employees (SIMPLE) and Simplified Employee Pension (SEP) IRA accounts.

Liquid assets available for corporate investing and financing activities — Liquid assets available for corporate investing and financing activities is a non-GAAP financial measure. We consider liquid assets available for corporate investing and financing activities to be an important measure of our liquidity. We define liquid assets available for corporate investing and financing activities as the sum of (a) corporate cash and cash equivalents and investments, excluding amounts being maintained to provide liquidity for operational contingencies, including lending to our broker-dealer and futures commission merchant ("FCM")/forex dealer member ("FDM") subsidiaries under intercompany credit agreements and (b) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 10% of aggregate debit items and (ii) our introducing broker-dealer subsidiary in excess of a minimum operational target established by management ($50 million in the case of our introducing broker-dealer, TD Ameritrade, Inc.). We include the excess capital of our broker-dealer subsidiaries in the calculation of liquid assets available for corporate investing and financing activities, 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 (b) above, is generally available for dividend from the broker-dealer subsidiaries to the parent company. Liquid assets available for corporate investing and financing activities is based on more conservative measures of broker-dealer net capital than regulatory requirements because we generally manage to higher levels of net capital at the broker-dealer subsidiaries than the regulatory thresholds require. Liquid assets available for corporate investing and financing activities should be considered as a supplemental measure of liquidity, rather than as a substitute for cash and cash equivalents.

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

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

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

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

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

Net interest revenue — Net interest revenue is interest revenues less brokerage interest expense. Interest revenues are generated by charges to clients on margin balances maintained in margin accounts, the investment of cash from

operations and segregated cash and interest earned on securities borrowing/securities lending. Brokerage interest expense consists of amounts paid or payable to clients based on credit balances maintained in brokerage accounts and interest incurred on securities borrowing/securities lending. Brokerage interest expense does not include interest on Company non-brokerage borrowings.

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

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

Table of Contents

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.
Spread-based assets — Client and brokerage-related asset balances, consisting of insured deposit account balances and interest-earning assets. Spread-based assets is used in the calculation of our net interest margin and our consolidated duration.
Total trades — Revenue-generating client securities trades, which are executed by the Company's broker-dealer and FCM/FDM subsidiaries. Total trades are a significant source of the Company's revenues. Such trades include, but are not limited to, trades in equities, options, futures, foreign exchange, mutual funds and debt instruments. Trades generate revenue from commissions, markups on riskless principal transactions in fixed income securities, transaction fees and/or order routing revenue.
Trading days — Days in which the U.S. equity markets are open for a full trading session. Reduced exchange trading sessions are treated as half trading days.
Transaction-based revenues — Revenues generated from client trade execution, consisting primarily of commissions, markups on riskless principal transactions in fixed income securities, transaction clearing fees and order routing revenue.

RESULTS OF OPERATIONS

Conditions in the U.S. equity markets significantly impact the volume of our clients' trading activity. There is a strong relationship between the volume of our clients' trading activity and our results of operations. We cannot predict future trading volumes in the U.S. equity markets. If client trading activity increases, we generally expect that it would have a positive impact on our results of operations. If client trading activity declines, we expect that it would have a negative impact on our results of operations.
Changes in average balances, especially client insured deposit account, margin, credit and mutual fund balances, may significantly impact our results of operations. Changes in interest rates also significantly impact our results of operations. We seek to mitigate interest rate risk by aligning the average duration of our interest-earning assets with that of our interest-bearing liabilities. We cannot predict the direction of interest rates or the levels of client balances. If interest rates rise, we generally expect to earn a larger net interest spread. Conversely, a falling interest rate environment generally would result in our earning a smaller net interest spread.

Financial Performance Metrics

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

Table of Contents

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

	Three months ended December 31,					
	2016			2015		
	$	% of Net Revenues		$	% of Net Revenues	
Net income - GAAP	$216	25.1	%	$212	26.1	%
Add:						
Depreciation and amortization	24	2.8	%	22	2.7	%
Amortization of acquired intangible assets	19	2.2	%	22	2.7	%
Interest on borrowings	14	1.6	%	12	1.5	%
Provision for income taxes	123	14.3	%	119	14.7	%
EBITDA - non-GAAP	$396	46.1	%	$387	47.7	%

Our net income increased 2% for the first quarter of fiscal 2017 compared to the first quarter of the prior year, primarily due to an increase in net revenues, partially offset by increases in operating expenses, interest on borrowings and income taxes. Detailed analysis of net revenues and expenses is presented later in this discussion.

Our EBITDA increased 2% for the first quarter of fiscal 2017 compared to the first quarter of the prior year, primarily due to an increase in net revenues, partially offset by an increase in operating expenses excluding depreciation and amortization.

Our diluted earnings per share increased 5% to $0.41 for the first quarter of fiscal 2017 compared to $0.39 for the first quarter of the prior year, primarily due to higher net income and a 2% decrease in the weighted average diluted shares outstanding as a result of our stock repurchase programs.

Operating Metrics

Our largest sources of revenues are asset-based revenues and transaction-based revenues. For the first quarter of fiscal 2017, asset-based revenues and transaction-based revenues accounted for 57% and 41% of our net revenues, respectively. Asset-based revenues consist of (1) insured deposit account fees, (2) net interest revenue and (3) investment product fees. The primary factors driving our asset-based revenues are average balances and average rates. Average balances consist primarily of average client insured deposit account balances, average client margin balances, average segregated cash balances, average client credit balances, average fee-based investment balances and average securities borrowing and lending balances. Average rates consist of the average interest rates and fees earned and paid on such balances. The primary factors driving our transaction-based revenues are total client trades and average commissions and transaction fees per trade. We also consider client account and client asset metrics, although we believe they are generally of less significance to our results of operations for any particular period than our metrics for asset-based and transaction-based revenues.

Table of Contents

Asset-Based Revenue Metrics

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

	Three months ended December 31,		Increase/ (Decrease)
	2016	2015	
Average insured deposit account balances	$93,263	$80,345	$12,918
Average interest-earning assets	24,454	22,187	2,267
Average spread-based balances	$117,717	$102,532	$15,185
Insured deposit account fee revenue	$245	$227	$18
Net interest revenue	151	154	(3)
Spread-based revenue	$396	$381	$15
Avg. annualized yield—insured deposit account fees	1.03%	1.10%	(0.07)%
Avg. annualized yield—interest-earning assets	2.42%	2.71%	(0.29)%
Net interest margin (NIM)	1.32%	1.45%	(0.13)%

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

	Interest Revenue (Expense) Three months ended December 31,		Increase/ (Decrease)
	2016	2015	
Segregated cash	$7	$1	$6
Client margin balances	108	111	(3)
Securities lending/borrowing, net	33	41	(8)
Other cash and interest-earning investments	3	1	2
Client credit balances	—	—	—
Net interest revenue	$151	$154	$(3)

	Average Balance Three months ended December 31,		% Change
	2016	2015	
Segregated cash	$8,723	$6,171	41%
Client margin balances	11,898	12,262	(3)%
Securities borrowing	955	784	22%
Other cash and interest-earning investments	2,878	2,970	(3)%
Interest-earning assets	$24,454	$22,187	10%

Client credit balances	$16,106	$14,043	15	%
Securities lending	1,886	2,373	(21	)%
Interest-bearing liabilities	$17,992	$16,416	10	%

Table of Contents

	Avg. Annualized Yield (Cost) Three months ended December 31,		Net Yield Increase/ (Decrease)
	2016	2015	
Segregated cash	0.30 %	0.09 %	0.21 %
Client margin balances	3.56 %	3.54 %	0.02 %
Other cash and interest-earning investments	0.44 %	0.05 %	0.39 %
Client credit balances	(0.01)%	(0.01)%	0.00 %
Net interest revenue	2.42 %	2.71 %	(0.29)%

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

	Fee Revenue Three months ended December 31,		Increase/ (Decrease)
	2016	2015	
Money market mutual fund	$ 3	$ 1	$ 2
Market fee-based investment balances	91	91	—
Total investment product fees	$ 94	$ 92	$ 2

	Average Balance Three months ended December 31,		% Change
	2016	2015	
Money market mutual fund	$3,701	$5,753	(36)%
Market fee-based investment balances	166,749	152,882	9 %
Total fee-based investment balances	$170,450	$158,635	7 %

	Average Annualized Yield Three months ended December 31,		Increase/ (Decrease)
	2016	2015	
Money market mutual fund	0.38%	0.06%	0.32 %
Market fee-based investment balances	0.21%	0.23%	(0.02)%
Total investment product fees	0.22%	0.23%	(0.01)%

Table of Contents

Transaction-Based Revenue Metrics

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

	Three months ended December 31,		% Change
	2016	2015	
Total trades (in millions)	30.43	27.60	10 %
Average client trades per day	486,801	438,108	11 %
Trading days	62.5	63.0	(1)%
Average commissions and transaction fees per trade	$11.65	$11.90	(2)%
Order routing revenue (in millions)	$79	$70	13 %
Average order routing revenue per trade[(1)]	$2.59	$2.54	2 %

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

Client Account and Client Asset Metrics

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

	Three months ended December 31,		% Change
	2016	2015	
Funded accounts (beginning of period)	6,950,000	6,621,000	5 %
Funded accounts (end of period)	7,046,000	6,686,000	5 %
Percentage change during period	1 %	1 %	
Client assets (beginning of period, in billions)	$773.8	$667.4	16 %
Client assets (end of period, in billions)	$797.0	$695.3	15 %
Percentage change during period	3 %	4 %	
Net new assets (in billions)	$18.7	$17.5	7 %
Net new assets annualized growth rate	10 %	10 %	

Table of Contents

Condensed Consolidated Statements of Income Data

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

	Three months ended December 31,		% Change
	2016	2015	
Revenues:			
Transaction-based revenues:			
Commissions and transaction fees	$355	$328	8 %
Asset-based revenues:			
Insured deposit account fees	245	227	8 %
Net interest revenue	151	154	(2)%
Investment product fees	94	92	2 %
Total asset-based revenues	490	473	4 %
Other revenues	14	11	27 %
Net revenues	859	812	6 %
Operating expenses:			
Employee compensation and benefits	214	201	6 %
Clearing and execution costs	36	30	20 %
Communications	35	32	9 %
Occupancy and equipment costs	44	43	2 %
Depreciation and amortization	24	22	9 %
Amortization of acquired intangible assets	19	22	(14)%
Professional services	53	37	43 %
Advertising	57	62	(8)%
Other	24	20	20 %
Total operating expenses	506	469	8 %
Operating income	353	343	3 %
Other expense:			
Interest on borrowings	14	12	17 %
Total other expense	14	12	17 %
Pre-tax income	339	331	2 %
Provision for income taxes	123	119	3 %
Net income	$216	$212	2 %
Other information:			
Effective income tax rate	36.3 %	36.0 %	
Average debt outstanding	$1,749	$1,748	0 %
Effective interest rate incurred on borrowings	3.19 %	2.85 %	

Table of Contents

Three-Month Periods Ended December 31, 2016 and 2015

Net Revenues

Commissions and transaction fees increased 8% to $355 million, primarily due to increased client trading activity, partially offset by lower average commissions and transaction fees per trade. Total trades increased 10%, as average client trades per day increased 11% to 486,801 for the first quarter of fiscal 2017 compared to 438,108 for the first quarter of the prior year. Average commissions and transaction fees per trade decreased to $11.65 for the first quarter of fiscal 2017 from $11.90 for the first quarter of the prior year, primarily due to a lower percentage of option trades, which earn higher average commissions and transaction fees per trade, and a higher percentage of futures trades, which earn somewhat lower average commissions and transaction fees per trade. The decrease in the average rate per trade is also due to a higher percentage of institutional investor trades, which generally earn lower average commissions and transaction fees per trade. Average commissions and transaction fees per trade continue to be negatively impacted by price competition in the industry.

Asset-based revenues, which consists of insured deposit account fees, net interest revenue and investment product fees, increased 4% to $490 million primarily due to a 15% increase in average spread-based assets and a 9% increase in average market fee-based investment balances. These increases were partially offset by a decrease of 13 basis points in net interest margin to 1.32% and a decrease of 2 basis points in the average yield earned on market fee-based investment balances. Net interest margin decreased as the benefit realized on the December 2015 federal funds rate increase was more than offset by a higher percentage of total IDA balances being kept in floating-rate investments, which earn a lower interest rate, a decrease in net interest revenue from our securities borrowing/lending program and the impact of lower average client margin balances, which earn a larger net interest spread. The Federal Open Market Committee increased the target range for the federal funds rate by 0.25% on December 16, 2015 to between 0.25% and 0.50% and increased the target range for the federal funds rate by 0.25% on December 14, 2016 to between 0.50% and 0.75%. We expect asset-based revenues to be favorably impacted by the December 2016 federal funds rate increase primarily due to a steeper LIBOR yield curve. Depending on competitive pricing, we may receive less benefit from future rate increases.

Insured deposit account fees increased 8% to $245 million, primarily due to a 16% increase in average client IDA balances. The increase was partially offset by a decrease of 7 basis points in the average yield earned on the IDA assets. The growth in IDA balances is due to our success in attracting net new client assets and due to our clients' lower net buying activity in the market, resulting in a higher percentage of total client assets being held in cash. The decrease in the average yield is primarily due to the balance growth and maturities of investments within the IDA portfolio being invested at lower rates, as a higher percentage of total IDA balances were being kept in floating-rate investments during the first quarter of fiscal 2017. The decrease in the average yield was also attributable to the FDIC surcharge which began in July 2016. For more information about the IDA agreement, please see Note 13 – RELATED PARTY TRANSACTIONS under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements.

Net interest revenue decreased 2% to $151 million, primarily due to an $8 million decrease in net interest revenue from our securities borrowing/lending program and a 3% decrease in average client margin balances, partially offset by increases in the average yields earned on segregated cash and other cash and interest-earning investment balances as a result of the December 2015 federal funds rate increase. The average yield earned on client margin balances increased to a lesser extent, as the benefit of the December 2015 federal funds rate increase was mostly offset by the impact from clients with larger margin balances with lower negotiated interest rates.

Investment product fees increased 2% to $94 million, primarily due to a 9% increase in average market fee-based investment balances and an increase of 32 basis points in the average yield earned on money market mutual fund balances. These increases were partially offset by a decrease of 2 basis points in the average yield earned on market fee-based investment balances.

Operating Expenses

Total operating expenses increased 8% during the first quarter of fiscal 2017 compared to the first quarter of the prior year.

Employee compensation and benefits increased 6% to $214 million, primarily due to an increase in average headcount related to strategic growth initiatives and additional costs related to organizational changes. The average number of full-time equivalent employees increased to 6,096 for the first quarter of fiscal 2017 compared to 5,774 for the first quarter of the prior year.

Clearing and execution costs increased 20% to $36 million, primarily due to a $5 million benefit from a retroactive fee decrease from a clearinghouse during the first quarter of the prior year.

Professional services increased 43% to $53 million, primarily due to increased usage of consulting and contract services in connection with operational, technology and acquisition-related initiatives and higher costs associated with legal and regulatory matters.

Table of Contents

Advertising expense decreased 8% to $57 million. We generally adjust our level of advertising spending in relation to stock market activity and other market conditions in an effort to maximize the number of new accounts while minimizing the advertising cost per new account. We find that self-directed investors tend to demonstrate more interest in financial products and services during certain times of the year, such as in months immediately preceding the annual April tax filing deadline, and less interest during certain other times, such as the summer months. In addition, in periods when advertising market demand is weak, we may adjust our spending to take advantage of attractive advertising rates.

Income Taxes

Our effective income tax rate was 36.3% for the first quarter of fiscal 2017, compared to 36.0% for the first quarter of the prior year. The effective income tax rate for the first quarter of 2017 included $7 million of favorable resolutions of state income tax matters. This favorably impacted our earnings for the first quarter of fiscal 2017 by approximately one cent per share. The effective tax rate for the first quarter of the prior year included $7 million of net favorable resolutions of state income tax matters and $2 million of net favorable adjustments to uncertain tax positions and related deferred income tax assets. These items had a net favorable impact on our earnings for the first quarter of the prior year of approximately two cents per share. We expect our effective income tax rate to range from 37% to 38% for the remainder of fiscal 2017, excluding the effect of any adjustments related to remeasurement or resolution of uncertain tax positions and federal incentives. However, we expect to experience some volatility in our quarterly and annual effective income tax rate because current accounting rules for uncertain tax positions require that any change in measurement of a tax position taken in a prior tax year be recognized as a discrete event in the period in which the change occurs.

LIQUIDITY AND CAPITAL RESOURCES

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

We have historically financed our liquidity and capital needs primarily through the use of funds generated from subsidiary operations and from borrowings under our credit agreements. We have also issued common stock and long-term debt to finance mergers and acquisitions and for other corporate purposes. Our liquidity needs during the first quarter of fiscal 2017 were financed primarily from our subsidiaries' earnings and cash on hand. We plan to finance our ordinary capital and liquidity needs during the remainder of fiscal 2017 primarily from our subsidiaries' earnings, cash on hand and borrowings. During fiscal 2017, we plan to return approximately 40% of our net income excluding amortization of intangible assets to our stockholders through cash dividends. We returned $95 million, or approximately 42% of net income excluding amortization of intangible assets, to our stockholders during the first quarter of fiscal 2017 through cash dividends. For more information about our dividends, see "Cash Dividends" later in this section.

We intend to fund the acquisition of Scottrade with new common equity, cash on hand and debt financing. The Scottrade acquisition is expected to close by September 30, 2017. For further information about the Scottrade acquisition, please see Note 2 — BUSINESS ACQUISITION under Item 1, Financial Statements — Notes to Condensed Consolidated Financial Statements.

The Parent may make loans of cash or securities under committed and uncommitted lines of credit with each of its primary broker-dealer and FCM/FDM subsidiaries in order to provide liquidity for operational contingencies. Liquidity for operational contingencies could be used to fund increases in our subsidiaries' deposit requirements with clearinghouses, and to provide operating liquidity for client trading and investing activity in the normal course of business and during times of market volatility. Committed facilities of $773 million and uncommitted facilities of $600 million were available to the Parent's primary broker-dealer and FCM/FDM subsidiaries as of December 31, 2016. For more information about these credit agreements, see "Loan Facilities — Intercompany Credit Agreements" later in this section.

Dividends from our subsidiaries are an important source of liquidity for the parent company. Some of our subsidiaries are subject to requirements of the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA"), the Commodity Futures Trading Commission ("CFTC"), the National Futures Association

("NFA") and other regulators relating to liquidity, capital standards and the use of client funds and securities, which may limit funds available for the payment of dividends to the parent company.

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

Our broker-dealer and FCM/FDM subsidiaries are subject to regulatory requirements that are intended to ensure their liquidity and general financial soundness. Under the SEC's Uniform Net Capital Rule (Rule 15c3-1 under the Securities Exchange Act of 1934, or the "Exchange Act"), our broker-dealer subsidiaries are required to maintain, at all times, at least the minimum level of net capital required under Rule 15c3-1. For our clearing broker-dealer subsidiary, this minimum net capital level is determined by a calculation described in Rule 15c3-1 that is primarily based on the broker-dealer's "aggregate debits," which primarily are a

Table of Contents

function of client margin balances at the clearing broker-dealer. Since our aggregate debits may fluctuate significantly, our minimum net capital requirements may also fluctuate significantly from period to period. The parent company may make cash capital contributions to our broker-dealer and FCM/FDM subsidiaries, if necessary, to meet minimum net capital requirements.

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

The following tables summarize our broker-dealer and FCM/FDM subsidiaries' net capital and adjusted net capital, respectively, as of December 31, 2016 (dollars in millions):

	Net Capital	Early Warning Threshold	Net Capital in Excess of Early Warning Threshold
TD Ameritrade Clearing, Inc.	$ 1,768	$ 724	$ 1,044
TD Ameritrade, Inc.	$ 215	$ 0.3	$ 215

	Adjusted Net Capital	Early Warning Threshold	Adjusted Net Capital in Excess of Early Warning Threshold
TD Ameritrade Futures & Forex LLC	$ 122	$ 24	$ 98

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

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

TDAC is subject to cash deposit and collateral requirements with clearinghouses such as the Depository Trust & Clearing Corporation ("DTCC") and the OCC, which may fluctuate significantly from time to time based on the nature and size of our clients' trading activity. TDAC had $302 million and $335 million of cash and investments deposited with clearing organizations for the clearing of client equity and option trades as of December 31, 2016 and September 30, 2016, respectively. The largest amount of TDAC cash and investments ever deposited with clearing organizations was approximately $714 million, which occurred in October 2015.

TDAC's liquidity needs relating to client trading and margin borrowing are met primarily through cash balances in client brokerage accounts and lending of client margin securities. Cash balances in client brokerage accounts were $18.6 billion and $18.7 billion as of December 31, 2016 and September 30, 2016, respectively. Cash balances in client brokerage accounts not used for client trading and margin borrowing activity are not generally available for other liquidity purposes and must be segregated for the exclusive benefit of clients under Rule 15c3-3 of the Exchange Act. TDAC had $8.9 billion and $8.4 billion of cash and investments segregated in special reserve bank accounts for the exclusive benefit of clients under Rule 15c3-3 as of December 31, 2016 and September 30, 2016, 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 – TD Ameritrade Clearing, Inc. Credit Agreement later in this section. There were no borrowings outstanding on this facility as of December 31, 2016 and September 30, 2016.

In addition, we have established intercompany credit agreements under which the broker-dealer and FCM/FDM subsidiaries may borrow from the parent company. The intercompany credit agreement with TDAC provides for a committed revolving loan facility of $700 million and an uncommitted revolving loan facility of $300 million. The intercompany credit agreements are described

Table of Contents

under Loan Facilities – Intercompany Credit Agreements later in this section. There were no borrowings outstanding under any of the intercompany credit agreements as of December 31, 2016 and September 30, 2016.

Liquid Assets Available for Corporate Investing and Financing Activities

We consider "liquid assets available for corporate investing and financing activities" to be an important measure of our liquidity. Liquid assets available for corporate investing and financing activities is considered a non-GAAP financial measure. We include the excess capital of our broker-dealer subsidiaries in the calculation of liquid assets available for corporate investing and financing activities, 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 below, is generally available for dividend from the broker-dealer subsidiaries to the parent company. Liquid assets available for corporate investing and financing activities should be considered as a supplemental measure of liquidity, rather than as a substitute for cash and cash equivalents.

We define liquid assets available for corporate investing and financing activities as the sum of (a) corporate cash and cash equivalents and investments, excluding amounts being maintained to provide liquidity for operational contingencies, including lending to our broker-dealer and FCM/FDM subsidiaries under intercompany credit agreements and (b) regulatory net capital of (i) our clearing broker-dealer subsidiary in excess of 10% of aggregate debit items and (ii) our introducing broker-dealer subsidiary in excess of a minimum operational target established by management ($50 million in the case of our introducing broker-dealer, TD Ameritrade, Inc.). Liquid assets available for corporate investing and financing activities is based on more conservative measures of broker-dealer net capital than regulatory requirements because we generally manage to higher levels of net capital at the broker-dealer subsidiaries than the regulatory thresholds require.

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

	Dec. 31, 2016	Sept. 30, 2016	Change
Cash and cash equivalents - GAAP	$1,662	$1,855	$(193)
Less: Non-corporate cash and cash equivalents	(1,220)	(1,395)	175
Corporate cash and cash equivalents	442	460	(18)
Corporate investments	747	757	(10)
Less: Corporate liquidity maintained for operational contingencies	(773)	(773)	—
Excess corporate cash and cash equivalents and investments	416	444	(28)
Excess broker-dealer regulatory net capital	485	369	116
Liquid assets available for corporate investing and financing activities - non-GAAP	$901	$813	$88

Table of Contents

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

Liquid assets available for corporate investing and financing activities as of September 30, 2016	$813
Plus: EBITDA[1]	396
Proceeds from exercise of stock options	23
Change in net capital related to daily futures client cash sweep	18
Less: Income taxes paid	(99)
Payment of cash dividends	(95)
Purchase of property and equipment	(29)
Interest paid	(19)
Purchase of treasury stock for income tax withholding on stock-based compensation	(11)
Additional net capital requirement due to increase in aggregate debits	(9)
Other changes in working capital and regulatory net capital	(87)
Liquid assets available for corporate investing and financing activities as of December 31, 2016	$901

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

Loan Facilities

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

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

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

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

The interest rate swaps effectively change the fixed-rate interest on the 2019 Notes and 2025 Notes to variable-rate interest. Under the terms of the interest rate swap agreements, we receive semi-annual fixed-rate interest payments based on the same rates applicable to the Senior Notes, and make quarterly variable-rate interest payments based on three-month LIBOR plus (a) 2.3745% for the swap on the 2019 Notes and (b) 1.1022% for the swap on the 2025 Notes. As of December 31, 2016, the weighted average effective interest rate on the aggregate principal balance of the 2019 Notes and 2025 Notes was 2.63%.

TD Ameritrade Holding Corporation Credit Agreement – The Parent has access to a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the "Parent Revolving Facility"). The maturity date of the Parent Revolving Facility is June 11, 2019. There were no borrowings outstanding under the Parent Revolving Facility as of December 31, 2016.

TD Ameritrade Clearing, Inc. Credit Agreement – TDAC has access to a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the "TDAC Revolving Facility"). The maturity date of the TDAC Revolving Facility is June 11, 2019. There were no borrowings outstanding under the TDAC Revolving Facility as of December 31, 2016.

Table of Contents

Intercompany Credit Agreements – The Parent has entered into credit agreements with each of its primary broker-dealer and FCM/FDM subsidiaries, under which the Parent may make loans of cash or securities under committed and uncommitted lines of credit as summarized in the table below (dollars in millions):

Borrower Subsidiary	Committed Facility	Uncommitted Facility[(1)]	Termination Date
TD Ameritrade Clearing, Inc.	$700	$300	March 1, 2022
TD Ameritrade, Inc.	$50	$300	March 1, 2022
TD Ameritrade Futures & Forex LLC	$22.5	N/A	August 11, 2021

(1) The Parent is permitted, but under no obligation, to make loans under uncommitted facilities.

There were no borrowings outstanding under any of the intercompany credit agreements as of December 31, 2016.

Stock Repurchase Program

On November 20, 2015, our board of directors authorized the repurchase of up to 30 million shares of our common stock. As of December 31, 2016, we had approximately 26 million shares remaining under this stock repurchase authorization. We have suspended further repurchases under our current stock repurchase authorization until after the completion of the Scottrade acquisition.

Cash Dividends

We declared an $0.18 per share quarterly cash dividend on our common stock during each of the first and second quarters of fiscal 2017. We paid $95 million in cash dividends during the first quarter of fiscal 2017. We expect to pay the second quarter dividend of $95 million on February 15, 2017.

CONTRACTUAL OBLIGATIONS

The following item constitutes a material change in our contractual obligations outside the ordinary course of business since September 30, 2016:

On October 24, 2016, we entered into an Agreement and Plan of Merger to acquire Scottrade in a cash and equity transaction valued at $4 billion. The transaction will take place in two, consecutive steps. First, and as a condition precedent to our acquisition of Scottrade, TD will purchase Scottrade Bank from Scottrade for $1.3 billion, subject to closing adjustments. Additionally, we expect TD to purchase $400 million in new common equity, or approximately 11 million shares, from us in connection with the planned transaction. Immediately following TD's acquisition of Scottrade Bank, we will acquire Scottrade for $4 billion less the proceeds from the sale of Scottrade Bank, which is subject to closing adjustments. We intend to fund the acquisition of Scottrade with $1 billion in new common equity, or approximately 28 million shares, issued to Scottrade shareholders, cash on hand, proceeds from the sale of our common stock to TD, as described above, and debt financing. The transaction is subject to regulatory approvals and customary closing conditions and is expected to close by September 30, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

We enter into guarantees and other off-balance sheet arrangements in the ordinary course of business, primarily to meet the needs of our clients and to manage our asset-based revenues. For information on these arrangements, see the following sections under Item 1, Financial Statements – Notes to Condensed Consolidated Financial Statements: "General Contingencies" and "Guarantees" under Note 8 – COMMITMENTS AND CONTINGENCIES and "Insured Deposit Account Agreement" under Note 13 – RELATED PARTY TRANSACTIONS. The IDA agreement accounts for a significant percentage of our net revenues (29% of our net revenues for the first quarter of fiscal 2017) and enables our clients to invest in an FDIC-insured deposit product without the need for the Company to establish the significant levels of capital that would be required to maintain our own bank charter.

WEBSITES AND SOCIAL MEDIA DISCLOSURE

From time to time, the Company may use its website and/or Twitter as distribution channels of material information. The Company's Code of Business Conduct and Ethics, financial data and other important information regarding the Company is routinely accessible through and posted on the Company's website at www.amtd.com and its Twitter account @TDAmeritradePR. We ask that interested parties visit or subscribe to newsfeeds at www.amtd.com/newsroom to automatically receive email alerts and other information, including the most up-to-date corporate financial information, presentation announcements, transcripts and archives. The website to access the Company's Twitter account is https://twitter.com/TDAmeritradePR. Website links provided in this report, although

correct when published, may change in the future. We make available free of charge on our website at www.amtd.com/investor-

Table of Contents

relations/sec-filings/ our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after we electronically file such material with or furnish it to the SEC. Our SEC filings are also available on the SEC's website at http://www.sec.gov/.

Item 3. – Quantitative and Qualitative Disclosures About Market Risk

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

Market-related Credit Risk

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

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

Interest Rate Risk

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

Our most prevalent form of interest rate risk is referred to as "gap" risk. This risk occurs when the interest rates we earn on our assets change at a different frequency or amount than the interest rates we pay on our liabilities. For example, in the current low interest rate environment, sharp increases in short-term interest rates could result in net interest spread compression if the yields paid on interest-bearing client balances were to increase faster than our earnings on interest-earning assets. We seek to mitigate interest rate risk by aligning the average duration of our interest-earning assets with that of our interest-bearing liabilities. As of December 31, 2016, our consolidated duration was 2.0 years. We have an Asset/Liability Committee as the governance body with the responsibility of managing interest rate risk, including gap risk.

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

The simulations assume that the asset and liability structure of our Condensed Consolidated Balance Sheet and the IDA arrangement would not be changed as a result of a simulated change in interest rates. The results of the simulations based on our financial position as of December 31, 2016 indicate that a gradual 1% (100 basis points) increase in interest rates over a 12-month period would result in a range of approximately $60 million to $120 million higher pre-tax income and a gradual 1% (100 basis points) decrease in interest rates over a 12-month period would result in a range of approximately $110 million to $120 million lower pre-tax income, depending largely on the extent and timing of possible increases in payment rates on client cash balances and interest rates charged on client margin balances. The results of the simulations reflect the fact that short-term interest rates remain at historically low levels despite the increase in the federal funds target range to 0.50% to 0.75% as directed by the Federal Open Market Committee in December 2016.

Table of Contents

Other Market Risks

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

Item 4. – Controls and Procedures

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2016. Management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

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

Part II – OTHER INFORMATION

Item 1. – Legal Proceedings

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

Item 1A. – Risk Factors

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

There have been no material changes from the risk factors disclosed in the Company's Form 10-K for the fiscal year ended September 30, 2016.

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
October 1, 2016 – October 31, 2016	12,772	$ 35.71	—	25,979,986
November 1, 2016 – November 30, 2016	180,335	$ 40.87	—	25,979,986
December 1, 2016 – December 31, 2016	83,746	$ 43.47	—	25,979,986
Total – Three months ended December 31, 2016	276,853	$ 41.42	—	25,979,986

On November 20, 2015, our board of directors authorized the repurchase of up to 30 million shares of our common stock. We disclosed this authorization on November 20, 2015 in our annual report on Form 10-K. This program was the only stock repurchase program in effect and no programs expired during the first quarter of fiscal 2017.

During the quarter ended December 31, 2016, 276,853 shares were repurchased from employees for income tax withholding in connection with distributions of stock-based compensation.

Item 6. – Exhibits

2.1^	Agreement and Plan of Merger, dated as of October 24, 2016, by and among Scottrade Financial Services, Inc., Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012, TD Ameritrade Holding Corporation and Alto Acquisition Corp. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on October 28, 2016)

Table of Contents

3.1	Amended and Restated Certificate of Incorporation of TD Ameritrade Holding Corporation, dated January 24, 2006 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on January 27, 2006)
3.2	Amended and Restated By-Laws of TD Ameritrade Holding Corporation, effective February 12, 2014 (incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on February 19, 2014)
4.1	Form of Certificate for Common Stock (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A filed on September 5, 2002)
4.2	First Supplemental Indenture, dated November 25, 2009, among TD Ameritrade Holding Corporation, TD Ameritrade Online Holdings Corp., as guarantor, and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on November 25, 2009)
4.3	Form of 5.600% Senior Note due 2019 (included in Exhibit 4.2)
4.4	Indenture, dated October 22, 2014, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on October 23, 2014)
4.5	Form of 3.625% Senior Note due 2025 (included in Exhibit 4.4)
4.6	Supplemental Indenture, dated October 22, 2014, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 of the Company's Form 8-K filed on October 23, 2014)
4.7	Second Supplemental Indenture, dated March 9, 2015, between TD Ameritrade Holding Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on March 9, 2015)
4.8	Form of 2.950% Senior Note due 2022 (included in Exhibit 4.7)
10.1	Separation and Release of Claims Agreement, dated September 22, 2016, between Fredric J. Tomczyk and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K filed on November 18, 2016)
10.2	Separation Agreement and Release of Claims, dated August 1, 2016, between Marvin W. Adams and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.15 of the Company's Annual Report on Form 10-K filed on November 18, 2016)
10.3	Form of Performance-Based Restricted Stock Unit Agreement for Tim Hockey
10.4	Form of Performance-Based Restricted Stock Unit Agreement for Employees
10.5	Letter Agreement, dated as of October 24, 2016, by and among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and TD Luxembourg International Holdings S.à.r.l. (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on October 28, 2016)
10.6	

	Subscription Agreement, dated as of October 24, 2016, by and among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and TD Luxembourg International Holdings S.à.r.l. (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on October 28, 2016)
10.7	Amendment No. 1, dated as of October 24, 2016, to the Insured Deposit Account Agreement by and among TD Bank USA, N.A., TD Bank, N.A., TD Ameritrade, Inc., TD Ameritrade Clearing, Inc., TD Ameritrade Trust Company and solely for purposes of Sections 7(b), 14 and 15(c), The Toronto-Dominion Bank, effective as of January 1, 2013 (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed on October 28, 2016)
15.1	Awareness Letter of Independent Registered Public Accounting Firm
31.1	Certification of Tim Hockey, Principal Executive Officer, as required pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
31.2	Certification of Stephen J. Boyle, Principal Financial Officer, as required pursuant to Section 302 of the Sarbanes - Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Form of Registration Rights Agreement, by and among TD Ameritrade Holding Corporation, Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012, The Toronto-Dominion Bank and the other stockholders described therein (incorporated by reference to Exhibit 99.1 of the Company's Form 8-K filed on October 28, 2016)
99.2	Form of Stockholders Agreement by and among TD Ameritrade Holding Corporation and Rodger O. Riney, as Voting Trustee of the Rodger O. Riney Family Voting Trust U/A/D 12/31/2012 (incorporated by reference to Exhibit 99.2 of the Company's Form 8-K filed on October 28, 2016)

Table of Contents

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation

101.LAB XBRL Taxonomy Extension Label

101.PRE XBRL Taxonomy Extension Presentation

101.DEF XBRL Taxonomy Extension Definition

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

Table of Contents

Signatures

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

Dated: February 6, 2017

TD Ameritrade Holding Corporation
(Registrant)

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

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