INTL FCSTONE INC.
Form 10-Q
February 09, 2016
Table of Contents

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, 2015

OR

o 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 000-23554

INTL FCStone Inc.
(Exact name of registrant as specified in its charter)

Delaware	59-2921318
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

708 Third Avenue, Suite 1500
New York, NY 10017
(Address of principal executive offices) (Zip Code)
(212) 485-3500
(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or 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	o	Accelerated filer	x
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o

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

As of February 5, 2016, there were 19,078,079 shares of the registrant’s common stock outstanding.

Table of Contents

INTL FCStone Inc.
Quarterly Report on Form 10-Q for the Quarterly Period Ended December 31, 2015
Table Of Contents

		Page
Part I. FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Income Statements	2
	Condensed Consolidated Statements of Comprehensive Income	3
	Condensed Consolidated Cash Flows Statements	4
	Condensed Consolidated Statement of Stockholders' Equity	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	41
Item 4.	Controls and Procedures	43
Part II. OTHER INFORMATION		
Item 1.	Legal Proceedings	43
Item 1A.	Risk Factors	43
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	44
Item 6.	Exhibits	44
Signatures		44

Table of Contents

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
INTL FCStone Inc.
Condensed Consolidated Balance Sheets

(in millions, except par value and share amounts)	December 31, 2015 (Unaudited)	September 30, 2015
ASSETS		
Cash and cash equivalents	$ 274.3	$ 268.1
Cash, securities and other assets segregated under federal and other regulations (including $523.5 and $515.5 at fair value at December 31, 2015 and September 30, 2015, respectively)	795.9	756.9
Securities purchased under agreements to resell	334.3	325.3
Deposits and receivables from:		
Exchange-clearing organizations (including $1,117.8 and $1,009.4 at fair value at December 31, 2015 and September 30, 2015, respectively)	1,586.9	1,533.5
Broker-dealers, clearing organizations and counterparties (including $(41.5) and $(52.9) at fair value at December 31, 2015 and September 30, 2015, respectively)	208.9	277.6
Receivables from customers, net	156.1	217.3
Notes receivable, net	88.1	78.4
Income taxes receivable	7.7	10.6
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of $293.0 and $170.7 at December 31, 2015 and September 30, 2015, respectively)	1,563.2	1,421.9
Physical commodities inventory (including precious metals of $9.6 and $15.2 at fair value at December 31, 2015 and September 30, 2015, respectively)	47.9	32.8
Deferred income taxes, net	30.9	28.2
Property and equipment, net	24.0	19.7
Goodwill and intangible assets, net	57.7	58.1
Other assets	41.4	41.6
Total assets	$ 5,217.3	$ 5,070.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including $3.5 and $3.3 at fair value at December 31, 2015 and September 30, 2015, respectively)	$ 108.9	$ 144.8
Payables to:		
Customers	2,606.1	2,593.5
Broker-dealers, clearing organizations and counterparties (including $0.3 and $1.6 at fair value at December 31, 2015 and September 30, 2015)	86.3	262.9
Lenders under loans	140.9	41.6
Senior unsecured notes	45.5	45.5
Income taxes payable	5.1	9.0
Payables under repurchase agreements	1,138.9	1,007.3
Financial instruments sold, not yet purchased, at fair value	681.9	568.3
Total liabilities	4,813.6	4,672.9
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, $0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding	—	—

Common stock, $0.01 par value. Authorized 30,000,000 shares; 20,427,977 issued and 19,056,135 outstanding at December 31, 2015 and 20,184,556 issued and 18,812,803 outstanding at September 30, 2015	0.2	0.2
Common stock in treasury, at cost - 1,371,753 shares at December 31, 2015 and September 30, 2015, respectively	(26.8)	(26.8)
Additional paid-in capital	244.0	240.8
Retained earnings	209.2	200.4
Accumulated other comprehensive loss, net	(22.9)	(17.5)
Total stockholders' equity	403.7	397.1
Total liabilities and stockholders' equity	$ 5,217.3	$ 5,070.0

See accompanying notes to condensed consolidated financial statements.

1

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Income Statements
(Unaudited)

(in millions, except share and per share amounts)	Three Months Ended December 31, 2015	2014
Revenues:		
Sales of physical commodities	$3,252.6	$13,494.3
Trading gains, net	79.7	70.3
Commission and clearing fees	49.1	49.5
Consulting and management fees	9.7	10.4
Interest income	8.7	3.1
Other income	0.1	0.1
Total revenues	3,399.9	13,627.7
Cost of sales of physical commodities	3,248.6	13,490.2
Operating revenues	151.3	137.5
Transaction-based clearing expenses	29.8	29.4
Introducing broker commissions	12.8	12.2
Interest expense	6.0	2.7
Net operating revenues	102.7	93.2
Compensation and other expenses:		
Compensation and benefits	63.1	56.4
Communication and data services	7.9	6.7
Occupancy and equipment rental	3.3	3.1
Professional fees	2.9	3.3
Travel and business development	3.2	2.8
Depreciation and amortization	1.9	1.9
Bad debts	2.0	—
Other	6.3	5.4
Total compensation and other expenses	90.6	79.6
Income before tax	12.1	13.6
Income tax expense	3.3	4.2
Net income	$8.8	$9.4
Earnings per share:		
Basic	$0.47	$0.50
Diluted	$0.46	$0.49
Weighted-average number of common shares outstanding:		
Basic	18,648,150	18,515,528
Diluted	18,991,903	18,762,029

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended December 31,	
(in millions)	2015	2014
Net income	$8.8	$9.4
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(5.6)	(0.3)
Pension liabilities adjustment	(0.2)	—
Net unrealized gain or loss on available-for-sale securities	—	1.1
Reclassification of adjustments included in net income:		
Periodic pension costs (included in compensation and benefits)	0.4	—
Reclassification adjustment for gains included in net income:	0.4	—
Other comprehensive income (loss)	(5.4)	0.8
Comprehensive income	$3.4	$10.2

See accompanying notes to condensed consolidated financial statements.

INTL FCStone Inc.
Condensed Consolidated Cash Flows Statements
(Unaudited)

	Three Months Ended December 31,	
(in millions)	2015	2014
Cash flows from operating activities:		
Net income	$8.8	$9.4
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1.9	1.9
Provision for bad debts and impairments	2.0	—
Deferred income taxes	(2.8)	1.4
Amortization of debt issuance costs and debt discount	0.2	0.2
Amortization of share-based compensation	0.9	0.9
Changes in operating assets and liabilities, net:		
Cash, securities and other assets segregated under federal and other regulations	(39.5)	(202.7)
Securities purchased under agreements to resell	(9.9)	—
Deposits and receivables from exchange-clearing organizations	(55.6)	155.4
Deposits and receivables from broker-dealers, clearing organizations, and counterparties	87.9	(10.1)
Receivables from customers, net	58.0	(8.0)
Notes receivable, net	(9.7)	(10.0)
Income taxes receivable	2.1	(1.9)
Financial instruments owned, at fair value	(158.2)	38.4
Physical commodities inventory	(15.1)	(5.1)
Other assets	(1.1)	(4.2)
Accounts payable and other accrued liabilities	(33.4)	(22.2)
Payables to customers	13.3	104.1
Payables to broker-dealers, clearing organizations and counterparties	(176.6)	12.8
Income taxes payable	(1.8)	2.1
Payables under repurchase agreements	131.6	—
Financial instruments sold, not yet purchased, at fair value	113.6	(37.0)
Net cash (used in) provided by operating activities	(83.4)	25.4
Cash flows from investing activities:		
Purchase of property and equipment	(5.9)	(0.9)
Net cash used in investing activities	(5.9)	(0.9)
Cash flows from financing activities:		
Net change in payable to lenders under loans	99.5	26.6
Payments of note payable	(0.2)	—
Payments related to earn-outs on acquisitions	—	(1.6)
Debt issuance costs	(0.1)	(0.1)
Exercise of stock options	1.6	1.4
Share repurchases	—	(2.4)
Income tax benefit on stock options and awards	0.7	—
Net cash provided by financing activities	101.5	23.9
Effect of exchange rates on cash and cash equivalents	(6.0)	(1.5)
Net increase in cash and cash equivalents	6.2	46.9
Cash and cash equivalents at beginning of period	268.1	231.3
Cash and cash equivalents at end of period	$274.3	$278.2

Supplemental disclosure of cash flow information:		
Cash paid for interest	$4.4	$2.3
Income taxes paid, net of cash refunds	$5.1	$2.6
Supplemental disclosure of non-cash investing and financing activities:		
Additional consideration payable related to acquisitions, net	$0.2	$0.1
Payable related to repurchase of stock	$—	$0.5

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances as of September 30, 2015	$0.2	$(26.8)	$240.8	$200.4	$ (17.5)	$397.1
Net income				8.8		8.8
Other comprehensive loss					(5.4)	(5.4)
Exercise of stock options			2.3			2.3
Share-based compensation			0.9			0.9
Balances as of December 31, 2015	$0.2	$(26.8)	$244.0	$209.2	$ (22.9)	$403.7

See accompanying notes to condensed consolidated financial statements.

Table of Contents

INTL FCStone Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Basis of Presentation and Consolidation and Recently Issued Accounting Standards

INTL FCStone Inc., a Delaware corporation, and its consolidated subsidiaries (collectively "INTL" or "the Company"), form a diversified, global financial services organization providing financial products and advisory and execution services to help clients access market liquidity, maximize profits and manage risk. The Company's services include comprehensive risk management advisory services for commercial customers; execution of listed futures and options on futures contracts on all major commodity exchanges; structured over-the-counter ("OTC") products in a wide range of commodities; physical trading and hedging of precious metals and select other commodities; trading of more than 150 foreign currencies; market-making in international equities; fixed income; debt origination and asset management. The Company provides these services to a diverse group of more than 20,000 accounts, representing approximately 11,000 consolidated clients located throughout the world, including producers, processors and end-users of nearly all widely-traded physical commodities to manage their risks and enhance margins; to commercial counterparties who are end-users of the firm's products and services; to governmental and non-governmental organizations; and to commercial banks, brokers, institutional investors and major investment banks.

Basis of Presentation and Consolidation

The accompanying condensed consolidated balance sheet as of September 30, 2015, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to those rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial statements for the interim periods presented have been reflected as required by Rule 10-01 of Regulation S-X.

Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. It is suggested that these interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes contained in the Company's Form 10-K for the fiscal year ended September 30, 2015 filed with the SEC.

These condensed consolidated financial statements include the accounts of INTL FCStone Inc. and all other entities in which the Company has a controlling financial interest. All material intercompany transactions and balances have been eliminated in consolidation.

The Company's fiscal year end is September 30, and the fiscal quarters end on December 31, March 31, June 30 and September 30. Unless otherwise stated, all dates refer to fiscal years and fiscal interim periods.

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant of these estimates and assumptions relate to fair value measurements for financial instruments and investments, revenue recognition, the provision for potential losses from bad debts, valuation of inventories, valuation of goodwill and intangible assets, self-insurance liabilities, incomes taxes and contingencies. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

Change in Precious Metals Accounting

The Company engages in trading activities in a variety of physical commodities, including actively trading precious metals whereby the Company provides a full range of trading and hedging capabilities, including OTC products, to select producers, consumers, and investors. In the Company's precious metals trading activities, it acts as a principal, committing its own capital to buy and sell precious metals on a spot and forward basis.

On April 10, 2015 (the “transfer date”), the Company transitioned the portion of its precious metals business conducted through its unregulated domestic subsidiary, INTL Commodities Inc., to its United Kingdom based broker-dealer subsidiary, INTL FCStone Ltd. INTL FCStone Ltd is regulated by the Financial Conduct Authority (“FCA”), the regulator of the financial services industry in the United Kingdom.

Table of Contents

In anticipation of the transfer of the precious metals business, INTL Commodities Inc. liquidated all of its precious metals inventory as of the transfer date. Subsequent to the transfer, precious metals inventory held by INTL FCStone Ltd. is measured at fair value, with changes in fair value included as a component of ‘trading gains, net’ on the condensed consolidated income statement, in accordance with U.S. GAAP accounting requirements for broker-dealers. Precious metals inventory held by subsidiaries that are not broker-dealers continues to be valued at the lower of cost or market value.

Prior to the transfer, INTL Commodities Inc. precious metals sales and costs of sales were recorded on a gross basis in accordance with the Revenue Recognition Topic of the ASC. Subsequent to the transfer, INTL FCStone Ltd. precious metals sales and cost of sales are presented on a net basis and included as a component of ‘trading gains, net’ on the condensed consolidated income statements, in accordance with U.S GAAP accounting requirements for broker-dealers. Precious metals sales and cost of sales for subsidiaries that are not broker-dealers continue to be recorded on a gross basis.

The change has no effect on the Company’s operating revenues, income from continuing operations, or net income. Management has historically assessed the performance of the physical commodities businesses on an operating revenue basis, and continues to do so.

Recent Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board (“FASB”) issued authoritative guidance addressing the recognition, measurement, presentation and disclosure of financial assets and liabilities. The guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, the guidance clarifies the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. This guidance is effective for the Company in the first quarter of fiscal 2019, and early adoption is not permitted, with certain exceptions. The amendments are required to be applied by means of a cumulative-effect adjustment on the balance sheet as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact, if any, the guidance may have upon adoption.

Note 2 – Earnings per Share

The Company presents basic and diluted earnings per share (“EPS”) using the two-class method which requires all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends and therefore participate in undistributed earnings with common stockholders be included in computing earnings per share. Under the two-class method, net earnings are reduced by the amount of dividends declared in the period for each class of common stock and participating security. The remaining undistributed earnings are then allocated to common stock and participating securities, based on their respective rights to receive dividends. Restricted stock awards granted to certain employees and directors contain non-forfeitable rights to dividends at the same rate as common stock, and are considered participating securities. Basic EPS has been computed by dividing net income by the weighted-average number of common shares outstanding. The following is a reconciliation of the numerator and denominator of the diluted net income per share computations for the periods presented below.

	Three Months Ended December 31,	
(in millions, except share amounts)	2015	2014
Numerator:		
Net income	$8.8	$9.4
Less: Allocation to participating securities	(0.1)	(0.2)
Net income allocated to common stockholders	$8.7	$9.2
Diluted net income	$8.8	$9.4
Less: Allocation to participating securities	(0.1)	(0.2)
Diluted net income allocated to common stockholders	$8.7	$9.2
Denominator:		
Weighted average number of:		
Common shares outstanding	18,648,150	18,515,528

Dilutive potential common shares outstanding:		
Share-based awards	343,753	246,501
Diluted weighted-average shares	18,991,903	18,762,029

The dilutive effect of share-based awards is reflected in diluted net income per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense required under the Compensation – Stock Compensation Topic of the Accounting Standards Codification ("ASC").

Options to purchase 909,459 and 1,264,770 shares of common stock for the three months ended December 31, 2015 and 2014, respectively, were excluded from the calculation of diluted earnings per share because they would have been anti-dilutive.

Table of Contents

Note 3 – Assets and Liabilities, at Fair Value

The Company’s financial and nonfinancial assets and liabilities reported at fair value are included in the following captions on the condensed consolidated balance sheets:

- Cash and cash equivalents
- Cash, securities and other assets segregated under federal and other regulations
- Deposits and receivables from exchange-clearing organizations, broker-dealers, clearing organizations and counterparties
- Financial instruments owned and sold, not yet purchased
- Physical commodities inventory
- Accounts payable and other accrued liabilities
- Payables to broker-dealers, clearing organizations and counterparties

Fair Value Hierarchy

The majority of financial assets and liabilities on the condensed consolidated balance sheets are reported at fair value. Cash is reported at the balance held at financial institutions. Cash equivalents includes money market funds, which are valued at period-end at the net asset value provided by the fund’s administrator, and certificates of deposit, which are stated at cost plus accrued interest, which approximates fair value. Cash, securities and other assets segregated under federal and other regulations include the value of cash collateral as well as the value of other pledged investments, primarily U.S. Treasury bills and obligations issued by government sponsored entities and commodities warehouse receipts. Deposits with and receivables from exchange-clearing organizations and broker-dealers, clearing organizations and counterparties and payable to customers and broker-dealers, clearing organizations and counterparties include the value of cash collateral as well as the value of money market funds and other pledged investments, primarily U.S. Treasury bills and obligations issued by government sponsored entities and mortgage-backed securities. These balances also include the fair value of exchange-traded futures and options on futures and exchange-cleared swaps and options determined by prices on the applicable exchange. Financial instruments owned and sold, not yet purchased include the value of U.S. and foreign government obligations, corporate debt securities, derivative financial instruments, commodities, mutual funds and investments in managed funds. The fair value of exchange common stock is determined by quoted market prices, and the fair value of exchange memberships is determined by recent sale transactions. Physical commodities inventory includes precious metals that are a part of the trading activities of the regulated broker-dealer subsidiary and is recorded at fair value using spot prices. The carrying value of receivables from customers, net and notes receivable, net approximates fair value, given their short duration. Payables to lenders under loans carry variable rates of interest and thus approximate fair value. The fair value of the Company’s senior unsecured notes is estimated to be $47.3 million (carrying value of $45.5 million) as of December 31, 2015, based on the transaction prices at public exchanges for this issuance. Receivables from broker-dealers, clearing organizations and counterparties include amounts receivable for securities sold but not yet delivered by the Company on settlement date (“fails-to-deliver”) and net receivables arising from unsettled trades. Payables to broker-dealers, clearing organizations and counterparties primarily include amounts payable for securities purchased, but not yet received by the Company on settlement date (“fails-to-receive”), net payables arising from unsettled trades and bonds loaned transactions. Due to their short-term nature, receivables from and payables to broker-dealers, clearing organizations and counterparties approximate fair value.

The fair value estimates presented in the condensed consolidated financial statements are based on pertinent information available to management as of December 31, 2015 and September 30, 2015. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these condensed consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented in the condensed consolidated financial statements.

Cash equivalents, securities, commodities warehouse receipts, derivative financial instruments, commodities leases, exchange common stock and contingent liabilities are carried at fair value, on a recurring basis, and are classified and disclosed into three levels in the fair value hierarchy. Except as disclosed in Note 6, the Company did not have any fair value adjustments for assets or liabilities measured at fair value on a non-recurring basis during the three months

ended December 31, 2015.
The three levels of the fair value hierarchy under the Fair Value Measurements and Disclosures Topic of the ASC are:
Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2 - Quoted prices for identical or similar assets or liabilities in markets that are less active, that is, markets in which there are few transactions for the asset or liability that are observable for substantially the full term; and
Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Table of Contents

The following tables set forth the Company's financial and nonfinancial assets and liabilities accounted for at fair value, on a recurring basis, as of December 31, 2015 by level in the fair value hierarchy. There were no assets or liabilities that were measured at fair value on a nonrecurring basis as of December 31, 2015.

	December 31, 2015				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
Assets:					
Unrestricted cash equivalents - certificate of deposits	$2.3	$—	$—	$—	$2.3
Commodities warehouse receipts	25.5	—	—	—	25.5
U.S. government obligations	—	498.0	—	—	498.0
Securities and other assets segregated under federal and other regulations	25.5	498.0	—	—	523.5
Money market funds	671.8	—	—	—	671.8
U.S. government obligations	—	451.2	—	—	451.2
Derivatives	2,455.8	—	—	(2,461.0)	(5.2)
Deposits and receivables from exchange-clearing organizations	3,127.6	451.2	—	(2,461.0)	1,117.8
TBA and forward settling securities	—	2.9	—	(1.1)	1.8
Derivatives	—	315.3	—	(358.6)	(43.3)
Deposits and receivables from broker-dealers, clearing organizations and counterparties	—	318.2	—	(359.7)	(41.5)
Common and preferred stock and American Depositary Receipts ("ADRs")	43.7	1.8	0.3	—	45.8
Exchangeable foreign ordinary equities and ADRs	72.6	0.8	—	—	73.4
Corporate and municipal bonds	22.3	2.0	3.2	—	27.5
U.S. government obligations	—	498.1	—	—	498.1
Foreign government obligations	—	12.6	—	—	12.6
Mortgage-backed securities	—	780.3	—	—	780.3
Derivatives	278.5	1,397.3	—	(1,598.0)	77.8
Commodities leases	—	96.4	—	(95.8)	0.6
Commodities warehouse receipts	35.7	—	—	—	35.7
Exchange firm common stock	5.4	—	—	—	5.4
Mutual funds and other	6.0	—	—	—	6.0
Financial instruments owned	464.2	2,789.3	3.5	(1,693.8)	1,563.2
Physical commodities inventory - precious metals	9.6	—	—	—	9.6
Total assets at fair value	$3,629.2	$4,056.7	$3.5	$(4,514.5)	$3,174.9
Liabilities:					
Accounts payable and other accrued liabilities - contingent liabilities	$—	$—	$3.5	$—	$3.5
TBA and forward settling securities	—	1.4	—	(1.1)	0.3
Derivatives	2,360.5	376.6	—	(2,737.1)	—
Payable to broker-dealers, clearing organizations and counterparties	2,360.5	378.0	—	(2,738.2)	0.3
Common and preferred stock and ADRs	37.0	0.9	—	—	37.9

Exchangeable foreign ordinary equities and ADRs	71.9	1.5	—	—	73.4
Corporate and municipal bonds	—	0.8	—	—	0.8
U.S. government obligations	—	404.7	—	—	404.7
Foreign government obligations	—	—	—	—	—
Mortgage-backed securities	—	—	—	—	—
Derivatives	271.4	1,574.3	—	(1,728.3)	117.4
Commodities leases	—	158.9	—	(111.2)	47.7
Financial instruments sold, not yet purchased	380.3	2,141.1	—	(1,839.5)	681.9
Total liabilities at fair value	$2,740.8	$2,519.1	$3.5	$(4,577.7)	$685.7

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

9

Table of Contents

The following table sets forth the Company’s financial and nonfinancial assets and liabilities accounted for at fair value, on a recurring basis, as of September 30, 2015 by level in the fair value hierarchy.

	September 30, 2015				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
Assets:					
Unrestricted cash equivalents - certificates of deposits	$1.3	$—	$—	$—	$1.3
Commodities warehouse receipts	22.1	—	—	—	22.1
U.S. government obligations	—	493.4	—	—	493.4
Securities and other assets segregated under federal and other regulations	22.1	493.4	—	—	515.5
Money market funds	431.8	—	—	—	431.8
U.S. government obligations	—	501.4	—	—	501.4
Derivatives	3,615.9	—	—	(3,539.7)	76.2
Deposits and receivables from exchange-clearing organizations	4,047.7	501.4	—	(3,539.7)	1,009.4
TBA and forward settling securities	—	1.2	—	(1.0)	0.2
Derivatives	0.1	537.9	—	(591.1)	(53.1)
Deposits and receivables from broker-dealers, clearing organizations and counterparties	0.1	539.1	—	(592.1)	(52.9)
Common and preferred stock and ADRs	23.7	1.9	0.5	—	26.1
Exchangeable foreign ordinary equities and ADRs	82.9	6.6	—	—	89.5
Corporate and municipal bonds	26.1	2.0	3.2	—	31.3
U.S. government obligations	—	513.4	—	—	513.4
Foreign government obligations	—	12.1	—	—	12.1
Mortgage-backed securities	—	699.5	—	—	699.5
Derivatives	278.5	1,702.0	—	(1,949.9)	30.6
Commodities leases	—	64.6	—	(57.0)	7.6
Commodities warehouse receipts	2.8	—	—	—	2.8
Exchange firm common stock	5.6	—	—	—	5.6
Mutual funds and other	3.4	—	—	—	3.4
Financial instruments owned	423.0	3,002.1	3.7	(2,006.9)	1,421.9
Physical commodities inventory - precious metals	15.2	—	—	—	15.2
Total assets at fair value	$4,509.4	$4,536.0	$3.7	$(6,138.7)	$2,910.4
Liabilities:					
Accounts payable and other accrued liabilities - contingent liabilities	$—	$—	$3.3	$—	$3.3
TBA and forward settling securities	—	2.6	—	(1.0)	1.6
Derivatives	3,491.3	528.7	—	(4,020.0)	—
Payable to broker-dealers, clearing organizations and counterparties	3,491.3	531.3	—	(4,021.0)	1.6
Common and preferred stock and ADRs	18.0	0.6	—	—	18.6

Exchangeable foreign ordinary equities and ADRs	89.0	1.0	—	—	90.0
U.S. government obligations	—	341.0	—	—	341.0
Foreign government obligations	—	6.4	—	—	6.4
Mortgage-backed securities	—	2.8	—	—	2.8
Derivatives	264.0	1,723.5	—	(1,933.4)	54.1
Commodities leases	—	99.1	—	(43.7)	55.4
Financial instruments sold, not yet purchased	371.0	2,174.4	—	(1,977.1)	568.3
Total liabilities at fair value	$3,862.3	$2,705.7	$3.3	$(5,998.1)	$573.2

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

Realized and unrealized gains and losses are included in ‘trading gains, net’ in the condensed consolidated income statements.

Table of Contents

Information on Level 3 Financial Assets and Liabilities

The Company's financial assets at fair value classified in level 3 of the fair value hierarchy as of December 31, 2015 and September 30, 2015 are summarized below:

(in millions)	December 31, 2015	September 30, 2015
Total level 3 assets	$ 3.5	$ 3.7
Level 3 assets for which the Company bears economic exposure	$ 3.5	$ 3.7
Total assets	$ 5,217.3	$ 5,070.0
Total financial assets at fair value	$ 3,174.9	$ 2,910.4
Total level 3 assets as a percentage of total assets	0.1 %	0.1 %
Level 3 assets for which the Company bears economic exposure as a percentage of total assets	0.1 %	0.1 %
Total level 3 assets as a percentage of total financial assets at fair value	0.1 %	0.1 %

The following tables set forth a summary of changes in the fair value of the Company's level 3 financial assets and liabilities during the three months ended December 31, 2015 and 2014, including a summary of unrealized gains (losses) during the respective periods on the Company's level 3 financial assets and liabilities still held as of December 31, 2015.

Level 3 Financial Assets and Financial Liabilities
For the Three Months Ended December 31, 2015

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period
Assets:							
Common stock and ADRs	$ 0.5	$ —	$ (0.2)	$ —	$ —	$ —	$ 0.3
Corporate and municipal bonds	3.2	—	—	—	—	—	3.2
	$ 3.7	$ —	$ (0.2)	$ —	$ —	$ —	$ 3.5
Liabilities:							
Contingent liabilities	$ 3.3	$ —	$ 0.2	$ —	$ —	$ —	$ 3.5

Level 3 Financial Assets and Financial Liabilities
For the Three Months Ended December 31, 2014

(in millions)	Balances at beginning of period	Realized gains (losses) during period	Unrealized gains (losses) during period	Purchases/issuances	Settlements	Transfers in or (out) of Level 3	Balances at end of period
Assets:							
Common stock and ADRs	$ 0.7	$ —	$ (0.1)	$ —	$ —	$ —	$ 0.6
Corporate and municipal bonds	3.6	—	(0.1)	—	—	—	3.5
	$ 4.3	$ —	$ (0.2)	$ —	$ —	$ —	$ 4.1
Liabilities:							
Contingent liabilities	$ 5.5	$ —	$ 0.1	$ —	$ (3.4)	$ —	$ 2.2

In accordance with the Fair Value Measurements Topic of the ASC, the Company has estimated on a recurring basis each period the fair value of debentures issued by a single asset owning company of Suriwongse Hotel located in Chiang Mai, Thailand. As of December 31, 2015, the Company's investment in the hotel is $3.2 million, and included within the corporate and municipal bonds classification in the level 3 financial assets and financial liabilities tables. The Company has classified its investment in the hotel within level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which include projected cash flows. These cash flows are discounted employing present value techniques. The Company estimates the fair value of its investment in these debentures by using a management-developed forecast, which is based on the income approach. There has been no significant change in the fair value of the debentures, and no additional loss has been recognized during the three months ended December 31, 2015 and 2014.

The Company is required to make additional future cash payments based on certain financial performance measures of its acquired businesses. The Company is required to remeasure the fair value of the cash earnout arrangements on a recurring basis in accordance with the guidance in the Business Combinations Topic of the ASC. The Company has classified its liabilities for the contingent earnout arrangements within level 3 of the fair value hierarchy because the fair value is determined using significant unobservable inputs, which include projected cash flows. The estimated fair value of the contingent purchase consideration is based upon management-developed forecasts, a level 3 input in the fair value hierarchy. These cash flows are

Table of Contents

discounted employing present value techniques in arriving at fair value. The discount rate was developed using market participant company data and there have been no significant changes in the discount rate environment. From the dates of acquisition to December 31, 2015, certain acquisitions have had changes in the estimates of undiscounted cash flows, based on actual performances fluctuating from estimates. The fair value of the contingent consideration increased $0.2 million and $0.1 million during the three months ended December 31, 2015 and 2014, respectively, with the corresponding amount classified as ‘other expense’ in the condensed consolidated income statements.

The Company reports transfers in and out of levels 1, 2 and 3, as applicable, using the fair value of the securities as of the beginning of the reporting period in which the transfer occurred. The Company did not have any transfers between level 1 and level 2 fair value measurements during the three months ended December 31, 2015 and 2014.

Note 4 – Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of its business. The Company has sold financial instruments that it does not currently own and will therefore be obliged to purchase such financial instruments at a future date. The Company has recorded these obligations in the condensed consolidated financial statements as of December 31, 2015 at the fair values of the related financial instruments. The Company will incur losses if the fair value of the underlying financial instruments increases subsequent to December 31, 2015. The total of $681.9 million as of December 31, 2015 includes $117.4 million for derivative contracts, which represents a liability to the Company based on their fair values as of December 31, 2015.

Derivatives

The Company utilizes derivative products in its trading capacity as a dealer in order to satisfy client needs and mitigate risk. The Company manages risks from both derivatives and non-derivative cash instruments on a consolidated basis. The risks of derivatives should not be viewed in isolation, but in aggregate with the Company’s other trading activities. The majority of the Company’s derivative positions are included in the condensed consolidated balance sheets in ‘deposits and receivables from exchange-clearing organizations’, ‘financial instruments owned and sold, not yet purchased, at fair value’ and payables to broker-dealers, clearing organizations and counterparties’.

The Company employs an interest rate risk management strategy that uses derivative financial instruments in the form of interest rate swaps to manage a portion of the aggregate interest rate position. The Company’s objective is to invest the majority of customer segregated deposits in high quality, short-term investments and swap the resulting variable interest earnings into the medium-term interest stream. The risk mitigation of these interest rate swaps is not within the documented hedging designation requirements of the Derivatives and Hedging Topic of the ASC, and as a result they are recorded at fair value, with changes in the marked-to-market valuation of the financial instruments recorded within 'trading gains, net' in the consolidated income statements. At December 31, 2015, the Company had $375.0 million in notional principal of interest rate swaps outstanding with a weighted-average life of 24 months.

Table of Contents

Listed below are the fair values of the Company's derivative assets and liabilities as of December 31, 2015 and September 30, 2015. Assets represent net unrealized gains and liabilities represent net unrealized losses.

	December 31, 2015		September 30, 2015	
(in millions)	Assets [(1)]	Liabilities [(1)]	Assets [(1)]	Liabilities [(1)]
Derivative contracts not accounted for as hedges:				
Exchange-traded commodity derivatives	$2,351.5	$2,299.7	$3,443.6	$3,313.8
OTC commodity derivatives	1,340.7	1,521.7	1,621.2	1,650.7
Exchange-traded foreign exchange derivatives	21.8	17.5	27.8	20.6
OTC foreign exchange derivatives	648.8	650.2	892.2	865.4
Exchange-traded interest rate derivatives	64.6	73.6	126.8	136.0
Equity index derivatives	19.5	20.1	22.8	21.0
TBA and forward settling securities	2.9	1.4	1.2	2.6
Gross fair value of derivative contracts	4,449.8	4,584.2	6,135.6	6,010.1
Impact of netting and collateral	(4,418.7)	(4,466.5)	(6,081.7)	(5,954.4)
Total fair value included in 'Deposits and receivables from exchange-clearing organizations'	$(5.2)		$76.2	
Total fair value included in 'Deposits and receivables from broker-dealers, clearing organizations and counterparties'	$(41.5)		$(52.9)	
Total fair value included in 'Financial instruments owned, at fair value'	$77.8		$30.6	
Total fair value included in 'Payables to broker-dealers, clearing organizations and counterparties		$0.3		$1.6
Fair value included in 'Financial instruments sold, not yet purchased, at fair value'		$117.4		$54.1

(1) As of December 31, 2015 and September 30, 2015, the Company's derivative contract volume for open positions were approximately 3.3 million and 4.1 million contracts, respectively.

The Company's derivative contracts are principally held in its Commercial Hedging and Clearing and Execution Services segments. The Company assists its Commercial Hedging segment customers in protecting the value of their future production by entering into option or forward agreements with them on an OTC basis. The Company also provides its Commercial Hedging segment customers with sophisticated option products, including combinations of buying and selling puts and calls. The Company mitigates its risk by offsetting the customer's transaction simultaneously with one of the Company's trading counterparties or with a similar but not identical position on the exchange. The risk mitigation of these offsetting trades is not within the documented hedging designation requirements of the Derivatives and Hedging Topic of the ASC. These derivative contracts are traded along with cash transactions because of the integrated nature of the markets for these products. The Company manages the risks associated with derivatives on an aggregate basis along with the risks associated with its proprietary trading and market-making activities in cash instruments as part of its firm-wide risk management policies. In particular, the risks related to derivative positions may be partially offset by inventory, unrealized gains in inventory or cash collateral paid or received.

The Company has derivative instruments, which consist of mortgage-backed "to be announced" (TBA) securities and forward settling transactions, that are used to manage risk exposures in the newly acquired subsidiary's trading inventory. The fair value on these transactions are recorded in receivables or payables to broker-dealers, clearing organizations and counterparties. Realized and unrealized gains and losses on securities and derivative transactions are reflected in 'trading gains, net'.

Table of Contents

The Company enters into TBA securities transactions for the sole purpose of managing risk associated with the purchase of mortgage pass-through securities. TBA securities are included within payables to broker-dealers, clearing organizations and counterparties. Forward settling securities represent non-regular way securities and are included in financial instruments owned and sold. As of December 31, 2015 and September 30, 2015, these transactions are summarized as follows:

	December 31, 2015		September 30, 2015	
(in millions)	Gain / (Loss)	Notional Amounts	Gain / (Loss)	Notional Amounts
Unrealized gain on TBA securities purchased within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	$0.1	$154.9	$0.6	$194.6
Unrealized loss on TBA securities purchased within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	$(1.1)	$500.4	$(0.2)	$163.7
Unrealized gain on TBA securities sold within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	$2.7	$(1,052.5)	$0.4	$(314.1)
Unrealized loss on TBA securities sold within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	$(0.1)	$(148.3)	$(2.0)	$(563.8)
Unrealized gain on forward settling securities purchased within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts	$0.1	$85.9	$0.1	$163.4
Unrealized gain on forward settling securities sold within receivables from and payables to broker-dealers, clearing organizations and counterparties and related notional amounts	$(0.3)	$(194.9)	$(0.4)	$(286.3)

(1) The notional amounts of these instruments reflect the extent of the Company's involvement in TBA securities and do not represent risk of loss due to counterparty non-performance.

The following table sets forth the Company’s gains (losses) related to derivative financial instruments for the three months ended December 31, 2015 and 2014, in accordance with the Derivatives and Hedging Topic of the ASC. The gains set forth below are included in ‘trading gains, net’ in the condensed consolidated income statements.

	Three Months Ended December 31,	
(in millions)	2015	2014
Commodities	$20.0	$25.2
Foreign exchange	1.8	2.2
Interest rate	(1.9)	—
TBA and forward settling securities	0.7	—
Net gains from derivative contracts	$20.6	$27.4

Credit Risk

In the normal course of business, the Company purchases and sells financial instruments, commodities and foreign currencies as either principal or agent on behalf of its customers. If either the customer or counterparty fails to perform, the Company may be required to discharge the obligations of the nonperforming party. In such circumstances, the Company may sustain a loss if the fair value of the financial instrument or foreign currency is different from the contract value of the transaction.

The majority of the Company’s transactions and, consequently, the concentration of its credit exposure are with commodity exchanges, customers, broker-dealers and other financial institutions. These activities primarily involve collateralized and uncollateralized arrangements and may result in credit exposure in the event that a counterparty fails to meet its contractual obligations. The Company's exposure to credit risk can be directly impacted by volatile financial markets, which may impair the ability of counterparties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit and/or position limits based upon a review of the counterparties' financial condition and credit ratings. The Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines and requests changes in collateral levels as appropriate.

The Company is a party to financial instruments in the normal course of its business through customer and proprietary trading accounts in exchange-traded and OTC derivative instruments. These instruments are primarily the result of the execution of orders for commodity futures, options on futures and forward foreign currency contracts on behalf of its customers, substantially all of which are transacted on a margin basis. Such transactions may expose the Company to significant credit risk in the event margin requirements are not sufficient to fully cover losses which customers may incur. The Company controls the risks associated with these transactions by requiring customers to maintain margin deposits in compliance with individual exchange regulations and internal guidelines. The Company monitors required margin levels daily and, therefore, may require customers to deposit additional collateral or reduce positions when necessary. The Company also establishes credit limits for

Table of Contents

customers, which are monitored daily. The Company evaluates each customer's creditworthiness on a case by case basis. Clearing, financing, and settlement activities may require the Company to maintain funds with or pledge securities as collateral with other financial institutions. Generally, these exposures to both customers and exchanges are subject to master netting, or customer agreements, which reduce the exposure to the Company by permitting receivables and payables with such customers to be offset in the event of a customer default. Management believes that the margin deposits held as of December 31, 2015 and September 30, 2015 were adequate to minimize the risk of material loss that could be created by positions held at that time. Additionally, the Company monitors collateral fair value on a daily basis and adjusts collateral levels in the event of excess market exposure. Generally, these exposures to both customers and counterparties are subject to master netting or customer agreements which reduce the exposure to the Company.

Derivative financial instruments involve varying degrees of off-balance sheet market risk whereby changes in the fair values of underlying financial instruments may result in changes in the fair value of the financial instruments in excess of the amounts reflected in the condensed consolidated balance sheets. Exposure to market risk is influenced by a number of factors, including the relationships between the financial instruments and the Company's positions, as well as the volatility and liquidity in the markets in which the financial instruments are traded. The principal risk components of financial instruments include, among other things, interest rate volatility, the duration of the underlying instruments and changes in foreign exchange rates. The Company attempts to manage its exposure to market risk through various techniques. Aggregate market limits have been established and market risk measures are routinely monitored against these limits.

Note 5 – Receivables From Customers, Net and Notes Receivable, Net

The allowance for doubtful accounts related to receivables from customers was $12.0 million as of December 31, 2015 and $10.2 million as of September 30, 2015. The allowance for doubtful accounts related to notes receivable was $1.0 million as of December 31, 2015 and September 30, 2015.

During the three months ended December 31, 2015, the Company recorded bad debt expense of $2.0 million, including provision increases of $1.9 million and direct write-offs of $0.1 million. The provision for bad debts is primarily related to $1.7 million of customer deficits in the Company's Commercial Hedging segment.

The Company originates short-term notes receivable from customers with the outstanding balances typically being insured 90% to 98% by a third party, including accrued interest, subject to applicable deductible amounts. The total balance outstanding under insured notes receivable was $29.2 million and $41.4 million as of December 31, 2015 and September 30, 2015, respectively. The Company has sold $25.2 million and $30.7 million of the insured portion of the notes through non-recourse participation agreements with other third parties as of December 31, 2015 and September 30, 2015, respectively. The Company is actively seeking to exit this activity during the current fiscal year, and believes the exit will have a minimal impact on the Company.

See discussion of notes receivable related to commodity repurchase agreements in Note 10.

Note 6 – Physical Commodities Inventory

The carrying values of the Company's inventory, which consist of all finished commodities inventory, are $47.9 million and $32.8 million as of December 31, 2015 and September 30, 2015, respectively.

As a result of the declining market prices of certain commodities, the Company has recorded lower of cost or market ("LCM") adjustments for physical commodities inventory of $0.5 million and $0.3 million as of December 31, 2015 and September 30, 2015, respectively. The adjustments are included in 'cost of sales of physical commodities' in the condensed consolidated income statements.

Note 7 – Goodwill

The carrying value of goodwill is allocated to the Company's operating segments as follows:

(in millions)	December 31, 2015	September 30, 2015
Commercial Hedging	$ 30.7	$ 30.7
Global Payments	6.3	6.3
Physical Commodities	2.4	2.4
Securities	8.1	8.1

Goodwill	$ 47.5	$ 47.5

Table of Contents

Note 8 – Intangible Assets

The gross and net carrying values of intangible assets as of the balance sheet dates, by major intangible asset class are as follows:

	December 31, 2015			September 30, 2015		
(in millions)	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization						
Trade name	$1.1	$(0.1)	$1.0	$—	$—	$—
Software programs/platforms	2.7	(2.3)	0.4	2.7	(2.3)	0.4
Customer base	14.0	(5.2)	8.8	14.0	(4.9)	9.1
	17.8	(7.6)	10.2	16.7	(7.2)	9.5
Intangible assets not subject to amortization						
Trade name	—	—	—	1.1	—	1.1
Total intangible assets	$17.8	$(7.6)	$10.2	$17.8	$(7.2)	$10.6

During the three months ended December 31, 2015, as part of the periodic assessment of useful lives of the intangible assets, the Company determined the indefinite-lived trade names, related to the Risk Management Incorporated and RMI Consulting, Inc. (the "RMI Companies") acquisitions, were no longer considered to be indefinite. The Company is intending to phase out the use of those trade names in the future. The value of the RMI Companies' trade names of $1.1 million was recorded in the CR&M segment.

The RMI Companies' trade names were determined to have a remaining finite useful life of approximately two years. The trade names were not deemed to be impaired, however, the value of the trade names will be transferred from the indefinite-lived category to intangible assets subject to amortization and will be amortized over the estimated two year useful life. The Company recorded amortization for the trade names of $0.1 million, within 'depreciation and amortization' on the condensed consolidated income statement, during the three months ended December 31, 2015.

Amortization expense related to intangible assets was $0.4 million for the three months ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, the estimated future amortization expense was as follows:

(in millions)	
Fiscal 2016 (remaining nine months)	$1.2
Fiscal 2017	1.6
Fiscal 2018	1.0
Fiscal 2019	1.0
Fiscal 2020 and thereafter	5.4
	$10.2

Note 9 – Credit Facilities

Variable-Rate Credit Facilities

The Company has four committed credit facilities under which the Company and its subsidiaries may borrow up to $280.0 million, subject to the terms and conditions for these facilities. The amounts outstanding under these credit facilities are short term borrowings and carry variable rates of interest, thus approximating fair value. The Company's credit facilities consist of the following:

- $140.0 million facility available to INTL FCStone Inc. for general working capital requirements.
- $75.0 million facility available to the Company's wholly owned subsidiary, INTL FCStone Financial Inc., for short-term funding of margin to commodity exchanges. The facility is subject to annual review and guaranteed by INTL FCStone Inc.
- $40.0 million facility available to the Company's wholly owned subsidiary, FCStone Merchant Services, LLC, for financing traditional commodity financing arrangements and commodity repurchase agreements. The facility is subject to annual review and is guaranteed by INTL FCStone Inc.

- $25.0 million facility available to the Company's wholly owned subsidiary, INTL FCStone Ltd, for short-term funding of margin to commodity exchanges. The facility is subject to annual review and is guaranteed by INTL FCStone Inc.

The Company also has a secured, uncommitted loan facility, under which the Company's wholly owned subsidiary, INTL FCStone Financial Inc. may borrow up to $50.0 million, collateralized by commodity warehouse receipts, to facilitate U.S. commodity exchange deliveries of its customers, subject to certain terms and conditions of the credit agreement.

Note Payable to Bank

In April 2015, the Company obtained a $4.0 million loan from a commercial bank, secured by equipment purchased with the proceeds. The note is payable in monthly installments, ending in March 2020. The note bears interest at a rate per annum equal to LIBOR plus 2.00%.

Senior Unsecured Notes

In July 2013, the Company completed the offering of $45.5 million aggregate principal amount of the Company's 8.5% Senior Notes due 2020 (the "Notes"). The net proceeds of the sale of the Notes are being used for general corporate purposes. The Notes bear interest at a rate of 8.5% per year (payable quarterly on January 30, April 30, July 30 and October 30 of each year). The Notes mature on July 30, 2020. The Company may redeem the Notes, in whole or in part, at any time on and after July 30, 2016, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date. The Company incurred debt issuance costs of $1.7 million in connection with the issuance of the Notes, which are being amortized over the term of the Notes.

The following table sets forth a listing of credit facilities, the committed amounts as of December 31, 2015 on the facilities, and outstanding borrowings on the facilities as well as indebtedness on a promissory note and on senior notes as of December 31, 2015 and September 30, 2015:

(in millions)

Credit Facilities				Amounts Outstanding	
Borrower	Security	Renewal / Expiration Date	Total Commitment	December 31, 2015	September 30, 2015
INTL FCStone Inc.	Pledged shares of certain subsidiaries	September 20, 2016	$ 140.0	$ 100.0	$ 28.0
INTL FCStone Financial Inc.	None	April 7, 2016	75.0	15.0	—
INTL FCStone Financial Inc.	Commodity warehouse receipts	n/a	—	—	—
FCStone Merchants	Certain commodities assets	May 1, 2016	40.0	22.5	10.0
INTL FCStone Ltd	None	October 31, 2016	25.0	—	—
			$ 280.0	137.5	38.0
Note Payable to Bank					
Monthly installments, due March 2020 and secured by certain equipment				3.4	3.6
Senior Unsecured Notes					
8.50% senior notes, due July 30, 2020				45.5	45.5
Total indebtedness				$ 186.4	$ 87.1

As reflected above, the Company's committed credit facilities are scheduled to expire within twelve months of this filing. The Company intends to renew or replace these facilities as they expire, and based on the Company's liquidity position and capital structure, the Company believes it will be able to do so.

The Company's credit facility agreements contain financial covenants relating to financial measures on a consolidated basis, as well as on a certain stand-alone subsidiary basis, including minimum tangible net worth, minimum regulatory capital, minimum net unencumbered liquid assets, maximum net loss, minimum fixed charge coverage ratio and maximum funded debt to net worth ratio. Failure to comply with these covenants could result in the debt becoming payable on demand. As of December 31, 2015, the Company was in compliance with all of its financial covenants under its credit facilities.

Table of Contents

Note 10 – Commodity and Other Repurchase Agreements and Collateralized Transactions

The Company’s outstanding notes receivable in connection with sale/repurchase agreements, under which customers sell certain commodity inventory and agree to repurchase the commodity inventory at a future date at either a fixed or floating rate, as of December 31, 2015 and September 30, 2015 were $48.6 million and $26.7 million, respectively. The obligations ou