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

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended September 30, 2016

**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**

(State or other jurisdiction of  
incorporation or organization)

**59-2921318**

(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)

Securities registered under Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	NASDAQ Global Market

Securities registered under Section 12(g) of the Act: **None**

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

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

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  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 (§ 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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

As of March 31, 2016, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$400.8 million.

As of December 12, 2016, there were 18,468,751 shares of the registrant's common stock outstanding.

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**Document Incorporated by Reference**

Certain portions of the definitive Proxy Statement for the Registrant's Annual Meeting of Stockholders to be held on February 23, 2017 are incorporated by reference into Part III of this Annual Report on Form 10-K.

**INTL FCStone Inc.**  
**Annual Report on Form 10-K for the Fiscal Year Ended September 30, 2016**  
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## Cautionary Statement about Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled “Risk Factors” (refer to Part I, Item 1A). We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

### PART I

#### Item 1. Business

##### *Overview of Business and Strategy*

We are a diversified global financial services organization providing execution, risk management and advisory services, market intelligence and clearing services across asset classes and markets around the world. Our global platform has a physical presence in key financial markets with regulatory approvals to execute both exchange-listed as well as over-the-counter instruments in the asset classes we are active in. These businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platform and our team of more than 1,400 employees. Our customer-first approach differentiates us from large banking institutions, engenders trust, and has enabled us to establish leadership positions in a number of complex fields in financial markets around the world.

We serve more than 20,000 predominantly wholesale organizations located in more than 130 countries. Our customers include commercial customers, asset managers, introducing broker-dealers, insurance companies, brokers, institutional investors, commercial and investment banks and governmental and non-governmental organizations. We believe our customers value us for our focus on their needs, our expertise and flexibility, our global reach, our ability to provide access to liquidity in hard to reach markets and opportunities, and our status as a well-capitalized and regulatory-compliant organization. Our recent acquisition of the Sterne Agee correspondent clearing and independent wealth management businesses has further expanded our ability to serve customers by providing us with a clearing capability in securities markets and added approximately 50 correspondent clearing relationships with more than 120,000 accounts of which approximately 65,000 are related to the independent wealth management business. In addition, the independent wealth management business has over 500 registered representatives, providing a valuable foothold in this growing market.

We believe we are well positioned to capitalize on key trends impacting the financial services sector. Among others, these trends include the impact of increased regulation on banking institutions and other financial services providers; increased consolidation, especially of smaller sub-scale financial services providers and independent securities clearing firms; the growing importance and complexity of conducting secure cross-border transactions; and the demand among financial institutions to transact with well-capitalized counterparties.

We engage in direct sales efforts to seek new customers, with a strategy of extending our services to potential customers who are similar in size and operations to our existing customer base. In executing this plan, we intend to both target new geographic locations and expand the services offered in current locations, where there is an unmet demand for our services particularly in areas where commodity price controls have been recently lifted. In addition, in select instances we pursue small to medium sized acquisitions in which we target customer-centric organizations to expand our product offerings and/or geographic presence.

Our strategy is to utilize a centralized and disciplined process for capital allocation, risk management and cost control, while delegating the execution of strategic objectives and day-to-day management to experienced individuals. This requires high quality managers, a clear communication of performance objectives and strong financial and compliance controls. We believe this strategy will enable us to build a scalable and significantly larger organization that embraces an entrepreneurial approach to business, supported and underpinned by strong central controls.

INTL FCStone Inc. is a Delaware corporation formed in October 1987.

## **Available Information**

Our internet address is [www.intlfcstone.com](http://www.intlfcstone.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, statements of changes in beneficial ownership and press releases are available free of charge in the Investor Relations section of this website. Our website also includes information regarding our corporate governance, including our Code of Ethics, which governs our directors, officers and employees.

## **Capabilities**

### *Clearing and Execution*

We provide competitive and efficient clearing in all major futures and securities exchanges globally, as well as prime brokerage in all major foreign currency pairs and swap transactions. We provide “high touch” execution as well as electronic access through a wide variety of technology platforms in a number of critically important global markets. Asset and product types include listed futures and options on futures, equities, mutual funds, equity options, corporate, government and municipal bonds and unit investment trusts. We also provide global payments and treasury services in more than 175 countries to a broad array of commercial customers, including financial institutions, multi-national corporations, and governmental and charitable organizations. Finally, we provide clearing of foreign exchange transactions as well as for a wide range of over-the-counter products.

### *Advisory Services*

We provide value-added advisory services across a variety of financial markets, including commodities, foreign currencies, interest rates, institutional asset management, and independent wealth management.

For commercial customers with exposure to commodities, foreign currencies and interest rates, we work through our proprietary Integrated Risk Management Program (“IRMP®”) to systematically identify and quantify their risks and then develop strategic plans to effectively manage these risks with a view to protecting their margins and ultimately improving their bottom lines.

We also participate in the underwriting and trading of municipal securities in domestic markets as well as asset-backed securities in our Argentinean operations. Through our asset management activities, we leverage our specialist expertise in niche markets to provide institutional investors with tailored investment products. Through our acquisition of the Sterne Agee independent wealth management business, we provide advisory services to the growing retail investor market.

### *Physical Trading*

We trade in a variety of physical commodities, primarily precious metals, as well as select soft commodities including various agricultural oils, animal fats and feed ingredients. Through these trading activities, we have the ability to offer complex hedging structures as part of each physical contract to provide customers with enhanced price risk mitigation. We also offer customers efficient off-take or supply services, as well as logistics management.

### *OTC / Market-Making*

We offer customers access to the over-the-counter (“OTC”) markets for virtually all traded commodities, foreign currencies and interest rates, as well as for foreign securities in the U.S. For customers with commodity price and financial risk, our customized and complex OTC structures help mitigate those risks by integrating the processes of product design, execution of the underlying components of the structured risk product, transaction reporting and valuation.

By providing market-making and execution in a variety of financial products including commodity options, unlisted American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”), foreign ordinary shares, and foreign currencies. In addition, we are an institutional dealer in fixed income securities including United States (“U.S.”) Treasury, U.S. government agency, agency mortgage-backed and asset-backed securities.

## **Trading Revenues**

In our business, we may act as principal in the purchase and sale of individual securities, currencies, commodities, or derivative instruments with our customers. These transactions may be offset simultaneously with another customer or counterparty, offset with similarly but not identical positions on an exchange, made from inventory, or aggregated with other purchases to provide liquidity intra-day, for a number of days, or in some cases even longer periods (during which fair value may fluctuate). In addition, in our Clearing and Execution Services segment, we operate a proprietary foreign exchange desk which arbitrages the futures and cash markets.

## **Operating Segments**

We organize our business activities into five functional areas: Commercial Hedging, Global Payments, Securities, Physical Commodities and Clearing and Execution Services.

## **Commercial Hedging**

We serve our commercial customers through our team of risk management consultants, providing a high-value-added service that we believe differentiates us from our competitors and maximizes the opportunity to retain our customers. Our risk management consulting services are designed to quantify and monitor commercial entities' exposure to commodity and financial risk. Upon assessing this exposure, we develop a plan to control and hedge these risks with post-trade reporting against specific customer objectives. Our customers are assisted in the execution of their hedging strategies through a wide range of products from listed exchange-traded futures and options, to basic OTC instruments that offer greater flexibility and structured OTC products designed for customized solutions.

Our services span virtually all traded commodity markets, with the largest concentrations in agricultural and energy commodities (consisting primarily of grains, energy and renewable fuels, coffee, sugar, cotton, and food service) and base metals products listed on the London Metals Exchange ("LME"). Our base metals business includes a position as a Category One ring dealing member of the LME, providing execution, clearing and advisory services in exchange-traded futures and OTC products. We also provide execution of foreign currency forwards and options and interest rate swaps as well as a wide range of structured product solutions to our commercial customers who are seeking cost-effective hedging strategies. Generally, our customers direct their own trading activity, and our risk management consultants do not have discretionary authority to transact trades on behalf of our customers.

Within this segment, our risk management consultants organize their marketing efforts into customer industry product lines, and currently serve customers in the following areas:

- **Financial Agricultural & Energy**
  - **Agricultural -**
    - Grain elevator operators, grain merchandisers, traders, processors, manufacturers and end-users.
    - Livestock production, feeding and processing, dairy and users of agricultural commodities in the food industry.
    - Coffee, sugar and cocoa producers, processors and end-users.
    - Global fiber, textile and apparel industry.
  - **Energy and renewable fuels -**
    - Producers, refiners, wholesalers, transportation companies, convenience store chains, automobile and truck fleet operators, industrial companies, railroads, and municipalities.
    - Consumers of natural gas including some of the largest natural gas consumers in North America, including municipalities and large manufacturing firms, as well as major utilities.
    - Ethanol and biodiesel producers and end-users.
  - **Other -**
    - Lumber mills, wholesalers, distributors and end-users.
    - Commercial entities seeking to hedge their foreign exchange exposures.
- **LME Metals**
  - **Commercial -**
    - Producers, consumers and merchants of copper, aluminum, zinc, lead, nickel, tin and other ferrous products.
  - **Institutional -**
    - Commodity trading advisors and hedge funds seeking clearing and execution of LME and NYMEX/COMEX base metal products.

## **Global Payments**

We provide global payment solutions to banks and commercial businesses as well as charities and non-governmental organizations and government organizations. We offer payments services in more than 175 countries and 140 currencies, which we believe is more than any other payments solution provider, and provide competitive and transparent pricing.

Our proprietary FXecute global payments platform is integrated with a financial information exchange ("FIX") protocol. This FIX protocol is an electronic communication method for the real-time exchange of information, and we believe it represents one of the first FIX offerings for cross-border payments in exotic currencies. FIX functionality allows customers to view real time market rates for various currencies, execute and manage orders in real-time, and view the status of their payments through the easy-to-use portal.

Additionally, as a member of SWIFT (Society for Worldwide Interbank Financial Telecommunication), we are able to offer our services to large money center and global banks seeking more competitive international payments services.

Through this single comprehensive platform and our commitment to customer service, we believe we are able to provide simple and fast execution, ensuring delivery of funds in any of these countries quickly through our global network of approximately 300 correspondent banks. In this business, we primarily act as a principal in buying and selling foreign currencies on a spot basis. We derive revenue from the difference between the purchase and sale prices.

We believe our customers value our ability to provide exchange rates that are significantly more competitive than those offered by large international banks, a competitive advantage that stems from our years of foreign exchange expertise focused on smaller, less liquid currencies.

### **Securities**

We provide value-added solutions that facilitate cross-border trading and believe our customers value our ability to manage complex transactions, including foreign exchange, utilizing our local understanding of market convention, liquidity and settlement protocols around the world. Our customers include U.S.-based regional and national broker-dealers and institutions investing or executing customer transactions in international markets and foreign institutions seeking access to the U.S. securities markets. We are one of the leading market makers in foreign securities, including unlisted ADRs, GDRs and foreign ordinary shares. We make markets in over 3,600 ADRs, GDRs and foreign ordinary shares, of which over 2,000 trade in the OTC market. In addition, we will, on request, make prices in more than 10,000 unlisted foreign securities. We are a broker-dealer in Argentina where we are active in providing institutional executions in the local capital markets.

We act as an institutional dealer in fixed income securities, including U.S. Treasury, U.S. government agency, agency mortgage-backed and asset-backed securities to a customer base including asset managers, commercial bank trust and investment departments, broker-dealers and insurance companies.

We originate, structure and place debt instruments in the international and domestic capital markets. These instruments include complex asset-backed securities (primarily in Argentina) and domestic municipal securities. On occasion, we may invest our own capital in debt instruments before selling them. We also actively trade in a variety of international debt instruments as well as operate an asset management business in which we earn fees, commissions and other revenues for management of third party assets and investment gains or losses on our investments in funds and proprietary accounts managed either by our investment managers or by independent investment managers.

### **Physical Commodities**

This segment consists of our physical Precious Metals trading and Physical Agricultural (“Ag”) and Energy commodity businesses. In Precious Metals, we provide a full range of trading and hedging capabilities, including OTC products, to select producers, consumers, and investors. In our trading activities, we act as a principal, committing our own capital to buy and sell precious metals on a spot and forward basis.

Our Physical Ag & Energy commodity business provides financing to commercial commodity-related companies against physical inventories, including grain, lumber, meats, energy products and renewable fuels. We use sale and repurchase agreements to purchase commodities evidenced by warehouse receipts, subject to a simultaneous agreement to sell such commodities back to the original seller at a later date. Transactions where the sale and repurchase price are fixed upon execution, and meet additional required conditions, are accounted for as product financing arrangements, and accordingly no commodity inventory, purchases or sales are recorded. Transactions where the repurchase price is not fixed upon execution do not meet all the criteria to be accounted for as product financing arrangements and therefore are recorded as commodity inventory and purchases and sales. Additionally, we engage as a principal in physical purchase and sale transactions related to inputs to the renewable fuels and feed ingredient industries.

We generally mitigate the price risk associated with commodities held in inventory through the use of derivatives. We do not elect hedge accounting under accounting principles generally accepted in the United States of America (“U.S. GAAP”) in accounting for this price risk mitigation.

### **Clearing and Execution Services (“CES”)**

We provide competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in all major foreign currency pairs and swap transactions. Through our platform, customer orders are accepted and directed to the appropriate exchange for execution. We then facilitate the clearing of customers’ transactions. Clearing involves the matching of customer’ trades with the exchange, the collection and management of customer margin deposits to support the transactions, and the accounting and reporting of the transactions to customers.

As of September 30, 2016, we held \$2.1 billion in required customer segregated assets, which we believe makes us the third largest independent futures commission merchant (“FCM”) in the United States not affiliated with a major financial institution

or commodity intermediary, end-user or producer, as measured by required customer segregated assets. We seek to leverage our capabilities and capacity by offering facilities management or outsourcing solutions to other FCM's.

Following our acquisition of the Sterne Agee correspondent securities clearing business, we are an independent full-service provider to introducing broker-dealers ("IBD's") of clearing, custody, research, syndicated and security-based lending products and services, including a proprietary technology platform which offers seamless connectivity to ensure a positive customer experience through the clearing and settlement process. Also as part of this transaction, we acquired Sterne Agee's independent wealth management business which offers a comprehensive product suite to retail customers nationwide. As a result we are one of the leading mid-market clearer's in the securities industry, clearing for 50 correspondent clearing customers and in aggregate over 120,000 underlying individual retail securities accounts with over \$12 billion in assets under management ("AUM") as of September 30, 2016.

In addition, we believe we are one of the largest non-bank prime brokers and swap dealers in the world. Through this offering, we provide prime brokerage foreign exchange ("FX") services to financial institutions and professional traders. We provide our customers with the full range of OTC products, including 24-hour a day execution of spot, forwards and options as well as non-deliverable forwards in both liquid and exotic currencies. We also operate a proprietary foreign exchange desk that arbitrages the exchange-traded foreign exchange markets with the cash markets.

### ***Acquisition during Fiscal Year 2016***

#### *Sterne Agee*

Effective July 1, 2016, we acquired all of the legacy independent brokerage and clearing businesses of Sterne Agee, LLC, a wholly-owned subsidiary of Stifel Financial Corp. Effective August 1, 2016, we acquired all of the legacy Registered Investment Advisor ("RIA") business of Sterne Agee, LLC. Pursuant to the two stock purchase agreements, we acquired Sterne Agee & Leach, Inc.; Sterne Agee Clearing, Inc.; Sterne Agee Financial Services, Inc.; Sterne Agee Asset Management, Inc. and Sterne Agee Investment Advisor Services, Inc. for cash consideration. The purchase price of \$45.0 million represents a discount to the preliminary allocation of fair value to the net assets of the Sterne entities acquired. The \$6.2 million discount in the purchase price as compared to the preliminary allocation of fair value to the net assets at closing has been reflected as a bargain purchase gain on the transaction within "gain on acquisition" in the Consolidated Income Statement for the year ended September 30, 2016.

### ***Acquisition and Internal Subsidiary Consolidation during Fiscal Year 2015***

#### *G.X. Clarke & Co.*

Effective January 1, 2015, we acquired all of the partnership interests of G.X. Clarke & Co. ("G.X. Clarke"), an SEC registered institutional dealer in fixed income securities. G.X. Clarke was based in New Jersey, transacted in U.S. Treasury, U.S. government agency and agency mortgage-backed securities, and was a member of the Financial Industry Regulatory Authority ("FINRA") with an institutional customer base consisting of asset managers, commercial bank trust and investment departments, broker-dealers, and insurance companies. The purchase price was equal to G.X. Clarke's net tangible book value at closing of \$25.9 million plus a premium of \$1.5 million, and up to an additional \$1.5 million over the next three years, subject to the achievement of certain profitability thresholds. In conjunction with the acquisition, the name of G.X. Clarke was changed to INTL FCStone Partners L.P. Our consolidated financial statements include the operating results of INTL FCStone Partners L.P. from the date of acquisition.

#### *Internal Subsidiary Consolidation*

Effective July 1, 2015, we merged three of our wholly-owned regulated U.S. subsidiaries into our wholly owned regulated U.S. subsidiary, INTL FCStone Securities Inc., and the surviving entity was renamed INTL FCStone Financial Inc. and is registered as both a broker-dealer and a FCM. As such, the assets, liabilities and equity of FCStone, LLC, INTL FCStone Partners L.P., and FCC Investments, Inc. were transferred into INTL FCStone Financial.

### ***Disposal during Fiscal Year 2014***

#### *Completed Exit of Physical Base Metals Business*

During fiscal 2014 we completed our exit of physical base metals business through the sale and orderly liquidation of then-current open positions. The remaining open contract positions were fulfilled during fiscal 2014, at which time we reclassified the physical base metals activities in the financial statements as discontinued operations. We continue to operate the component of our base metals business related to non-physical assets conducted primarily through the LME.

### ***Competition***

The international commodities and financial markets are highly competitive and rapidly evolving. In addition, these markets are dominated by firms with significant capital and personnel resources that are not matched by our resources. We expect these



competitive conditions to continue in the future, although the nature of the competition may change as a result of ongoing changes in the regulatory environment. We believe that we can compete successfully with other commodities and financial intermediaries in the markets we seek to serve, based on our expertise, products and quality of consulting and execution services.

We compete with a large number of firms in the exchange-traded futures and options on futures execution sector and in the OTC derivatives sector. We compete primarily on the basis of diversity and value of services offered, and to a lesser extent on price. Our competitors in the exchange-traded futures and options sector include international, national and regional brokerage firms as well as local introducing brokers, with competition driven by price level and quality of service. Many of these competitors also offer OTC trading programs. In addition, there are a number of financial firms and physical commodities firms that participate in the OTC markets, both directly in competition with us and indirectly through firms like us. We compete in the OTC market by making specialized OTC transactions available to our customers in contract sizes that are smaller than those usually available from major counterparties.

Investor interest in the markets we serve impact and will continue to impact our activities. The instruments traded in these markets compete with a wide range of alternative investment instruments. We seek to counterbalance changes in demand in specified markets by undertaking activities in multiple uncorrelated markets.

Technology has increased competitive pressures on commodities and financial intermediaries by improving dissemination of information, making markets more transparent and facilitating the development of alternative execution mechanisms. In certain instances, we compete by providing technology-based solutions to facilitate customer transactions and solidify customer relationships.

### ***Administration and Operations***

We employ operations personnel to supervise and, for certain products, complete the clearing and settlement of transactions.

INTL FCStone Financial's securities transactions are cleared through Broadcort, a division of Merrill Lynch, Pierce, Fenner & Smith, Inc and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation. In relation to security transactions, INTL FCStone Financial does not hold customer funds or directly clear or settle securities transactions.

Sterne, Agee & Leach, Inc. is a self-clearing broker-dealer which does hold customer funds and maintains deposits with the National Securities Clearing Corporation, Inc. ("NSCC"), MBS Clearing Corporation, Inc., Depository Trust & Clearing Corporation, Inc. ("DTCC") and the Options Clearing Corporation ("OCC").

We utilize front-end electronic trading, back office and accounting systems to process transactions on a daily basis. In some cases these systems are integrated. The systems provide record keeping, trade reporting to exchange clearing organizations, internal risk controls, and reporting to government and regulatory entities, corporate managers, risk managers and customers. A third-party service bureau located in Hopkins, MN maintains our futures and options back office system. It has a disaster recovery site in Salem, NH.

We hold customer funds in relation to certain of our activities. In regulated entities, these customer funds are segregated, but in unregulated entities they are not. For a further discussion of customer segregated funds in our regulated entities, please see the "Customer Segregated Assets" discussion below.

Our administrative staff manages our internal financial controls, accounting functions, office services and compliance with regulatory requirements.

### ***Governmental Regulation and Exchange Membership***

Our activities are subject to significant governmental regulation, both in the U.S. and overseas. Failure to comply with regulatory requirements could result in administrative or court proceedings, censure, fines, issuance of cease-and-desist orders, or suspension or disqualification of the regulated entity, its officers, supervisors or representatives. The regulatory environment in which we operate is subject to frequent change and these changes directly impact our business and operating results.

The commodities industry in the U.S. is subject to extensive regulation under federal law. We are required to comply with a wide range of requirements imposed by the Commodity Futures Trading Commission (the "CFTC"), the National Futures Association (the "NFA") and the Chicago Mercantile Exchange, which is our designated self-regulatory organization. We are also a member of the Chicago Mercantile Exchange's divisions: the Chicago Board of Trade, the New York Mercantile Exchange and COMEX, ICE Futures US, ICE Europe Ltd, the New Zealand Exchange and the Minneapolis Grain Exchange. These regulatory bodies protect customers by imposing requirements relating to capital adequacy, licensing of personnel, conduct of business, protection of customer assets, record-keeping, trade-reporting and other matters.

The securities industry in the U.S. is subject to extensive regulation under federal and state securities laws. We must comply with a wide range of requirements imposed by the Securities and Exchange Commission (the "SEC"), state securities commissions, the Municipal Securities Rulemaking Board ("MSRB") and FINRA. These regulatory bodies safeguard the

integrity of the financial markets and protect the interests of investors in these markets. They also impose minimum capital requirements on regulated entities.

The Financial Conduct Authority (“FCA”), the regulator of the financial services industry in the United Kingdom, regulates our subsidiary, INTL FCStone Ltd, as a Financial Services Firm under part IV of the Financial Services and Markets Act 2000. The regulations impose regulatory capital, as well as conduct of business, governance, and other requirements. The conduct of business rules include those that govern the treatment of customer money and other assets which, under certain circumstances for certain classes of customers must be segregated from the firm’s own assets. INTL FCStone Ltd is a member of the LME, ICE Europe Ltd, LCH Encler, Euronext, the European Energy Exchange, Eurex and Norexco ASA.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) created a comprehensive new regulatory regime governing over-the-counter derivatives (“swaps”) and further regulations on listed derivatives. The Dodd-Frank Act also created a registration regime for new categories of market participants, such as “swap dealers”, among others. Our wholly owned subsidiary, INTL FCStone Markets, LLC is a CFTC provisionally registered swap dealer, whose business is overseen by the National Futures Association (“NFA”), the self-regulatory organization for the U.S. derivatives industry.

The Dodd-Frank Act generally introduced a framework for (i) swap data reporting and recordkeeping on counterparties and data repositories; (ii) centralized clearing for swaps, with limited exceptions for end-users; (iii) the requirement to execute swaps on regulated swap execution facilities; (iv) imposition on swap dealers to exchange margin on uncleared swaps with counterparties; and (v) the requirement to comply with new capital rules.

Effective September 2016, CFTC margin rules came into effect, imposing new requirements to exchange initial and variation margin, depending upon aggregate daily notional transactions outstanding, with an implementation period ending in 2020. CFTC capital rules have not been finalized and therefore it is too early to predict with any degree of certainty how we will be affected. We will continue to monitor all applicable developments in the ongoing implementation of the Dodd-Frank Act. The legislation and implementing regulations affect not only us, but also our customers and counterparties.

The European Markets Infrastructure Regulation (“EMIR”) is the European regulations on OTC derivatives, central counterparties and trade repositories. The EMIR has been implemented across the European Economic Area member states by the European Securities and Markets Authority (“ESMA”). The EMIR has imposed new requirements on our European operations, including (a) reporting derivatives to a trade repository; (b) putting in place certain risk management procedures for OTC derivative transactions that are not cleared; (c) changes to our clearing account models and increased central counterparty margin requirements. Reporting requirements came into effect in February 2014 and most risk mitigation procedures were set at the end of 2013. Implementation of collateral obligations applicable to non-cleared OTC transactions will begin to come into force in 2017. ESMA is continuing to evaluate and set clearing obligations for certain OTC derivatives. INTL FCStone Ltd complies with the enacted provisions and will do so when pending EMIR provisions are finalized as relevant to its activities.

In addition to the EMIR, the FCA will be enforcing additional European Union issued regulations such as the Markets in Financial Instruments Directive II (“MIFID II”), for which implementation is scheduled for 2018, and the Markets in Financial Instruments Regulation (“MIFIR”). Principal areas of impact related to this directive will involve oversight of organized trade facilities (“OTF’s”) for trading OTC non-equity products, customer type re-assessment, investor protection, enhanced conflict of interest and execution policies and extended transaction reporting requirements.

The USA PATRIOT Act contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations applicable to broker-dealers and other financial services companies. The USA PATRIOT Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside of the U.S. contain similar provisions. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the USA PATRIOT Act and other anti-money laundering laws.

The U.S. maintains various economic sanctions programs administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”). The OFAC administered sanctions take many forms, but generally prohibit or restrict trade and investment in and with sanctions targets, and in some cases require blocking of the target’s assets. Violations of any of the OFAC-administered sanctions are punishable by civil fines, criminal fines, and imprisonment. We established policies and procedures designed to comply with applicable OFAC requirements. Although we believe that our policies and procedures are effective, there can be no assurance that our policies and procedures will effectively prevent us from violating the OFAC-administered sanctions in every transaction in which we may engage.

### ***Net Capital Requirements***

INTL FCStone Financial is a dually registered broker-dealer/FCM and is subject to minimum capital requirements under Section 4(f)(b) of the Commodity Exchange Act, Part 1.17 of the rules and regulations of the CFTC and the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934. These rules specify the minimum amount of capital that must be available to support our customers’ open trading positions, including the amount of assets that INTL FCStone Financial must

maintain in relatively liquid form, and are designed to measure general financial integrity and liquidity. Net capital and the related net capital requirement may fluctuate on a daily basis. Compliance with minimum capital requirements may limit our operations if we cannot maintain the required levels of capital and restrict the ability of INTL FCStone Financial to make distributions to us. Moreover, any change in these rules or the imposition of new rules affecting the scope, coverage, calculation or amount of capital we are required to maintain could restrict our ability to operate our business and adversely affect our operations.

Sterne, Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc. are subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934.

INTL FCStone Ltd, a Financial Services Firm regulated by the FCA is subject to a net capital requirement.

The Australian Securities and Investment Commission regulates INTL FCStone Pty. Ltd. It is subject to a net tangible asset capital requirement.

The Brazilian Central Bank and Securities and Exchange Commission of Brazil regulates INTL FCStone DTVM Ltda. (“INTL FCStone DTVM”). It is a registered broker-dealer and is subject to a capital adequacy requirement.

The Comision Nacional de Valores regulates INTL Gainvest S.A. and INTL CIBSA S.A. and they are subject to net capital and capital adequacy requirements. The Rosario Futures Exchange and the General Inspector of Justice regulate INTL Capital, S.A. It is subject to a capital adequacy requirement.

Certain of our other non-U.S. subsidiaries are also subject to capital adequacy requirements promulgated by authorities of the countries in which they operate.

All of our subsidiaries are in compliance with all of their capital regulatory requirements as of September 30, 2016. Additional information on these net capital and minimum net capital requirements can be found in Note 12 to the Consolidated Financial Statements.

### ***Segregated Customer Assets***

INTL FCStone Financial maintains customer segregated deposits from its customers relating to their trading of futures and options on futures on U.S. commodities exchanges held with INTL FCStone Financial, making it subject to CFTC regulation 1.20, which specifies that such funds must be held in segregation and not commingled with the firm’s own assets. INTL FCStone Financial maintains acknowledgment letters from each depository at which it maintains customer segregated deposits in which the depository acknowledges the nature of funds on deposit in the account. In addition, CFTC regulations require filing of a daily segregation calculation which compares the assets held in customers segregated depositories (“segregated assets”) to the firm’s total segregated assets held on deposit from customers (“segregated liabilities”). The amount of customer segregated assets must be in excess of the segregated liabilities owed to customers and any shortfall in such assets must be immediately communicated to the CFTC. As of September 30, 2016, INTL FCStone Financial maintained \$51.5 million in segregated assets in excess of its segregated liabilities.

In addition, INTL FCStone Financial is subject to CFTC regulation 1.25, which governs the acceptable investment of customer segregated assets. This regulation allows for the investment of customer segregated assets in readily marketable instruments including U.S. Treasury securities, municipal securities, government sponsored enterprise securities, certificates of deposit, commercial paper and corporate notes or bonds which are guaranteed by the U.S. under the Temporary Liquidity Guarantee Program, interest in money market mutual funds, and repurchase transactions with unaffiliated entities in otherwise allowable securities. INTL FCStone Financial predominately invests its customer segregated assets in U.S. Treasury securities and money market mutual funds.

Sterne, Agee & Leach, Inc. maintains deposits from its customers related to its status as a self-clearing broker-dealer registered with the SEC and FINRA making it subject to Rule 15c3-3 under the Securities Exchange Act of 1934, which specifies that under certain circumstances a broker-dealer must maintain cash or qualified securities in a segregated reserve account for the exclusive benefit of its customers. As of September 30, 2016, Sterne, Agee & Leach, Inc. did not have a segregated reserve account requirement.

INTL FCStone Ltd is subject to certain business rules, including those that govern the treatment of customer money and other assets which under certain circumstances for certain classes of customer must be segregated from the firm’s own assets. As of September 30, 2016, INTL FCStone Ltd was in compliance with the applicable segregated funds requirements.

### ***Secured Customer Assets***

INTL FCStone Financial maintains customer secured deposits from its customers funds relating to their trading of futures and options on futures traded on, or subject to the rules of, a foreign board of trade held with INTL FCStone Financial, making it subject to CFTC Regulation 30.7, which requires that such funds must be carried in separate accounts in an amount sufficient to satisfy all of INTL FCStone Financial’s current obligations to customers trading foreign futures and foreign options on foreign

commodity exchanges or boards of trade, which are designated as secured customers' accounts. As of September 30, 2016, INTL FCStone Financial maintained \$16.4 million in secured assets in excess of its secured liabilities.

### **Foreign Operations**

We operate in a number of foreign jurisdictions, including Canada, Ireland, the United Kingdom, Argentina, Brazil, Colombia, Uruguay, Paraguay, Mexico, Nigeria, Dubai, China, South Korea, Hong Kong, Australia and Singapore. We established wholly owned subsidiaries in Uruguay and Nigeria but do not have offices or employees in those countries.

INTL FCStone Ltd is domiciled in the United Kingdom, and subject to regulation by the FCA.

In Argentina, the activities of INTL Gainvest S.A. and INTL CIBSA S.A. are subject to regulation by the Comision Nacional de Valores and the activities of INTL Capital, S.A. are subject to regulation by the Rosario Futures Exchange and the General Inspector of Justice.

In Brazil, the activities of FCStone do Brasil are subject to regulation by BM&F Bovespa, and the activities of INTL FCStone DTVM Ltda. are regulated by the Brazilian Central Bank and Securities and Exchange Commission of Brazil.

The activities of INTL Commodities DMCC are subject to regulation by the Dubai Multi Commodities Centre.

INTL FCStone Pte. Ltd. is subject to regulation by the Monetary Authority of Singapore.

INTL FCStone Pty. Ltd. is subject to regulation by the Australian Securities and Investments Commission.

INTL FCStone (Hong Kong) Limited holds a type 2 derivatives license and is subject to regulation by the Securities & Futures Commission of Hong Kong.

### **Business Risks**

We seek to mitigate the market and credit risks arising from our financial trading activities through an active risk management program. The principal objective of this program is to limit trading risk to an acceptable level while maximizing the return generated on the risk assumed.

We have a defined risk policy administered by our risk management committee, which reports to the risk committee of our board of directors. We established specific exposure limits for inventory positions in every business, as well as specific issuer limits and counterparty limits. We designed these limits to ensure that in a situation of unexpectedly large or rapid movements or disruptions in one or more markets, systemic financial distress, the failure of a counterparty or the default of an issuer, the potential estimated loss will remain within acceptable levels. The risk committee of our board of directors reviews the performance of the risk management committee on a quarterly basis to monitor compliance with the established risk policy.

### **Employees**

As of September 30, 2016, we employed 1,464 people globally: 1,014 in the U.S., 204 in the United Kingdom, 95 in Brazil, 68 in Argentina, 38 in Singapore, 12 in Dubai, 10 in Australia, 8 in Paraguay, 8 in China, 4 in Hong Kong and 3 in Mexico. None of our employees operate under a collective bargaining agreement, and we have not suffered any work stoppages or labor disputes. Many of our employees are subject to employment agreements, certain of which contain non-competition provisions.

### **Item 1A. Risk Factors**

We face a variety of risks that could adversely impact our financial condition and results of operations, including the following:

***Our ability to achieve consistent profitability is subject to uncertainty due to the nature of our businesses and the markets in which we operate.*** During the fiscal year ended September 30, 2016 we recorded net income of \$54.7 million, compared to net income of \$55.7 million in fiscal 2015 and \$19.3 million in fiscal 2014.

Our revenues and operating results may fluctuate significantly in the future because of the following factors:

- Market conditions, such as price levels and volatility in the commodities, securities and foreign exchange markets in which we operate;
- Changes in the volume of our market-making and trading activities;
- Changes in the value of our financial instruments, currency and commodities positions and our ability to manage related risks;
- The level and volatility of interest rates;
- The availability and cost of funding and capital;
- Our ability to manage personnel, overhead and other expenses;
- Changes in execution and clearing fees;
- The addition or loss of sales or trading professionals;
- Changes in legal and regulatory requirements; and
- General economic and political conditions.

Although we continue our efforts to diversify the sources of our revenues, it is likely that our revenues and operating results will continue to fluctuate substantially in the future and such fluctuations could result in losses. These losses could have a material adverse effect on our business, financial condition and operating results.

***The manner in which we account for certain of our precious metals commodities inventory may increase the volatility of our reported earnings.*** Our net income is subject to volatility due to the manner in which we report our precious metals commodities inventory held by subsidiaries that are not broker-dealers. Our precious metals inventory held in subsidiaries which are not broker-dealers is stated at the lower of cost or market value. We generally mitigate the price risk associated with our commodities inventory through the use of derivatives. We do not elect hedge accounting under U.S. GAAP for this price risk mitigation. In such situations, any unrealized gains in our precious metals inventory in our non-broker-dealer subsidiaries are not recognized under U.S. GAAP, but unrealized gains and losses in related derivative positions are recognized under U.S. GAAP. As a result, our reported earnings from these business segments are subject to greater volatility than the earnings from our other business segments.

***Our indebtedness could adversely affect our financial condition.*** As of September 30, 2016, our total consolidated indebtedness was \$228.3 million, and we may increase our indebtedness in the future as we continue to expand our business. Our indebtedness could have important consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring that a portion of our cash flow from operations be used for the payment of interest on our debt, thereby reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions and general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the securities industry; and
- restricting our ability to pay dividends or make other payments.

We may be able to incur additional indebtedness in the future, including secured indebtedness. If new indebtedness is added to our current indebtedness levels, the related risks that we now face could intensify.

***Committed credit facilities currently available to us might not be renewed.*** We currently have four committed credit facilities under which we may borrow up to \$447.0 million, consisting of:

- a \$247.0 million facility available to INTL FCStone Inc., for general working capital requirements, committed until March 18, 2019.
- a \$75.0 million facility available to our wholly owned subsidiary, INTL FCStone Financial, for short-term funding of margin to commodity exchanges, committed until April 6, 2017.
- a \$100.0 million committed facility available to our wholly owned subsidiary, FCStone Merchant Services, LLC, for commodity financing arrangements and commodity repurchase agreements, committed until May 1, 2018.
- a \$25.0 million facility available to our wholly owned subsidiary, INTL FCStone Ltd, for short-term funding of margin to commodity exchanges, committed until October 27, 2017.

During fiscal 2017, \$75 million of our committed credit facilities are scheduled to expire. There is no guarantee that we will be successful in renewing, extending or rearranging these facilities.

It is possible that these facilities might not be renewed at the end of their commitment periods and that we will be unable to replace them with other facilities. If our credit facilities are unavailable or insufficient to support future levels of business activities, we may need to raise additional funds externally, either in the form of debt or equity. If we cannot raise additional funds on acceptable terms, we may not be able to develop or enhance our business, take advantage of future opportunities or respond to competitive pressure or unanticipated requirements, leading to reduced profitability.

***Our failure to successfully integrate the operations of businesses acquired by us in the last twelve months could have a material adverse effect on our business, financial condition and operating results.*** Since September 30, 2015, we have acquired the Sterne Agee correspondent securities clearing and independent wealth management businesses. We will need to meet challenges to realize the expected benefits and synergies of this acquisition, including:

- integrating the management teams, strategies, cultures, technologies and operations of the acquired companies;
- retaining and assimilating the key personnel of acquired companies;
- retaining existing customers of the acquired companies;
- creating uniform standards, controls, procedures, policies and information systems; and
- achieving revenue growth because of risks involving (1) the ability to retain customers, (2) the ability to sell the services and products of the acquired companies to the existing customers of our other business segments, and (3) the ability to sell the services and products of our other business segments to the existing customers of the acquired companies.

The accomplishment of these objectives will involve considerable risk, including:

- the potential disruption of each company's ongoing business and distraction of their respective management teams;
- unanticipated expenses related to technology integration; and
- potential unknown liabilities associated with the acquisition.

It is possible that the integration process could result in the loss of the technical skills and management expertise of key employees, the disruption of the ongoing businesses or inconsistencies in standards, controls, procedures and policies due to possible cultural conflicts or differences of opinions on technical decisions and product road maps that adversely affect our ability to maintain relationships with customers, counterparties, and employees or to achieve the anticipated benefits of the acquisition.

***We face risks associated with our market-making and trading activities.*** We conduct our market-making and trading activities predominantly as a principal, which subjects our capital to significant risks. These activities involve the purchase, sale or short sale for customers and for our own account of financial instruments, including equity and debt securities, commodities and foreign exchange. These activities are subject to a number of risks, including risks of price fluctuations, rapid changes in the liquidity of markets and counterparty creditworthiness.

These risks may limit our ability to either resell financial instruments we purchased or to repurchase securities we sold in these transactions. In addition, we may experience difficulty borrowing financial instruments to make delivery to purchasers to whom we sold short, or lenders from whom we have borrowed. From time to time, we have large position concentrations in securities of a single issuer or issuers in specific countries and markets. This concentration could result in higher trading losses than would occur if our positions and activities were less concentrated.

The success of our market-making activities depends on:

- the price volatility of specific financial instruments, currencies and commodities,
- our ability to attract order flow;
- the skill of our personnel;
- the availability of capital; and
- general market conditions.

To attract market-trading, market-making and trading business, we must be competitive in:

- providing enhanced liquidity to our customers;
- the efficiency of our order execution;
- the sophistication of our trading technology; and
- the quality of our customer service.

In our role as a market maker and trader, we attempt to derive a profit from the difference between the prices at which we buy and sell financial instruments, currencies and commodities. However, competitive forces often require us to:

- match the quotes other market makers display; and
- hold varying amounts of financial instruments, currencies and commodities in inventory.

By having to maintain inventory positions, we are subject to a high degree of risk. We cannot ensure that we will be able to manage our inventory risk successfully or that we will not experience significant losses, either of which could materially adversely affect our business, financial condition and operating results.

***We operate as a principal in the OTC derivatives markets which involves the risks associated with commodity derivative instruments.*** We offer OTC derivatives to our customers in which we act as a principal counterparty. We endeavor to simultaneously offset the commodity price risk of the instruments by establishing corresponding offsetting positions with commodity counterparties, or alternatively we may offset those transactions with similar but not identical positions on an exchange. To the extent that we are unable to simultaneously offset an open position or the offsetting transaction is not fully effective to eliminate the commodity derivative risk, we have market risk exposure on these unmatched transactions. Our exposure varies based on the size of the overall positions, the terms and liquidity of the instruments brokered, and the amount of time the positions remain open.

To the extent an unhedged position is not disposed of intra-day, adverse movements in the commodities underlying these positions or a downturn or disruption in the markets for these positions could result in a substantial loss. In addition, any principal gains and losses resulting from these positions could on occasion have a disproportionate effect, positive or negative, on our financial condition and results of operations for any particular reporting period.

Transactions involving OTC derivative contracts may be adversely affected by fluctuations in the level, volatility, correlation or relationship between market prices, rates, indices and/or other factors. These types of instruments may also suffer from illiquidity in the market or in a related market.

**OTC derivative transactions are subject to unique risks.** OTC derivative transactions are subject to the risk that, as a result of mismatches or delays in the timing of cash flows due from or to counterparties in OTC derivative transactions or related hedging, trading, collateral or other transactions, we or our counterparty may not have adequate cash available to fund its current obligations.

We could incur material losses pursuant to OTC derivative transactions because of inadequacies in or failures of our internal systems and controls for monitoring and quantifying the risk and contractual obligations associated with OTC derivative transactions and related transactions or for detecting human error, systems failure or management failure.

OTC derivative transactions may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Accordingly it may not be possible to modify, terminate or offset obligations or exposure to the risk associated with a transaction prior to its scheduled termination date.

**We may have difficulty managing our growth.** We have experienced significant growth in our business. Our operating revenues grew from \$448.1 million in fiscal 2012 to \$671.0 million in fiscal 2016.

This growth required, and will continue to require, us to increase our investment in management personnel, financial and management systems and controls, and facilities. In the absence of continued revenue growth, the costs associated with our expected growth would cause our operating margins to decline from current levels. In addition, as is common in the financial industry, we are and will continue to be highly dependent on the effective and reliable operation of our communications and information systems.

The scope of procedures for assuring compliance with applicable rules and regulations changes as the size and complexity of our business increases. In response, we have implemented and continue to revise formal compliance procedures.

It is possible that we will not be able to manage our growth successfully. Our inability to do so could have a material adverse effect on our business, financial condition and operating results.

**Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risk, which could harm our business.** We have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future. However, our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Our risk management policies and procedures require, among other things, that we properly record and verify many thousands of transactions and events each day, and that we continuously monitor and evaluate the size and nature of our or our customers' positions and the associated risks. In light of the high volume of transactions, it is impossible for us to review and assess every single transaction or to monitor at every moment in time our or our customers' positions and the associated risks.

Our policies and procedures used to identify, monitor and control a variety of risks, including risks related to human error, customer defaults, market movements, fraud and money-laundering, are established and reviewed by the Risk Committee of our Board of Directors. Some of our methods for managing risk are discretionary by nature and are based on internally developed controls and observed historical market behavior, and also involve reliance on standard industry practices. These methods may not adequately prevent losses, particularly as they relate to extreme market movements, which may be significantly greater than historical fluctuations in the market. Our risk management policies and procedures also may not adequately prevent losses due to technical errors if our testing and quality control practices are not effective in preventing software or hardware failures. In addition, we may elect to adjust our risk management policies and procedures to allow for an increase in risk tolerance, which could expose us to the risk of greater losses. Our risk management policies and procedures rely on a combination of technical and human controls and supervision that are subject to error and failure. These policies and procedures may not protect us against all risks or may protect us less than anticipated, in which case our business, financial condition and results of operations and cash flows may be materially adversely affected.

**We are exposed to the credit risk of our customers and counterparties and their failure to meet their financial obligations could adversely affect our business.** We have substantial credit risk in both our securities and commodities businesses. As a market-maker of OTC and listed securities and a dealer in fixed income securities, we conduct the majority of our securities transactions as principal with institutional counterparties. We clear our principal securities transactions through unaffiliated clearing brokers. Substantially all of our principal equity and debt securities are held by these clearing brokers. Our clearing brokers have the right to charge us for losses that result from a counterparty's failure to fulfill its contractual obligations. We borrow securities from, and lend securities to, other broker-dealers, and may also enter into agreements to repurchase and agreements to resell securities. A sharp change in the security market values utilized in these transactions may result in losses if counterparties to these transactions fail to honor their commitments.

In our correspondent securities clearing and independent wealth management businesses, we permit customers to purchase securities on margin, subject to various regulatory and internal margin requirements. During periods of significant price declines, the value of collateral securing the customer's margin loan may decline below the customers obligation to us. In the

event, the customer is unable to deposit additional collateral for these margin loans, we may incur credit losses on these transactions or additional costs in attempting to secure additional collateral. While introducing broker-dealers and independent representatives are generally responsible for the credit losses of their customers, we may incur losses if they do not fulfill their obligations.

As a clearing broker in futures and option transactions, we act on behalf of our customers for all trades consummated on exchanges. We must pay initial and variation margin to the exchanges before we receive the required payments from our customers. Accordingly, we are responsible for our customers' obligations with respect to these transactions, including margin payments, which exposes us to significant credit risk. Customer positions which represent a significant percentage of open positions in a given market or concentrations in illiquid markets may expose us to the risk that we are not able to liquidate a customer's position in a manner which does not result in a deficit in that customer's account. A substantial part of our working capital is at risk if customers default on their obligations to us and their account balances and security deposits are insufficient to meet all of their obligations.

We act as a principal for OTC commodity and foreign exchange derivative transactions, which exposes us to both the credit risk of our customers and the counterparties with which we offset the customer's position. As with exchange-traded transactions, our OTC transactions require that we meet initial and variation margin payments on behalf of our customers before we receive the required payment from our customers. In addition, with OTC transactions, there is a risk that a counterparty will fail to meet its obligations when due. We would then be exposed to the risk that a settlement of a transaction which is due a customer will not be collected from the respective counterparty with which the transaction was offset. Customers and counterparties that owe us money, securities or other assets may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons.

We act as a principal in our physical commodities trading activities which exposes us to the credit risk of our counterparties and customers in these activities. Any metals or other physical commodities positions are held by third party custodians.

Although we have procedures for reviewing credit exposures to specific customers and counterparties to address present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee, including rapid changes in securities, commodity and foreign exchange price levels. Some of our risk management methods depend upon the evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by us. That information may not, in all cases, be accurate, complete, up-to-date or properly evaluated. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us. We may be materially and adversely affected in the event of a significant default by our customers and counterparties.

In our securities and commodities businesses we rely on the ability of our clearing brokers to adequately discharge their obligations on a timely basis. We also depend on the solvency of our clearing brokers and custodians. Any failure by a clearing broker to adequately discharge its obligations on a timely basis, or insolvency of a clearing broker or custodian, or any event adversely affecting our clearing brokers or custodians, could have a material adverse effect on our business, financial condition and operating results.

As a clearing member firm of commodities clearing houses in the U.S. and abroad, we are also exposed to clearing member credit risk. Commodities clearing houses require member firms to deposit cash and/or government securities to a clearing fund. If a clearing member defaults in its obligations to the clearing house in an amount larger than its own margin and clearing fund deposits, the shortfall is absorbed pro rata from the deposits of the other clearing members. Several clearing houses of which we are members also have the authority to assess their members for additional funds if the clearing fund is depleted. A large clearing member default could result in a substantial cost to us if we are required to pay such assessments.

***Our net operating revenues may decrease due to changes in market volume, prices or liquidity.*** Declines in the volume of securities, commodities and foreign exchange transactions and in market liquidity generally may result in lower revenues from market-making and trading activities. Changes in price levels of securities and commodities and foreign exchange rates also may result in reduced trading activity and reduce our revenues from market-making transactions. Changed price levels also can result in losses from changes in the fair value of securities and commodities held in inventory. Sudden sharp changes in fair values of securities and commodities can result in:

- illiquid markets;
- fair value losses arising from positions held by us;
- the failure of buyers and sellers of securities and commodities to fulfill their settlement obligations,
- redemptions from funds managed in our asset management business segment and consequent reductions in management fees;
- reductions in accrued performance fees in our asset management business segment; and
- increases in claims and litigation.



Any change in market volume, price or liquidity or any other of these factors could have a material adverse effect on our business, financial condition and operating results.

***Our net operating revenues may decrease due to changes in customer trading volumes which are dependent in large part on commodity prices and commodity price volatility.*** Customer trading volumes are largely driven by the degree of volatility—the magnitude and frequency of fluctuations—in prices of commodities. Higher volatility increases the need to hedge contractual price risk and creates opportunities for arbitrage trading. Energy and agricultural commodities markets periodically experience significant price volatility. In addition to price volatility, increases in commodity prices generally lead to increased trading volume. As prices of commodities rise, especially energy prices, new participants enter the markets to address their growing risk-management needs or to take advantage of greater trading opportunities. Sustained periods of stability in the prices of commodities or generally lower prices could result in lower trading volumes and, potentially, lower revenues. Lower volatility and lower volumes could lead to lower customer balances held on deposit, which in turn may reduce the amount of interest revenue based on these deposits.

Factors that are particularly likely to affect price volatility and price levels of commodities include:

- supply and demand of commodities;
- weather conditions affecting certain commodities;
- national and international economic and political conditions;
- perceived stability of commodities and financial markets;
- the level and volatility of interest rates and inflation; and
- financial strength of market participants.

Any one or more of these factors may reduce price volatility or price levels in the markets for commodities trading, which in turn could reduce trading activity in those markets. Moreover, any reduction in trading activity could reduce liquidity which in turn could further discourage existing and potential market participants and thus accelerate any decline in the level of trading activity in these markets.

***Our net operating revenues may be impacted by diminished market activity due to adverse economic, political and market conditions.*** The amount of our revenues depends in part on the level of activity in the securities, foreign exchange and commodities markets in which we conduct business. The level of activity in these markets is directly affected by numerous national and international factors that are beyond our control, including:

- economic, political and market conditions;
- the availability of short-term and long-term funding and capital;
- the level and volatility of interest rates;
- legislative and regulatory changes; and
- currency values and inflation.

Any one or more of these factors may reduce the level of activity in these markets, which could result in lower revenues from our market-making and trading activities. Any reduction in revenues or any loss resulting from these factors could have a material adverse effect on our business, financial condition and operating results.

***We depend on our management team.*** Our future success depends, in large part, upon our management team who possess extensive knowledge and management skills with respect to securities, commodities and foreign exchange businesses we operate. The unexpected loss of services of any of our executive officers could adversely affect our ability to manage our business effectively or execute our business strategy. Although some of these officers have employment contracts with us, they are generally not required to remain with us for a specified period of time.

***We depend on our ability to attract and retain key personnel.*** Competition for key personnel and other highly qualified management, sales, trading, compliance and technical personnel is significant. It is possible that we will be unable to retain our key personnel and to attract, assimilate or retain other highly qualified personnel in the future. The loss of the services of any of our key personnel or the inability to identify, hire, train and retain other qualified personnel in the future could have a material adverse effect on our business, financial condition and operating results.

From time to time, other companies in the financial sector have experienced losses of sales and trading professionals. The level of competition to attract these professionals is intense. It is possible that we will lose professionals due to increased competition or other factors in the future. The loss of a sales and trading professional, particularly a senior professional with broad industry expertise, could have a material adverse effect on our business, financial condition and operating results.

***In the event of employee misconduct or error, our business may be harmed.*** There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Employee misconduct or error could subject us to legal liability, financial losses and regulatory sanctions and could seriously harm our reputation and negatively affect our business. Misconduct by employees could include engaging in improper or unauthorized transactions or activities, failing to properly supervise other employees or improperly using confidential information. Employee errors,

including mistakes in executing, recording or processing transactions for customers, could cause us to enter into transactions that customers may disavow and refuse to settle, which could expose us to the risk of material losses even if the errors are detected and the transactions are unwound or reversed. If our customers are not able to settle their transactions on a timely basis, the time in which employee errors are detected may be increased and our risk of material loss could be increased. The risk of employee error or miscommunication may be greater for products that are new or have non-standardized terms. It is not always possible to deter employee misconduct or error, and the precautions we take to detect and prevent this activity may not be effective in all cases.

**Internal or third party computer systems failures, capacity constraints and breaches of security could increase our operating costs and/or credit losses, decrease net operating revenues and cause us to lose customers.** We are heavily dependent on the capacity and reliability of the computer and communications systems supporting our operations, whether owned and operated internally or by third parties, including those used for execution and clearance of our customer's trades and our market making activities. We receive and process a large portion of our trade orders through electronic means, such as through public and private communications networks. These computer and communications systems and networks are subject to performance degradation or failure from any number of reasons, including loss of power, acts of war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, customer error or misuse, lack of proper maintenance or monitoring and similar events. Our systems, or those of our third party providers, may fail or operate slowly, causing one or more of the following:

- unanticipated disruptions in service to our customers;
- slower response times;
- delays in our customers' trade execution;
- failed settlement of trades;
- decreased customer satisfaction with our services;
- incomplete, untimely or inaccurate accounting, recording, reporting or processing of trades;
- financial losses;
- litigation or other customer claims; and
- regulatory sanctions.

The occurrence of degradation or failure of the communications and computer systems on which we rely may lead to financial losses, litigation or arbitration claims filed by or on behalf of our customers and regulatory investigations and sanctions, including by the CFTC, which require that our trade execution and communications systems be able to handle anticipated present and future peak trading volumes. Any such degradation or failure could also have a negative effect on our reputation, which in turn could cause us to lose existing customers to our competitors or make it more difficult for us to attract new customers in the future. Further, any financial loss that we suffer as a result of such degradations or failures could be magnified by price movements of contracts involved in transactions impacted by the degradation or failure, and we may be unable to take corrective action to mitigate any losses we suffer.

**We are subject to extensive government regulation.** The securities and commodities futures industries are subject to extensive regulation under federal, state and foreign laws. In addition, the SEC, the CFTC, FINRA, MSRB, the NFA, the CME Group and other self-regulatory organizations, commonly referred to as SROs, state securities commissions, and foreign regulators require compliance with their respective rules and regulations. These regulatory bodies are responsible for safeguarding the integrity of the financial markets and protecting the interests of participants in those markets.

As participants in various financial markets, we may be subject to regulation concerning certain aspects of our business, including:

- trade practices;
- the way we communicate with, and disclose risks to customers;
- financial and reporting requirements and practices;
- customer identification and anti-money laundering requirements;
- capital structure;
- record retention; and
- the conduct of our directors, officers and employees.

Failure to comply with any of these laws, rules or regulations could result in adverse consequences. We and certain of our officers and employees have, in the past, been subject to claims arising from acts that regulators asserted were in contravention of these laws, rules and regulations. These claims resulted in the payment of fines and settlements. It is possible that we and our officers and other employees will be subject to similar claims in the future. An adverse ruling against us or our officers and other employees could result in our or our officers and other employees being required to pay a substantial fine or settlement and could result in a suspension or revocation of required registrations or memberships. Such sanctions could have a material adverse effect on our business, financial condition and operating results.

The regulatory environment in which we operate is subject to change. In November 2013, the CFTC finalized new rules known as “Enhancing Customer Protections Rules”. These provisions, among other things, require enhanced customer protections, risk management programs, internal monitoring and controls, capital and liquidity standards, customer disclosures, and auditing and examination programs for FCMs. These rule changes, additional legislation or regulations, changes required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and any new or revised regulation by the SEC, the CFTC, other U.S. or foreign governmental regulatory authorities, SROs, MSRB or FINRA could have a material adverse effect on our business, financial condition and operating results. Changes in the interpretation or enforcement of existing laws and rules by these governmental authorities, SROs, MSRB and FINRA could also have a material adverse effect on our business, financial condition and operating results. Failure to comply with current or future legislation or regulations that apply to our operations could subject us to fines, penalties, or material restrictions on our business in the future.

Additional regulation, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often directly affect financial services firms. We cannot predict what effect any such changes might have. Our business, financial condition and operating results may be materially affected by both regulations that are directly applicable to us and regulations of general application. Our level of trading and market-making activities can be affected not only by such legislation or regulations of general applicability, but also by industry-specific legislation or regulations.

***We have incurred significant additional operational and compliance costs to meet the requirements of recent legislation and related regulations. This legislation and the related regulations may significantly affect our business in the future.*** Recent market and economic conditions have led to legislation and regulation affecting the financial services industry. These changes could eventually have an effect on our revenue and profitability, limit our ability to pursue certain business opportunities, impact the value of assets that we hold, require us to change certain business practices, impose additional costs on us, and otherwise adversely affect our business. Accordingly, we cannot provide assurance that new legislation and regulation will not eventually have an adverse effect on our business, results of operations, cash flows and financial condition.

The principal legislation is the Dodd-Frank Act which creates a comprehensive new regulatory regime governing the OTC and listed derivatives markets and their participants by requiring, among other things: centralized clearing of standardized derivatives (with certain stated exceptions); the trading of clearable derivatives on swap execution facilities or exchanges; and registration and comprehensive regulation of new categories of market participants as “swap dealers” and swap “introducing brokers.” The Dodd-Frank Act grants regulatory authorities, such as the CFTC and the SEC, broad rule-making authority to implement various provisions of the Dodd-Frank Act, including comprehensive regulation of the OTC derivatives market. These regulators will continue to exercise, their expanded rule-making powers in ways that will affect how we conduct our business.

We have incurred and expect to continue to incur significant costs to comply with these regulatory requirements. We have also incurred and expect to continue to incur significant costs related to the development, operation and enhancement of our technology relating to trade execution, trade reporting, surveillance, record keeping and data reporting obligations, compliance and back-up and disaster recovery plans designed to meet the requirements of the regulators.

Changes that will be required in our OTC and clearing businesses may adversely impact our results of operations. Following the implementation of all of the rules contemplated by the Dodd-Frank Act, the markets for cleared and non-cleared swaps may be less robust, there may be less volume and liquidity in these markets and there may be less demand for our services. Certain banks and other institutions will be limited in their conduct of proprietary trading and will be further limited or prohibited from trading in certain derivatives. The new rules, including the restrictions on the trading activities for certain banks and large institutions, could impact transaction volumes and liquidity in these markets and our revenues would be adversely impacted as a result.

Changes that will be required in our OTC and clearing businesses may also adversely impact our cash flows and financial condition. Registration will impose substantial new requirements upon these entities including, among other things, capital and margin requirements, business conduct standards and record keeping and data reporting obligations. Increased regulatory oversight could also impose administrative burdens on us related to, among other things, responding to regulatory examinations or investigations. Effective September 2016, CFTC margin rules came into effect, imposing new requirements to exchange initial and variation margin, depending upon aggregate daily notional transactions outstanding, with an implementation period ending in 2020. CFTC Capital rules have not been finalized and therefore it is too early to predict with any degree of certainty how we will be affected.

The EMIR is the European regulations on OTC derivatives, central counterparties and trade repositories. The EMIR has been implemented across the European Economic Area member states by the ESMA. The EMIR has imposed new requirements on our European operations, including (a) reporting derivatives to a trade repository; (b) putting in place certain risk management procedures for OTC derivative transactions that are not cleared; (c) changes to our clearing account models and increased central counterparty margin requirements. Reporting requirements came into effect in February 2014 and most risk mitigation procedures were set at the end of 2013. Implementation of collateral obligations applicable to non-cleared OTC transactions

will begin to come into force in 2017. ESMA is continuing to evaluate and set clearing obligations for certain OTC derivatives. INTL FCStone Ltd complies with the enacted provisions and will do so when pending EMIR provisions are finalized as relevant to its activities.

In addition to the EMIR, the FCA will be enforcing additional European Union issued regulations such as MIFID II, for which implementation is scheduled for 2018, and MIFIR. Principal areas of impact related to this directive will involve oversight of OTFs for trading OTC non-equity products, customer type re-assessment, investor protection, enhanced conflict of interest and execution policies and extended transaction reporting requirements.

The increased costs associated with compliance, and the changes that will be required in our OTC and clearing businesses, may adversely impact our results of operations, cash flows, and/or financial condition.

***We are subject to net capital requirements.*** The SEC, FINRA and the CFTC require our dually registered broker-dealer/FCM subsidiary, INTL FCStone Financial to maintain specific levels of net capital. Failure to maintain the required net capital may subject this subsidiary to suspension or revocation of registration by the SEC, and suspension or expulsion by FINRA and other regulatory bodies and may subject this subsidiary to limitations on its activities, including suspension or revocation of its registration by the CFTC and suspension or expulsion by the NFA and various exchanges of which it is a member.

Sterne, Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc. are subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934.

The FCA requires our U.K. subsidiary, INTL FCStone Ltd to maintain specific levels of net capital. Failure to maintain the required net capital may subject INTL FCStone Ltd to suspension or revocation of its registration by the FCA.

Ultimately, any failure to meet capital requirements by our dually registered broker-dealer/FCM subsidiary, our broker-dealer subsidiaries or our U.K. subsidiary could result in liquidation of the subsidiary. Failure to comply with the net capital rules could have material and adverse consequences such as limiting their operations, or restricting us from withdrawing capital from these subsidiaries.

In addition, a change in the net capital rules, the imposition of new rules or any unusually large charge against net capital could limit our operations that require the intensive use of capital. They could also restrict our ability to withdraw capital from these subsidiaries. Any limitation on our ability to withdraw capital could limit our ability to pay cash dividends, repay debt and repurchase shares of our outstanding stock. A significant operating loss or any unusually large charge against net capital could adversely affect our ability to expand or even maintain our present levels of business, which could have an adverse effect on our business, financial condition and operating results.

***We are subject to margin funding requirements on short notice.*** Our business involves establishment and carrying of substantial open positions for customers on futures exchanges and in the OTC derivatives markets. We are required to post and maintain margin or credit support for these positions. Although we collect margin or other deposits from our customers for these positions, significant adverse price movements can occur which will require us to post margin or other deposits on short notice, whether or not we are able to collect additional margin or credit support from our customers. We maintain borrowing facilities for the purpose of funding margin and credit support and have systems to endeavor to collect margin and other deposits from customers on a same-day basis, there can be no assurance that these facilities and systems will be adequate to eliminate the risk of margin calls in the event of severe adverse price movements affecting open positions of our customers. Generally, if a customer is unable to meet its margin call, we promptly liquidate the customer's account. However, there can be no assurance that in each case the liquidation of the account will not result in a loss to us or that liquidation will be feasible, given market conditions, size of the account and tenor of the positions.

***Low short-term interest rates negatively impact our profitability.*** The level of prevailing short-term interest rates affects our profitability because we derive a portion of our revenue from interest earned from the investment of funds deposited with us by our customers. As of September 30, 2016, we had \$2.2 billion in customer segregated assets, the majority of which are generally invested in U.S. Treasury securities and money market mutual funds. In addition, in our correspondent securities clearing business, we earn interest on customer cash held in money market mutual funds and FDIC sweep accounts. Our financial performance generally benefits from rising interest rates. Higher interest rates increase the amount of interest income earned from these customer deposits. If short-term interest rates remain low or continue to fall, our revenues derived from interest will decline which would negatively impact our profitability.

Short-term interest rates are highly sensitive to factors that are beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities. In particular, decreases in the federal funds rate by the Board of Governors of the Federal Reserve System usually lead to decreasing interest rates in the U.S., which generally lead to a decrease in short-term interest rates.

***We may issue additional equity securities.*** The issuance of additional common stock or securities convertible into our common stock could result in dilution of the ownership interest in us held by existing stockholders. We are authorized to issue, without

stockholder approval, a significant number of additional shares of our common stock and securities convertible into either common stock or preferred stock.

**We are subject to risks relating to litigation and potential securities and commodities law liability.** We face significant legal risks in our businesses, including risks related to currently pending litigation involving the Company. Many aspects of our business involve substantial risks of liability, including liability under federal and state securities and commodities laws, other federal, state and foreign laws and court decisions, as well as rules and regulations promulgated by the SEC, the CFTC, FINRA, MSRB, the NFA, the FCA and other regulatory bodies. Substantial legal liability or significant regulatory action against us and our subsidiaries could have adverse financial effects or cause significant reputational harm to us, which in turn could seriously harm our business prospects. Any such litigation could lead to more volatility of our stock price.

For a further discussion of litigation risks, see Item 3—Legal Proceedings below and Note 11 - Commitments and Contingencies in the Consolidated Financial Statements.

**We are subject to intense competition.** We derive a significant portion of our revenues from market-making and trading activities involving securities and commodities. The market for these services, particularly market-making services through electronic communications gateways, is rapidly evolving and intensely competitive. We expect competition to continue and intensify in the future. We compete primarily with wholesale, national, and regional broker-dealers and FCMs, as well as electronic communications networks. We compete primarily on the basis of our expertise and quality of service.

We also derive a significant portion of our revenues from commodities risk management services. The commodity risk management industry is very competitive and we expect competition to continue to intensify in the future. Our primary competitors in this industry include both large, diversified financial institutions and commodity-oriented businesses, smaller firms that focus on specific products or regional markets and independent FCMs.

A number of our competitors have significantly greater financial, technical, marketing and other resources than we have. Some of them may:

- offer alternative forms of financial intermediation as a result of superior technology and greater availability of information;
- offer a wider range of services and products than we offer;
- be larger and better capitalized;
- have greater name recognition; and
- have more extensive customer bases.

These competitors may be able to respond more quickly to new or evolving opportunities and customer requirements. They may also be able to undertake more extensive promotional activities and offer more attractive terms to customers. Recent advances in computing and communications technology are substantially changing the means by which market-making services are delivered, including more direct access on-line to a wide variety of services and information. This has created demand for more sophisticated levels of customer service. Providing these services may entail considerable cost without an offsetting increase in revenues. In addition, current and potential competitors have established or may establish cooperative relationships or may consolidate to enhance their services and products. New competitors or alliances among competitors may emerge and they may acquire significant market share.

We cannot assure you that we will be able to compete effectively with current or future competitors or that the competitive pressures we face will not have an adverse effect on our business, financial condition and operating results.

**Our business could be adversely affected if we are unable to retain our existing customers or attract new customers.** The success of our business depends, in part, on our ability to maintain and increase our customer base. Customers in our market are sensitive to, among other things, the costs of using our services, the quality of the services we offer, the speed and reliability of order execution and the breadth of our service offerings and the products and markets to which we offer access. We may not be able to continue to offer the pricing, service, speed and reliability of order execution or the service, product and market breadth that customers desire. In addition, once our risk management consulting customers have become better educated with regard to sources of risk and the tools available to facilitate the management of this risk and we have provided them with recommended hedging strategies, they may no longer continue paying monthly fees for these services. Furthermore, our existing customers, including IRMP customers, are not generally obligated to use our services and can switch providers of clearing and execution services or decrease their trading activity conducted through us at any time. As a result, we may fail to retain existing customers or be unable to attract new customers. Our failure to maintain or attract customers could have an adverse effect on our business, financial condition and operating results.

**We rely on relationships with introducing brokers for obtaining some of our customers.** The failure to maintain these relationships could adversely affect our business. We have relationships with introducing brokers who assist us in establishing new customer relationships and provide marketing and customer service functions for some of our customers. These introducing brokers receive compensation for introducing customers to us. Many of our relationships with introducing brokers

are non-exclusive or may be canceled on relatively short notice. In addition, our introducing brokers have no obligation to provide new customer relationships or minimum levels of transaction volume. Our failure to maintain these relationships with these introducing brokers or the failure of these introducing brokers to establish and maintain customer relationships would result in a loss of revenues, which could adversely affect our business.

***Certain provisions of Delaware law and our charter may adversely affect the rights of holders of our common stock and make a takeover of us more difficult.*** We are organized under the laws of the State of Delaware. Certain provisions of Delaware law may have the effect of delaying or preventing a change in control. In addition, certain provisions of our certificate of incorporation may have anti-takeover effects and may delay, defer or prevent a takeover attempt that a stockholder might consider in its best interest. Our certificate of incorporation authorizes the board to determine the terms of our unissued series of preferred stock and to fix the number of shares of any series of preferred stock without any vote or action by our stockholders. As a result, the board can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. In addition, the issuance of preferred stock may have the effect of delaying or preventing a change of control, because the rights given to the holders of a series of preferred stock may prohibit a merger, reorganization, sale, liquidation or other extraordinary corporate transaction.

***Our stock price is subject to volatility.*** The market price of our common stock has been and can be expected to be subject to fluctuation as a result of a variety of factors, many of which are beyond our control, including:

- actual or anticipated variations in our results of operations;
- announcements of new products by us or our competitors;
- technological innovations by us or our competitors;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- the operating and stock price performance of other companies;
- general market conditions or conditions specific in specific markets;
- conditions or trends affecting our industry or the economy generally;
- announcements relating to strategic relationships or acquisitions; and
- risk factors and uncertainties set forth elsewhere in this Form 10-K.

Because of this volatility, we may fail to meet the expectations of our stockholders or of securities analysts, and the trading prices of our common stock could decline as a result. In addition, any negative change in the public perception of the securities industry could depress our stock price regardless of our operating results.

Future sales by existing stockholders could depress the market price of our common stock. If our stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could fall. Such sales also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate.

***Our international operations involve special challenges that we may not be able to meet, which could adversely affect our financial results.*** We engage in a significant amount of business with customers in the international markets. Certain additional risks are inherent in doing business in international markets, particularly in a regulated industry. These risks include:

- the inability to manage and coordinate the various regulatory requirements of multiple jurisdictions that are constantly evolving and subject to unexpected change;
- tariffs and other trade barriers;
- difficulties in recruiting and retaining personnel, and managing international operations;
- difficulties of debt collection in foreign jurisdictions;
- potentially adverse tax consequences; and
- reduced protection for intellectual property rights.

***Our operations are subject to the political, legal and economic risks associated with politically unstable and less developed regions of the world, including the risk of war and other international conflicts and actions by governmental authorities, insurgent groups, terrorists and others.*** Specifically, we conduct business in countries whose currencies may be unstable. Future instability in such currencies or the imposition of governmental or regulatory restrictions on such currencies could impede our foreign business and our ability to collect on collateral held in such currencies.

***Our operations are required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which we conduct business, and if we violate these regulations, we may be subject to significant penalties.*** The financial services industry is subject to extensive laws, rules and regulations in every country in which we operate. Firms that engage in commodity futures brokerage, securities and derivatives trading and investment banking must comply with the laws, rules and regulations imposed by the governing country, state, regulatory bodies and self-regulatory bodies with governing authority over such activities. Such laws, rules and regulations cover all aspects of the financial services business, including, but not limited to, sales and trading methods, trade practices, use and safekeeping of customers' funds and securities, capital structure, anti-money laundering and anti-bribery and corruption efforts, recordkeeping and the conduct of directors, officers and employees.

Each of our regulators supervises our business activities to monitor compliance with such laws, rules and regulations in the relevant jurisdiction. In addition, if there are instances in which our regulators question our compliance with laws, rules, and regulations, they may investigate the facts and circumstances to determine whether we have complied. At any moment in time, we may be subject to one or more such investigation or similar reviews. At this time, we believe all such investigations, and similar reviews are insignificant in scope and immaterial to us. However, there can be no assurance that, in the future, the operations of our businesses will not violate such laws, rules, and regulations and that related investigations and similar reviews could result in adverse regulatory requirements, regulatory enforcement actions and/or fines.

Additional legislation, changes in rules, changes in the interpretation or enforcement of existing laws and rules, or the entering into businesses that subject us to new rules and regulations may directly affect our business, results of operations and financial condition.

We are reviewing the regulatory changes that will be introduced by MIFID II and MIFIR to assess the impact this legislation is likely to have on our U.K. business which is expected to be implemented in 2017. Among other things, the legislation will impose additional transaction and position reporting requirements, disclosure obligations, as well as requiring certain over-the-counter derivatives to be traded on OTFs.

***The U.K.'s proposed withdrawal from the European Union could have an adverse effect on our business and financial results.***

On June 23, 2016, a referendum was held in the U.K. to determine whether the country should remain a member of the European Union, with voters approving withdrawal from the E.U. (commonly referred to as "Brexit"). Following the results of this referendum, the U.K. government is expected to begin discussions with the E.U. on the terms and conditions of the proposed withdrawal from the E.U. Current uncertainty over whether the U.K. will ultimately leave the E.U., as well as the final outcome of the negotiations between the U.K. and E.U., could have an adverse effect on our business and financial results. The long-term effects of Brexit will depend on the terms negotiated between the U.K. and the E.U., which may take years to complete. Our operations in the U.K. as well as our global operations could be impacted by the global economic uncertainty caused by Brexit.

If we are unable to manage any of these risks effectively, our business could be adversely affected.

**Item 1B. Unresolved Staff Comments**

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our fiscal year 2016 that remain unresolved.

**Item 2. Properties**

The Company maintains offices in New York, New York; Winter Park, Florida; West Des Moines, Iowa; Chicago, Illinois; Kansas City, Missouri; St. Louis, Missouri; Bloomfield, Nebraska; Omaha, Nebraska; Minneapolis, Minnesota; Bloomington, Illinois; Miami, Florida; Indianapolis, Indiana; Bowling Green, Ohio; Nashville, Tennessee; Lawrence, Kansas; Mobile, Alabama; Boca Raton, Florida; Twin Falls, Idaho; Birmingham, Alabama; Charlotte, North Carolina; Youngstown, Ohio; Mexico City, Mexico; Buenos Aires, Argentina; Campinas, Brazil; Sao Paulo, Brazil; Maringa, Brazil; Passo Fundo, Brazil; Goiania, Brazil; Recife, Brazil; Sorriso, Brazil; Patrocinio, Brazil; Asuncion and Ciudad del Este, Paraguay; Bogota, Colombia; London, United Kingdom; Dublin, Ireland; Dubai, United Arab Emirates; Singapore, Singapore; Beijing and Shanghai, China; Hong Kong, and Sydney, Australia. All of our offices and other principal business properties are leased, except for the space in Buenos Aires, which we own. We believe that our leased and owned facilities are adequate to meet anticipated requirements for our current lines of business.

**Item 3. Legal Proceedings**

In addition to the matters discussed below, from time to time and in the ordinary course of business, we are involved in various legal actions and proceedings, including tort claims, contractual disputes, employment matters, workers' compensation claims and collections. We carry insurance that provides protection against certain types of claims, up to the policy limits of our insurance. In the opinion of management, possible exposure from loss contingencies in excess of the amounts accrued, and in addition to the possible losses discussed below, is not material to our earnings, financial position or liquidity.

The following is a summary of a significant legal matter.

*Sentinel Litigation*

Prior to the July 1, 2015 merger into INTL FCStone Financial, our subsidiary, FCStone, LLC, had a portion of its excess segregated funds invested with Sentinel Management Group Inc. ("Sentinel"), a registered futures commission merchant ("FCM") and an Illinois-based money manager that provided cash management services to other FCMs. In August 2007, Sentinel halted redemptions

to customers and sold certain of the assets it managed to an unaffiliated third party at a significant discount. On August 17, 2007, subsequent to Sentinel's sale of certain assets, Sentinel filed for bankruptcy protection. In aggregate, \$15.5 million of FCStone, LLC's \$21.9 million in invested funds were returned to it before and after Sentinel's bankruptcy petition.

In August 2008, the bankruptcy trustee of Sentinel filed adversary proceedings against FCStone, LLC, and a number of other FCMs in the Bankruptcy Court for the Northern District of Illinois. The case was subsequently reassigned to the U.S. District Court, for the Northern District of Illinois. In the complaint, the trustee sought avoidance of alleged transfers or withdrawals of funds received by FCStone, LLC and other FCMs within 90 days prior to the filing of the Sentinel bankruptcy petition, as well as avoidance of post-petition distributions and disallowance of the proof of claim filed by FCStone, LLC. The trustee sought recovery of pre- and post-petition transfers totaling approximately \$15.5 million.

The trial of this matter took place, as a test case, during October 2012. The trial court entered a judgment against FCStone, LLC on January 4, 2013. On January 17, 2013, the trial court entered an agreed order, staying execution and enforcement, pending an appeal of the judgment. On March 19, 2014, the appeal court ruled in favor of FCStone, LLC. In April 2014, the trustee filed a petition for rehearing of the appeal. In May 2014, the U.S. Court of Appeals for the Seventh Circuit denied the petition. The trustee did not file a writ for certiorari with the U.S. Supreme Court during the time allotted to do so.

On February 10, 2015, based on a new theory, the trustee filed a motion for judgment against FCStone, LLC in the U.S. District Court, for the Northern District of Illinois, seeking to claw back the post-petition transfer of \$14.5 million and to recover the funds held in reserve in the name of FCStone, LLC. FCStone, LLC filed its opposition brief and an associated motion for judgment on March 17, 2015. The trustee filed its reply briefs on April 7, 2015 and we filed our reply briefs on April 22, 2015.

On March 28, 2016, the U.S. District Court for the Northern District of Illinois entered an order in favor of FCStone, LLC (now INTL FCStone Financial Inc.) and against the trustee on the trustee's post-petition claim, in light of the Seventh Circuit's opinion. The same court ruled against INTL FCStone Financial and in favor of the trustee with respect to the funds held in reserve accounts.

On April 25, 2016, INTL FCStone Financial filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit relating to the portion of the final judgment dated March 28, 2016 of the district court and INTL FCStone Financial's claim to funds in reserve accounts. On April 26, 2016, the trustee filed its notice of appeal from the March 28, 2016 final judgment of the district court. On April 27, 2016, the court consolidated the two appeals and directed the trustee to file an opening brief. On June 27, 2016 the trustee filed his appellate brief. On August 31, 2016, the Futures Industry Association, Inc. filed an amicus curiae brief in support of INTL FCStone Financial's cross-appeal.

We have determined that losses related to the trustee's appeal are neither probable nor reasonably possible.

Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may later prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

#### **Item 4. Mine Safety Disclosures**

Not applicable.



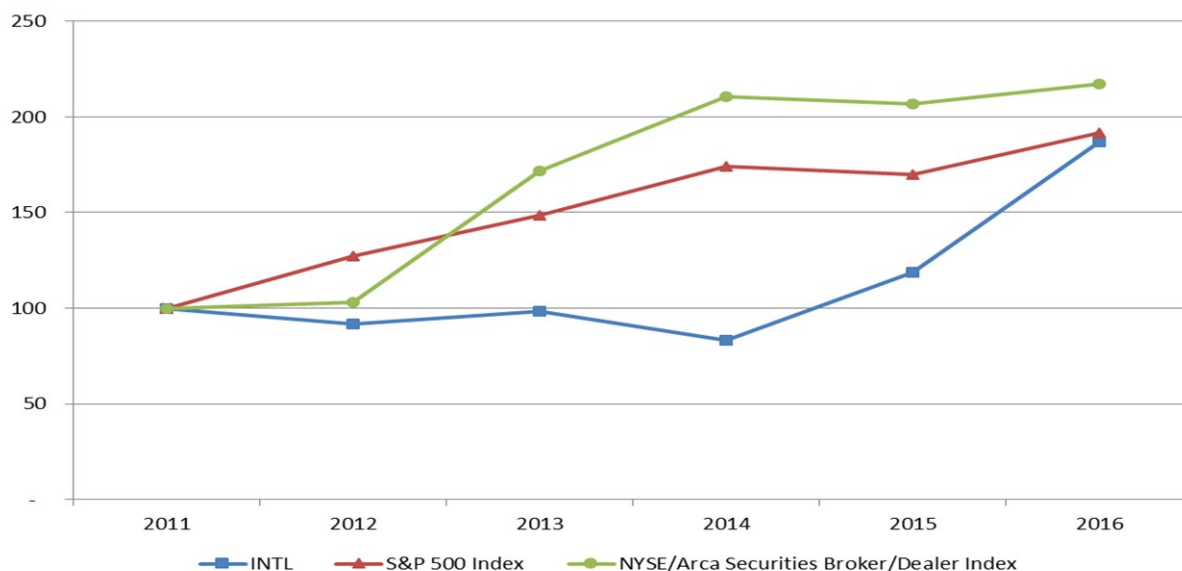
**PART II**

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

Our common stock is listed on The NASDAQ Stock Market LLC (“NASDAQ”) under the symbol ‘INTL’. Our common stock trades on the NASDAQ Global Select Market. As of September 30, 2016, there were approximately 325 registered holders of record of our common stock. The high and low sales prices per share of our common stock for each full quarterly period during fiscal 2016 and 2015 were as follows:

	Price Range	
	High	Low
<b>2016:</b>		
Fourth Quarter	\$ 39.48	\$ 26.38
Third Quarter	\$ 28.64	\$ 25.17
Second Quarter	\$ 32.67	\$ 24.87
First Quarter	\$ 36.02	\$ 25.15
<b>2015:</b>		
Fourth Quarter	\$ 35.22	\$ 24.50
Third Quarter	\$ 37.15	\$ 29.74
Second Quarter	\$ 30.44	\$ 19.25
First Quarter	\$ 20.70	\$ 16.96

**Value over 5 years of \$100 invested on September 30, 2011 in each of the company's stock ("INTL"), S&P 500 Index and NYSE/Arca Securities Broker/Dealer Index**



We have never declared any cash dividends on our common stock, and do not currently have any plans to pay dividends on our common stock. The payment of cash dividends in the future is subject to the discretion of the Board of Directors and will depend on our earnings, financial condition, capital requirements, contractual restrictions and other relevant factors. Our credit agreements currently prohibit the payment of cash dividends by us.

On August 18, 2016, our Board of Directors authorized for fiscal 2017, the repurchase of up to 1.0 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on October 1, 2016 and ending on September 30, 2017, subject to the discretion of the senior management team to implement our stock repurchase plan, and subject to market conditions and as permitted by securities laws and other legal, regulatory and contractual requirements and covenants.

Our common stock repurchase program activity for the three months ended September 30, 2016 was as follows:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Program</b>	<b>Maximum Number of Shares Remaining to be Purchased Under the Program<sup>(1)</sup></b>
July 1, 2016 to July 31, 2016	—	\$ —	—	249,796
August 1, 2016 to August 31, 2016	—	—	—	249,796
September 1, 2016 to September 30, 2016	—	—	—	249,796
Total	—	\$ —	—	—

<sup>(1)</sup> The maximum number of shares remaining to be purchased under the program was reestablished to 1.0 million shares effective October 1, 2016.

Information relating to compensation plans under which our equity securities are authorized for issuance is set forth in Part III, Item 12 of our Annual Report on Form 10-K.

**Item 6. Selected Financial Data**

The following selected financial and operating data are derived from our consolidated financial statements and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, included in Item 7 and our Consolidated Financial Statements included in Item 8.

**Selected Summary Financial Information**

(in millions, except share and per share amounts)	Year Ended September 30,				
	2016	2015	2014	2013	2012
<b>Revenues:</b>					
Sales of physical commodities	\$ 14,112.0	\$ 34,089.9	\$ 33,546.4	\$ 42,031.2	\$ 66,249.4
Trading gains, net	321.2	328.6	244.5	244.0	246.8
Commission and clearing fees	224.3	192.5	180.7	173.3	161.0
Consulting and management fees	42.0	42.5	42.1	35.1	27.9
Interest income	55.2	39.4	8.0	8.9	8.0
Other income	0.2	0.3	0.7	0.9	0.3
<b>Total revenues</b>	<b>14,754.9</b>	<b>34,693.2</b>	<b>34,022.4</b>	<b>42,493.4</b>	<b>66,693.4</b>
Cost of sales of physical commodities	14,083.9	34,068.9	33,531.5	42,025.2	66,245.3
<b>Operating revenues</b>	<b>671.0</b>	<b>624.3</b>	<b>490.9</b>	<b>468.2</b>	<b>448.1</b>
Transaction-based clearing expenses	129.9	122.7	108.5	110.1	105.3
Introducing broker commissions	68.9	52.7	49.9	40.5	31.0
Interest expense	28.3	17.1	10.5	7.9	5.6
<b>Net operating revenues</b>	<b>443.9</b>	<b>431.8</b>	<b>322.0</b>	<b>309.7</b>	<b>306.2</b>
<b>Compensation and other expenses:</b>					
Compensation and benefits	263.9	251.1	201.9	198.7	197.2
Communication and data services	32.7	28.1	25.8	23.1	22.4
Occupancy and equipment rental	13.3	13.5	12.3	12.0	11.0
Professional fees	14.0	12.5	14.9	12.4	12.6
Travel and business development	11.5	10.5	9.9	10.4	10.4
Depreciation and amortization	8.2	7.2	7.3	8.0	7.2
Bad debts and impairments	4.4	7.3	5.5	0.8	1.5
Other	29.4	23.5	18.4	23.1	21.4
<b>Total compensation and other expenses</b>	<b>377.4</b>	<b>353.7</b>	<b>296.0</b>	<b>288.5</b>	<b>283.7</b>
Gain on acquisition	6.2	—	—	—	—
<b>Income from continuing operations, before tax</b>	<b>72.7</b>	<b>78.1</b>	<b>26.0</b>	<b>21.2</b>	<b>22.5</b>
Income tax expense	18.0	22.4	6.4	2.6	5.5
<b>Net income from continuing operations</b>	<b>54.7</b>	<b>55.7</b>	<b>19.6</b>	<b>18.6</b>	<b>17.0</b>
(Loss) income from discontinued operations, net of tax	—	—	(0.3)	0.7	(4.3)
<b>Net income</b>	<b>54.7</b>	<b>55.7</b>	<b>19.3</b>	<b>19.3</b>	<b>12.7</b>
Add: Net loss attributable to noncontrolling interests	—	—	—	—	0.1
<b>Net income attributable to INTL FCStone Inc. common stockholders</b>	<b>\$ 54.7</b>	<b>\$ 55.7</b>	<b>\$ 19.3</b>	<b>\$ 19.3</b>	<b>\$ 12.8</b>
<b>Earnings per share:</b>					
Basic	\$ 2.94	\$ 2.94	\$ 1.01	\$ 1.01	\$ 0.67
Diluted	\$ 2.90	\$ 2.87	\$ 0.98	\$ 0.97	\$ 0.64
<b>Number of shares:</b>					
Basic	18,410,561	18,525,374	18,528,302	18,443,233	18,282,939
Diluted	18,625,372	18,932,235	19,132,302	19,068,497	19,156,899
<b>Selected Balance Sheet Information:</b>					
Total assets	\$ 5,951.3	\$ 5,070.0	\$ 3,039.7	\$ 2,848.0	\$ 2,953.0
Lenders under loans	\$ 182.8	\$ 41.6	\$ 22.5	\$ 61.0	\$ 218.2
Senior unsecured notes	\$ 45.5	\$ 45.5	\$ 45.5	\$ 45.5	\$ —
Stockholders' equity	\$ 433.8	\$ 397.1	\$ 345.4	\$ 335.4	\$ 313.2

	Year Ended September 30,				
	2016	2015	2014	2013	2012
<b>Other Data:</b>					
Return on average stockholders' equity (from continuing operations) <sup>(a)</sup>	13.2%	15.0%	5.8%	5.7%	5.6%
EBITDA <sup>(b)</sup> (in millions)	\$ 109.2	\$ 102.4	\$ 43.8	\$ 37.1	\$ 35.3
Employees, end of period	1,464	1,231	1,141	1,094	1,074
Compensation and benefits as a percentage of operating revenues	39.3%	40.2%	41.1%	42.4%	44.0%

- (a) For all periods presented, the return on average stockholders' equity (from continuing operations) excludes the effects of discontinued operations and net loss attributable to noncontrolling interests, if any.
- (b) See "Non-GAAP Financial Measure" below.

#### Non-GAAP Financial Measure

EBITDA consists of net income from continuing operations before interest expense, income tax expense and depreciation and amortization. We have included EBITDA in our Form 10-K because we use it as an important supplemental measure of our performance and believe that it is frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present EBITDA when reporting their financial results. EBITDA is a financial measure that is not recognized by U.S. GAAP, and should not be considered as an alternative to operating revenues, net operating revenues, net income from continuing operations, net income or stockholders' equity calculated under U.S. GAAP or as an alternative to any other measures of performance derived in accordance with U.S. GAAP. The following table reconciles EBITDA with our net income from continuing operations.

(in millions)	Year Ended September 30,				
	2016	2015	2014	2013	2012
Net income from continuing operations	\$ 54.7	\$ 55.7	\$ 19.6	\$ 18.6	\$ 17.0
Plus: interest expense	28.3	17.1	10.5	7.9	5.6
Plus: depreciation and amortization	8.2	7.2	7.3	8.0	7.2
Plus: income taxes	18.0	22.4	6.4	2.6	5.5
EBITDA	\$ 109.2	\$ 102.4	\$ 43.8	\$ 37.1	\$ 35.3

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

The following discussion should be read together with the Consolidated Financial Statements and Notes thereto appearing elsewhere in this Annual Report on Form 10-K. Certain statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements that involve known and unknown risks and uncertainties, many of which are beyond our control. Words such as "may", "will", "should", "would", "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" and similar expressions identify such forward-looking statements. The forward-looking statements contained herein are based on current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. Factors that might cause such a difference include, among other things, those set forth under "Risk Factors" and those appearing elsewhere in this Form 10-K. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements. Readers are cautioned that any forward-looking statements are not guarantees of future performance.

#### Overview

INTL FCStone Inc. is a diversified global financial services organization providing execution, risk management and advisory services, market intelligence, and clearing services across assets classes and markets around the world. We help our customers access market liquidity, maximize profits and manage risk. We are a leader in the development of specialized financial services in commodities, securities, global payments, foreign exchange and other markets. Our revenues are derived primarily from financial products and advisory services that fulfill our customers' real needs and provide bottom-line benefits to their businesses. We create added value for our customers by providing access to global financial markets using our industry and financial expertise, deep partner and network relationships, insight and guidance, and integrity and transparency. Our customer-first approach differentiates us from large banking institutions, engenders trust, and has enabled us to establish leadership positions in a number of complex fields in financial markets around the world.

Our leadership positions span markets such as commodity risk management advisory services; global payments; market-making in international equities and other securities; fixed income; correspondent securities clearing and independent wealth management; physical trading and hedging of precious metals and select other commodities; execution of listed futures and options on futures contracts on all major commodity exchanges and foreign currency trading, among others. These businesses are supported by our global infrastructure of regulated operating subsidiaries, advanced technology platform and team of more than 1,400 employees. We currently serve more than 20,000 predominantly wholesale organizations, located in more than 130 countries. Our recent acquisition of the Sterne Agee correspondent clearing and independent wealth management businesses added approximately 50 correspondent clearing relationships with more than 120,000 accounts of which 65,000 are related to the independent wealth management business acquired.

Our customers include producers, processors and end-users of nearly all widely traded physical commodities; commercial counterparties who are end-users of our products and services; governmental and non-governmental organizations; and commercial banks, asset managers, introducing broker-dealers, insurance companies, brokers, institutional investors and major investment banks. We believe our customers value us for our focus on their needs, our expertise and flexibility, our global reach, our ability to provide access to hard-to-reach markets and opportunities, and our status as a well-capitalized and regulatory-compliant organization.

We believe we are well positioned to capitalize on key trends impacting the financial services sector. Among others, these trends include the impact of increased regulation on banking institutions and other financial services providers; increased consolidation, especially of smaller sub-scale financial services providers and independent securities clearing firms; the growing importance and complexity of conducting secure cross-border transactions; and the demand among financial institutions to transact with well-capitalized counterparties.

We focus on mitigating exposure to market risk, ensuring adequate liquidity to maintain daily operations and making non-interest expenses variable, to the greatest extent possible. We report our operating segments based on services provided to customers. Our business activities are managed as operating segments and organized into reportable segments consisting of Commercial Hedging, Global Payments, Securities, Physical Commodities, and Clearing and Execution Services (“CES”). See Segment Information for a listing of our operating segment components.

### ***Recent Events Affecting the Financial Services Industry***

The Dodd-Frank Act created a comprehensive new regulatory regime governing the OTC and listed derivatives markets. Most of the rules related to this regime have come into effect, however some important rules, such as those setting capital and margin requirements, have not been finalized or fully implemented. Effective September 2016, CFTC margin rules came into effect, imposing new requirements to exchange initial and variation margin, depending upon aggregate daily notional transactions outstanding, with an implementation period ending in 2020. CFTC capital rules have not been finalized and therefore it is too early to predict with any degree of certainty how we will be affected. We will continue to monitor all applicable developments in the ongoing implementation of the Dodd-Frank Act. The legislation and implementing regulations affect not only us, but also our customers and counterparties.

The European Markets Infrastructure Regulation (“EMIR”) is the European regulations on OTC derivatives, central counterparties and trade repositories. The EMIR has been implemented across the European Economic Area member states by the European Securities and Markets Authority (“ESMA”). Implementation of collateral obligations applicable to non-cleared OTC transactions will begin to come into force in 2017. ESMA is continuing to evaluate and set clearing obligations for certain OTC derivatives. We will continue to monitor all applicable developments in the ongoing implementation of EMIR.

In addition to the EMIR, the FCA will be enforcing additional European Union issued regulations such as the Markets in Financial Instruments Directive II (“MIFID II”), for which implementation is scheduled for 2018, and the Markets in Financial Instruments Regulation (“MIFIR”). Principal areas of impact related to this directive will involve oversight of organized trade facilities (“OTF’s”) for trading OTC non-equity products, customer type re-assessment, investor protection, enhanced conflict of interest and execution policies and extended transaction reporting requirements. We will continue to monitor all applicable developments in the ongoing implementation of MIFID II.

### **Fiscal 2016 Highlights**

- Overall operating revenues, grew 7% to \$671.0 million, including record operating revenues in our Securities segment.
- Completed the acquisition of the Sterne Agee correspondent securities clearing and independent wealth management businesses in the fourth fiscal quarter of 2016.
- Renewed and expanded our parent company three-year syndicated committed loan facility to \$247.0 million and on September 15, 2016 notified the trustee of our intention to redeem our 8.5% Senior Notes.
- Launched a financial information exchange (“FIX”) protocol for cross-border payments platform in our Global Payments segment, which we believe marks one of the first FIX offerings for cross-border payments in exotic currencies.
- Reached an agreement with ICAP plc to acquire their Europe, Middle East and Africa (“EMEA”) oil voice brokerage business.
- Realized a 13.2% return on equity for fiscal 2016 and grew net asset value per share to \$23.56 per common share.

### **Executive Summary**

We achieved 7% growth in operating revenues in fiscal 2016, with strong growth in our Securities, Physical Commodities and CES segments partially offset by lower Commercial Hedging and Global Payments operating revenues. Overall, segment income increased 10% while net income from continuing operations declined 7% to \$72.7 million in fiscal 2016. Our Securities segment income increased \$28.9 million, while Physical Commodities and CES segments added \$7.5 million and \$1.9 million in segment income, respectively. Segment income in the Commercial Hedging and Global Payments declined \$16.9 million and \$3.5 million, respectively.

Our Securities segment’s strong growth in operating performance was a result of a 87% increase in debt trading operating revenues primarily as a result of the January 1, 2015 acquisition of G.X. Clarke as well as strong performance in our Argentina operations. Operating revenues in our Physical Commodities segment increased both as a result of a \$9.7 million increase in precious metals as well as a \$3.6 million increase in our Physical Agricultural & Energy business. CES operating revenues increased primarily as a result of the fourth quarter acquisition of the Sterne Agee correspondent securities clearing and independent wealth management businesses which collectively added \$24.1 million incremental operating revenues.

The decline in our core Commercial Hedging segment income was primarily the result of a 17% decline in OTC volumes which drove a \$28.8 million decline in operating revenues which was partially offset by higher exchange traded commission and clearing fee revenues and interest income.

Our Global Payments segment grew the number of payments made by 37%, however a narrowing of spreads per payment as a result of a continuing increase in lower dollar value per payment transaction volume from financial institutions more than offset the volume gains leading to the decline in operating revenues.

In the fiscal fourth quarter of 2016, the Company completed its acquisition of the correspondent securities clearing and independent wealth management businesses of Sterne Agee and recognized a \$6.2 million bargain purchase gain on the transaction within net income from continuing operations in fiscal 2016.

In connection with the merger of our wholly owned U.S. subsidiaries in the prior year, we transferred available-for-sale securities to the trading category during the fourth quarter of fiscal 2015. The transfer resulted in \$3.3 million, net of tax, of unrealized gains not previously recognized in earnings. See further discussion in our Results of Operations.

On the expense side, we continue to focus on maintaining our variable cost model and limiting the growth of our non-variable expenses. To that end, variable expenses were 58% of total expenses in fiscal 2016 compared to 59% in the fiscal 2015. Non-variable expenses increased 10% year-over-year, primarily as a result of incremental expenses from the acquisition of G.X. Clarke and Sterne Agee.

### **Selected Summary Financial Information**

#### **Discontinued Operations**

During fiscal 2014, we completed the exit of the physical base metals business, that began in fiscal 2013, through the sale and orderly liquidation of then-current open positions. The physical base metals activities in the financial statements for fiscal 2014 are presented as discontinued operations. We continue to operate the portion of our base metals business related to non-physical assets, conducted primarily through the LME in our Commercial Hedging segment.

## Results of Operations

Set forth below is our discussion of the results of our operations, as viewed by management, for the fiscal years ended September 30, 2016, 2015, and 2014.

The discussion below relates only to continuing operations. All revenues and expenses, including income tax expense, relating to discontinued operations have been removed from disclosures of total revenues and expenses for the applicable periods, and are reported net in our consolidated income statements in “loss from discontinued operations, net of tax”.

## Financial Overview

The following table shows an overview of our financial results:

### Financial Overview (Unaudited)

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Revenues:</b>					
Sales of physical commodities	\$ 14,112.0	(59)%	\$ 34,089.9	2 %	\$ 33,546.4
Trading gains, net	321.2	(2)%	328.6	34 %	244.5
Commission and clearing fees	224.3	17 %	192.5	7 %	180.7
Consulting and management fees	42.0	(1)%	42.5	1 %	42.1
Interest income	55.2	40 %	39.4	393 %	8.0
Other income	0.2	(33)%	0.3	(57)%	0.7
<b>Total revenues</b>	<b>14,754.9</b>	<b>(57)%</b>	<b>34,693.2</b>	<b>2 %</b>	<b>34,022.4</b>
Cost of sales of physical commodities	14,083.9	(59)%	34,068.9	2 %	33,531.5
<b>Operating revenues</b>	<b>671.0</b>	<b>7 %</b>	<b>624.3</b>	<b>27 %</b>	<b>490.9</b>
Transaction-based clearing expenses	129.9	6 %	122.7	13 %	108.5
Introducing broker commissions	68.9	31 %	52.7	6 %	49.9
Interest expense	28.3	65 %	17.1	63 %	10.5
<b>Net operating revenues</b>	<b>443.9</b>	<b>3 %</b>	<b>431.8</b>	<b>34 %</b>	<b>322.0</b>
Compensation and other expenses	377.4	7 %	353.7	19 %	296.0
Gain on acquisition	6.2	n/m	—	— %	—
<b>Income from continuing operations, before tax</b>	<b>\$ 72.7</b>	<b>(7)%</b>	<b>\$ 78.1</b>	<b>200 %</b>	<b>\$ 26.0</b>

The selected data table below reflects key operating metrics used by management in evaluating our product lines, for the periods indicated:

	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Volumes and Other Data:</b>					
Exchange-traded - futures and options (contracts, 000's)	99,667.4	— %	99,879.2	7 %	93,566.6
OTC (contracts, 000's)	1,380.8	(17)%	1,670.0	24 %	1,342.1
Global Payments (# of payments, 000's)	444.9	37 %	325.4	70 %	191.5
Gold equivalent ounces traded (000's)	92,073.7	(27)%	126,365.5	60 %	79,127.1
Equity Market-Making (gross dollar volume, millions)	\$ 88,518.8	(10)%	\$ 98,604.3	42 %	\$ 69,435.1
Debt Trading (gross dollar volume, millions)	\$ 107,747.4	70 %	\$ 63,502.6	1,243 %	\$ 4,727.8
FX Prime Brokerage volume (U.S. notional, millions)	\$ 580,426.9	29 %	\$ 449,344.1	45 %	\$ 310,297.5
Average assets under management in Argentina (U.S. dollar, millions)	\$ 562.4	(2)%	\$ 572.1	8 %	\$ 530.9
Average customer equity - futures and options (millions)	\$ 1,878.7	5 %	\$ 1,788.2	— %	\$ 1,789.9

## Operating Revenues

### *Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Operating revenues for fiscal 2016 and fiscal 2015 were \$671.0 million and \$624.3 million, respectively. Operating revenue growth was driven by strong growth in our Securities segment, which added \$45.4 million over the prior year, while the CES segment added \$27.7 million in operating revenue, driven by the acquisition of the Sterne Agee businesses which added an incremental \$24.1 million. In addition, the Physical Commodities segment added \$13.5 million over the prior year. This growth was partially offset by \$26.3 million and \$3.9 million declines in operating revenues in our Commercial Hedging and Global Payments segments, respectively.

Operating revenues in our Commercial Hedging segment decreased 10% in fiscal 2016 to \$236.1 million with a \$2.2 million increase in exchange-traded revenues to \$131.6 million being more than offset by a \$28.8 million decline in OTC revenues to \$82.2 million in fiscal 2016. Growth in the domestic grain markets and in our London operations drove a 10% increase in exchange-traded volumes. Lower OTC revenues were a result of a 17% decline in volumes, primarily as a result of lower customer volumes in the domestic and Latin American agricultural markets as well as the effect of lower energy prices and volatility.

Operating revenues in our Securities segment increased 35% in fiscal 2016 to \$175.2 million, primarily as a result of a \$42.3 million increase in our Debt Trading product line, primarily as a result of the acquisition of G.X. Clarke which was effective January 1, 2015 and thus only contributed operating revenues beginning in the second quarter of fiscal 2015. In addition, the business acquired showed strong growth in fiscal 2016, outperforming the similar period in the prior year. Strong performance in our Argentine operations also contributed to growth in debt trading operating revenues as well as in asset management. Investment banking operating revenues declined \$5.8 million following management's decision to exit the domestic investment banking business.

Operating revenues in our Global Payments segment declined 5% in fiscal 2016 to \$73.2 million compared to the prior year, as a 37% increase in the number of global payments made was more than offset by a narrowing of spreads as a result of a continuing increase in lower dollar value per payment transaction volume from financial institutions.

Physical Commodity segment operating revenues increased 58% to \$36.6 million in fiscal 2016 as a result of a \$9.7 million increase in Precious Metals operating revenues, as well as a \$3.6 million increase in Physical Ag & Energy operating revenues.

Operating revenues in our CES segment increased 22% in fiscal 2016 to \$151.1 million. Exchange-traded Futures & Options operating revenues increased \$4.2 million to \$106.1 million, while Foreign Exchange Prime Brokerage operating revenues declined \$0.6 million to \$20.9 million. The addition of the Sterne Agee correspondent securities clearing and independent wealth management businesses added \$24.1 million in incremental operating revenues.

Interest income increased \$15.8 million to \$55.2 million in fiscal 2016 compared to fiscal 2015, primarily driven by a \$14.9 million increase in our Debt Trading business. In addition, average customer equity in the exchange traded futures and options portions of our Commercial Hedging and CES segments increased 5% to \$1.9 billion in fiscal 2016 compared to fiscal 2015, which combined with an increase in short term interest rates and the continued implementation of our interest rate management program, resulted in an aggregate \$2.9 million increase in interest income in the exchange traded futures and options portions of these segments.

The July 1, 2015 transfer of securities from available-for-sale investments, at fair value, to the trading category resulted in a \$5.4 million of pre-tax unrealized gains not previously recognized in earnings being included in operating revenues during the fourth quarter of fiscal 2015. See the discussion of operating revenues for the Year Ended September 30, 2015 Compared to Year Ended September 30, 2014 for details of this transfer. In addition, operating revenues for fiscal 2015 included a \$1.2 million pre-tax gain on the sale of common stock held in the Intercontinental Exchange, Inc.

See Segment Information below for additional information on activity in each of the segments.

### *Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues for fiscal 2015 and fiscal 2014 were \$624.3 million and \$490.9 million, respectively. All of our business segments experienced operating revenue growth compared to the prior year, led by our Securities and Commercial Hedging segments which increased \$49.5 million and \$38.4 million, respectively. In addition, operating revenues in our Global Payments segment increased \$21.6 million, while our CES and Physical Commodities segments increased \$9.7 million and \$2.6 million, respectively.

Operating revenues in our Commercial Hedging segment increased 17% in fiscal 2015 to \$262.4 million, as exchange-traded revenues increased \$20.1 million to \$129.4 million and OTC revenues increased \$16.1 million to \$111.0 million in fiscal 2015. Strong growth in our LME Metals business combined with improved market conditions in the domestic agricultural markets, drove a 16% increase in exchange-traded volumes. OTC revenues increased as a result of a 24% increase in volumes while the



average rate per contract declined 6% compared to the prior year. Growth in agricultural commodity OTC revenues and the addition of interest rate OTC derivatives to our customer offering helped to drive the growth in OTC revenues.

Operating revenues in our Securities segment increased 62% in fiscal 2015 to \$129.8 million, primarily as a result of a \$17.5 million increase in our equity market-making product line, as well as the acquisition of G.X. Clarke which added \$31.4 million in incremental revenues to our Debt Trading product line.

Operating revenues in our Global Payments segment increased 39% in fiscal 2015 to a record \$77.0 million compared to the prior year, driven by a 70% increase in the number of global payments made, however spreads have narrowed in this business due to a continuing increase in lower dollar value per payment transaction volume from financial institutions.

Physical Commodity segment operating revenues increased 13% to \$23.2 million in fiscal 2015 as a result of a 60% increase in the number of ounces traded in precious metals, which was partially offset by a decrease of customer activity in the Physical Ag & Energy commodity product line.

Operating revenues in our CES segment increased 9% in fiscal 2015 to \$123.4 million. Exchange-traded Futures & Options operating revenues increased 2% to \$101.9 million, while operating revenues in our Foreign Exchange Prime Brokerage product line increased \$7.4 million to \$21.5 million in fiscal 2015 as a result of increased market volatility in foreign exchange markets.

Interest income increased \$31.4 million to \$39.4 million in fiscal 2015 compared to fiscal 2014, and was significantly impacted by the acquisition of G.X. Clarke, which added \$19.6 million in interest income during the nine months following the acquisition effective January 1, 2015. In addition, while average customer equity was relatively flat with the prior year, the continued implementation of our interest rate management program, resulted in an aggregate \$5.2 million increase in interest income in our Commercial Hedging and CES segments.

On July 1, 2015, the Company merged three of its wholly owned U.S. subsidiaries (FCStone, LLC, INTL FCStone Partners L.P., and FCC Investments, Inc.) into its wholly owned subsidiary, INTL FCStone Securities Inc., and renamed the surviving subsidiary INTL FCStone Financial Inc. INTL FCStone Financial is registered as a broker-dealer with FINRA and is registered as a futures commission merchant with the CFTC and NFA.

In connection with the merger of wholly owned subsidiaries, the Company transferred its remaining available-for-sale investments, at fair value, to the trading category in accordance with the accounting requirements for broker-dealers. The July 1, 2015 transfer of securities resulted in \$5.4 million of pre-tax unrealized gains not previously recognized in earnings being included in operating revenues during the fourth quarter of fiscal 2015. In addition, operating revenues for fiscal 2015 included a \$1.2 million pre-tax gain on the sale of common stock held in the Intercontinental Exchange, Inc.

## **Interest and Transactional Expenses**

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

**Transaction-based clearing expenses:** Transaction-based clearing expenses increased 6% to \$129.9 million in fiscal 2016 compared to \$122.7 million in fiscal 2015, and were 19% of operating revenues in fiscal 2016 compared to 20% in fiscal 2015. The increase in expense is primarily related to increased activity across our Exchange-traded Futures & Options, Debt Trading, LME Metals and Global Payments components, as well as higher operational costs associated with required regulatory transactional reporting.

**Introducing broker commissions:** Introducing broker commissions increased 31% to \$68.9 million in fiscal 2016 compared to \$52.7 million in fiscal 2015, and were 10% of operating revenues in fiscal 2016 compared to 8% in fiscal 2015. The increase in expense is primarily related to our acquisition of the independent wealth management business of Sterne Agee at the beginning of our fourth fiscal quarter, which added an incremental \$14.7 million. Also, introducing broker commissions increased in our Debt Trading business in Argentina, and we had higher broker commissions in our Investment Banking component as we completed our exit of the domestic investment banking business. These increases were partially offset by lower costs in our Global Payments segment activity.

**Interest expense:** Interest expense increased 65% to \$28.3 million in fiscal 2016 compared to \$17.1 million in fiscal 2015. The increase in interest expense is primarily related to the fixed income trading activities from our Rates Division, acquired on January 1, 2015, which resulted in higher interest expense of \$7.4 million. Additionally, higher average borrowings outstanding on the credit facilities available for working capital needs and financing of physical commodities resulted in increased expense.

*Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

**Transaction-based clearing expenses:** Transaction-based clearing expenses increased 13% to \$122.7 million in fiscal 2015 compared to \$108.5 million in fiscal 2014, and were 20% of operating revenues in fiscal 2015 compared to 22% in fiscal 2014. The increase in expense is primarily related to higher exchange clearing costs in our CES and LME Metals activities resulting from increased contract volumes. Additionally, increases in our Global Payments and Equity Market-Making operating revenues resulted in higher transactional charges.

**Introducing broker commissions:** Introducing broker commissions increased 6% to \$52.7 million in fiscal 2015 compared to \$49.9 million in fiscal 2014, and were 8% of operating revenues in fiscal 2015 compared to 10% in fiscal 2014. The increase in expense is primarily due to increased activity in our Financial Ag & Energy and Global Payments components, while the decrease in the percentage of introducing broker commissions to operating revenues is a result of increased non-introducing broker sourced revenues, including interest income.

**Interest expense:** Interest expense increased to \$17.1 million in fiscal 2015 compared to \$10.5 million in fiscal 2014. The increase in interest expense is primarily related to \$5.8 million of incremental expense from the acquisition of G.X. Clarke. Additionally, higher average borrowings outstanding on the corporate credit facility available for working capital needs resulted in increased expense.

### Net Operating Revenues

Net operating revenues is one of the key measures used by management to assess the performance of our operating segments. Net operating revenue is calculated as operating revenue less transaction-based clearing expenses, introducing broker commissions and interest expense. Transaction-based clearing expenses represent variable expenses paid to executing brokers, exchanges, clearing organizations and banks in relation to our transactional volumes. Introducing broker commissions include commission paid to non-employee third parties that have introduced customers to us. Net operating revenues represent revenues available to pay variable compensation to risk management consultants and traders and direct non-variable expenses, as well as variable and non-variable expenses of operational and administrative employees.

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Net operating revenues increased \$12.1 million, or 3%, to \$443.9 million in fiscal 2016 compared to \$431.8 million in fiscal 2015.

*Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Net operating revenues increased \$109.8 million, or 34%, to \$431.8 million in fiscal 2015 compared to \$322.0 million in fiscal 2014.

### Compensation and Other Expenses

The following table shows a summary of expenses, other than interest and transactional expenses.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Compensation and benefits:</b>					
Fixed compensation and benefits	\$ 126.5	10 %	\$ 115.3	7 %	\$ 108.0
Variable compensation and benefits	137.4	1 %	135.8	45 %	93.9
	<u>263.9</u>	<u>5 %</u>	<u>251.1</u>	<u>24 %</u>	<u>201.9</u>
<b>Other non-compensation expenses:</b>					
Communication and data services	32.7	16 %	28.1	9 %	25.8
Occupancy and equipment rental	13.3	(1)%	13.5	10 %	12.3
Professional fees	14.0	12 %	12.5	(16)%	14.9
Travel and business development	11.5	10 %	10.5	6 %	9.9
Depreciation and amortization	8.2	14 %	7.2	(1)%	7.3
Bad debts and impairments	4.4	(40)%	7.3	33 %	5.5
Other expense	29.4	25 %	23.5	28 %	18.4
	<u>113.5</u>	<u>11 %</u>	<u>102.6</u>	<u>9 %</u>	<u>94.1</u>
Total compensation and other expenses	<u>\$ 377.4</u>	<u>7 %</u>	<u>\$ 353.7</u>	<u>19 %</u>	<u>\$ 296.0</u>

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

**Compensation and Other Expenses:** Compensation and other expenses increased \$23.7 million, or 7%, to \$377.4 million in fiscal 2016 compared to \$353.7 million in fiscal 2015.

**Compensation and Benefits:** Total compensation and benefits expenses increased 5% to \$263.9 million in fiscal 2016 compared to \$251.1 million in fiscal 2015. Total compensation and benefits were 39% of operating revenues in fiscal 2016 compared to 40% of operating revenues in fiscal 2015. The variable portion of compensation and benefits increased 1% to \$137.4 million in fiscal 2016 compared to \$135.8 million in fiscal 2015. Variable compensation and benefits were 31% of net operating revenues in fiscal 2016 compared to 31% in fiscal 2015. Administrative, centralized operations and executive incentive compensation was \$28.7 million in fiscal 2016 compared to \$25.1 million in fiscal 2015, primarily related to incremental expense from a full year of cost in regard to the acquisition of the Rates Division in January 2015 and one quarter of cost related to the acquired correspondent clearing and independent wealth management businesses of Sterne Agee in July 2016.

The fixed portion of compensation and benefits increased 10% to \$126.5 million in fiscal 2016 compared to \$115.3 million in fiscal 2015. Non-variable salaries increased \$6.4 million, or 7%, primarily due to incremental costs from the acquisitions of the Rates Division and businesses of Sterne Agee, and additional headcount increases across certain front office and administrative departments. Employee benefits, excluding share-based compensation, increased \$3.2 million in fiscal 2016, primarily due to higher employer payroll, health care and retirement costs, as well as higher temporary personnel costs. Share-based compensation is a component of the fixed portion, and includes stock option and restricted stock expense. Share-based compensation was \$5.1 million in fiscal 2016 compared to \$3.6 million in fiscal 2015. The number of employees increased 19% to 1,464 at the end of fiscal 2016 compared to 1,231 at the end of fiscal 2015.

**Other Non-Compensation Expenses:** Other non-compensation expenses increased by 11% to \$113.5 million in fiscal 2016 compared to \$102.6 million in fiscal 2015. Communication and data services expenses increased \$4.6 million, primarily due to increases in market information and trade system expenses across various business activities, as well as incremental costs from the acquisition of the Sterne businesses. Professional fees increased \$1.5 million, primarily due to higher consultancy costs related to direct business, operational and administrative activities, partially offset by lower legal service costs. Travel and business development fees increased \$1.0 million, primarily within our Commercial Hedging and Securities segments as well as incremental costs from the acquired businesses. Depreciation and amortization increased \$1.0 million, primarily related to higher software depreciation. Other expense increased \$5.9 million, primarily as a result of the costs of holding our internal bi-annual global sales meeting in fiscal 2016 as well as higher non-trading hardware costs, hosted customer conference costs, recruiting costs and incremental costs from the acquired businesses.

Bad debts and impairments decreased \$2.9 million year-over-year. During fiscal 2016, bad debts were \$4.4 million, primarily related to \$3.6 million of customer deficits in our Commercial Hedging segment, \$0.4 million of uncollectible customer receivables in our Physical Ag & Energy component of our Physical Commodities segment and \$0.4 million of uncollectible service fees and notes in our Securities segment. During fiscal 2015, bad debts were \$7.3 million, primarily related to \$2.8 million of customer receivables in our Physical Ag & Energy component, \$2.3 million of OTC customer deficits and \$0.6 million of LME Metals customer deficits in our Commercial Hedging segment, \$0.5 million of uncollectible service fees and notes in our Securities segment, and \$1.1 million of notes receivable related to loans pertaining to a former acquisition.

**Gain on Acquisition:** In the fiscal fourth quarter of 2016, the Company completed its acquisition of the correspondent securities clearing and independent wealth management businesses of Sterne Agee. The purchase price of \$45.0 million represents a discount to the preliminary allocation of fair value to the net assets of the Sterne entities. The \$6.2 million discount in the purchase price as compared to the preliminary allocation of fair value to the net assets at closing has been reflected as a gain on acquisition in the Consolidated Income Statement for fiscal 2016.

**Provision for Taxes:** The effective income tax rate on income from continuing operations was 25% in fiscal 2016 compared to 29% in fiscal 2015, and was impacted by the bargain purchase gain on the acquired businesses from Sterne Agee during fiscal 2016. The effective income tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings. Generally, when the percentage of pretax earnings generated from the U.S. increases, our effective income tax rate increases. Our effective income tax rate during both periods was lower than the U.S. federal statutory rate primarily due to a higher mix of earnings taxed at lower rates in foreign jurisdictions.

*Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

**Compensation and Other Expenses:** Compensation and other expenses increased \$57.7 million, or 19%, to \$353.7 million in fiscal 2015 compared to \$296.0 million in fiscal 2014.

**Compensation and Benefits:** Total compensation and benefits expenses increased 24% to \$251.1 million in fiscal 2015 compared to \$201.9 million in fiscal 2014. Total compensation and benefits were 40% of operating revenues in fiscal 2015

compared to 41% of operating revenues in fiscal 2014. The variable portion of compensation and benefits increased 45% to \$135.8 million in fiscal 2015 compared to \$93.9 million in fiscal 2014. Variable compensation and benefits were 31% of net operating revenues in fiscal 2015 compared to 29% in fiscal 2014, as the front office compensation, as a percentage of net operating revenues, increased modestly and also due to higher administrative and executive incentive compensation. Administrative and executive incentive compensation was \$25.1 million in fiscal 2015 compared to \$12.2 million in fiscal 2014, primarily related to incremental expense from the acquisition of G.X. Clarke, as well as our significantly improved financial performance.

The fixed portion of compensation and benefits increased 7% to \$115.3 million in fiscal 2015 compared to \$108.0 million in fiscal 2014. Non-variable salaries increased \$8.0 million, or 10%, primarily due to incremental costs from the acquisition of G.X. Clarke, and additional headcount increases across certain front office and administrative departments. Employee benefits, excluding share-based compensation, increased \$2.3 million in fiscal 2015, primarily due to higher employer health care and retirement costs. Share-based compensation is a component of the fixed portion, and includes stock option and restricted stock expense. Stock option expense was \$1.6 million in fiscal 2015 compared to \$1.4 million in fiscal 2014. Restricted stock expense was \$2.0 million in fiscal 2015 compared to \$2.9 million in fiscal 2014. The number of employees increased 8% to 1,231 at the end of fiscal 2015 compared to 1,141 at the end of fiscal 2014.

**Other Non-Compensation Expenses:** Other non-compensation expenses increased by 9% to \$102.6 million in fiscal 2015 compared to \$94.1 million in fiscal 2014. Communication and data services expenses increased \$2.3 million, primarily due to increases in market information expenses related to incremental costs from the acquisition of G.X. Clarke and expansion of our Financial Ag & Energy business activities. Professional fees decreased \$2.4 million, primarily due to lower legal, consultancy, and service costs.

Bad debts and impairments increased \$1.8 million year-over-year. During fiscal 2015, bad debts were \$7.3 million, primarily related to \$2.8 million of customer receivables in our Physical Ag & Energy component of our Physical Commodities segment, \$2.3 million of OTC customer deficits and \$0.6 million of LME customer deficits in our Commercial Hedging segment, \$0.5 million of uncollectible service fees and notes in our Securities segment, and \$1.1 million of notes receivable related to loans pertaining to a former acquisition. During fiscal 2014, bad debts were \$5.5 million, net of recoveries of \$0.2 million, including \$3.8 million in our Commercial Hedging segment, primarily related to account deficits from a Hong Kong commercial LME customer and Brazilian OTC Financial Ag & Energy customers. Additionally, we recorded bad debts of \$0.9 million in our Physical Commodities segment related to renewable fuels activity in our Physical Ag & Energy component, and \$0.7 million in our Securities segment primarily related to a charge-off of uncollectible service fees.

Other expense increased \$5.1 million, primarily as a result of the change in the revaluation of contingent liabilities related to certain business combinations. During fiscal 2015, we recorded \$1.8 million of additional consideration related to the acquisition of G.X. Clarke and Tradewire Securities. During fiscal 2014, we revised downward the additional consideration to be paid for the transfer of accounts from Tradewire Securities, partially offset by an increase in the additional consideration paid for the acquisition of Hencorp Futures, netting to an expense recovery of \$2.0 million - See Note 11 to the Consolidated Financial Statements.

**Provision for Taxes:** The effective income tax rate on income from continuing operations was 29% in fiscal 2015 compared to 25% in fiscal 2014. The effective income tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings. Generally, when the percentage of pretax earnings generated from the U.S. increases, our effective income tax rate increases. Our effective income tax rate during both periods was lower than the U.S. federal statutory rate primarily due to a higher mix of earnings taxed at lower rates in foreign jurisdictions.

## Unallocated Costs and Expenses

The following table is a breakout of our unallocated costs and expenses from the total costs and expenses shown above. The unallocated costs and expenses include certain shared services such as information technology, accounting and treasury, credit and risk, legal and compliance, and human resources and other activities.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Compensation and benefits:</b>					
Fixed compensation and benefits	\$ 45.4	24 %	\$ 36.7	5 %	\$ 34.8
Variable compensation and benefits	26.5	15 %	23.1	89 %	12.2
	71.9	20 %	59.8	27 %	47.0
<b>Other non-compensation expenses:</b>					
Communication and data services	6.0	33 %	4.5	5 %	4.3
Occupancy and equipment rental	13.2	(1)%	13.4	10 %	12.2
Professional fees	7.8	3 %	7.6	(20)%	9.5
Travel and business development	2.4	4 %	2.3	5 %	2.2
Depreciation and amortization	6.7	16 %	5.8	(6)%	6.2
Bad debts and impairments	—	(100)%	1.1	n/m	—
Other expense	19.7	11 %	17.8	35 %	13.2
	55.8	6 %	52.5	10 %	47.6
Total compensation and other expenses	\$ 127.7	14 %	\$ 112.3	19 %	\$ 94.6

### Year Ended September 30, 2016 Compared to Year Ended September 30, 2015

Total unallocated costs and other expenses increased \$15.4 million to \$127.7 million in fiscal 2016 compared to \$112.3 million in fiscal 2015. Compensation and benefits increased \$12.1 million, or 20% to \$71.9 million in fiscal 2016 compared to \$59.8 million in fiscal 2015.

During fiscal 2016, the increase in fixed and variable compensation and benefits is primarily related to the incremental costs from the acquisitions of G.X. Clarke and the correspondent clearing and independent wealth management businesses from Sterne Agee, higher management incentives earned in Argentina and expansion of our information technology department. The increase in communication and data services is primarily due to increased market information costs. The increase in other expense is primarily related to higher centralized operations costs and costs of holding our internal bi-annual global sales meeting during fiscal 2016. Excluding the incremental unallocated costs from the acquisitions of G.X. Clarke and the correspondent clearing and independent wealth management businesses from Sterne Agee, total compensation and other expenses increased 10% over the prior year.

### Year Ended September 30, 2015 Compared to Year Ended September 30, 2014

Total unallocated costs and other expenses increased \$17.7 million to \$112.3 million in fiscal 2015 compared to \$94.6 million in fiscal 2014. Compensation and benefits increased \$12.8 million, or 27% to \$59.8 million in fiscal 2015 compared to \$47.0 million in fiscal 2014.

During fiscal 2015, the increase in variable compensation and benefits was primarily related to our improved financial performance over the prior year and the incremental costs from the acquisition of G.X. Clarke. The decrease in professional fees was primarily due to lower legal and consultancy costs related to legal and regulatory matters over the prior year. The increase in other expense was primarily related to the previously discussed change in the revaluation of contingent liabilities related to certain business combinations. Excluding the impacts of the revaluation of contingent liabilities and the incremental unallocated costs from the acquisition of G.X. Clarke, total compensation and other expenses increased 7% over the prior year.

## Variable vs. Fixed Expenses

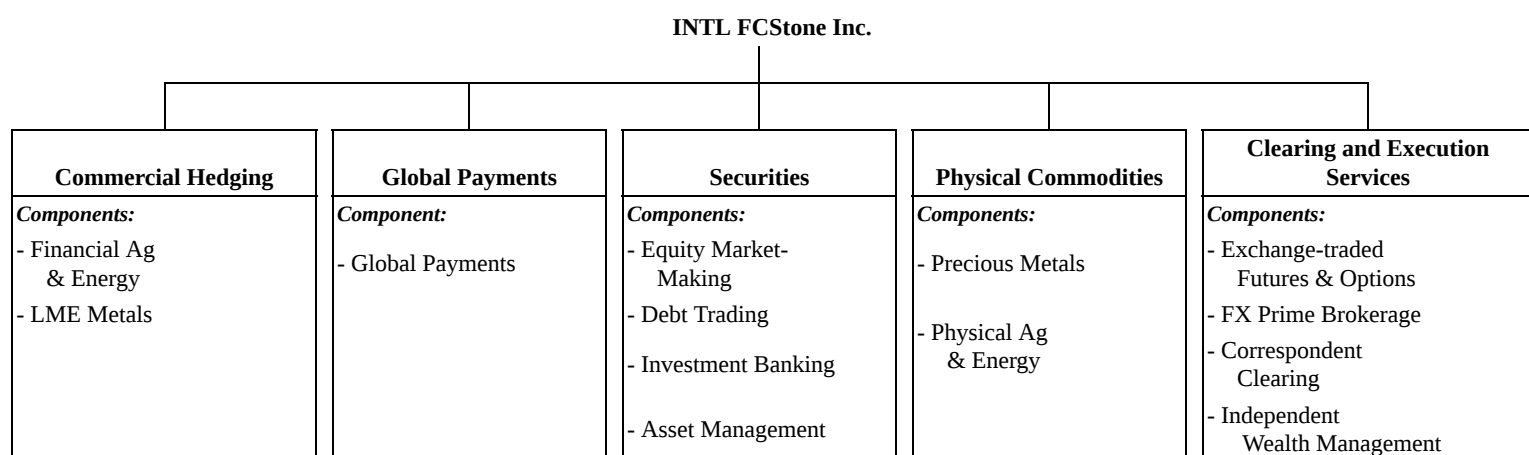
(in millions)	Year Ended September 30,					
	2016	% of Total	2015	% of Total	2014	% of Total
Variable compensation and benefits	\$ 137.4	24%	\$ 135.8	26%	\$ 93.9	21%
Transaction-based clearing expenses	129.9	23%	122.7	23%	108.5	24%
Introducing broker commissions	68.9	11%	52.7	10%	49.9	11%
Total variable expenses	336.2	58%	311.2	59%	252.3	56%
Fixed compensation and benefits	126.5	22%	115.3	22%	108.0	24%
Other fixed expenses	109.1	19%	95.3	18%	88.6	19%
Bad debts and impairments	4.4	1%	7.3	1%	5.5	1%
Total non-variable expenses	240.0	42%	217.9	41%	202.1	44%
Total non-interest expenses	\$ 576.2	100%	\$ 529.1	100%	\$ 454.4	100%

We seek to make our non-interest expenses variable to the greatest extent possible, and to keep our fixed costs as low as possible. The table above shows an analysis of our variable expenses and non-variable expenses as a percentage of total non-interest expenses for the years ended September 30, 2016, 2015, and 2014.

Our variable expenses consist of variable compensation paid to traders and risk management consultants, bonuses paid to operational, administrative and executive employees, transaction-based clearing expenses and introducing broker commissions. As a percentage of total non-interest expenses, variable expenses were 58% in fiscal 2016, 59% in fiscal 2015 and 56% in fiscal 2014.

## Segment Information

Our business activities are managed as operating segments and organized into reportable segments as follows:



We report our operating segments based on services provided to customers. Net contribution is one of the key measures used by management to assess the performance of each segment and for decisions regarding the allocation of our resources. Net contribution is calculated as revenues less direct cost of sales, interest expense, transaction-based clearing expenses, introducing broker commissions and variable compensation. Variable compensation paid to risk management consultants and traders generally represents a fixed percentage of an amount equal to revenues generated, and in some cases, revenues produced less transaction-based clearing expense and related charges, base salaries and an overhead allocation.

Segment income is calculated as net contribution less non-variable direct expenses of the segment. These non-variable direct expenses include trader base compensation and benefits, operational employee compensation and benefits, communication and data services, business development, professional fees, bad debt expense, trade errors and direct marketing expenses.

## Total Segment Results

The following table shows summary information concerning all of our business segments combined.

(in millions)	Year Ended September 30,					
	2016	% of Operating Revenues	2015	% of Operating Revenues	2014	% of Operating Revenues
Revenues:						
Sales of physical commodities	\$ 14,112.0		\$ 34,089.9		\$ 33,546.4	
Trading gains, net	318.7		322.3		244.7	
Commission and clearing fees	224.2		192.5		180.7	
Consulting and management fees	41.0		42.5		42.1	
Interest income	60.2		37.5		11.4	
Other	—		—		0.2	
Total revenues	14,756.1		34,684.7		34,025.5	
Cost of sales of physical commodities	14,083.9		34,068.9		33,531.5	
Operating revenues	672.2	100%	615.8	100%	494.0	100%
Transaction-based clearing expenses	126.8	19%	121.0	20%	107.8	22%
Introducing broker commissions	68.9	10%	52.7	9%	49.9	10%
Interest expense	20.8	3%	10.8	2%	5.4	1%
Net operating revenues	455.7		431.3		330.9	
Variable direct compensation and benefits	108.7	16%	110.7	18%	81.7	17%
Net contribution	347.0		320.6		249.2	
Non-variable direct expenses	141.0	21%	132.5	22%	120.4	24%
Segment income	\$ 206.0		\$ 188.1		\$ 128.8	

### Year Ended September 30, 2016 Compared to Year Ended September 30, 2015

The net contribution of all our business segments increased 8% to \$347.0 million in fiscal 2016 compared to \$320.6 million in fiscal 2015. Segment income increased 10% to \$206.0 million in fiscal 2016 compared to \$188.1 million in fiscal 2015.

### Year Ended September 30, 2015 Compared to Year Ended September 30, 2014

The net contribution of all our business segments increased 29% to \$320.6 million in fiscal 2015 compared to \$249.2 million in fiscal 2014. Segment income increased 46% to \$188.1 million in fiscal 2015 compared to \$128.8 million in fiscal 2014.

## Commercial Hedging

We serve our commercial customers through our team of risk management consultants, providing a high-value-added service that we believe differentiates us from our competitors and maximizes the opportunity to retain our customers. Our risk management consulting services are designed to quantify and monitor commercial entities' exposure to commodity and financial risk. Upon assessing this exposure, we develop a plan to control and hedge these risks with post-trade reporting against specific customer objectives. Our customers are assisted in the execution of their hedging strategies through a wide range of products from listed exchange-traded futures and options, to basic OTC instruments that offer greater flexibility, to structured OTC products designed for customized solutions.

Our services span virtually all traded commodity markets, with the largest concentrations in agricultural and energy commodities (consisting primarily of grains, energy and renewable fuels, coffee, sugar, cotton, and food service) and base metals products listed on the LME. Our base metals business includes a position as a Category One ring dealing member of the LME, providing execution, clearing and advisory services in exchange-traded futures and OTC products. We also provide execution of foreign currency forwards and options and interest rate swaps as well as a wide range of structured product solutions to our commercial customers who are seeking cost-effective hedging strategies. Generally, our customers direct their own trading activity, and our risk management consultants do not have discretionary authority to transact trades on behalf of our customers.

The following table provides the financial performance for Commercial Hedging for the periods indicated.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Revenues:</b>					
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Trading gains, net	118.7	(22)%	152.3	23 %	124.3
Commission and clearing fees	95.1	8 %	88.0	10 %	79.9
Consulting and management fees	13.8	(9)%	15.1	(4)%	15.7
Interest income	8.5	21 %	7.0	71 %	4.1
Other	—	—	—	—	—
<b>Total revenues</b>	<b>236.1</b>	<b>(10)%</b>	<b>262.4</b>	<b>17 %</b>	<b>224.0</b>
Cost of sales of physical commodities	—	—	—	—	—
<b>Operating revenues</b>	<b>236.1</b>	<b>(10)%</b>	<b>262.4</b>	<b>17 %</b>	<b>224.0</b>
Transaction-based clearing expenses	27.9	1 %	27.6	10 %	25.0
Introducing broker commissions	19.6	(2)%	19.9	9 %	18.2
Interest expense	0.4	100 %	0.2	(33)%	0.3
<b>Net operating revenues</b>	<b>188.2</b>	<b>(12)%</b>	<b>214.7</b>	<b>19 %</b>	<b>180.5</b>
Variable direct compensation and benefits	53.8	(15)%	63.0	32 %	47.9
<b>Net contribution</b>	<b>134.4</b>	<b>(11)%</b>	<b>151.7</b>	<b>14 %</b>	<b>132.6</b>
Non-variable direct expenses	65.7	(1)%	66.1	1 %	65.3
<b>Segment income</b>	<b>\$ 68.7</b>	<b>(20)%</b>	<b>\$ 85.6</b>	<b>27 %</b>	<b>\$ 67.3</b>

The following tables set forth transactional revenues and selected data for Commercial Hedging for the periods indicated.

	Exchange-traded				
	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Transactional revenues (in millions):</b>					
Agricultural	\$ 69.6	12%	\$ 62.0	7%	\$ 57.9
Energy and renewable fuels	5.7	(16)%	6.8	19%	5.7
LME metals	49.5	(6)%	52.8	37%	38.6
Other	6.8	(13)%	7.8	10%	7.1
	<b>\$ 131.6</b>	<b>2%</b>	<b>\$ 129.4</b>	<b>18%</b>	<b>\$ 109.3</b>
<b>Selected data:</b>					
Futures and options (contracts, 000's)	22,810.2	10%	20,686.1	16%	17,827.2
Average rate per contract	\$ 5.66	(8)%	\$ 6.16	2%	\$ 6.04
Average customer equity - futures and options (millions)	\$ 923.6	9%	\$ 844.8	(4)%	\$ 878.2
	OTC				
	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Transactional revenues (in millions):</b>					
Agricultural	\$ 52.9	(23)%	\$ 68.3	24%	54.9
Energy and renewable fuels	19.4	(42)%	33.3	3%	32.4
Other	9.9	5%	9.4	24%	7.6
	<b>\$ 82.2</b>	<b>(26)%</b>	<b>\$ 111.0</b>	<b>17%</b>	<b>94.9</b>
<b>Selected data:</b>					
Volume (contracts, 000's)	1,380.8	(17)%	1,670.0	24%	1,342.1
Average rate per contract	\$ 57.50	(10)%	\$ 64.19	(6)%	\$ 68.25

For information about the assets of this segment, see Note 22 to the Consolidated Financial Statements.

#### Year Ended September 30, 2016 Compared to Year Ended September 30, 2015

Operating revenues decreased 10% to \$236.1 million in fiscal 2016 compared to \$262.4 million in fiscal 2015. Exchange-traded revenues increased 2% to \$131.6 million in fiscal 2016, resulting primarily from growth in the domestic grain markets as well as growth in our London operations. Those increases were tempered by declines in LME metals and energy markets. Overall exchange-traded contract volume increased 10%, while the average rate per contract decreased to \$5.66.



OTC revenues decreased 26% to \$82.2 million in fiscal 2016 as OTC volumes decreased 17% to 1.4 million contracts in fiscal 2016 compared to 1.7 million in fiscal 2015. The OTC volume decline was primarily driven by lower customer volumes in the domestic and Latin American agricultural markets. In addition, the effect of lower energy prices and volatility resulted in a decline in energy and renewable fuels OTC revenues. In addition, we experienced lower spreads across virtually all commodity sectors leading to a 10% decline in the average rate per contract.

Consulting and management fees decreased 9% to \$13.8 million in fiscal 2016 compared to \$15.1 million in fiscal 2015 while interest income, which remains constrained by low short-term interest rates, increased 21%, to \$8.5 million in fiscal 2016 compared to \$7.0 million in fiscal 2015. The increase in interest income is driven by a 9% increase in average customer equity as well as an increase in short term interest rates.

Segment income decreased 20% to \$68.7 million in fiscal 2016 compared to \$85.6 million in fiscal 2015, driven by the decline in operating revenues. Variable expenses, excluding interest, expressed as a percentage of operating revenues increased to 43% in fiscal 2016 compared to 42% in fiscal 2015.

#### *Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues increased 17% to \$262.4 million in fiscal 2015 compared to \$224.0 million in fiscal 2014. Exchange-traded revenues increased 18% to \$129.4 million in fiscal 2015, resulting primarily from strong growth in LME metals revenues, driven by increased customer activity and expansion activities in the Far East. In addition, agricultural commodity exchange-traded revenues increased as a result of increased volatility and an increase in customer hedging activity related to the large domestic crop in calendar 2014 being purchased by our customers. Overall exchange-traded contract volume increased 16% and the average rate per contract increased to \$6.16.

OTC revenues increased 17% to \$111.0 million in fiscal 2015, primarily driven by strong performance in agricultural commodities, in particular grains, coffee, dairy and sugar. Energy and renewable fuels OTC revenues increased modestly compared to the prior year. OTC volumes increased 24% to 1.7 million contracts in fiscal 2015 compared to 1.3 million in fiscal 2014, while the average rate per contract declined 6% compared to the prior year.

Consulting and management fees decreased 4% to \$15.1 million in fiscal 2015 compared to fiscal 2014 while interest income, which was constrained by low short-term interest rates, increased 71%, to \$7.0 million in fiscal 2015 compared to \$4.1 million in fiscal 2014. The increase in interest income is driven by the implementation of our interest rate management program which includes an extension of the duration of our U.S. Treasury investments and the utilization of interest rate swaps to manage a portion of our interest rate position, which was partially offset by a 4% decrease in average customer equity.

Segment income increased 27% to \$85.6 million in fiscal 2015 compared to \$67.3 million in fiscal 2014, driven by the increase in operating revenues. Variable expenses, excluding interest, expressed as a percentage of operating revenues increased to 42% in fiscal 2015 compared to 41% in fiscal 2014.

#### **Global Payments**

We provide global payment solutions to banks and commercial businesses as well as charities and non-governmental organizations and government organizations. We offer payments services in more than 175 countries and 140 currencies, which we believe is more than any other payments solution provider, and provide competitive and transparent pricing.

Our proprietary FXecute global payments platform is integrated with a financial information exchange (“FIX”) protocol. This FIX protocol is an electronic communication method for the real-time exchange of information, and we believe it represents one of the first FIX offerings for cross-border payments in exotic currencies. FIX functionality allows customers to view real time market rates for various currencies, execute and manage orders in real-time, and view the status of their payments through the easy-to-use portal.

Additionally, as a member of SWIFT (Society for Worldwide Interbank Financial Telecommunication), we are able to offer our services to large money center and global banks seeking more competitive international payments services.

Through this single comprehensive platform and our commitment to customer service, we believe we are able to provide simple and fast execution, ensuring delivery of funds in any of these countries quickly through our global network of approximately 300 correspondent banks. In this business, we primarily act as a principal in buying and selling foreign currencies on a spot basis. We derive revenue from the difference between the purchase and sale prices.

We believe our customers value our ability to provide exchange rates that are significantly more competitive than those offered by large international banks, a competitive advantage that stems from our years of foreign exchange expertise focused on smaller, less liquid currencies.

The following table provides the financial performance and selected data for Global Payments for the periods indicated.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Revenues:</b>					
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Trading gains, net	71.1	(6)%	75.4	40 %	54.0
Commission and clearing fees	2.1	31 %	1.6	23 %	1.3
Consulting and management fees	—	—	—	—	—
Interest income	—	(100)%	0.1	— %	0.1
Other	—	—	—	—	—
<b>Total revenues</b>	<b>73.2</b>	<b>(5)%</b>	<b>77.1</b>	<b>39 %</b>	<b>55.4</b>
Cost of sales of physical commodities	—	—	—	—	—
<b>Operating revenues</b>	<b>73.2</b>	<b>(5)%</b>	<b>77.1</b>	<b>39 %</b>	<b>55.4</b>
Transaction-based clearing expenses	4.3	23 %	3.5	35 %	2.6
Introducing broker commissions	3.5	(30)%	5.0	16 %	4.3
Interest expense	0.1	— %	0.1	(67)%	0.3
<b>Net operating revenues</b>	<b>65.3</b>	<b>(5)%</b>	<b>68.5</b>	<b>42 %</b>	<b>48.2</b>
Variable direct compensation and benefits	13.1	(6)%	14.0	32 %	10.6
<b>Net contribution</b>	<b>52.2</b>	<b>(4)%</b>	<b>54.5</b>	<b>45 %</b>	<b>37.6</b>
Non-variable direct expenses	12.4	11 %	11.2	20 %	9.3
<b>Segment income</b>	<b>\$ 39.8</b>	<b>(8)%</b>	<b>\$ 43.3</b>	<b>53 %</b>	<b>\$ 28.3</b>
<b>Selected data:</b>					
Global Payments (# of payments, 000's)	444.9	37 %	325.4	70 %	191.5
Average revenue per trade	\$ 164.53	(31)%	\$ 236.94	(18)%	\$ 289.30

For information about the assets of this segment, see Note 22 to the Consolidated Financial Statements.

#### *Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Operating revenues decreased 5% to \$73.2 million in fiscal 2016 compared to \$77.1 million in fiscal 2015. The volume of payments made increased by 37%, as we continued to benefit from an increase in financial institutions and other customers utilizing our electronic transaction order system, however this was more than offset by a 31% decrease in the average revenue per trade.

Segment income decreased 8% to \$39.8 million in fiscal 2016 compared to \$43.3 million in fiscal 2015. The decrease primarily resulted from the lower operating revenues as well as a \$1.2 million increase in non-variable expenses including compensation and related benefits as well as trade system costs. Variable expenses, excluding interest, expressed as a percentage of operating revenues was 29% in fiscal 2016 which was flat with fiscal 2015.

#### *Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues increased 39% to \$77.1 million in fiscal 2015 compared to \$55.4 million in fiscal 2014. The operating revenue growth was driven by a 70% increase in the volume of payments made. An increase in volumes from financial institutions resulted in a lower average size of payment made, producing an 18% decrease in the average revenue per trade.

Segment income increased 53% to \$43.3 million in fiscal 2015 compared to \$28.3 million in fiscal 2014. The increase primarily resulted from the higher operating revenues partially offset by a \$1.9 million increase in non-variable expenses. Variable expenses, excluding interest, expressed as a percentage of operating revenues decreased to 29% in fiscal 2015 compared to 32% in fiscal 2014.

## **Securities**

We provide value-added solutions that facilitate cross-border trading and believe our customers value our ability to manage complex transactions, including foreign exchange, utilizing our local understanding of market convention, liquidity and settlement protocols around the world. Our customers include U.S.-based regional and national broker-dealers and institutions investing or executing customer transactions in international markets and foreign institutions seeking access to the U.S. securities markets. We are one of the leading market makers in foreign securities, including unlisted ADRs, GDRs and foreign ordinary shares. We make markets in over 3,600 ADRs, GDRs and foreign ordinary shares, of which over 2,000 trade in the OTC market. In addition, we will, on request, make prices in more than 10,000 unlisted foreign securities. We are a broker-dealer in Argentina where we are active in providing institutional executions in the local capital markets.

We act as an institutional dealer in fixed income securities, including U.S. Treasury, U.S. government agency, agency mortgage-backed and asset-backed securities to a customer base including asset managers, commercial bank trust and investment departments, broker-dealers and insurance companies.

We originate, structure and place debt instruments in the international and domestic capital markets. These instruments include complex asset-backed securities (primarily in Argentina) and domestic municipal securities. On occasion, we may invest our own capital in debt instruments before selling them. We also actively trade in a variety of international debt instruments as well as operate an asset management business in which we earn fees, commissions and other revenues for management of third party assets and investment gains or losses on our investments in funds and proprietary accounts managed either by our investment managers or by independent investment managers.

The following table provides the financial performance for Securities for the periods indicated.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Revenues:</b>					
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Trading gains, net	108.6	43 %	76.1	44 %	52.8
Commission and clearing fees	10.7	81 %	5.9	127 %	2.6
Consulting and management fees	17.5	(27)%	24.0	12 %	21.5
Interest income	38.4	61 %	23.8	644 %	3.2
Other	—	—	—	(100)%	0.2
<b>Total revenues</b>	<b>175.2</b>	<b>35 %</b>	<b>129.8</b>	<b>62 %</b>	<b>80.3</b>
Cost of sales of physical commodities	—	—	—	—	—
<b>Operating revenues</b>	<b>175.2</b>	<b>35 %</b>	<b>129.8</b>	<b>62 %</b>	<b>80.3</b>
Transaction-based clearing expenses	26.1	10 %	23.7	37 %	17.3
Introducing broker commissions	11.8	39 %	8.5	49 %	5.7
Interest expense	15.4	71 %	9.0	233 %	2.7
<b>Net operating revenues</b>	<b>121.9</b>	<b>38 %</b>	<b>88.6</b>	<b>62 %</b>	<b>54.6</b>
Variable direct compensation and benefits	24.4	15 %	21.2	55 %	13.7
<b>Net contribution</b>	<b>97.5</b>	<b>45 %</b>	<b>67.4</b>	<b>65 %</b>	<b>40.9</b>
Non-variable direct expenses	28.1	4 %	26.9	35 %	19.9
<b>Segment income</b>	<b>\$ 69.4</b>	<b>71 %</b>	<b>\$ 40.5</b>	<b>93 %</b>	<b>\$ 21.0</b>

The following table sets forth operating revenues by product line and selected data for Securities for the periods indicated.

	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Operating revenues by product line (in millions):</b>					
Equity Market-Making	\$ 62.4	8%	\$ 57.7	44%	\$ 40.2
Debt Trading	90.9	87%	48.6	191%	16.7
Investment Banking	3.7	(61)%	9.5	1%	9.4
Asset Management	18.2	30%	14.0	—%	14.0
	<b>\$ 175.2</b>	<b>35%</b>	<b>\$ 129.8</b>	<b>62%</b>	<b>\$ 80.3</b>
<b>Selected data:</b>					
Equity Market-Making (gross dollar volume, millions)	\$ 88,518.8	(10)%	\$ 98,604.3	42%	\$ 69,435.1
Equity Market-Making revenue per \$1,000 traded	\$ 0.70	19%	\$ 0.59	2%	\$ 0.58
Debt Trading (principal dollar volume, millions)	\$ 107,747.4	70%	\$ 63,502.6	1,243%	\$ 4,727.8
Debt Trading revenue per \$1,000 traded	\$ 0.84	9%	\$ 0.77	(78)%	\$ 3.53
Average assets under management in Argentina (millions)	\$ 562.4	(2)%	\$ 572.1	8%	\$ 530.9

For information about the assets of this segment, see Note 22 to the Consolidated Financial Statements.

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Operating revenues increased 35% to \$175.2 million in fiscal 2016 compared to \$129.8 million in fiscal 2015.

Operating revenues from Equity Market-Making increased 8%, to \$62.4 million in fiscal 2016 compared to fiscal 2015, despite a 10% decline in the gross dollar volume traded, as favorable market conditions drove an increase in the average revenue per \$1,000 traded.

Operating revenues from Debt Trading increased 87% to \$90.9 million in fiscal 2016 compared to fiscal 2015. The increase in operating revenues was a result of the acquisition of G.X. Clarke, which was effective on January 1, 2015 and thus only

contributed operating revenues beginning in the second quarter of fiscal 2015, as well as strong performance in Argentina as the result of the market conditions following the devaluation of the Argentine peso. Investment Banking operating revenues declined 61% in fiscal 2016 compared to fiscal 2015, resulting primarily from management's decision to exit the domestic investment banking business. Asset Management revenues in fiscal 2016 increased 30% to \$18.2 million in fiscal 2016 versus \$14.0 million in fiscal 2015. Average assets under management were \$562.4 million in fiscal 2016 compared to \$572.1 million in fiscal 2015.

Segment income increased 71% to \$69.4 million in fiscal 2016 compared to \$40.5 million in fiscal 2015 primarily as a result of the increase in operating revenues. Variable expenses, excluding interest, expressed as a percentage of operating revenues decreased to 36% in fiscal 2016 compared to 41% in fiscal 2015, as the G.X. Clarke business has a relatively low level of transaction-based clearing expenses.

#### *Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues increased 62% to \$129.8 million in fiscal 2015 compared to \$80.3 million in fiscal 2014.

Operating revenues from Equity Market-Making increased 44%, to \$57.7 million in fiscal 2015 compared to fiscal 2014, as favorable market conditions drove a 42% increase in the gross dollar volume traded, while the average revenue per \$1,000 traded was relatively flat with the prior year.

Operating revenues from Debt Trading increased 191% to \$48.6 million in fiscal 2015 compared to fiscal 2014. The increase in operating revenues resulted from the acquisition of G.X. Clarke, which added an incremental \$31.4 million in operating revenues. Investment Banking operating revenues increased 1% in fiscal 2015 compared to fiscal 2014, while Asset Management revenues in fiscal 2015 were flat compared to fiscal 2014. Average assets under management were \$572.1 million in fiscal 2015 compared to \$530.9 million in fiscal 2014.

Segment income increased 93% to \$40.5 million in fiscal 2015 compared to \$21.0 million in fiscal 2014 primarily as a result of the strong performance in equity market making and the acquisition of G.X. Clarke. Variable expenses, excluding interest, expressed as a percentage of operating revenues decreased to 41% in fiscal 2015 compared to 46% in fiscal 2014, as G.X. Clarke has relatively low transaction-based clearing expenses.

#### **Physical Commodities**

This segment consists of our physical Precious Metals trading and Physical Ag & Energy commodity businesses. In Precious Metals, we provide a full range of trading and hedging capabilities, including OTC products, to select producers, consumers, and investors. In our trading activities, we act as a principal, committing our own capital to buy and sell precious metals on a spot and forward basis.

Our Physical Ag & Energy commodity business provides financing to commercial commodity-related companies against physical inventories, including grain, lumber, meats, energy products and renewable fuels. We use sale and repurchase agreements to purchase commodities evidenced by warehouse receipts, subject to a simultaneous agreement to sell such commodities back to the original seller at a later date. Transactions where the sale and repurchase price are fixed upon execution, and meet additional required conditions, are accounted for as product financing arrangements, and accordingly no commodity inventory, purchases or sales are recorded. Transactions where the repurchase price is not fixed at execution do not meet all the criteria to be accounted for as product financing arrangements, and therefore are recorded as commodity inventory, purchases and sales. Additionally, we engage as a principal in physical purchase and sale transactions related to inputs to the renewable fuels and feed ingredient industries.

During 2015, we transitioned the portion of our Precious Metals business conducted through our unregulated domestic subsidiary, INTL Commodities Inc., to our U.K. based broker-dealer subsidiary, INTL FCStone Ltd, which is regulated by the Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the U.K. This transfer resulted in a change in the valuation of precious metals inventory held by INTL FCStone Ltd, as well as a change in the presentation of INTL FCStone Ltd's precious metals sales and cost of sales to a net basis. See Note 1 of the Consolidated Financial Statements for further information.

Precious metals inventory held by our subsidiaries that are not broker-dealers continues to be valued at the lower of cost or market value. Precious metals sales and cost of sales for subsidiaries that are not broker-dealers continue to be recorded on a gross basis. In our Physical Ag and Energy commodity business, we value our inventory at net realizable value, which approximates fair value less disposal costs. The agricultural inventories have reliable, readily determinable and realizable market prices, have relatively insignificant costs of disposal and are available for immediate delivery. Revenues generated from our Physical Ag and Energy commodity business are recorded on a gross basis.

Operating revenues and losses from our Precious Metals commodities derivatives activities are included in 'trading gains, net' in the consolidated income statements. Operating revenues and losses from our Physical Ag and Energy commodity business

are included in 'cost of sales of physical commodities' in the consolidated income statements. We generally mitigate the price risk associated with commodities held in inventory through the use of derivatives. We do not elect hedge accounting under U.S. GAAP in accounting for this price risk mitigation. Management continues to evaluate performance and allocate resources on an operating revenue basis.

The following table provides the financial performance for Physical Commodities for the periods indicated.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
<b>Revenues:</b>					
Sales of physical commodities	\$ 14,112.0	(59)%	\$ 34,089.9	2 %	\$ 33,546.4
Trading gains, net	(0.7)	(77)%	(3.0)	500 %	(0.5)
Commission and clearing fees	1.0	100 %	0.5	(17)%	0.6
Consulting and management fees	1.2	(33)%	1.8	(42)%	3.1
Interest income	7.0	150 %	2.8	12 %	2.5
Other	—	—	—	—	—
<b>Total revenues</b>	<b>14,120.5</b>	<b>(59)%</b>	<b>34,092.0</b>	<b>2 %</b>	<b>33,552.1</b>
Cost of sales of physical commodities	14,083.9	(59)%	34,068.9	2 %	33,531.5
<b>Operating revenues</b>	<b>36.6</b>	<b>58 %</b>	<b>23.1</b>	<b>12 %</b>	<b>20.6</b>
Transaction-based clearing expenses	0.7	75 %	0.4	(33)%	0.6
Introducing broker commissions	0.5	67 %	0.3	(25)%	0.4
Interest expense	3.9	225 %	1.2	(29)%	1.7
<b>Net operating revenues</b>	<b>31.5</b>	<b>49 %</b>	<b>21.2</b>	<b>18 %</b>	<b>17.9</b>
Variable direct compensation and benefits	8.1	88 %	4.3	13 %	3.8
<b>Net contribution</b>	<b>23.4</b>	<b>38 %</b>	<b>16.9</b>	<b>20 %</b>	<b>14.1</b>
Non-variable direct expenses	10.1	(9)%	11.1	35 %	8.2
<b>Segment income</b>	<b>\$ 13.3</b>	<b>129 %</b>	<b>\$ 5.8</b>	<b>(2)%</b>	<b>\$ 5.9</b>

The following tables set forth operating revenue by product line and selected data for Physical Commodities for the periods indicated.

	Precious Metals				
	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
Total revenues	\$ 13,674.2	(60)%	\$ 33,816.4	9%	\$ 31,142.5
Cost of sales of physical commodities	13,650.3	(60)%	33,802.2	9%	31,131.4
<b>Operating revenues</b>	<b>\$ 23.9</b>	<b>68%</b>	<b>\$ 14.2</b>	<b>28%</b>	<b>\$ 11.1</b>
<b>Selected data:</b>					
Gold equivalent ounces traded (000's)	92,073.7	(27)%	126,365.5	60%	79,127.1
Average revenue per ounce traded	\$ 0.26	136%	\$ 0.11	(21)%	\$ 0.14

	Physical Ag & Energy				
	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
Total revenues	\$ 446.3	62%	\$ 275.6	(18)%	\$ 337.7
Cost of sales of physical commodities	433.6	63%	266.6	(19)%	328.2
<b>Operating revenues</b>	<b>\$ 12.7</b>	<b>41%</b>	<b>\$ 9.0</b>	<b>(5)%</b>	<b>\$ 9.5</b>

For information about the assets of this segment, see Note 22 to the Consolidated Financial Statements.

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Operating revenues increased 58% to \$36.6 million in fiscal 2016 compared to \$23.1 million in fiscal 2015.

Precious metals operating revenues increased 68% to \$23.9 million in fiscal 2016 compared to \$14.2 million in fiscal 2015. Operating revenues increased despite a 27% decline in the number of ounces traded, as market volatility increased, partially as a result of the Brexit vote, drove a widening of spreads.

Operating revenues in Physical Ag & Energy increased 41% to \$12.7 million in fiscal 2016 compared to \$9.0 million in fiscal 2015. The increase in operating revenues is primarily due an increase in volumes in our physical fats & oils, energy and coal activities.

Segment income increased 129% to \$13.3 million in fiscal 2016 compared to \$5.8 million in fiscal 2015, primarily as a result of the increase in operating revenues as well as a \$1.0 million decline in non-variable direct expenses which includes both fixed expenses and bad debt expense. Bad debt expense declined \$2.4 million in fiscal 2016 as compared to fiscal 2015, which was partially offset by a \$0.8 million increase in operational expenses. Variable expenses expressed as a percentage of operating revenues increased to 25% in fiscal 2016 compared to 22% in fiscal 2015, primarily driven by higher variable compensation.

*Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues increased 12% to \$23.1 million in fiscal 2015 compared to \$20.6 million in fiscal 2014.

Precious metals operating revenues increased 28% to \$14.2 million in fiscal 2015 compared to \$11.1 million in fiscal 2014. The increase in operating revenues is a result of a 60% increase in the number of ounces traded, primarily in the Far Eastern markets, however this was partially offset by a narrowing of spreads due to market conditions.

Operating revenues in Physical Ag & Energy decreased 5% to \$9.0 million in fiscal 2015 compared to \$9.5 million in fiscal 2014. The decrease in operating revenues is primarily due to a decline in commercial commodity-related financing transactions.

Segment income decreased 2% to \$5.8 million in fiscal 2015 compared to \$5.9 million in fiscal 2014, and primarily resulted from the decline in operating revenues and a \$2.8 million increase in bad debt expense in Physical Ag & Energy, related to a customer in the renewable fuels industry. Variable expenses expressed as a percentage of operating revenues decreased to 22% in fiscal 2015 compared to 23% in fiscal 2014.

### **Clearing and Execution Services**

We provide competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in all major foreign currency pairs and swap transactions. Through our platform, customer orders are accepted and directed to the appropriate exchange for execution. We then facilitate the clearing of customer transactions. Clearing involves the matching of customer trades with the exchange, the collection and management of customer margin deposits to support the transactions, and the accounting and reporting of the transactions to customers.

As of September 30, 2016, we held \$2.1 billion in required customer segregated assets, which we believe makes us the third largest independent futures commission merchant (“FCM”) in the United States not affiliated with a major financial institution or commodity intermediary, end-user or producer, as measured by required customer segregated assets. We seek to leverage our capabilities and capacity by offering facilities management or outsourcing solutions to other FCM’s.

Following our acquisition of the Sterne Agee correspondent securities clearing business, we are an independent full-service provider to introducing broker-dealers (“IBD’s”) of clearing, custody, research, syndicated and security-based lending products and services, including a proprietary technology platform which offers seamless connectivity to ensure a positive customer experience through the clearing and settlement process. Also as part of this transaction, we acquired Sterne Agee’s independent wealth management business which offers a comprehensive product suite to retail customers nationwide. As a result we are one of the leading mid-market clearers in the securities industry, clearing for 50 correspondent clearing customers and in aggregate over 120,000 underlying individual retail securities accounts with over \$12 billion in AUM as of September 30, 2016.

In addition, we believe we are one of the largest non-bank prime brokers and swap dealers in the world. Through this offering, we provide prime brokerage foreign exchange (“FX”) services to financial institutions and professional traders. We provide our customers with the full range of OTC products, including 24-hour a day execution of spot, forwards and options as well as non-deliverable forwards in both liquid and exotic currencies. We also operate a proprietary foreign exchange desk that arbitrages the exchange-traded foreign exchange markets with the cash markets.

The following table provides the financial performance and selected data for Clearing and Execution Services for the periods indicated.

(in millions)	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Trading gains, net	21.0	(2)%	21.5	52 %	14.1
Commission and clearing fees	115.3	19 %	96.5	— %	96.3
Consulting and management fees	8.5	431 %	1.6	(11)%	1.8
Interest income	6.3	66 %	3.8	153 %	1.5
Other	—	—	—	—	—
Total revenues	151.1	22 %	123.4	9 %	113.7
Cost of sales of physical commodities	—	—	—	—	—
Operating revenues	151.1	22 %	123.4	9 %	113.7
Transaction-based clearing expenses	67.8	3 %	65.8	6 %	62.3
Introducing broker commissions	33.5	76 %	19.0	(11)%	21.3
Interest expense	1.0	233 %	0.3	(25)%	0.4
Net operating revenues	48.8	27 %	38.3	29 %	29.7
Variable direct compensation and benefits	9.3	13 %	8.2	44 %	5.7
Net contribution	39.5	31 %	30.1	25 %	24.0
Non-variable direct expenses	24.7	44 %	17.2	(3)%	17.7
Segment income	\$ 14.8	15 %	\$ 12.9	105 %	\$ 6.3

The following table sets forth operating revenues by product line and selected data for Clearing and Execution Services for the periods indicated.

Operating revenues by product line (in millions):	Year Ended September 30,				
	2016	% Change	2015	% Change	2014
Exchange-traded Futures and Options	\$ 106.1	4%	\$ 101.9	2%	\$ 99.6
FX Prime Brokerage	20.9	(3)%	21.5	52%	14.1
Correspondent Clearing	5.6	n/m	—	—%	—
Independent Wealth Management	18.5	n/m	—	—%	—
	\$ 151.1	22%	\$ 123.4	9%	\$ 113.7
<b>Selected data:</b>					
Exchange-traded futures and options (contracts, 000's)	76.9	(3)%	79.2	5 %	75.7
Exchange-traded futures and options average rate per contract	\$ 1.21	5 %	\$ 1.15	(5)%	\$ 1.21
Average customer equity - futures and options (millions)	\$ 955.1	1 %	\$ 943.4	3 %	\$ 911.7
FX Prime Brokerage volume (U.S. notional, millions)	\$ 580,426.9	29 %	\$ 449,344.1	45 %	\$ 310,297.5

For information about the assets of this segment, see Note 22 to the Consolidated Financial Statements.

*Year Ended September 30, 2016 Compared to Year Ended September 30, 2015*

Operating revenues increased 22% to \$151.1 million in fiscal 2016 compared to \$123.4 million in fiscal 2015.

Operating revenues in our Exchange-traded Futures and Options business increased 4% to \$106.1 million in fiscal 2016 compared to \$101.9 million in fiscal 2015, despite a 3% decline in exchange-traded volumes as the average rate per contract increased 5% and interest income increased \$1.3 million compared to fiscal 2015. The average level of customer equity increased 1% to \$955.1 million in fiscal 2016 compared to \$943.4 million in fiscal 2015.

Operating revenues in our FX Prime Brokerage declined 3% to \$20.9 million in fiscal 2016 compared to \$21.5 million in fiscal 2015, despite a 29% increase in foreign exchange volumes driven by a narrowing of margins compared to the prior year period.

During the fourth fiscal quarter of 2016, we acquired the correspondent securities clearing and independent wealth management businesses of Sterne Agee. During the fourth fiscal quarter, the correspondent securities clearing and independent wealth management businesses generated operating revenues of \$5.6 million and \$18.5 million, respectively.

Segment income increased 15% to \$14.8 million in fiscal 2016 compared to \$12.9 million in fiscal 2015, primarily as a result of the acquisition of the Sterne Agee businesses which added \$1.5 million of incremental segment income. Variable expenses, excluding interest, as a percentage of operating revenues were 73% in fiscal 2016 compared to 75% in fiscal 2015.

*Year Ended September 30, 2015 Compared to Year Ended September 30, 2014*

Operating revenues increased 9% to \$123.4 million in fiscal 2015 compared to \$113.7 million in fiscal 2014.

Operating revenues in our Exchange-traded Futures & Options business increased 2% to \$101.9 million in fiscal 2015 compared to \$99.6 million in fiscal 2014 as a 5% increase in exchange-traded volumes was mostly offset by a lower average rate per contract compared to fiscal 2014. Interest income in the exchange-traded business, which was constrained by the effect of low short-term interest rates, was \$3.8 million in fiscal 2015 compared to \$1.5 million in fiscal 2014. The increase in interest income was the result of a 3% increase in the average level of customer equity to \$943.4 million in fiscal 2015 compared to \$911.7 million in fiscal 2014, and the implementation of our interest rate management program.

Operating revenues from FX Prime Brokerage increased 52% to \$21.5 million in fiscal 2015 compared to \$14.1 million in fiscal 2014, as a result of a 45% increase in foreign exchange volumes as a result of increased foreign currency market volatility.

Segment income increased 105% to \$12.9 million in fiscal 2015 compared to \$6.3 million in fiscal 2014, primarily as a result of the increase in operating revenues and a decline in variable expenses as a percentage of operating revenues driven by lower introducing broker expenses. Variable expenses, excluding interest, as a percentage of operating revenues were 75% in fiscal 2015 compared to 79% in fiscal 2014.

## **Liquidity, Financial Condition and Capital Resources**

### *Overview*

Liquidity is defined as our ability to generate sufficient amounts of cash to meet all of our cash needs. Liquidity is of critical importance to us and imperative to maintaining our operations on a daily basis.

INTL FCStone Financial is registered as a broker-dealer with FINRA and is registered as a futures commission merchant with the CFTC and NFA. In INTL FCStone Financial, our broker-dealer/FCM subsidiary, we have responsibilities to meet margin calls at all exchanges on a daily basis and intra-day basis, if necessary. We require our customers to make any required margin deposits the next business day, and we require our largest customers to make intra-day margin payments during periods of significant price movement. Margin required to be posted to the exchanges is a function of the net open positions of our customers and the required margin per contract. INTL FCStone Financial is subject to minimum capital requirements under Section 4(f)(b) of the Commodity Exchange Act, Part 1.17 of the rules and regulations of the CFTC and the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934. These rules specify the minimum amount of capital that must be available to support our customers' open trading positions, including the amount of assets that INTL FCStone Financial must maintain in relatively liquid form, and are designed to measure general financial integrity and liquidity.

INTL FCStone Ltd, our U.K. regulated subsidiary, is required to be compliant with the U.K.'s Individual Liquidity Adequacy Standards ("ILAS"). To comply with these standards, we have implemented daily liquidity procedures, conduct periodic reviews of liquidity by stressed scenarios, and have created liquidity buffers.

Sterne, Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc. are subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934.

In addition, in our physical commodities trading, commercial hedging OTC, securities and foreign exchange trading activities, we may be called upon to meet margin calls with our various trading counterparties based upon the underlying open transactions we have in place with those counterparties.

We continuously review our overall credit and capital needs to ensure that our capital base, both stockholders' equity and debt, as well as available credit facilities can appropriately support the anticipated financing needs of our operating subsidiaries.

As of September 30, 2016, we had total equity capital of \$433.8 million, \$45.5 million aggregate principal amount of our issued 8.5% senior unsecured notes, which were redeemed on October 15, 2016, and bank loans of \$182.8 million.

A substantial portion of our assets are liquid. As of September 30, 2016, approximately 97% of our assets consisted of cash; securities purchased under agreements to resell; deposits and receivables from exchange-clearing organizations, broker-dealers, clearing organizations and counterparties; customer receivables, marketable financial instruments and investments, and physical commodities inventory. All assets that are not customer and counterparty deposits are financed by our equity capital, senior unsecured notes, bank loans, short-term borrowings from financial instruments sold, not yet purchased and under repurchase agreements, and other payables.

As of September 30, 2016, we owned debentures issued by a single asset owning company of the Suriwongse Hotel located in Chiang Mai, Thailand, and our investment in the hotel was \$3.0 million. In December 2016, we sold the debentures and collected an amount approximating their carrying value.



As of September 30, 2016, we had deferred tax assets totaling \$34.5 million. We are required to assess our deferred tax assets and the need for a valuation allowance at each reporting period. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that we will not realize some or all of the deferred tax assets. We are required to record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. The valuation allowance for deferred tax assets as of September 30, 2016 and September 30, 2015 was \$3.6 million and \$3.2 million, respectively. The valuation allowances as of September 30, 2016 and September 30, 2015 were primarily related to U.S. state and local and foreign net operating loss carryforwards that, in the judgment of management, are not more likely than not to be realized.

We incurred U.S. federal, state, and local taxable income/(losses) for the years ended September 30, 2016, 2015, and 2014 of \$(9.7) million, \$16.5 million, and \$(18.4) million, respectively. There are no significant differences between actual levels of past taxable income and the results of continuing operations, before income taxes in these jurisdictions. When evaluating if U.S. federal, state, and local deferred taxes are realizable, we considered deferred tax liabilities of \$4.5 million that are scheduled to reverse from 2017 to 2019 and \$1.3 million of deferred tax liabilities associated with unrealized gains in securities which we could sell, if necessary. Furthermore, we considered our ability to implement business and tax planning strategies that would allow the remaining U.S. federal, state, and local deferred tax assets, net of valuation allowances, to be realized within 11 years. Based on the tax planning strategies that are prudent and feasible, management believes that it is more likely than not that we will realize the tax benefit of the deferred tax assets, net of the existing valuation allowance, in the future. However, the realization of deferred income taxes is dependent on future events, and changes in estimate in future periods could result in adjustments to the valuation allowance.

#### *Customer and Counterparty Credit and Liquidity Risk*

Our operations expose us to credit risk of default of our customers and counterparties. The risk includes liquidity risk to the extent our customers or counterparties are unable to make timely payment of margin or other credit support. These risks expose us indirectly to the financing and liquidity risks of our customers and counterparties, including the risks that our customers and counterparties may not be able to finance their operations.

As a clearing broker, we act on behalf of our customers for all trades consummated on exchanges. We must pay initial and variation margin to the exchanges, on a net basis, before we receive the required payments from our customers. Accordingly, we are responsible for our customers' obligations with respect to these transactions, which exposes us to significant credit risk. Our customers are required to make any required margin deposits the next business day, and we require our largest customers to make intra-day margin payments during periods of significant price movement. Our customers are required to maintain initial margin requirements at the level set by the respective exchanges, but we have the ability to increase the margin requirements for customers based on their open positions, trading activity, or market conditions.

With OTC derivative transactions, we act as a principal, which exposes us to the credit risk of both our customers and the counterparties with which we offset our customer positions. As with exchange-traded transactions, our OTC transactions require that we meet initial and variation margin payments on behalf of our customers before we receive the required payment from our customers. OTC customers are required to post sufficient collateral to meet margin requirements based on Value-at-Risk models as well as variation margin requirement based on the price movement of the commodity or security in which they transact. Our customers are required to make any required margin deposits the next business day, and we may require our largest customers to make intra-day margin payments during periods of significant price movement. We have the ability to increase the margin requirements for customers based on their open positions, trading activity, or market conditions. On a limited basis, we provide credit thresholds to certain customers, based on internal evaluations and monitoring of customer creditworthiness.

In addition, with OTC transactions, we are at risk that a counterparty will fail to meet its obligations when due. We would then be exposed to the risk that the settlement of a transaction which is due a customer will not be collected from the respective counterparty with which the transaction was offset. We continuously monitor the credit quality of our respective counterparties and mark our positions held with each counterparty to market on a daily basis.

In our debt trading business, we enter into receivable under reverse repurchase agreements and payables under repurchase agreements primarily to finance inventory positions, acquire securities to cover short positions or to acquire securities for settlement. We either receive or pledge securities to adequately collateralize such agreements and transactions. The value of this collateral is marked-to-market on a daily basis and we may require counterparties, or be required, to deposit additional collateral or return collateral pledged, when appropriate.

During the fiscal years ended September 30, 2016, 2015, and 2014, we recorded bad debts, net of recoveries of \$4.4 million, \$7.3 million, and \$5.5 million, respectively. During the year ended September 30, 2016, our bad debts included \$3.6 million of customer deficits in the Commercial Hedging segment, \$0.4 million of uncollectible customer receivables in the Physical Commodities segment and \$0.4 million of uncollectible service fees and notes in the Securities segment. During the year ended

September 30, 2015, our bad debts primarily related to \$2.8 million of customer receivables in our Physical Ag's & Energy component of our Physical Commodities segment, \$2.3 million of OTC customer deficits and \$0.6 million of LME customer deficits in our Commercial Hedging segment, \$0.5 million of uncollectible service fees and notes in our Securities segment, and \$1.1 million of notes receivable related to loans pertaining to a former acquisition. During the year ended September 30, 2014, our bad debts included \$3.8 million in our Commercial Hedging segment, related to account deficits from a Hong Kong commercial LME customer and Brazilian OTC Financial Ag & Energy customers, \$0.9 million in our Physical Ag & Energy component, related to renewable fuels activity, and \$0.7 million in our Securities segment related to charge-offs of uncollectible service fees. Additional information related to bad debts, net of recoveries, for the fiscal years ended September 30, 2016, 2015, and 2014 is set forth in Note 5 of the Consolidated Financial Statements.

#### *Primary Sources and Uses of Cash*

Our assets and liabilities may vary significantly from period to period due to changing customer requirements, economic and market conditions and our growth. Our total assets as of September 30, 2016 and September 30, 2015, were \$5,951.3 million and \$5,070.0 million, respectively. Our operating activities generate or utilize cash as a result of net income or loss earned or incurred during each period and fluctuations in our assets and liabilities. The most significant fluctuations arise from changes in the level of customer activity, commodities prices and changes in the balances of financial instruments and commodities inventory. INTL FCStone Financial and INTL FCStone Ltd occasionally uses their margin line credit facilities, on a short-term basis, to meet intraday settlements with the commodity exchanges prior to collecting margin funds from their customers.

The majority of the assets of INTL FCStone Financial are restricted from being transferred to its parent or other affiliates due to specific regulatory requirements. These restrictions have no impact on our ability to meet our cash obligations, and no impact is expected in the future.

We have liquidity and funding policies and processes in place that are intended to maintain significant flexibility to address both company-specific and industry liquidity needs. The majority of our excess funds are held with high-quality institutions, under highly-liquid reverse repurchase agreements, U.S. government obligations and AA-rated money market investments. We do not hold any direct investments in the general obligations of any sovereign nations.

As of September 30, 2016, \$264.2 million of cash, cash equivalents and available-for-sale investment securities was held by our foreign subsidiaries. If these funds are needed for operations in the U.S., we would be required to accrue and pay U.S. taxes to repatriate these funds, up to the amount of undistributed earnings of \$294.3 million. However, our intent is to indefinitely reinvest these funds outside of the U.S., and our current plans do not demonstrate a need to repatriate them to fund our U.S. operations.

As of September 30, 2016, approximately \$25.7 million of our financial instruments owned and \$25.8 million of financial instruments sold, not yet purchased, are exchangeable foreign equities and ADRs.

As of September 30, 2016, we had \$45.5 million outstanding in aggregate principal amount of our 8.5% Senior Notes due 2020 (the "Notes"). The Notes were issued in July 2013, and bore 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 were scheduled to mature on July 30, 2020. We could 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. We incurred debt issuance costs of \$1.7 million in connection with the issuance of the Notes, which were being amortized over the term of the Notes.

On September 15, 2016, we provided notice, through the trustee of the Notes, to the record holders of the Notes that we would redeem the outstanding \$45.5 million aggregate principal amount of the Notes in full. Pursuant to the terms of the Indenture, we redeemed the Notes at a price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date on October 15, 2016.

In April 2015, we 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.

As of September 30, 2016, we had four committed bank credit facilities, totaling \$447.0 million, of which \$180.0 million was outstanding. The credit facilities include:

- A three-year syndicated loan facility, committed until March 18, 2019, under which INTL FCStone Inc. is entitled to borrow up to \$247 million, subject to certain terms and conditions of the credit agreement. The loan proceeds are used to finance working capital needs of us and certain subsidiaries. We paid debt issuance costs of \$1.8 million in connection with the issuance of this credit facility, which are being amortized over the thirty-six month term of the facility. The agreement also includes a non-financial covenant limiting the amount of annual consolidated capital expenditures to \$15.0 million. Our annual consolidated expenditures were in excess of this amount during fiscal 2016. We requested and were granted a waiver from the lenders, dated December 8, 2016, for the excess amount acquired during fiscal 2016.

- An unsecured syndicated loan facility, committed until April 6, 2017, under which our subsidiary, INTL FCStone Financial is entitled to borrow up to \$75 million, subject to certain terms and conditions of the credit agreement. This line of credit is intended to provide short-term funding of margin to commodity exchanges as necessary.
- A syndicated borrowing facility, committed until May 1, 2018, under which our subsidiary, FCStone Merchant Services, LLC is entitled to borrow up to \$100 million, subject to certain terms and conditions of the credit agreement. The loan proceeds are used to finance traditional commodity financing arrangements and commodity repurchase agreements.
- An unsecured syndicated loan facility, committed until October 27, 2017, under which our subsidiary, INTL FCStone Ltd is entitled to borrow up to \$25 million, subject to certain terms and conditions of the credit agreement. This facility is intended to provide short-term funding of margin to commodity exchanges as necessary.

Additional information regarding the committed bank credit facilities can be found in Note 10 of the Consolidated Financial Statements. During fiscal 2017, \$75 million of our committed credit facilities are scheduled to expire. We intend to renew or replace these facilities as they expire, and based on our liquidity position and capital structure, we believe we will be able to do so.

Additionally, we have a secured, uncommitted loan facility, under which our subsidiary, INTL FCStone Financial 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.

We also have a secured uncommitted loan facility under which our subsidiary, INTL FCStone Ltd may borrow up to approximately \$25.0 million, collateralized by commodity warehouse receipts, to facilitate financing of commodities under repurchase agreement services to its customers, subject to certain terms and conditions of the credit agreement.

In connection with the acquisition of the Sterne businesses, we assumed two uncommitted secured lines of credit under which we may borrow for short term funding of firm and customer margin requirements. The facilities bear interest at a rate per annum equal to such rate in respect of such day as determined by the bank in its sole discretion. In the event that we fail to pay the principal and interest on the scheduled due date, the facilities bear penalty interest at a rate equal to the Federal Funds rate plus 2%. Amounts borrowed under the facilities are payable on demand.

Our facility agreements contain certain financial covenants relating to financial measures on a consolidated basis, as well as on a certain stand-alone subsidiary basis, including minimum 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 any such covenants could result in the debt becoming payable on demand. We and our subsidiaries are in compliance with all of our financial covenants under the outstanding facilities.

We have contingent liabilities relating to an acquisition we completed in January 2015. See Note 11 to the Consolidated Financial Statements for additional information on this contingent liability. The contingent liability for the estimated additional discounted purchase price consideration totals \$0.8 million as of September 30, 2016, and is included in 'accounts payable and other accrued liabilities' in the consolidated balance sheets. We estimate cash payments related to these contingent liabilities to be \$0.8 million during fiscal 2017.

We contributed \$1.8 million to our defined benefit pension plans during the year ended September 30, 2016, and expect to contribute \$2.1 million to the plans during fiscal 2017.

#### *Other Capital Considerations*

Our activities are subject to significant governmental regulations and capital adequacy requirements, both in the U.S. and overseas. Certain other of our non-U.S. subsidiaries are also subject to capital adequacy requirements promulgated by authorities of the countries in which they operate.

Our subsidiaries are in compliance with all of their capital regulatory requirements as of September 30, 2016. Additional information on these net capital and minimum net capital requirements can be found in Note 12 of the Consolidated Financial Statements.

The Dodd-Frank Act created a comprehensive new regulatory regime governing the OTC and listed derivatives markets and their participants by requiring, among other things: centralized clearing of standardized derivatives (with certain stated exceptions); the trading of clearable derivatives on swap execution facilities or exchanges; and registration and comprehensive regulation of new categories of market participants as "swap dealers" and swap "introducing brokers." Our subsidiary, INTL FCStone Markets, LLC, is a provisionally registered swap dealer. Some important rules, such as those setting capital and margin requirements, have not been finalized or fully implemented, and it is too early to predict with any degree of certainty how we will be affected.

## Cash Flows

Our cash and cash equivalents increased from \$268.1 million as of September 30, 2015 to \$316.2 million as of September 30, 2016, a net increase of \$48.1 million. Net cash of \$27.8 million was used in operating activities, \$35.5 million was used in investing activities and net cash of \$121.0 million was provided by financing activities, of which \$142 million was drawn on lines of credit and increased the amounts payable to lenders under loans, \$2.9 million was paid out as earn-outs on acquisitions and \$19.5 million was used to repurchase shares. Fluctuations in exchange rates caused a reduction of \$9.6 million to our cash and cash equivalents.

In the commodities industry, companies report trading activities in the operating section of the statement of cash flows. Due to the daily price volatility in the commodities market, as well as changes in margin requirements, fluctuations in the balances of deposits held at various exchanges, marketable securities and customer commodity accounts may occur from day-to-day. A use of cash, as calculated on the consolidated statement of cash flows, includes unrestricted cash transferred and pledged to the exchanges or guarantee funds. These funds are held in interest-bearing deposit accounts at the exchanges, and based on daily exchange requirements, may be withdrawn and returned to unrestricted cash. Additionally, within our unregulated OTC and foreign exchange operations, cash deposits received from customers are reflected as cash provided from operations. Subsequent transfer of these cash deposits to counterparties or exchanges to margin their open positions will be reflected as an operating use of cash to the extent the transfer occurs in a different period than the cash deposit was received.

Capital expenditures included in investing activities for property, plant and equipment totaled \$15.4 million in fiscal 2016, increasing from \$9.1 million in fiscal 2015. The increase in capital expenditures is primarily due to an ongoing back-office trade system conversion related to our OTC activities in our Commercial Hedging segment and FX Prime Brokerage activities in our Clearing and Execution Services segment. The new trade system is expected to be placed into service during our second fiscal quarter ended March 31, 2017. Additionally, the increase in capital expenditures is due to core information technology hardware acquisitions and leasehold improvements on additional office space obtained in London.

During fiscal 2016, we repurchased 750,204 shares of our outstanding common stock in open market transactions, for an aggregate purchase price of \$19.5 million. During fiscal 2015, we have repurchased 224,509 shares of our outstanding common stock in open market transactions, for an aggregate purchase price of \$4.5 million. During fiscal 2014, we repurchased 513,800 shares of our outstanding common stock in open market transactions, for an aggregate purchase price of \$9.7 million.

On August 18, 2016, our Board of Directors authorized for fiscal 2017, the repurchase of up to 1.0 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on October 1, 2016 and ending on September 30, 2017, subject to the discretion of the senior management team to implement our stock repurchase plan, and subject to market conditions and as permitted by securities laws and other legal, regulatory and contractual requirements and covenants.

Apart from what has been disclosed above, there are no known trends, events or uncertainties that have had or are likely to have a material impact on our liquidity, financial condition and capital resources.

## Contractual Obligations

The following table summarizes our cash payment obligations as of September 30, 2016:

(in millions)	Total	Payments Due by Period			
		Less than 1 year	1 - 3 Years	3 - 5 Years	After 5 Years
Operating lease obligations	\$ 44.8	\$ 8.8	\$ 13.7	\$ 11.8	\$ 10.5
Purchase obligations <sup>(1)</sup>	601.9	601.9	—	—	—
Senior unsecured notes	45.5	45.5	—	—	—
Contingent acquisition consideration	0.8	—	0.8	—	—
Other	7.7	1.6	2.4	1.7	2.0
	<u>\$ 700.7</u>	<u>\$ 657.8</u>	<u>\$ 16.9</u>	<u>\$ 13.5</u>	<u>\$ 12.5</u>

(1) Represents an estimate of contractual purchase commitments in the ordinary course of business primarily for the purchase of precious and base metals and agricultural and energy commodities. Unpriced contract commitments have been estimated using September 30, 2016 fair values. The purchase commitments for less than one year will be partially offset by corresponding sales commitments of \$475.9 million.

Total contractual obligations exclude defined benefit pension obligations. In fiscal 2017, we anticipate making contributions of \$2.1 million to defined benefit plans. Additional information on the funded status of these plans can be found in Note 15 of the Consolidated Financial Statements.

Based upon our current operations, we believe that cash flow from operations, available cash and available borrowings under our credit facilities will be adequate to meet our future liquidity needs.

#### *Off Balance Sheet Arrangements*

We are party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker-dealer and FCM and from our market-making and proprietary trading in the foreign exchange and commodities trading business. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and OTC options, mortgage-backed TBAs, and interest rate swaps. Derivative financial instruments involve varying degrees of off-statement of financial condition 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 statement of financial condition. Exposure to market risk is influenced by a number of factors, including the relationships between the financial instruments and our 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 commodity pricing and foreign exchange rates. We attempt to manage our exposure to market risk through various techniques. Aggregate market limits have been established and market risk measures are routinely monitored against these limits. Derivative contracts are traded along with cash transactions because of the integrated nature of the markets for such products. We manage the risks associated with derivatives on an aggregate basis along with the risks associated with our proprietary trading and market-making activities in cash instruments as part of our firm-wide risk management policies.

A significant portion of these instruments are primarily the execution of orders for commodity futures and options on futures contracts on behalf of its customers, substantially all of which are transacted on a margin basis. Such transactions may expose us to significant credit risk in the event margin requirements are not sufficient to fully cover losses which customers may incur. We control the risks associated with these transactions by requiring customers to maintain margin deposits in compliance with individual exchange regulations and internal guidelines. We monitor required margin levels daily and, therefore, may require customers to deposit additional collateral or reduce positions when necessary. We also establish contract limits for customers, which are monitored daily. We evaluate each customer's creditworthiness on a case-by-case basis. Clearing, financing, and settlement activities may require us to maintain funds with or pledge securities as collateral with other financial institutions. Generally, these exposures to exchanges are subject to netting of open positions and collateral, while exposures to customers are subject to netting, per the terms of the customer agreements, which reduce the exposure to us 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 are adequate to minimize the risk of material loss that could be created by positions held as of September 30, 2016. Additionally, we monitor collateral fair value on a daily basis and adjusts collateral levels in the event of excess market exposure. Generally, these exposures to both counterparties and customers are subject to master netting agreements and the terms of the customer agreements, which reduce our exposure.

As a broker-dealer in U.S. Treasury obligations, U.S. government agency obligations, and agency mortgage-backed obligations, we are engaged in various securities trading, borrowing and lending activities servicing solely institutional counterparties. Our exposure to credit risk associated with the nonperformance of counterparties in fulfilling their contractual obligations pursuant to these securities transactions and market risk associated with the sale of securities not yet purchased can be directly impacted by volatile trading markets which may impair their ability to satisfy outstanding obligations to us. In the event of non-performance and unfavorable market price movements, we may be required to purchase or sell financial instruments, which may result in a loss to us.

We transact OTC and foreign exchange contracts with our customers, and our OTC and foreign exchange trade desks will generally offset the customer's transaction simultaneously with one of our trading counterparties or will offset that transaction with a similar, but not identical, position on the exchange. These unmatched transactions are intended to be short-term in nature and are conducted to facilitate the most effective transaction for our customer.

Additionally, we hold options and futures on options contracts resulting from market-making and proprietary trading activities in these product lines. We assist customers in our commodities trading business to protect the value of their future production (precious or base metals) by selling them put options on an OTC basis. We also provide our commodities trading business customers with sophisticated option products, including combinations of buying and selling puts and calls. We mitigate our risk by effecting offsetting options with market counterparties or through the purchase or sale of exchange-traded commodities futures. The risk mitigation of offsetting options is not within the documented hedging designation requirements of the Derivatives and Hedging Topic of the ASC.

We also carry short positions, selling financial instruments that we do not own and borrowing financial instruments to make good delivery, and therefore we are obliged to purchase such financial instruments at a future date in order to return the borrowed financial instruments. We have recorded these obligations in the consolidated financial statements at September 30, 2016 and September 30, 2015, at fair value of the related financial instruments, totaling \$839.4 million and \$568.3 million,

respectively. These positions are held to offset the risks related to financial assets owned, and reported in our consolidated balance sheets in 'financial instruments owned, at fair value', and 'physical commodities inventory'. We will incur losses if the fair value of the financial instruments sold, not yet purchased, increases subsequent to September 30, 2016, which might be partially or wholly offset by gains in the value of assets held as of September 30, 2016. The totals of \$839.4 million and \$568.3 million include a net liability of \$210.9 million and \$54.1 million for derivatives, based on their fair value as of September 30, 2016 and September 30, 2015, respectively.

We do not anticipate non-performance by counterparties in the above situations. We have a policy of reviewing the credit standing of each counterparty with which it conducts business. We have credit guidelines that limit our current and potential credit exposure to any one counterparty. We administer limits, monitor credit exposure, and periodically review the financial soundness of counterparties. We manage the credit exposure relating to our trading activities in various ways, including entering into collateral arrangements and limiting the duration of exposure. Risk is mitigated in certain cases by closing out transactions and entering into risk reducing transactions.

We are a member of various exchanges that trade and clear futures and option contracts. In connection with the Sterne acquisition, we are also a member of and provide guarantees to securities clearinghouses and exchanges in connection with customer trading activities. Associated with our memberships, we may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchanges. While the rules governing different exchange memberships vary, in general our guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange. Our liability under these arrangements is not quantifiable and could exceed the cash and securities we have posted as collateral at the exchanges. However, management believes that the potential for us to be required to make payments under these arrangements is remote. Accordingly, no contingent liability for these arrangements has been recorded in the consolidated balance sheets as of September 30, 2016 and 2015.

#### *Effects of Inflation*

Because our assets are, to a large extent, liquid in nature, they are not significantly affected by inflation. Increases in our expenses, such as compensation and benefits, transaction-based clearing expenses, occupancy and equipment rental, due to inflation, may not be readily recoverable from increasing the prices of our services. While rising interest rates are generally favorable for us, to the extent that inflation has other adverse effects on the financial markets and on the value of the financial instruments held in inventory, it may adversely affect our financial position and results of operations.

#### *Critical Accounting Policies*

The preparation of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The accounting estimates and assumptions discussed in this section are those that we consider the most critical to the financial statements. We believe these estimates and assumptions can involve a high degree of judgment and complexity. Due to their nature, estimates involve judgment based upon available information. Actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements. Therefore, understanding these policies is important in understanding our reported and potential future results of operations and financial position.

**Valuation of Financial Instruments and Foreign Currencies.** Substantially all financial instruments are reflected in the consolidated financial statements at fair value or amounts that approximate fair value. These financial instruments include: cash and cash equivalents; cash, securities and other assets segregated under federal and other regulations; financial instruments purchased under agreements to resell; deposits with clearing organizations; financial instruments owned; and financial instruments sold but not yet purchased. Unrealized gains and losses related to these financial instruments, which are not customer owned positions, are reflected in earnings. Where available, we use prices from independent sources such as listed market prices, or broker or dealer price quotations. Fair values for certain derivative contracts are derived from pricing models that consider current market and contractual prices for the underlying financial instruments or commodities, as well as time value and yield curve or volatility factors underlying the positions. In some cases, even though the value of a security is derived from an independent market price or broker or dealer quote, certain assumptions may be required to determine the fair value. However, these assumptions may be incorrect and the actual value realized upon disposition could be different from the current carrying value. The value of foreign currencies, including foreign currencies sold, not yet purchased, are converted into its U.S. dollar equivalents at the foreign exchange rates in effect at the close of business at the end of the accounting period. For foreign currency transactions completed during each reporting period, the foreign exchange rate in effect at the time of the transaction is used.

The application of the valuation process for financial instruments and foreign currencies is critical because these items represent a significant portion of our total assets. Valuations for substantially all of the financial instruments held are available

from independent publishers of market information. The valuation process may involve estimates and judgments in the case of certain financial instruments with limited liquidity and OTC derivatives. Given the wide availability of pricing information, the high degree of liquidity of the majority of our assets, and the relatively short periods for which they are typically held in inventory, there is insignificant sensitivity to changes in estimates and insignificant risk of changes in estimates having a material effect on our financial statements. The basis for estimating the valuation of any financial instruments has not undergone any change.

**Revenue Recognition.** A significant portion of our revenues are derived principally from realized and unrealized trading income in securities, derivative instruments, commodities and foreign currencies purchased or sold for our account. We record realized and unrealized trading income on a trade date basis. We state securities owned and securities sold, not yet purchased and foreign currencies sold, not yet purchased, at fair value with related changes in unrealized appreciation or depreciation reflected in 'trading gains, net' in the consolidated income statements. We record fee and interest income on the accrual basis and dividend income is recognized on the ex-dividend date.

Revenue on commodities that are purchased for physical delivery to customers and that are not readily convertible into cash is recognized at the point in time when the commodity has been shipped, title and risk of loss has been transferred to the customer, and the following conditions have been met: persuasive evidence of an arrangement exists, the price is fixed and determinable, and collectability of the resulting receivable is reasonably assured.

The critical aspect of revenue recognition is recording all known transactions as of the trade date of each transaction for the financial period. We have developed systems for each of our businesses to capture all known transactions. Recording all known transactions involves reviewing trades that occur after the financial period that relate to the financial period. The accuracy of capturing this information is dependent upon the completeness and accuracy of data capture of the operations systems and our clearing firms.

**Income Taxes.** We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes and in evaluating tax positions, including evaluating uncertainties. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when despite our belief that our tax return positions are supportable, we believe that certain positions may not be fully sustained upon review by the relevant tax authorities.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, management considers all available evidence for each jurisdiction including past operating results, estimates of future taxable income, and the feasibility of ongoing tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

We believe that our accruals for tax liabilities are adequate for all open audit years based on our assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve series of complex judgments about future events. To the extent that new information becomes available which causes us to change our judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact income tax expense in the period in which such determination is made. The consolidated provision for income taxes will change period to period based on non-recurring events, such as the settlement of income tax audits and changes in tax law, as well as recurring factors including the geographic mix of income before taxes, state and local taxes, and the effects of various global income tax strategies.

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

See also Note 4 to the Consolidated Financial Statements, 'Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk'.

### *Market Risk*

We conduct our market-making and trading activities predominantly as a principal, which subjects our capital to significant risks. These risks include, but are not limited to, absolute and relative price movements, price volatility and changes in liquidity, over which we have virtually no control. Our exposure to market risk varies in accordance with the volume of customer-driven market-making transactions, the size of the proprietary positions and the volatility of the financial instruments traded.

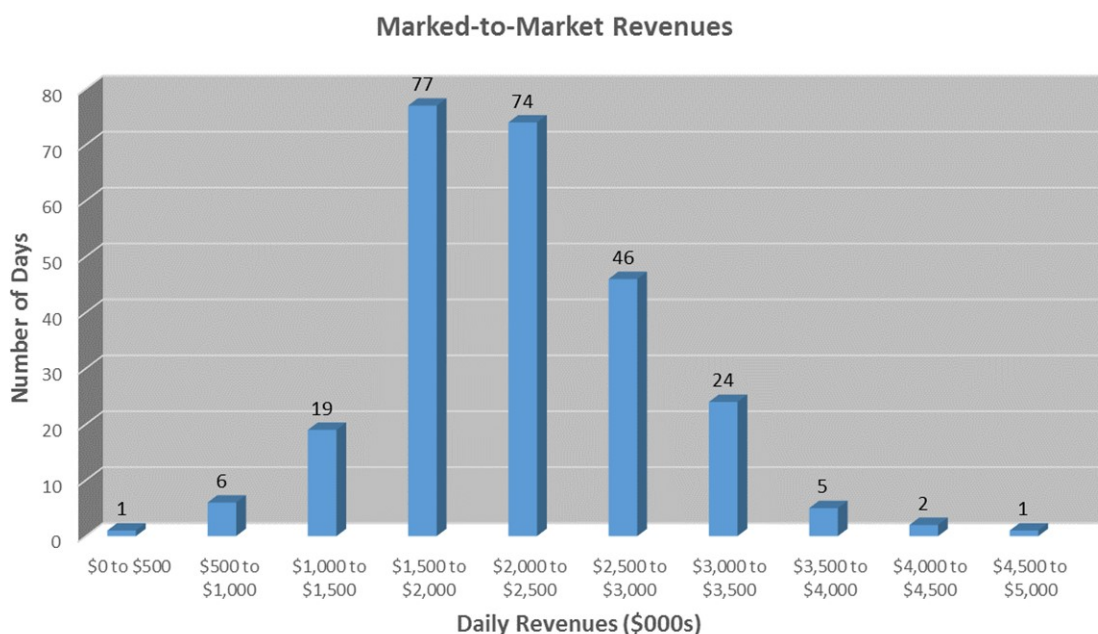
We seek to mitigate exposure to market risk by utilizing a variety of qualitative and quantitative techniques:

- Diversification of business activities and instruments;
- Limitations on positions;
- Allocation of capital and limits based on estimated weighted risks; and
- Daily monitoring of positions and mark-to-market profitability.

We utilize derivative products in a trading capacity as a dealer to satisfy customer needs and mitigate risk. We manage 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 our other trading activities.

Management believes that the volatility of revenues is a key indicator of the effectiveness of its risk management techniques.

The graph below summarizes volatility of our daily revenue, determined on a marked-to-market basis, during the year ended September 30, 2016.



In our Securities market-making and trading activities, we maintain inventories of equity and debt securities. In our Physical Commodities segment, our positions include physical inventories, forwards, futures and options on futures, and OTC derivatives. Our commodity trading activities are managed as one consolidated book for each commodity encompassing both cash positions and derivative instruments. We monitor the aggregate position for each commodity in equivalent physical ounces, metric tons, or other relevant unit.

#### *Interest Rate Risk*

In the ordinary course of our operations, we have interest rate risk from the possibility that changes in interest rates will affect the values of financial instruments and impact interest income earned. Within our domestic institutional fixed income business, we maintain a significant amount of trading assets and liabilities which are sensitive to changes in interest rates. These trading activities consist primarily of securities trading in connection with U.S. Treasury, U.S. government agency, agency mortgage-backed and agency asset-backed obligations. Derivative instruments, which consist of futures, mortgage-backed “to be announced” (TBA) securities and forward settling transactions, are used to manage risk exposures in the trading inventory. We enter into TBA securities transactions for the sole purpose of managing risk associated with the purchase of mortgage pass-through securities.

In addition, we generate interest income from the positive spread earned on customer deposits. We typically invest in U.S. Treasury bills, notes, and obligations issued by government sponsored entities, reverse repurchase agreements involving U.S. Treasury bills and government obligations or AA-rated money market funds. We have an investment policy which establishes acceptable standards of credit quality and limits the amount of funds that can be invested within a particular fund and institution.



We employ an interest rate management strategy, where we use derivative financial instruments in the form of interest rate swaps and outright purchases of medium term U.S. Treasury notes to manage a portion of our aggregate interest rate position. On a quarterly basis, we evaluate our overall level of short term investable balances, net of our of variable rate debt, and either invest a portion of these investable balances in medium term U.S. Treasury notes or enter into interest rate swaps when a sufficient interest rate spread between short term and medium term rates exists. Under this strategy, excluding cash deposits and our investments in AA-rated money market funds, the weighted average time to maturity of our portfolio is not to exceed 24 months in duration.

As part of this strategy we hold \$780 million in par value of medium term U.S. Treasury notes and \$375 million in interest rate swap derivative contracts, with the remainder being held in short term U.S. Treasury bills and AA-rated money market fund investments. The weighted average time to maturity of the portfolio, excluding cash deposits and our investments in AA-rated money market funds is 15 months. The U.S. Treasury notes and interest rate swaps are not designated for hedge accounting treatment, and changes in their fair values, which are volatile and can fluctuate from period to period, are recorded in earnings on a quarterly basis. During the fiscal year ended September 30, 2016 and 2015, operating revenues include unrealized (losses) gains of (\$0.7) million and \$7.0 million, respectively, related to the change in fair value of these U.S. Treasury notes and interest rate swaps.

We manage interest expense using a combination of variable and fixed rate debt as well as including the average outstanding borrowings in our calculations of the notional value of interest rate swaps to be entered into as part of our interest rate management strategy discussed above. Refer to Note 4 to the Consolidated Financial Statements for information on the interest rate swap transactions. The debt instruments are carried at their unpaid principal balance which approximates fair value. As of September 30, 2016, \$180.0 million of our debt was variable-rate debt. We are subject to earnings and liquidity risks for changes in the interest rate on this debt. As of September 30, 2016, we had \$48.3 million outstanding in fixed-rate long-term debt. There are no earnings or liquidity risks associated with our fixed-rate debt.

**ITEM 8. Financial Statements and Supplementary Data**

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

INTL FCStone Inc.:

We have audited INTL FCStone Inc. and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A of the Company's September 30, 2016 annual report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2016 excluded Sterne Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc., acquired with effect from July 1, 2016, and Sterne Agee Asset Management, Inc. and Sterne Agee Investment Advisor Services, Inc., acquired with effect from August 1, 2016. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the aforementioned legal entities.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of September 30, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended September 30, 2016, as well as the accompanying financial statement schedule. Our report dated December 14, 2016 expressed an unqualified opinion on those consolidated financial statements and the accompanying financial statement schedule.

*/s/ KPMG LLP*

Kansas City, Missouri  
December 14, 2016

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
INTL FCStone Inc.:

We have audited the accompanying consolidated balance sheets of INTL FCStone Inc. and subsidiaries (the Company) as of September 30, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended September 30, 2016. In connection with our audits of the consolidated financial statements, we also have audited the accompanying financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 14, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Kansas City, Missouri  
December 14, 2016

**INTL FCStone Inc.**  
**Consolidated Balance Sheets**

(in millions, except par value and share amounts)	September 30, 2016	September 30, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 316.2	\$ 268.1
Cash, securities and other assets segregated under federal and other regulations (including \$618.8 and \$515.5 at fair value at September 30, 2016 and September 30, 2015 respectively)	1,136.3	756.9
Securities purchased under agreements to resell	609.6	325.3
Deposits with and receivables from:		
Exchange-clearing organizations (including \$868.5 and \$1,009.4 at fair value at September 30, 2016 and September 30, 2015, respectively)	1,524.4	1,533.5
Broker-dealers, clearing organizations and counterparties (including \$(15.2) and \$(52.9) at fair value at September 30, 2016 and September 30, 2015, respectively)	237.0	277.6
Receivable from customers, net	194.5	217.3
Notes receivable, net	18.9	78.4
Income taxes receivable	1.1	10.6
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of \$47.2 and \$170.7 at September 30, 2016 and September 30, 2015, respectively)	1,606.1	1,421.9
Physical commodities inventory (including \$71.2 and \$15.2 at fair value at September 30, 2016 and September 30, 2015, respectively)	123.8	32.8
Deferred income taxes, net	34.5	28.2
Property and equipment, net	29.4	19.7
Goodwill and intangible assets, net	56.6	58.1
Other assets	62.9	41.6
Total assets	<u>\$ 5,951.3</u>	<u>\$ 5,070.0</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable and other accrued liabilities (including \$0.8 and \$3.3 at fair value at September 30, 2016 and September 30, 2015, respectively)	\$ 161.3	\$ 144.8
Payable to:		
Customers	2,854.2	2,593.5
Broker-dealers, clearing organizations and counterparties (including \$3.5 and \$1.6 at fair value at September 30, 2016 and September 30, 2015, respectively)	260.1	262.9
Lenders under loans	182.8	41.6
Senior unsecured notes	45.5	45.5
Income taxes payable	7.1	9.0
Securities sold under agreements to repurchase	1,167.1	1,007.3
Financial instruments sold, not yet purchased, at fair value	839.4	568.3
Total liabilities	<u>5,517.5</u>	<u>4,672.9</u>
Commitments and contingencies (Note 11)		
<b>Stockholders' equity:</b>		
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; 20,557,175 issued and 18,435,218 outstanding at September 30, 2016 and 20,184,556 issued and 18,812,803 outstanding at September 30, 2015	0.2	0.2
Common stock in treasury, at cost - 2,121,957 shares at September 30, 2016 and 1,371,753 shares at September 30, 2015	(46.3)	(26.8)
Additional paid-in capital	249.4	240.8
Retained earnings	255.1	200.4
Accumulated other comprehensive loss, net	(24.6)	(17.5)
Total stockholders' equity	<u>433.8</u>	<u>397.1</u>
Total liabilities and stockholders' equity	<u>\$ 5,951.3</u>	<u>\$ 5,070.0</u>

See accompanying notes to consolidated financial statements.

**INTL FCStone Inc.**  
**Consolidated Income Statements**

(in millions, except share and per share amounts)	Year Ended September 30,		
	2016	2015	2014
<b>Revenues:</b>			
Sales of physical commodities	\$ 14,112.0	\$ 34,089.9	\$ 33,546.4
Trading gains, net	321.2	328.6	244.5
Commission and clearing fees	224.3	192.5	180.7
Consulting and management fees	42.0	42.5	42.1
Interest income	55.2	39.4	8.0
Other income	0.2	0.3	0.7
<b>Total revenues</b>	<b>14,754.9</b>	<b>34,693.2</b>	<b>34,022.4</b>
Cost of sales of physical commodities	14,083.9	34,068.9	33,531.5
<b>Operating revenues</b>	<b>671.0</b>	<b>624.3</b>	<b>490.9</b>
Transaction-based clearing expenses	129.9	122.7	108.5
Introducing broker commissions	68.9	52.7	49.9
Interest expense	28.3	17.1	10.5
<b>Net operating revenues</b>	<b>443.9</b>	<b>431.8</b>	<b>322.0</b>
<b>Compensation and other expenses:</b>			
Compensation and benefits	263.9	251.1	201.9
Communication and data services	32.7	28.1	25.8
Occupancy and equipment rental	13.3	13.5	12.3
Professional fees	14.0	12.5	14.9
Travel and business development	11.5	10.5	9.9
Depreciation and amortization	8.2	7.2	7.3
Bad debts and impairments	4.4	7.3	5.5
Other	29.4	23.5	18.4
<b>Total compensation and other expenses</b>	<b>377.4</b>	<b>353.7</b>	<b>296.0</b>
Gain on acquisition	6.2	—	—
<b>Income from continuing operations, before tax</b>	<b>72.7</b>	<b>78.1</b>	<b>26.0</b>
Income tax expense	18.0	22.4	6.4
<b>Net income from continuing operations</b>	<b>54.7</b>	<b>55.7</b>	<b>19.6</b>
Loss from discontinued operations, net of tax	—	—	(0.3)
<b>Net income</b>	<b>\$ 54.7</b>	<b>\$ 55.7</b>	<b>\$ 19.3</b>
<b>Basic earnings per share:</b>			
Income from continuing operations	\$ 2.94	\$ 2.94	\$ 1.03
Loss from discontinued operations	—	—	(0.02)
<b>Net income per common share</b>	<b>\$ 2.94</b>	<b>\$ 2.94</b>	<b>\$ 1.01</b>
<b>Diluted earnings per share:</b>			
Income from continuing operations	\$ 2.90	\$ 2.87	\$ 1.00
Loss from discontinued operations	—	—	(0.02)
<b>Net income per common share</b>	<b>\$ 2.90</b>	<b>\$ 2.87</b>	<b>\$ 0.98</b>
<b>Weighted-average number of common shares outstanding:</b>			
Basic	18,410,561	18,525,374	18,528,302
Diluted	18,625,372	18,932,235	19,132,302

See accompanying notes to consolidated financial statements.

**INTL FCStone Inc.**  
**Consolidated Statements of Comprehensive Income**

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net income	\$ 54.7	\$ 55.7	\$ 19.3
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	(7.4)	(4.0)	(4.6)
Pension liabilities adjustment	(0.2)	(1.5)	(0.8)
Net unrealized gain on available-for-sale securities	—	2.7	0.2
Reclassification of adjustment for gains included in net income:			
Periodic pension costs (included in compensation and benefits)	0.5	0.3	0.2
Realized gain on available-for-sale securities (included in trading gains, net and interest income)	—	(5.4)	(0.1)
Income tax expense from reclassification adjustments (included in income tax expense)	—	2.0	(0.1)
Reclassification adjustment for gains included in net income	0.5	(3.1)	—
Other comprehensive loss	(7.1)	(5.9)	(5.2)
Comprehensive income	\$ 47.6	\$ 49.8	\$ 14.1

See accompanying notes to consolidated financial statements.

**INTL FCStone Inc.**  
**Consolidated Cash Flows Statements**

(in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net income	\$ 54.7	\$ 55.7	\$ 19.3
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation and amortization	7.8	7.2	7.3
Provision for bad debts and impairments	4.4	7.3	5.5
Deferred income taxes	(0.8)	4.8	(6.8)
Amortization of debt issuance costs and debt discount	1.1	0.9	1.0
Amortization of share-based compensation expense	5.1	3.6	4.3
Loss on sale of property and equipment	0.4	0.5	0.3
Gain on acquisition	(6.2)	—	—
Gain on sale of exchange memberships and common stock	—	(1.2)	—
<b>Changes in operating assets and liabilities, net:</b>			
Cash, securities and other assets segregated under federal and other regulations	(379.9)	(315.0)	(1.3)
Securities purchased under agreements to resell	(285.1)	15.2	—
Deposits and receivables from exchange-clearing organizations	10.9	195.1	(159.2)
Deposits and receivables from broker-dealers, clearing organizations, and counterparties	135.7	(150.2)	1.1
Receivable from customers, net	97.8	(169.0)	32.0
Notes receivable, net	59.5	(14.5)	(27.9)
Income taxes receivable	8.2	—	4.2
Financial instruments owned, at fair value	(192.9)	(565.0)	(42.6)
Physical commodities inventory	(91.0)	7.1	17.8
Other assets	(17.4)	(16.2)	0.1
Accounts payable and other accrued liabilities	7.5	23.2	1.9
Payable to customers	172.2	332.1	191.5
Payable to broker-dealers, clearing organizations and counterparties	(53.8)	251.1	(5.2)
Income taxes payable	0.3	1.7	5.2
Securities sold under agreements to repurchase	159.8	186.0	—
Financial instruments sold, not yet purchased, at fair value	273.9	177.5	84.1
Net cash (used in) provided by operating activities	(27.8)	37.9	132.6
<b>Cash flows from investing activities:</b>			
Cash paid for acquisitions, net	(20.0)	(7.8)	—
Purchase of exchange memberships and common stock	(0.1)	(0.7)	—
Sale of exchange memberships and common stock	—	2.1	—
Purchase of property and equipment	(15.4)	(9.1)	(4.3)
Net cash used in investing activities	(35.5)	(15.5)	(4.3)
<b>Cash flows from financing activities:</b>			
Net change in payable to lenders under loans	142.0	15.5	(38.5)
Payments related to earn-outs on acquisitions	(2.9)	(2.2)	(1.6)
Proceeds from note payable	—	4.0	—
Repayment of note payable	(0.8)	(0.4)	—
Share repurchase	(19.5)	(4.7)	(9.7)
Debt issuance costs	(2.1)	(0.2)	(0.3)
Exercise of stock options	3.5	2.5	1.4
Income tax benefit on stock options and awards	0.8	0.5	(0.1)
Net cash provided by (used in) financing activities	121.0	15.0	(48.8)
Effect of exchange rates on cash and cash equivalents	(9.6)	(0.6)	(4.3)
Net increase in cash and cash equivalents	48.1	36.8	75.2
Cash and cash equivalents at beginning of period	268.1	231.3	156.1
Cash and cash equivalents at end of period	\$ 316.2	\$ 268.1	\$ 231.3



(continued)

(in millions)	Year Ended September 30,		
	2016	2015	2014
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 26.0	\$ 15.8	\$ 9.6
Income taxes paid, net of cash refunds	\$ 8.5	\$ 15.3	\$ 3.0
Supplemental disclosure of non-cash investing and financing activities:			
Identified intangible assets and goodwill on acquisitions	\$ —	\$ 1.6	\$ 0.5
Additional consideration payable related to acquisitions	\$ (0.4)	\$ 1.9	\$ (1.8)
Acquisition of business:			
Assets acquired	\$ 187.1	\$ 1,011.4	\$ —
Liabilities acquired	(136.0)	(995.1)	—
Total net assets acquired	\$ 51.1	\$ 16.3	\$ —
Deferred consideration payable related to acquisitions	\$ —	\$ 5.0	\$ —
Escrow deposits related to acquisitions	\$ 3.4	\$ 5.0	\$ —

See accompanying notes to consolidated financial statements.

**INTL FCStone Inc.**  
**Consolidated Statements of Stockholders' Equity**

(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances as of September 30, 2013	\$ 0.2	\$ (7.8)	\$ 224.0	\$ 125.4	\$ (6.4)	\$ 335.4
Net income				19.3		19.3
Other comprehensive loss					(5.2)	(5.2)
Exercise of stock options			1.3			1.3
Share-based compensation			4.3			4.3
Repurchase of stock		(9.7)	—			(9.7)
Balances as of September 30, 2014	0.2	(17.5)	229.6	144.7	(11.6)	345.4
Net income				55.7		55.7
Other comprehensive loss					(5.9)	(5.9)
Exercise of stock options			3.0			3.0
Share-based compensation			3.6			3.6
Repurchase of stock		(4.5)	(0.2)			(4.7)
Stock held in escrow for business combination		(4.8)	4.8			—
Balances as of September 30, 2015	0.2	(26.8)	240.8	200.4	(17.5)	397.1
Net income				54.7		54.7
Other comprehensive loss					(7.1)	(7.1)
Exercise of stock options			3.5			3.5
Share-based compensation			5.1			5.1
Repurchase of stock		(19.5)	—			(19.5)
Balances as of September 30, 2016	\$ 0.2	\$ (46.3)	\$ 249.4	\$ 255.1	\$ (24.6)	\$ 433.8

See accompanying notes to consolidated financial statements.

**INTL FCStone Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1 – Description of Business and Significant Accounting Policies**

INTL FCStone Inc., a Delaware corporation, and its consolidated subsidiaries (collectively “INTL” or “the Company”), is a diversified global financial services organization providing execution, risk management and advisory services, market intelligence, and clearing services across assets classes and markets around the world. 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 and base metals and select other commodities; trading of more than 140 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 predominantly wholesale organizations 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***

The accompanying 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.

Unless otherwise stated herein, all references to fiscal 2016, fiscal 2015, and fiscal 2014 refer to the Company’s fiscal years ended September 30.

In the consolidated income statements, the total revenues reported combine gross revenues for the physical commodities business and net revenues for all other businesses. The subtotal ‘operating revenues’ in the consolidated income statements is calculated by deducting physical commodities cost of sales from total revenues. The subtotal ‘net operating revenues’ in the consolidated income statements is calculated as operating revenues less transaction based clearing expenses, introducing broker commissions and interest expense. Transaction-based clearing expenses represent variable expenses paid to executing brokers, exchanges, clearing organizations and banks in relation to our transactional volumes. Introducing broker commissions include commission paid to non-employee third parties that have introduced customers to the Company. Net operating revenues represent revenues available to pay variable compensation to risk management consultants and traders and direct non-variable expenses, as well as variable and non-variable expenses of operational and administrative employees.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“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. These estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. The Company reviews all significant estimates affecting the financial statements on a recurring basis and records the effect of any necessary adjustments prior to their issuance. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

***Internal Subsidiary Consolidation***

Effective July 1, 2015, the Company merged three of its wholly-owned regulated United States (“U.S.”) subsidiaries into its wholly owned regulated U.S. subsidiary, INTL FCStone Securities Inc., and the surviving entity was renamed INTL FCStone Financial Inc. (“INTL FCStone Financial”) and is registered as both a broker-dealer and a futures commission merchant (“FCM”). As such, the assets, liabilities and equity of FCStone, LLC, INTL FCStone Partners L.P., and FCC Investments, Inc. were transferred into INTL FCStone Financial.

### ***Foreign Currency Translation***

Assets and liabilities recorded in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the period. Gains or losses on translation of the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are recorded in other comprehensive income (“OCI”), net of tax, a component of stockholders’ equity. Foreign currency remeasurement gains or losses on transactions denominated in nonfunctional currencies are included in ‘trading gains, net’ in the consolidated income statements.

### ***Cash and Cash Equivalents***

The Company considers cash held at banks and all highly liquid investments, including certificates of deposit, which may be withdrawn at any time at the discretion of the Company without penalty, to be cash and cash equivalents. Cash and cash equivalents consist of cash, foreign currency, money market funds and certificates of deposit not deposited with or pledged to exchange-clearing organizations, broker-dealers, clearing organizations or counterparties. The money market funds are valued at period-end at the net asset value provided by the fund’s administrator, which approximates fair value. Certificates of deposit are stated at cost plus accrued interest, which approximates fair value. The Company has an investment policy, which limits the maximum amount placed in any one fund and with any one institution in order to reduce credit risk. The Company does not believe that it is exposed to significant risk on cash and cash equivalents.

### ***Cash, Securities and Other Assets Segregated under Federal and other Regulations***

Pursuant to requirements of the Commodity Exchange Act in the U.S. and similarly in the United Kingdom (“U.K.”), pursuant to the Markets in Financial Instruments Implementing Directive 2006/73/EC underpinning the Client Asset or ‘CASS’ rules in the Financial Services Authority (“FSA”) handbook, funds deposited by customers relating to futures and options on futures contracts in regulated commodities must be carried in separate accounts which are designated as segregated customer accounts. The deposits in segregated customer accounts are not commingled with the funds of the Company. Under the FSA’s rules, certain categories of customers may choose to opt-out of segregation. As of September 30, 2016 and 2015, cash, securities and other assets segregated under federal and other regulations consisted of cash held at banks and money market funds of approximately \$515.2 million and \$240.0 million, respectively, U.S. government securities and U.S. government agency obligations of approximately \$595.5 million and \$493.4 million, respectively, and commodities warehouse receipts of approximately \$23.3 million and \$22.1 million, respectively (see fair value measurements discussion in Note 3).

### ***Deposits and Receivables from Exchange-Clearing Organizations, Broker-dealers, Clearing Organizations and Counterparties, and Payables to Broker-dealers, Clearing Organizations and Counterparties***

As required by the regulations of the U.S. Commodity Futures Trading Commission (“CFTC”) and the aforementioned FSA handbook, customer funds received to margin, guarantee, and/or secure commodity futures transactions are segregated and accounted for separately from the general assets of the Company. Deposits with exchange-clearing organizations, broker-dealers and counterparties pertain primarily to deposits made to satisfy margin requirements on customer and proprietary open futures and options on futures positions and to satisfy the requirements set by clearing exchanges for clearing membership. The Company also pledges margin deposit with various counterparties for OTC derivative contracts, and these deposits are also included in deposits and receivables from broker-dealers and counterparties. Deposits with and receivables from exchange-clearing organizations and broker-dealers and counterparties are reported gross, except where a right of offset exists. As of September 30, 2016 and 2015, the Company had cash and cash equivalents on deposit with or pledged to exchange-clearing organizations, broker-dealers and counterparties of \$0.9 billion.

These balances also include securities pledged by the Company on behalf of customers and customer-owned securities that are pledged. It is the Company’s practice to include customer owned securities on its consolidated balance sheets, as the rights to those securities have been transferred to the Company under the terms of the futures trading agreement. Securities pledged include U.S. Treasury bills and instruments backed by U.S. government sponsored entities and government-sponsored enterprise backed mortgage-backed securities (“mortgage-backed securities”). Securities that are not customer-owned are adjusted to fair value with associated changes in unrealized gains or losses recorded through current period earnings. For customer owned securities, the change in fair value is offset against the payable to customers with no impact recognized in the consolidated income statements.

The securities, primarily U.S. government obligations and mortgage-backed securities, held by INTL FCStone Financial, a subsidiary of the Company, as collateral or as margin have been deposited with exchange-clearing organizations, broker-dealers or other counterparties. The fair value of these securities was approximately \$0.5 billion as of September 30, 2016 and 2015.

Management has considered guidance required by the Transfers and Servicing Topic of the ASC as it relates to securities pledged by customers to margin their accounts within the FCM Division of INTL FCStone Financial. Based on a review of the agreements with the customer, management believes the transferor surrenders control over those assets because: (a) the transferred assets have been isolated from the transferor—put presumptively beyond the reach of the transferor and its

creditors, even in bankruptcy or other receivership, (b) each transferee has the right to pledge or exchange the assets (or beneficial interests) it received, and no condition both constrains the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor and (c) the transferor does not maintain effective control over the transferred assets through either (1) an agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity or (2) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call. Under this guidance, the Company reflects the customer collateral assets and corresponding liabilities in the Company's consolidated balance sheets as of September 30, 2016 and 2015.

In addition to margin, deposits with exchange-clearing organizations include guaranty deposits. The guaranty deposits are held by the clearing organization for use in potential default situations by one or more members of the clearing organization. The guaranty deposits may be applied to the Company's obligations to the clearing organization, or to the clearing organization's obligations to other clearing members or third parties.

The Company maintains customer omnibus and proprietary accounts with other counterparties, and the equity balances in those accounts along with any margin cash or securities deposited with the carrying broker are included in deposits and receivables from broker-dealers and counterparties.

Receivables from and payables to exchange-clearing organizations are also comprised of amounts due from or due to exchange-clearing organizations for daily variation settlements on open futures and options on futures positions. The variation settlements due from or due to exchange-clearing organizations are paid in cash on the following business day.

Deposits and receivables from broker-dealers, clearing organizations and counterparties, and payables to broker-dealers, clearing organizations and counterparties also include amounts related to the value of customers cross-currency payment transactions related to the Global Payments segment. These amounts arise due to a clearing period before the funds are received and payments are made, which usually is one to two business days.

Deposits and receivables with exchange-clearing organizations also includes the unrealized gains and losses associated with the customers' options on futures contracts. See discussion in the Financial Instruments and Derivatives section below for additional information on the treatment of derivative contracts. For customer owned derivative contracts, the fair value is offset against the payable to customers with no impact recognized on the consolidated income statements.

#### ***Receivable from and Payable to Customers***

Receivable from customers, net of the allowance for doubtful accounts, include the total of net deficits in individual exchange-traded and OTC trading accounts carried by the Company. Customer deficits arise from realized and unrealized trading losses on futures, options on futures, swaps and forwards and amounts due on cash and margin transactions. Customer deficit accounts are reported gross of customer accounts that contain net credit or positive balances, except where a right of offset exists. Net deficits in individual exchange-traded and OTC trading accounts include both secured and unsecured deficit balances due from customers as of the balance sheet date. Secured deficit amounts are backed by U.S. Treasury bills and notes and commodity warehouse receipts. These U.S Treasury bills and notes and commodity warehouse receipts are not netted against the secured deficit amounts, as the conditions for right of setoff have not been met.

Payable to customers represent the total of customer accounts with credit or positive balances. Customer accounts are used primarily in connection with commodity transactions and include gains and losses on open commodity trades as well as securities and other deposits made as required by the Company, the exchange-clearing organizations or other clearing organizations. Customer accounts with credit or positive balances are reported gross of customer deficit accounts, except where a right of offset exists.

Receivables from and payables to customers also include amounts related to the value of customers cross-currency payment transactions related to the Global Payments segment. These amounts arise due to a clearing period before the funds are received and payments are made, which usually is one to two business days.

The future collectability of the receivable from customers can be impacted by the Company's collection efforts, the financial stability of its customers, and the general economic climate in which it operates. The Company evaluates accounts that it believes may become uncollectible on a specific identification basis, through reviewing daily margin deficit reports, the historical daily aging of the receivables, and by monitoring the financial strength of its customers. The Company may unilaterally close customer trading positions in certain circumstances. In addition, to evaluate customer margining and collateral requirements, customer positions are stress tested regularly and monitored for excessive concentration levels relative to the overall market size.

The Company generally charges off an outstanding receivable balance when all economically sensible means of recovery have been exhausted. That determination considers information such as the occurrence of significant changes in the customer's financial position such that the customer can no longer pay the obligation, or that the proceeds from collateral will not be sufficient to pay the balance.

### **Notes Receivable**

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 Company may sell the insured portion of the notes through non-recourse participation agreements with other third parties. See discussion of notes receivable related to commodity repurchase agreements below.

Accrual of commodity financing income on any note is discontinued when, in the opinion of management, there is reasonable doubt as to the timely collectability of interest or principal. Nonaccrual notes are returned to an accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely payment of principal and interest. The Company records a charge against earnings for notes receivable losses when management believes that collectability of the principal is unlikely.

### **Physical Commodities Inventory**

Inventories of certain agricultural commodities are carried at net realizable value, which approximates fair value less disposal costs. The agricultural commodities inventories have reliable, readily determinable and realizable market prices, have relatively predictable and insignificant costs of disposal and are available for immediate delivery. Changes in the fair values of these agricultural commodities inventories are included as a component of 'cost of physical commodities sold' in the consolidated income statements.

Inventories of precious metals, except as described below, are stated at the lower of cost or market ("LCM"), using the weighted-average price and first-in first-out costing method.

Prior to the transfer of the Company's precious metals business (see following discussion), precious metals inventory held by INTL Commodities Inc. was valued at LCM under the provisions of the Inventory Topic of the Accounting Standards Codification ("ASC"), using the weighted-average price and first-in first-out costing method. 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' in the consolidated income statements.

### **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.

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' in the 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.

### **Property and Equipment**

Property and equipment is stated at cost, net of accumulated depreciation and amortization and depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is shorter. Certain costs of software developed or obtained for internal use are capitalized and amortized over the estimated useful life of the software. Expenditures for maintenance, repairs, and minor replacements are charged against earnings, as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in earnings.

### **Goodwill and Identifiable Intangible Assets**

Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. In accordance with the Intangibles – Goodwill and Other Topic of the ASC, goodwill is tested for impairment on an annual basis at the fiscal year-end, and between annual tests if indicators of potential impairment exist, using a fair-value-based approach. No impairment of goodwill has been identified during any of the periods presented.

Identifiable intangible assets subject to amortization are amortized using the straight-line method over their estimated period of benefit, ranging from two to twenty years. Identifiable intangible assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable in accordance with the Intangibles – Goodwill and Other Topic of the ASC. Residual value is presumed to be zero. Identifiable intangible assets not subject to amortization are reviewed at each reporting period to re-evaluate if the intangible asset's useful life remains indefinite. Additionally, intangible assets not subject to amortization are tested annually for impairment at the fiscal year-end, and between annual tests if indicators of potential impairment exist, using a fair-value-based approach.

### ***Financial Instruments and Derivatives***

Financial instruments owned and sold, not yet purchased, at fair value consist of financial instruments carried at fair value or amounts that approximate fair value, with related unrealized changes in gains or losses recognized in earnings. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company accounts for its securities pledged on behalf of customers and proprietary securities as trading securities in accordance with U.S. GAAP accounting requirements for broker-dealers.

Investment in managed funds, at fair value represents investments in funds managed by the Company's fund managers. The investments are valued at period-end at the net asset value provided by the fund's administrator.

Commodities warehouse receipts are valued at the cash price, or the nearby futures prices in the absence of a cash price, for the commodity based on published market quotes. For commodities warehouse receipts, the change in fair value is offset against the payable to customers with no impact on the consolidated income statements.

The Company utilizes derivative instruments to manage exposures to foreign currency, commodity price and interest rate risks for the Company and its customers. The Company's objectives for holding derivatives include reducing, eliminating, and efficiently managing the economic impact of these exposures as effectively as possible. Derivative instruments are recognized as either assets or liabilities and are measured at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially recorded in OCI, net of tax, and is subsequently recognized in earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is recognized in earnings. Gains and losses from changes in fair values of derivatives that are not designated as cash flow hedges for accounting purposes are recognized in earnings.

The Company's derivative contracts consist of exchange-traded and OTC derivatives. Fair values of exchange-traded derivatives are generally determined from quoted market prices. OTC derivatives are valued using valuation models. The valuation models used to derive the fair values of OTC derivatives require inputs including contractual terms, market prices, yield curves and measurements of volatility. The Company uses similar models to value similar instruments. Where possible, the Company verifies the values produced by pricing models by comparing them to market transactions. Inputs may involve judgment where market prices are not readily available. The Company does not elect hedge accounting under the Derivatives and Hedging Topic of the ASC in accounting for derivatives used as economic hedges on its commodities.

The Company's derivative contracts also include forward purchase and sale contracts for physical delivery of the agricultural commodities in a future period. Contracts to purchase agricultural commodities generally relate to the current or future crop year. Contracts for the sale of agricultural commodities generally do not extend beyond one year. Forward purchase and sale contracts are valued at market prices when available or other market quotes adjusted for differences, primarily in transportation, between the exchange-traded market and local markets where the terms of the contracts are based. Changes in the fair value of agricultural commodity inventories held for sale, forward purchase and sale contracts and exchange-traded futures and options contracts are recognized as a component of cost of sales of physical commodities.

The Company provides clearing and execution of exchange-traded futures and options on futures for middle-market intermediaries, end-users, producers of commodities and the institutional and professional trader market segments. The Company has a subsidiary that is a registered broker-dealer/FCM, clearing on various exchanges. A primary source of revenues for the Company's broker-dealer/FCM are commissions and clearing fees derived from executing and clearing orders for commodity futures contracts and options on futures on behalf of its customers.

The Company also brokers foreign exchange forwards, options and cash, or spot, transactions between customers and external counterparties. A portion of the contracts are arranged on an offsetting basis, limiting the Company's risk to performance of the two offsetting parties. The offsetting nature of the contracts eliminates the effects of market fluctuations on the Company's operating results. Due to the Company's role as a principal participating in both sides of these contracts, the amounts are presented gross on the consolidated balance sheets at their respective fair values, net of offsetting assets and liabilities.

The Company holds proprietary positions in its foreign exchange line of business. On a limited basis, the Company's foreign exchange trade desk will accept a customer transaction and will offset that transaction with a similar but not identical position with a counterparty. These unmatched transactions are intended to be short-term in nature and are often conducted to facilitate the most effective transaction for the Company's customer. These spot and forward contracts are accounted for as free-standing derivatives and reported in the consolidated balance sheets at their fair values. The Company does not seek hedge accounting treatment for these derivatives, and accordingly, the changes in fair value during the period are recorded in the consolidated income statements in 'trading gains, net' (see Note 4). In applying the guidance in the Balance Sheet-Offsetting Topic of the ASC, the Company's accounting policy is such that open contracts with the same customer are netted at the account level, in accordance with netting arrangements in place with each party, as applicable and rights to reclaim cash collateral or obligations to return cash collateral are netted against fair value amounts recognized for derivative instruments with the same customer in accordance with the master netting arrangements in place with each customer.

The Company may lease commodities to or from customers or counterparties, or advance commodities to customers on an unpriced basis, receiving payment when they become priced. These are valued at fair value utilizing the fair value option based on guidance in the Financial Instruments Topic of the ASC. As permitted by the fair value option election, the entire instrument is recorded at fair value in the consolidated balance sheets as a component of 'financial instruments owned and sold, not yet purchased'. Due to the short term nature of the instruments, the balance of the agreements is not materially different than the recorded fair value. The corresponding change in fair value of the instrument is recognized in the consolidated income statements as a component of 'trading gains, net' for the fiscal years ended September 30, 2016, 2015, and 2014. The Company does elect to value all of their commodities lease agreements at fair value using the fair value option. See fair value measurements in Note 3.

### ***Exchange Memberships and Stock***

The Company is required to hold certain exchange membership seats and exchange firm common stock and pledge them for clearing purposes, in order to provide the Company the right to process trades directly with the various exchanges. Exchange memberships include seats on the Chicago Board of Trade ("CBOT"), the Minneapolis Grain Exchange, the New York Mercantile Exchange ("NYMEX"), the Commodity Exchange, Inc. ("COMEX") Division of the New York Mercantile Exchange, Mercado de Valores de Buenos Aires S.A. ("MERVAL"), the Chicago Mercantile Exchange ("CME") Growth and Emerging Markets, InterContinental Exchange, Inc. ("ICE") Futures US, ICE Europe Ltd and London Metal Exchange ("LME"), and the Deposit Trust and Clearing Corporation ("DTCC"). Exchange firm common stock include shares of CME Group, Inc., ICE and LME.

Exchange memberships and firm common stocks pledged for clearing purposes are recorded at cost and are included in 'other assets' on the consolidated balance sheets. Equity investments in exchange firm common stock not pledged for clearing purposes are classified as trading securities and recorded at fair value, with unrealized gains and losses recorded as a component of "trading gains, net" on the consolidated income statements. Equity investments in exchange firm common stock not pledged for clearing purposes are included in 'financial instruments owned' on the consolidated balance sheets.

The cost basis for exchange memberships and firm common stock pledged for clearing purposes was \$12.1 million and \$9.9 million as of September 30, 2016 and 2015, respectively. The fair value of exchange memberships and firm common stock pledged for clearing purposes was \$9.1 million and \$7.6 million as of September 30, 2016 and 2015, respectively. The fair value of exchange firm common stock is determined by quoted market prices, and the fair value of exchange memberships is determined by recent sale transactions. The Company monitors the fair value of exchange membership seats and firm common stock on a quarterly basis, and does not consider any current unrealized losses on individual exchange memberships to be anything other than a temporary impairment.

### ***Commodity and Other Repurchase Agreements and Collateralized Transactions***

In the normal course of operations the Company executes notes receivable under sale/repurchase agreements with customers whereby the customers sell certain commodity inventory or other investments and agree to repurchase the commodity inventory or investment at a future date at a fixed rate. These transactions are short-term in nature, and in accordance with the guidance contained in the Transfers and Servicing Topic of the ASC, are treated as secured borrowings rather than commodity inventory and purchases and sales in the Company's consolidated financial statements. These transactions are reflected as notes receivable in the consolidated balance sheet. Commodities or investments sold under repurchase agreements are reflected at the amount of cash received in connection with the transactions. The Company may be required to provide additional collateral based on the fair value of the underlying asset.

The Company also participates in commodity sale/repurchase transactions that are accounted for as commodity inventory and purchases and sales of physical commodities as opposed to secured borrowings. The re-purchase price under these arrangements is not fixed at the time of execution and, therefore, do not meet all the criteria to be accounted for as product financing arrangements under ASC 470.



### ***Business Combinations***

Acquisitions are accounted for as business combinations in accordance with the provisions of the Business Combinations Topic of the ASC. Under this accounting guidance most of the assets and liabilities acquired and assumed are measured at fair value as of the acquisition date. Certain contingent liabilities acquired require remeasurement at fair value in each subsequent reporting period. Noncontrolling interests are initially measured at fair value and classified as a separate component of equity. Acquisition related costs, such as fees for attorneys, accountants, and investment bankers, are expensed as incurred and are not capitalized as part of the purchase price. For all acquisitions, regardless of the consummation date, deferred tax assets, valuation allowances, and uncertain tax position adjustments occurring after the measurement period are recorded as a component of income, rather than adjusted through goodwill.

Determining the fair value of certain assets and liabilities acquired is subjective in nature and often involves the use of significant estimates and assumptions. Estimating the fair value of the assets and liabilities acquired requires significant judgment.

### ***Contingent Consideration***

The Company estimates and records the acquisition date estimated fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration, and any change in fair value is recognized in the consolidated income statement. An increase in the earn-out expected to be paid will result in a charge to operations in the period that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid will result in a credit to operations in the period that the anticipated fair value of contingent consideration decreases. The estimate of the fair value of contingent consideration requires subjective assumptions to be made of future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect the Company's future financial results.

### ***Additional Paid-In Capital***

The Company's additional paid-in capital ("APIC") consists of stockholder contributions that are in excess of par value of common stock. Included in APIC are amounts related to the exercise of stock options, share-based compensation and shares held in escrow.

In September 2010, the Company acquired certain assets of Provident Group ("Provident"). The purchase price for the assets and services of the sellers was \$5.0 million. Subsequent to closing, the individual sellers placed the entire purchase price into an escrow account and the funds were used to purchase outstanding shares of the Company on the open market. There were 214,325 shares purchased and placed into escrow as a result of this agreement. The entire purchase price was recorded as a reduction in additional paid in capital as shares held in escrow for business combinations. The shares held in escrow for business combinations were to be released to the individual sellers, over a five year period from the date of closing based on net profits, in accordance with the provisions of the acquisition agreement. At September 30, 2015, the end of the five year period, the terms of the agreement were not met and 204,271 shares were forfeited to the Company and recorded as treasury stock. In accordance with the acquisition agreement, there were no shares earned or released during the year ended September 30, 2015, while 10,054 shares were earned and subsequently released to the sellers prior to fiscal 2015.

### ***Revenue Recognition***

Sales of physical commodities revenue are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured. The Company reports its physical commodities revenues, except as described below, on a gross basis, with the corresponding cost of sales shown separately, in accordance with the guidelines provided in the Revenue Recognition Topic of the ASC.

### ***Change in Precious Metals Accounting***

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' in the 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.

Trading gains, net include brokerage fees and margins generated from OTC derivative trades executed with customers and other counterparties and are recognized when trades are executed. Trading gains, net also include activities where the Company acts as principal in the purchase and sale of individual securities, currencies, commodities or derivative instruments with customers. These transactions may be offset simultaneously with another customer or counterparty, offset with similar but not identical positions on an exchange, made from inventory, or may be aggregated with other purchases to provide liquidity intraday, for a number of days, or in some cases, particularly the base metals business, even longer periods (during which fair value may fluctuate). In addition, trading gains, net includes activities from the Company's operations of a proprietary foreign exchange desk which arbitrages the futures and cash markets (see additional discussion in the Financial Instruments and Derivatives policy note for revenue recognition on proprietary trading activities). Net dealer inventory and investment gains are recognized on a trade-date basis and include realized gains or losses and changes in unrealized gains or losses on investments at fair value. Dividend income and dividend expense, on short equity positions, are recognized net, in 'trading gain, net' on the ex-dividend date.

Commissions on futures contracts are recognized on a half-turn basis in two equal parts. The first half is recognized when the contract is opened and the second half is recognized when the transaction is closed. Commissions on options on futures contracts are generally recognized on a half-turn basis, except that full commissions are recognized on options expected to expire without being exercised or offset. Commissions and fees are charged at various rates based on the type of account, the products traded, and the method of trade. Clearing and transaction fees are charged to customers on a per exchange contract basis based on the trade date. Such fees are for clearing customers' exchange trades and include fees charged to the Company by the various futures exchanges. See discussion of transaction-based clearing expenses below.

Consulting and management fees include risk management consulting fees which are billed and recognized as revenue on a monthly basis when risk management services are provided. Such agreements are generally for one year periods, but are cancelable by either party upon providing thirty days written notice to the other party and the amounts are not variable based on customer trading activities. Asset management fees are recognized as they are earned based on fees due at each period-end date. These include performance fees based on the amount that is due under the formula for exceeding performance targets as of the period-end date. Fee income for structuring and arrangement of debt transactions and management and investment advisory income is recorded when the services related to the underlying transactions are provided and success fees are recorded when complete, as determined under the terms of the assignment or engagement.

Interest income, generated primarily from investments and customer inventory financing, is recognized on an accrual basis. Interest from investments is generated from securities purchased using customer funds deposited with the Company to satisfy margin requirements, net of interest returned to customers, and from securities acquired through internally-generated company funds. Interest also includes unrealized gains and losses on securities owned and those deposited with other parties.

Revenue generally is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

#### ***Cost of Sales of Physical Commodities***

Cost of sales of physical commodities include finished commodity or raw material and processing costs along with operating costs relating to the receipt, storage and delivery of the physical commodities. Cost of sales of physical commodities also includes changes in the fair value of agricultural commodity inventories held for sale, and related forward purchase and sale contracts and exchange-traded futures and options contracts.

#### ***Compensation and Benefits***

Compensation and benefits consists primarily of salaries, incentive compensation, variable compensation, including commissions, related payroll taxes and employee benefits. The Company classifies employees as either risk management consultants / traders, operational or administrative personnel, which includes the executive officers. Variable compensation paid to risk management consultants and traders generally represents a fixed percentage of revenues generated, and in some cases, revenues produced less direct costs and an overhead allocation. The Company accrues commission expense on a trade date basis.

#### ***Share-Based Compensation***

The Company accounts for share-based compensation in accordance with the guidance of the Compensation-Stock Compensation Topic of the ASC. The cost of employee services received in exchange for a share-based award is generally measured based on the grant-date fair value of the award. Share-based employee awards that require future service are amortized over the relevant service period. Expected forfeitures are included in determining share-based employee compensation expense. For option awards granted, compensation cost is recognized on a straight-line basis over the vesting period for the entire award.

### ***Transaction-Based Clearing Expenses***

Clearing fees and related expenses include primarily variable expenses for clearing and settlement services, including fees the Company pays to executing brokers, exchanges, clearing organizations and banks. These fees are based on transaction volume, and recorded as expense on the trade date. Clearing fees are passed on to customers and are presented gross in the consolidated statements of income under the Revenue Recognition Topic of the ASC, as the Company acts as a principal for these transactions.

### ***Introducing Broker Commissions***

Introducing broker commissions include commissions paid to non-employee third parties that have introduced customers to the Company. Introducing brokers are individuals or organizations that maintain relationships with customers and accept futures and options orders from those customers. The Company directly provides all account, transaction and margining services to introducing brokers, including accepting money, securities and property from the customers. The commissions are determined and settled monthly.

### ***Income Taxes***

Income tax expense includes U.S. federal, state and local and foreign income taxes. Certain items of income and expense are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Tax provisions are computed in accordance with the Income Taxes Topic of the ASC.

### ***Comprehensive Income***

Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net income. Other comprehensive income (loss) includes net actuarial losses from defined benefit pension plans and gains and losses on foreign currency translations.

### ***Noncontrolling Interest and Variable Interest Entities***

In accordance with the Consolidation Topic of the ASC, the Company consolidates any variable interest entities for which it is the primary beneficiary, as defined. The Company applies the equity method of accounting when the Company does not have a controlling interest in an entity, but exerts significant influence over the entity.

### ***Preferred Stock***

The Company is authorized to issue one million shares of preferred stock, par value of \$0.01 per share, in one or more classes or series to be established by the Company's board of directors. As of September 30, 2016 and 2015, no preferred shares were outstanding and the Company's board of directors had not yet established any class or series of shares.

### ***Recent Accounting Pronouncements***

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230), which addresses eight classification issues related to the statement of cash flows. This ASU is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2017. For all other entities, the ASU is effective for annual periods in fiscal years beginning after December 15, 2018, and interim periods in fiscal years beginning after December 15, 2019. Entities should apply this ASU using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2019. The Company is currently evaluating the impact the new guidance will have on its statement of cash flows.

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments, which significantly changes the ways entities recognize credit losses on financial instruments. The guidance is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2019, with early adoption permitted in annual and interim periods in fiscal years beginning after December 15, 2018. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2021. The guidance introduces a new credit reserving model known as the Current Expected Credit Loss ("CECL") model, which is based on expected losses, and differs significantly from the incurred loss approach used today. The CECL model requires measurement of expected credit losses not only based on historical experience and current conditions, but also by including reasonable and supportable forecasts incorporating forward-looking information and will likely result in earlier recognition of credit reserves. The Company is currently evaluating the impact the new guidance will have on its financial position, results of operations and cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards (IFRS). In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations

(Reporting Revenue Gross versus Net).” ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing.” ASU 2016-10 clarifies the implementation guidance on identifying performance obligations. These ASUs apply to all companies that enter into contracts with customers to transfer goods or services. These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2019. Entities have the choice to apply these ASUs either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying these standards at the date of initial application and not adjusting comparative information. The Company is currently evaluating the requirements of these standards and has not yet determined the impact on its financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2018. The Company is currently evaluating the requirements of ASU 2016-09 and has not yet determined the impact on its financial position, results of operations and cash flows.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes ASC 840, Leases. This ASU is based on the principle that entities should recognize assets and liabilities arising from leases. The ASU does not significantly change the lessees’ recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. The ASU’s primary change is the requirement for entities to recognize a lease liability for payments and a right of use asset representing the right to use the leased asset during the term on operating lease arrangements. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. Lessors’ accounting under the ASC is largely unchanged from the previous accounting standard. In addition, the ASU expands the disclosure requirements of lease arrangements. Lessees and lessors will use a modified retrospective transition approach, which includes a number of practical expedients. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2020. The Company has not yet determined the impact on its financial position, results of operations and cash flows.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments--Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU No. 2016-01 addresses 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.

In April 2015, the FASB issued ASU No. 2015-03, Interest – Imputation of Interest (Subtopic 835-30). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. In June 2015, the FASB issued ASU 2015-15 as an amendment to this guidance to address the absence of authoritative guidance for debt issuance costs related to line-of-credit arrangements. The SEC staff stated that they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The ASU is effective for public entities for annual periods beginning after December 15, 2015, and interim periods within those annual reporting periods. Early adoption is permitted for financial statements that have not been previously issued. The guidance will be applied on a retrospective basis. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2017. The adoption of this standard is not expected to have a material impact on the financial statements.

## **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.

(in millions, except share amounts)	Year Ended September 30,		
	2016	2015	2014
<b>Numerator:</b>			
Income from continuing operations	\$ 54.7	\$ 55.7	\$ 19.6
Less: Allocation to participating securities	(1.0)	(1.3)	(0.5)
Income from continuing operations allocated to common stockholders	\$ 53.7	\$ 54.4	\$ 19.1
Loss from discontinued operations	\$ —	\$ —	\$ (0.3)
Less: Allocation to participating securities	—	—	—
Loss from discontinued operations allocated to common stockholders	\$ —	\$ —	\$ (0.3)
Diluted net income	\$ 54.7	\$ 55.7	\$ 19.3
Less: Allocation to participating securities	(1.0)	(1.3)	(0.5)
Diluted net income allocated to common stockholders	\$ 53.7	\$ 54.4	\$ 18.8
<b>Denominator:</b>			
Weighted average number of:			
Common shares outstanding	18,410,561	18,525,374	18,528,302
Dilutive potential common shares outstanding:			
Share-based awards	214,811	406,861	604,000
Diluted shares outstanding	18,625,372	18,932,235	19,132,302

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 ASC.

Options to purchase 910,060, 997,459 and 1,120,985 shares of common stock for fiscal years ended September 30, 2016, 2015, and 2014, respectively, were excluded from the calculation of diluted earnings per share because they would have been anti-dilutive.

### 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 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
- Payable to broker-dealers, clearing organizations and counterparties

#### Fair Value Hierarchy

As required by the Fair Value Measurement Topic of the ASC, financial and nonfinancial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A market is active if there are sufficient transactions on an ongoing basis to provide current pricing information for the asset or liability, pricing information is released publicly, and price quotations do not vary substantially either over time or among market makers. 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 reporting entity. The guidance requires the Company to consider counterparty credit risk of all parties to outstanding derivative instruments that would be considered by a market participant in the transfer or settlement of such contracts (exit price). The Company's exposure to credit risk on derivative financial instruments relates to the portfolio of OTC derivative contracts as all exchange-traded contracts held can be settled on an active market with the credit guarantee by the respective exchange. The Company requires each counterparty to deposit margin collateral for all OTC instruments and is also required to deposit margin collateral with counterparties. The Company has assessed the nature of these deposits and used its discretion to adjust each based on the underlying credit considerations for the counterparty and determined that the collateral deposits minimize the exposure to counterparty credit risk in the evaluation of the fair value of OTC instruments as determined by a market participant.

The majority of financial assets and liabilities on the 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 a regulated broker-dealer subsidiary and is recorded at fair value using spot prices. Physical commodities inventory also includes agricultural and energy commodities that are a part of the trading activities of a non-broker dealer subsidiary and are also 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 was estimated to be \$46.2 million and \$46.6 million (carrying value of \$45.5 million) as of September 30, 2016 and 2015, respectively, based on the transaction prices at public exchanges for the same or similar issues.

In the Rates Division of INTL FCStone Financial, the Company has amounts receivable from and payable to broker-dealers, clearing organizations and counterparties in connection with U.S. Treasury obligations, U.S. government agency obligations, and agency mortgage-backed and asset-backed obligations. Receivables from broker-dealers, clearing organizations and counterparties primarily 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. Due to their short-term nature, receivables from and payables to broker-dealers, clearing organizations and counterparties approximate fair value.

In the Rates Division of INTL FCStone Financial, the Company has a significant amount of trading assets and liabilities. The Rates Division's trading activities consists primarily of securities trading in connection with U.S. Treasury obligations, U.S. government agency obligations, and agency mortgage-backed and asset-backed obligations. The acquired assets and liabilities, including derivatives, are recorded on a trade date basis at fair value.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2016 and 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 financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

Cash equivalents, securities, commodities warehouse receipts, derivative financial instruments 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. The Company did not have any fair value adjustments for assets or liabilities measured at fair value on a non-recurring basis during the years ended September 30, 2016 and 2015. The three levels of the fair value hierarchy under the Fair Value Measurement 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 1 consists of financial assets and liabilities whose fair values are estimated using quoted market prices. Included in Level 1 are money market funds, certificates of deposit, commodities warehouse receipts, some common stock and American Depositary Receipts ("ADRs"), some exchangeable foreign ordinary equities ("GDRs"), some corporate

and municipal bonds, physical precious metals, agricultural, and energy commodities, equity investments in exchange firms, some mutual funds, as well as futures and options on futures contracts traded on national exchanges, exchange-cleared swaps and options which are valued using exchange closing prices, OTC swaps and options contracts using quoted prices from national exchanges in which the Company executes transactions for customer and proprietary accounts, and OTC firm purchase and sale commitments related to our agricultural and energy commodities;

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. Included in Level 2 are those financial assets and liabilities for which fair values are estimated using models or other valuation methodologies. These models are primarily industry-standard models that consider various observable inputs, including time value, yield curve, volatility factors, observable current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Included in Level 2 are U.S. and foreign government obligations, mortgage-backed securities, some common stock and ADRs, some GDRs, some corporate and municipal bonds, commodities leases, and OTC forwards, swaps, and options, and OTC firm purchase and sale commitments related to precious metals commodities; 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). Level 3 comprises financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are not readily observable from objective sources. Included in Level 3 are common stock and ADRs, some corporate and municipal bonds, some other investments and contingent liabilities.

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 September 30, 2016 and September 30, 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 September 30, 2016 and 2015.

(in millions)	September 30, 2016				
	Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
<b>Assets:</b>					
<b>Unrestricted cash equivalents - certificates of deposits</b>	\$ 7.1	\$ —	\$ —	\$ —	\$ 7.1
Commodities warehouse receipts	23.3	—	—	—	23.3
U.S. government obligations	—	595.5	—	—	595.5
<b>Securities and other assets segregated under federal and other regulations</b>	23.3	595.5	—	—	618.8
Money market funds	512.7	—	—	—	512.7
U.S. government obligations	—	472.1	—	—	472.1
Derivatives	2,149.9	—	—	(2,266.2)	(116.3)
<b>Deposits and receivables from exchange-clearing organizations</b>	2,662.6	472.1	—	(2,266.2)	868.5
“To be announced” (TBA) and forward settling securities	—	0.3	—	—	0.3
Derivatives	—	8.0	—	(23.5)	(15.5)
<b>Deposits and receivables from broker-dealers, clearing organizations and counterparties</b>	—	8.3	—	(23.5)	(15.2)
Common and preferred stock and ADRs	34.6	1.7	0.2	—	36.5
Exchangeable foreign ordinary equities and ADRs	25.2	0.5	—	—	25.7
Corporate and municipal bonds	36.9	0.9	3.0	—	40.8
U.S. government obligations	—	514.9	—	—	514.9
Foreign government obligations	—	14.6	—	—	14.6
Mortgage-backed securities	—	747.5	—	—	747.5
Derivatives	206.9	1,350.8	—	(1,363.8)	193.9
Commodities leases	—	137.2	—	(129.1)	8.1
Commodities warehouse receipts	8.9	—	—	—	8.9
Exchange firm common stock	6.4	—	—	—	6.4
Mutual funds and other	8.8	—	—	—	8.8
<b>Financial instruments owned</b>	327.7	2,768.1	3.2	(1,492.9)	1,606.1
<b>Physical commodities inventory</b>	71.2	—	—	—	71.2
Total assets at fair value	\$ 3,091.9	\$ 3,844.0	\$ 3.2	\$ (3,782.6)	\$ 3,156.5
<b>Liabilities:</b>					
<b>Accounts payable and other accrued liabilities - contingent liabilities</b>	\$ —	\$ —	\$ 0.8	\$ —	\$ 0.8
TBA and forward settling securities	—	2.6	—	0.9	3.5
Derivatives	1,961.7	97.5	—	(2,059.2)	—
<b>Payables to broker-dealers, clearing organizations and counterparties</b>	1,961.7	100.1	—	(2,058.3)	3.5
Common and preferred stock and ADRs	23.5	0.4	—	—	23.9
Exchangeable foreign ordinary equities and ADRs	25.3	0.5	—	—	25.8
Corporate and municipal bonds	6.9	—	—	—	6.9
U.S. government obligations	—	509.8	—	—	509.8
Foreign government obligations	—	—	—	—	—
Mortgage-backed securities	—	—	—	—	—
Derivatives	199.4	1,319.3	—	(1,307.8)	210.9
Commodities leases	—	207.8	—	(145.7)	62.1
<b>Financial instruments sold, not yet purchased</b>	255.1	2,037.8	—	(1,453.5)	839.4
Total liabilities at fair value	\$ 2,216.8	\$ 2,137.9	\$ 0.8	\$ (3,511.8)	\$ 843.7

(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 are included in that level.



September 30, 2015

(in millions)	Level 1	Level 2	Level 3	Netting and Collateral (1)	Total
<b>Assets:</b>					
<b>Unrestricted cash equivalents - certificates of deposits</b>	\$ 1.3	\$ —	\$ —	\$ —	\$ 1.3
Commodities warehouse receipts	22.1	—	—	—	22.1
U.S. government obligations	—	493.4	—	—	493.4
<b>Securities and other assets segregated under federal and other regulations</b>	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
<b>Deposits and receivables from exchange-clearing organizations</b>	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)
<b>Deposits and receivables from broker-dealers, clearing organizations and counterparties - derivatives</b>	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
<b>Financial instruments owned</b>	423.0	3,002.1	3.7	(2,006.9)	1,421.9
<b>Physical commodities inventory</b>	15.2	—	—	—	15.2
Total assets at fair value	\$ 4,509.4	\$ 4,536.0	\$ 3.7	\$ (6,138.7)	\$ 2,910.4
<b>Liabilities:</b>					
<b>Accounts payable and other accrued liabilities - contingent liabilities</b>	\$ —	\$ —	\$ 3.3	\$ —	\$ 3.3
TBA and forward settling securities	—	2.6	—	(1.0)	1.6
Derivatives	3,491.3	528.7	—	(4,020.0)	—
<b>Payable to broker-dealers, clearing organizations and counterparties - derivatives</b>	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
<b>Financial instruments sold, not yet purchased</b>	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 are included in that level.

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

### Information on Level 3 Financial Assets and Liabilities

The Company's financial assets at fair value classified within level 3 of the fair value hierarchy as of September 30, 2016 and 2015 are summarized below:

(in millions)	September 30, 2016	September 30, 2015
Total level 3 assets	\$ 3.2	\$ 3.7
Level 3 assets for which the Company bears economic exposure	\$ 3.2	\$ 3.7
Total assets	\$ 5,951.3	\$ 5,070.0
Total financial assets at fair value	\$ 3,156.5	\$ 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 fiscal years ended September 30, 2016 and 2015, including a summary of unrealized gains (losses) during the fiscal year ended on the Company's level 3 financial assets and liabilities still held as of September 30, 2016.

Level 3 Financial Assets and Financial Liabilities For the Year Ended September 30, 2016							
(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
<b>Assets:</b>							
Common and preferred stock and ADRs	\$ 0.5	\$ —	\$ (0.3)	\$ —	\$ —	\$ —	\$ 0.2
Corporate and municipal bonds	3.2	—	(0.2)	—	—	—	3.0
	<u>\$ 3.7</u>	<u>\$ —</u>	<u>\$ (0.5)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3.2</u>
(in millions)	Balances at beginning of period	Realized gains (losses) during period	Remeasurement gains (losses) during period	Acquisitions	Settlements	Transfers in or (out) of Level 3	Balances at end of period
<b>Liabilities:</b>							
Contingent liabilities	\$ 3.3	\$ —	\$ 0.4	\$ —	\$ (2.9)	\$ —	\$ 0.8

Level 3 Financial Assets and Financial Liabilities For the Year Ended September 30, 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
<b>Assets:</b>							
Common and preferred stock and ADRs	\$ 0.7	\$ —	\$ (0.2)	\$ —	\$ —	\$ —	\$ 0.5
Corporate and municipal bonds	3.6	—	(0.4)	—	—	—	3.2
	<u>\$ 4.3</u>	<u>\$ —</u>	<u>\$ (0.6)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3.7</u>
(in millions)	Balances at beginning of period	Realized gains (losses) during period	Remeasurement gains (losses) during period	Acquisitions	Settlements	Transfers in or (out) of Level 3	Balances at end of period
<b>Liabilities:</b>							
Contingent liabilities	\$ 5.5	\$ —	\$ 1.8	\$ 0.1	\$ (4.1)	\$ —	\$ 3.3

In accordance with the Fair Value Measurement 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 September 30, 2016, the Company's investment in the hotel was \$3.0 million, and included within the corporate and municipal bonds classification in the level 3 financial assets and financial liabilities tables. The Company classified its investment in the hotel within level 3 of the fair value hierarchy because the fair value was determined using significant

unobservable inputs, which included projected cash flows. These cash flows were discounted employing present value techniques. The Company estimated the fair value of its investment in these debentures by using a management-developed forecast, which was based on the income approach. The Company continued to monitor the hotel renovation process and evaluate the fair value of the debentures. There had been no significant change in the fair value of the debentures, and no additional loss had been recognized during the years ended September 30, 2016, 2015 and 2014. In December 2016, the Company sold the debentures and collected an amount approximating their carrying value.

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 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 September 30, 2016, certain acquisitions have had changes in the estimates of undiscounted cash flows, based on actual performances fluctuating from estimates. During the fiscal years ended September 30, 2016 and 2015, the fair value of the contingent consideration increased \$0.4 million and decreased \$1.8 million, respectively, with the corresponding income or expense classified as 'other' in the consolidated income statements.

The value of an exchange-traded derivative contract is equal to the unrealized gain or loss on the contract determined by marking the contract to the current settlement price for a like contract on the valuation date of the contract. A settlement price may not be used if the market makes a limit move with respect to a particular derivative contract or if the securities underlying the contract experience significant price fluctuations after the determination of the settlement price. When a settlement price cannot be used, derivative contracts will be valued at their fair value as determined in good faith pursuant to procedures adopted by management of the Company.

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 additional significant transfers between level 1 and level 2 fair value measurements for the fiscal years ended September 30, 2016 and 2015.

The Company has classified equity investments in exchange firms' common stock not pledged for clearing purposes as trading. The investments are recorded at fair value, with unrealized gains and losses recorded, net of taxes, included in earnings. As of September 30, 2016, the cost and fair value of the equity investments in exchange firms is \$3.7 million and \$6.4 million, respectively. As of September 30, 2015, the cost and fair value of the equity investments in exchange firms was \$3.7 million and \$5.6 million, respectively.

In June 2015, the Company sold shares of common stock in the Intercontinental Exchange, Inc. ("ICE"). The Company was required to hold these ICE shares for clearing purposes and, as a result, the shares were being held at cost on the consolidated balance sheet. The Company recorded a receivable for the proceeds of \$2.1 million, which was received in July 2015, and recognized a gain of \$1.2 million before taxes, during the year ended September 30, 2015, in connection with the sale of these shares.

For the fiscal year ended September 30, 2015, the Company reclassified the unrealized gain remaining in AOCI of approximately \$3.3 million, net of income tax expense of \$2.0 million, into earnings.

During the year ended September 30, 2014, the Company sold all of its investments in mortgage-backed securities and the U.S. government obligations that were held as of September 30, 2014, matured, and as a result, realized gains of \$0.1 million, net of tax, were reclassified from OCI for the year ended September 30, 2014.

Except as discussed previously, there were no other sales of AFS Securities during years ended September 30, 2016 and September 30, 2015, and as a result, no additional realized gains or losses were recorded for the years ended September 30, 2016 and September 30, 2015.

**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 consolidated financial statements as of September 30, 2016 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 September 30, 2016. The total of \$839.4 million as of September 30, 2016 includes \$210.9 million for derivative contracts, which represent a liability to the Company based on their fair values as of September 30, 2016.

**Derivatives**

The Company utilizes derivative products in its trading capacity as a dealer in order to satisfy customer 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 consolidating 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 September 30, 2016, the Company had \$375 million in notional principal of interest rate swaps outstanding with a weighted-average life of 15 months.

Listed below are the fair values of the Company's derivative assets and liabilities as of September 30, 2016 and 2015. Assets represent net unrealized gains and liabilities represent net unrealized losses.

(in millions)	September 30, 2016		September 30, 2015	
	Assets <sup>(1)</sup>	Liabilities <sup>(1)</sup>	Assets <sup>(1)</sup>	Liabilities <sup>(1)</sup>
<b>Derivative contracts not accounted for as hedges:</b>				
Exchange-traded commodity derivatives	\$ 2,022.1	\$ 1,920.5	\$ 3,443.6	\$ 3,313.8
OTC commodity derivatives	1,217.0	1,188.9	1,621.2	1,650.7
Exchange-traded foreign exchange derivatives	12.2	7.5	27.8	20.6
OTC foreign exchange derivatives	346.5	290.2	892.2	865.4
Exchange-traded interest rate derivatives	78.7	120.5	126.8	136.0
Equity index derivatives	39.1	50.3	22.8	21.0
TBA and forward settling securities	0.3	2.6	1.2	2.6
Gross fair value of derivative contracts	3,715.9	3,580.5	6,135.6	6,010.1
Impact of netting and collateral	(3,653.5)	(3,366.1)	(6,081.7)	(5,954.4)
Total fair value included in 'Deposits and receivables from exchange-clearing organizations'	\$ (116.3)		\$ 76.2	
Total fair value included in 'Deposits and receivables from broker-dealers, clearing organizations and counterparties'	\$ (15.2)		\$ (52.9)	
Total fair value included in 'Financial instruments owned, at fair value'	\$ 193.9		\$ 30.6	
Total fair value included in 'Payables to broker-dealers, clearing organizations and counterparties'		\$ 3.5		\$ 1.6
Fair value included in 'Financial instruments sold, not yet purchased, at fair value'		\$ 210.9		\$ 54.1

(1) As of September 30, 2016 and 2015, the Company's derivative contract volume for open positions was approximately 4.0 million and 4.1 million contracts, respectively.

The Company's derivative contracts are principally held in its Commodities and Risk Management Services ("Commercial Hedging") segment. 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 option products, including combinations of buying and selling puts and calls. The Company mitigates its risk by generally offsetting the customer's transaction simultaneously with one of the Company's trading counterparties or will offset that transaction 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.

Through its Rates Division, the Company transacts in derivative instruments, which consist of futures, mortgage-backed TBA securities and forward settling transactions, that are used to manage risk exposures. The fair value of these transactions is 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'.

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 September 30, 2016, these transactions are summarized as follows (in millions):

	Gain / (Loss)	Notional Amounts
Unrealized gain on TBA securities purchased within payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	\$ 0.8	\$ 289.8
Unrealized loss on TBA securities purchased within payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	\$ (0.8)	\$ 485.5
Unrealized gain on TBA securities sold within payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	\$ 1.3	\$ (702.3)
Unrealized loss on TBA securities sold within payables to broker-dealers, clearing organizations and counterparties and related notional amounts (1)	\$ (1.7)	\$ (754.3)
Unrealized gain on forward settling securities purchased within receivables from broker-dealers, clearing organizations and counterparties and related notional amounts	\$ 0.1	\$ 607.9
Unrealized gain on forward settling securities sold within receivables from broker-dealers, clearing organizations and counterparties and related notional amounts	\$ 0.2	\$ (470.4)
(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 net gains (losses) related to derivative financial instruments for the fiscal years ended September 30, 2016, 2015, and 2014, in accordance with the Derivatives and Hedging Topic of the ASC. The net gains (losses) set forth below are included in 'trading gains, net' in the consolidated income statements.

(in millions)	Year Ended September 30,		
	2016	2015	2014
Commodities	\$ 41.8	\$ 78.6	\$ 65.7
Foreign exchange	9.7	7.5	7.5
Interest rate and equity	0.8	3.2	—
TBA and forward settling securities	(14.4)	(5.1)	—
Net gains from derivative contracts	\$ 37.9	\$ 84.2	\$ 73.2

### 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 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 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 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 September 30, 2016 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 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 commodity pricing and 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**

Receivables from customers, net and notes receivable, net include an allowance for bad debts, which reflects the Company's best estimate of probable losses inherent in the receivables from customers and notes receivable. The Company provides for an allowance for doubtful accounts based on a specific-identification basis. The Company continually reviews its allowance for bad debts. The allowance for doubtful accounts related to receivables from customers was \$9.5 million and \$10.2 million as of September 30, 2016 and 2015, respectively. The allowance for doubtful accounts related to notes receivable was \$0.2 million and \$1.0 million as of September 30, 2016 and 2015, respectively.

During the year ended September 30, 2016, the Company recorded bad debt expense, net of recoveries, of \$4.4 million, including provision increases of \$4.2 million and direct write-offs of \$0.4 million, offset by recoveries of \$0.2 million. The increase in bad debts during fiscal 2016 primarily related to \$3.6 million of customer deficits in the Commercial Hedging segment, \$0.4 million of uncollectible customer receivables in the Physical Commodities segment and \$0.4 million of uncollectible service fees and notes in the Securities segment.

During the year ended September 30, 2015, the Company recorded bad debt expense, net of recoveries, of \$7.3 million, including provision increases of \$6.6 million and direct write-offs of \$0.7 million, offset by minimal recoveries. The increase in bad debts during fiscal 2015 related to \$2.8 million of receivables from a renewable fuels customer in the Physical Commodities segment, \$2.3 million of OTC customer deficits and \$0.6 million of LME customer deficits in the Commercial Hedging segment, \$0.5 million of uncollectible service fees and notes in our Securities segment, and \$1.1 million of notes receivable related to loans pertaining to a former acquisition.

During the year ended September 30, 2014, the Company recorded bad debt expense, net of recoveries, of \$5.5 million, including provision increases of \$5.1 million and direct write-offs of \$0.6 million, offset by recoveries of \$0.2 million. The provision increases during fiscal 2014 was \$3.8 million in the Commercial Hedging segment, primarily related to account deficits from a Hong Kong commercial LME customer and Brazilian OTC Financial Ag & Energy customers. Additionally, the

Company recorded bad debts of \$0.9 million in the Physical Commodities segment, related to renewable fuels activity, and \$0.7 million in the Securities segment primarily related to charge-offs of uncollectible service fees.

Activity in the allowance for doubtful accounts and notes for the years ended September 30, 2016, 2015, and 2014 was as follows:

(in millions)	2016	2015	2014
Balance, beginning of year	\$ 11.2	\$ 5.8	\$ 1.2
Provision for bad debts	4.2	6.0	5.3
Deductions:			
Charge-offs	(5.7)	(0.6)	(0.7)
Balance, end of year	<u>\$ 9.7</u>	<u>\$ 11.2</u>	<u>\$ 5.8</u>

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 \$5.0 million and \$41.4 million as of September 30, 2016 and 2015, respectively. The Company has sold \$4.6 million and \$30.7 million of the insured portion of the notes through non-recourse participation agreements with other third parties as of September 30, 2016 and 2015, respectively. The Company has completed its exit of the majority of this activity during the year ended September 30, 2016. The Company believes the run-off of the remaining activity will have a minimal impact on the Company.

See discussion of notes receivable related to commodity repurchase agreements in Note 13.

### Note 6 – Physical Commodities Inventory

The Company's inventories consist of finished physical commodities. Inventories by component of the Company's Physical Commodities segment are shown below.

(in millions)	September 30, 2016	September 30, 2015
Physical Ag & Energy <sup>(1)</sup>	\$ 65.9	\$ 0.4
Precious metals - held by broker-dealer subsidiary <sup>(2)</sup>	5.3	10.8
Precious metals - held by non-broker-dealer subsidiaries <sup>(3)</sup>	52.6	21.6
Physical commodities inventory	<u>\$ 123.8</u>	<u>\$ 32.8</u>

<sup>(1)</sup> Physical Ag & Energy maintains agricultural commodity inventories, including corn, soybeans, wheat, dried distillers grain, canola, sorghum, coffee and others. The agricultural commodity inventories are carried at net realizable value, which approximates fair value less disposal costs, with changes in net realizable value included as a component of 'cost of sales of physical commodities' on the consolidated income statement. The agricultural inventories have reliable, readily determinable and realizable market prices, have relatively insignificant costs of disposal and are available for immediate delivery.

<sup>(2)</sup> Precious metals held by the Company's subsidiary, INTL FCStone Ltd, a United Kingdom based broker-dealer subsidiary, is measured at fair value, with changes in fair value included as a component of 'trading gains, net' on the consolidated income statement, in accordance with U.S. GAAP accounting requirements for broker-dealers.

<sup>(3)</sup> Precious metals inventory held by subsidiaries that are not broker-dealers are valued at the lower of cost or market value.

The Company has recorded lower of cost or market ("LCM") adjustments for certain precious metals inventory of \$0.6 million and \$0.3 million as of September 30, 2016 and 2015, respectively. The adjustments are included in 'cost of sales of physical commodities' in the consolidated income statements.

### Note 7 – Property and Equipment, net

Property and equipment are stated at cost, and reported net of accumulated depreciation on the consolidated balance sheets. Depreciation on plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from 3 to 10 years. During the fiscal years ended September 30, 2016, 2015, and 2014, depreciation expense was \$6.6 million, \$5.7 million and \$5.7 million, respectively.

A summary of property and equipment, at cost less accumulated depreciation as of September 30, 2016 and 2015 is as follows:

(in millions)	September 30, 2016	September 30, 2015
Property and equipment:		
Furniture and fixtures	\$ 6.8	\$ 5.2
Software	22.8	9.0
Equipment	20.6	16.1
Leasehold improvements	11.9	9.9
Total property and equipment	62.1	40.2
Less accumulated depreciation	(32.7)	(20.5)
Property and equipment, net	\$ 29.4	\$ 19.7

#### Note 8 – Goodwill

Goodwill allocated to the Company's operating segments as of September 30, 2016 and 2015 is as follows:

(in millions)	September 30, 2016	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

#### Note 9 – 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:

(in millions)	September 30, 2016			September 30, 2015		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization:						
Trade name	\$ 1.1	\$ (0.6)	\$ 0.5	\$ —	\$ —	\$ —
Software programs/platforms	2.7	(2.4)	0.3	2.7	(2.3)	0.4
Customer base	14.0	(5.7)	8.3	14.0	(4.9)	9.1
	17.8	(8.7)	9.1	16.7	(7.2)	9.5
Intangible assets not subject to amortization:						
Trade name	—	—	—	1.1	—	1.1
Total intangible assets	\$ 17.8	\$ (8.7)	\$ 9.1	\$ 17.8	\$ (7.2)	\$ 10.6

During the year ended September 30, 2016, 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 Commercial Hedging 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 was transferred from the indefinite-lived category to intangible assets subject to amortization over the estimated two year useful life. The Company recorded amortization for the trade names of \$0.6 million, within 'depreciation and amortization' on the consolidated income statements, during the year ended September 30, 2016.

Amortization expense related to intangible assets was \$1.6 million, \$1.5 million, and \$1.6 million for the fiscal years ended September 30, 2016, 2015, and 2014, respectively.



The estimated future amortization expense as of September 30, 2016 is as follows (in millions):

Year ending September 30,	
2017	\$ 1.6
2018	1.0
2019	1.0
2020	0.8
2021 and thereafter	4.7
	\$ 9.1

## Note 10 – Credit Facilities

### *Variable-Rate Credit Facilities*

The Company has four committed credit facilities under which the Company and its subsidiaries may borrow up to \$447.0 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 are as follows:

A three-year syndicated committed loan facility established on September 30, 2013 and amended on March 18, 2016 and September 15, 2016, under which \$247 million is available to the Company for general working capital requirements. The line of credit is secured by a pledge of shares held in certain of the Company’s subsidiaries. Unused portions of the loan facility require a commitment fee of 0.625% on the unused commitment. Borrowings under the facility bear interest at the Eurodollar Rate, as defined, plus 3.00% or Base Rate, as defined, plus 2.00%, and averaged 5.25% as of September 30, 2016. The agreement contains financial covenants related to consolidated tangible net worth, consolidated funded debt to net worth ratio, consolidated fixed charge coverage ratio and consolidated net unencumbered liquid assets, as defined. The Company was in compliance with these financial covenants as of September 30, 2016. The agreement also includes a non-financial covenant limiting the amount of annual consolidated capital expenditures to \$15.0 million. The Company’s annual consolidated expenditures were in excess of this amount during fiscal 2016. The Company requested and was granted a waiver from the lenders, dated December 8, 2016, for the excess amount acquired during fiscal 2016. The Company paid debt issuance costs of \$1.8 million in connection with the issuance of this credit facility, which are being amortized over the thirty-six month term of the facility.

An unsecured syndicated committed line of credit, established on June 21, 2010 and renewed by amendment on March 16, 2016, under which \$75 million is available to the Company’s subsidiary, INTL FCStone Financial to provide short term funding of margin to commodity exchanges as necessary. This line of credit is subject to annual review, and the continued availability of this line of credit is subject to INTL FCStone Financial’s financial condition and operating results continuing to be satisfactory as set forth in the agreement. Unused portions of the margin line require a commitment fee of 0.50% on the unused commitment. Borrowings under the margin line are on a demand basis and bear interest at the Base Rate, as defined, plus 2.00%, which was 5.50% as of September 30, 2016. The agreement contains financial covenants related to INTL FCStone Financial’s tangible net worth, excess net capital and maximum net loss over a trailing twelve month period, as defined. INTL FCStone Financial was in compliance with these covenants as of September 30, 2016. The facility is guaranteed by the Company.

A syndicated committed borrowing facility established on March 15, 2016, and amended on November 14, 2016, under which \$100.0 million is available to the Company’s subsidiary, FCStone Merchant Services, LLC (“FCStone Merchants”) for financing traditional commodity financing arrangements and commodity repurchase agreements. The facility is secured by the assets of FCStone Merchants, and guaranteed by the Company. Unused portions of the borrowing facility require a commitment fee of 0.50% on the unused commitment. The borrowings outstanding under the facility bear interest at a rate per annum equal to the Base Rate plus Applicable Margin, as defined, which averaged 4.25% as of September 30, 2016. The agreement contains financial covenants related to tangible net worth, as defined. FCStone Merchants was in compliance with this covenant as of September 30, 2016. FCStone Merchants paid minimal debt issuance costs in connection with this credit facility.

A syndicated committed borrowing facility established on November 15, 2013, and renewed by amendment on October 27, 2016, under which \$25.0 million is available to the Company’s subsidiary, INTL FCStone Ltd for short term funding of margin to commodity exchanges. The borrowings outstanding under the facility bear interest at a rate per annum equal to 2.50% plus the Federal Funds Rate, as defined. The agreement contains financial covenants related to consolidated tangible net worth, as defined. INTL FCStone Ltd was in compliance with this covenant as of September 30, 2016. INTL FCStone Ltd paid minimal debt issuance costs in connection with this credit facility. The facility is guaranteed by the Company.

The Company also has a secured, uncommitted loan facility, under which the Company's wholly owned subsidiary, INTL FCStone Financial 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.

The Company also has a secured, uncommitted loan facility, under which the Company's wholly owned subsidiary, INTL FCStone Ltd may borrow up to approximately \$25.0 million, collateralized by commodity warehouse receipts, to facilitate financing of commodities under repurchase agreement services to its customers, subject to certain terms and conditions of the credit agreement.

In connection with the acquisition of the Sterne businesses discussed in Note 18, the Company assumed two uncommitted secured lines of credit under which the Company may borrow for short term funding of firm and customer margin requirements. The facilities bear interest at a rate per annum equal to such rate in respect of such day as determined by the bank in its sole discretion. In the event that the Company fails to pay the principal and interest on the scheduled due date, the facilities bear penalty interest at a rate equal to the Federal Funds rate plus 2%. The amounts borrowed under the facilities are payable on demand. As of September 30, 2016, the Company had no borrowings against these lines.

**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 were being used for general corporate purposes. The Notes bore 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 were scheduled to mature on July 30, 2020. The Company could 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 were being amortized over the term of the Notes.

On September 15, 2016, the Company provided notice, through the trustee of the Notes, to the record holders of the Notes that the Company would redeem the outstanding \$45.5 million aggregate principal amount of the Notes in full. Pursuant to the terms of the Indenture, the Company redeemed the Notes at a price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date on October 15, 2016.

The following table sets forth a listing of credit facilities, the current committed amounts, as of the report date, on the facilities, and outstanding borrowings on the facilities as well as indebtedness on a promissory note and on senior notes as of September 30, 2016 and 2015:

(in millions)

Credit Facilities

<u>Borrower</u>	<u>Security</u>	<u>Renewal / Expiration Date</u>	<u>Total Commitment</u>	<u>Amounts Outstanding</u>	
				<u>September 30, 2016</u>	<u>September 30, 2015</u>
INTL FCStone Inc.	Certain pledged shares of certain subsidiaries	March 18, 2019	\$ 247.0	\$ 136.5	\$ 28.0
INTL FCStone Financial	None	April 6, 2017	75.0	—	—
INTL FCStone Financial	Commodity warehouse receipts	n/a	—	—	—
FCStone Merchants	Certain commodities assets	May 1, 2018	100.0	43.5	10.0
INTL FCStone Ltd	None	October 27, 2017	25.0	—	—
			\$ 447.0	180.0	38.0
<u>Note Payable to Bank</u>					
	Monthly installments, due March 2020 and secured by certain equipment			2.8	3.6
<u>Senior Unsecured Notes</u>					
	8.50% senior notes, redeemed October 15, 2016			45.5	45.5
	<b>Total indebtedness</b>			<b>\$ 228.3</b>	<b>\$ 87.1</b>

As reflected above, \$75 million of the Company's committed credit facilities are scheduled to expire during the fiscal year ended September 30, 2017. 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.

## Note 11 – Commitments and Contingencies

### *Legal Proceedings*

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss had been incurred at the date of the financial statements and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Neither accrual nor disclosure is required for loss contingencies that are deemed remote. The Company accrues legal fees related to contingent liabilities as they are incurred.

In addition to the matters discussed below, from time to time and in the ordinary course of business, the Company is involved in various legal actions and proceedings, including tort claims, contractual disputes, employment matters, workers' compensation claims and collections. The Company carries insurance that provides protection against certain types of claims, up to the policy limits of the insurance.

As of September 30, 2016 and 2015, the consolidated balance sheets include loss contingency accruals, recorded during and prior to these fiscal years then ended, which are not material, individually or in the aggregate, to the Company's financial position or liquidity. In the opinion of management, possible exposure from loss contingencies in excess of the amounts accrued, and in addition to the possible losses discussed below, is not material to the Company's earnings, financial position or liquidity.

The following is a summary of a significant legal matter involving the Company.

#### *Sentinel Litigation*

Prior to its July 1, 2015 merger into INTL FCStone Financial, the Company's subsidiary FCStone, LLC, had a portion of its excess segregated funds invested with Sentinel Management Group Inc. ("Sentinel"), a registered FCM and an Illinois-based money manager that provided cash management services to other FCMs. In August 2007, Sentinel halted redemptions to customers and sold certain of the assets it managed to an unaffiliated third party at a significant discount. On August 17, 2007, subsequent to Sentinel's sale of certain assets, Sentinel filed for bankruptcy protection. In aggregate, \$15.5 million of FCStone, LLC's \$21.9 million in invested funds were returned to it before and after Sentinel's bankruptcy petition.

In August 2008, the bankruptcy trustee of Sentinel filed adversary proceedings against FCStone, LLC, and a number of other FCMs in the Bankruptcy Court for the Northern District of Illinois. The case was subsequently reassigned to the U.S. District Court, for the Northern District of Illinois. In the complaint, the trustee sought avoidance of alleged transfers or withdrawals of funds received by FCStone, LLC and other FCMs within 90 days prior to the filing of the Sentinel bankruptcy petition, as well as avoidance of post-petition distributions and disallowance of the proof of claim filed by FCStone, LLC. The trustee sought recovery of pre- and post-petition transfers totaling approximately \$15.5 million.

The trial of this matter took place, as a test case, during October 2012. The trial court entered a judgment against FCStone, LLC on January 4, 2013. On January 17, 2013, the trial court entered an agreed order, staying execution and enforcement, pending an appeal of the judgment. On March 19, 2014, the appeal court ruled in favor of FCStone, LLC. On April 16, 2014, the trustee filed a petition for rehearing of the appeal. On May 19, 2014, the U.S. Court of Appeals for the Seventh Circuit denied the petition. The trustee did not file a writ for certiorari with the U.S. Supreme Court during the time allotted to do so.

On February 10, 2015, based on a new theory, the trustee filed a motion for judgment against FCStone, LLC in the U.S. District Court, for the Northern District of Illinois, seeking to claw back the post-petition transfer of \$14.5 million and to recover the funds held in reserve in the name of FCStone, LLC. FCStone, LLC filed its opposition brief and an associated motion for judgment on March 17, 2015. The trustee filed its reply briefs on April 7, 2015 and the Company filed its reply briefs on April 22, 2015.

On March 28, 2016 the U.S. District Court for the Northern District of Illinois entered an order in favor of FCStone, LLC (now INTL FCStone Financial Inc.) and against the trustee on the trustee's post-petition claim, in light of the Seventh Circuit's opinion. The same court ruled against INTL FCStone Financial and in favor of the trustee with respect to the funds held in reserve accounts.

On April 25, 2016, INTL FCStone Financial filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit relating to the portion of the final judgment dated March 28, 2016 of the district court and INTL FCStone Financial's claim to funds in reserve accounts. On April 26, 2016, the trustee filed a notice of appeal from the March 28, 2016 final judgment of the district court. On April 27, 2016, the court consolidated the two appeals and directed the trustee to file an opening brief. On June 27, 2016 the trustee filed his appellate brief. On August 31, 2016, the Futures Industry Association, Inc. filed a voluntary brief in support of INTL FCStone Financial's cross-appeal.

The Company has determined that losses related to this matter are neither probable nor reasonably possible. The Company believes the case is without merit and intends to defend itself vigorously.

Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but that may later prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

### **Contractual Commitments**

#### *Contingent Liabilities - Acquisitions*

Under the terms of the purchase agreement, related to the acquisitions listed below, the Company has an obligation to pay additional consideration if specific conditions and earnings targets are met. In accordance with the Business Combinations Topic of the ASC, the fair value of the additional consideration is recognized as a contingent liability as of the acquisition date. The contingent liability for these estimated additional purchase price considerations of \$0.8 million and \$3.3 million are included in 'accounts payable and other accrued liabilities' in the consolidated balance sheets as of September 30, 2016 and 2015, respectively. The acquisition date fair value of additional consideration is remeasured to its fair value each reporting period, with changes in fair value recorded in current earnings. The change in fair value during the years ended September 30, 2016, 2015, and 2014 were an increase of \$0.4 million, increase of \$1.8 million and decrease of \$2.3 million, respectively, and are included in 'other' in the consolidated income statements.

The Company has a contingent liability relating to the January 2015 acquisition of G.X. Clarke, which may result in the payment of additional purchase price consideration. The contingent consideration in no event shall exceed \$1.5 million. The estimated total purchase price, including contingent consideration, is \$27.5 million as of September 30, 2016, of which \$0.8 million remains outstanding and is included in 'accounts payable and other accrued liabilities' in the consolidated balance sheet.

#### *Operating Leases*

The Company is obligated under various noncancelable operating leases for the rental of office facilities, automobiles, service obligations and certain office equipment, and accounts for these lease obligations on a straight line basis. The expense associated with operating leases amounted to \$9.9 million, \$10.1 million and \$9.5 million, for fiscal years ended September 30, 2016, 2015, and 2014, respectively. The expenses associated with the operating leases and service obligations are reported in the consolidated income statements in 'occupancy and equipment rental', 'transaction-based clearing expenses' and 'other' expenses.

Future aggregate minimum lease payments under noncancelable operating leases as of September 30, 2016 are as follows:

(in millions)

Year ending September 30,

2017	\$	8.8
2018		7.1
2019		6.6
2020		6.3
2021		5.5
Thereafter		10.5
	<b>\$</b>	<b>44.8</b>

#### *Purchase Commitments*

The Company determines an estimate of contractual purchase commitments in the ordinary course of business primarily for the purchase of precious metals and agricultural and energy commodities. Unpriced contract commitments have been estimated using September 30, 2016 fair values. The purchase commitments and other obligations as of September 30, 2016 for less than one year, one to three years and three to five years were \$603.5 million, \$2.4 million and \$1.7 million, respectively. There were \$2.0 million in purchase commitments and other obligations after five years as of September 30, 2016. The purchase commitments for less than one year will be partially offset by corresponding sales commitments of \$475.9 million.

### *Exchange Member Guarantees*

The Company is a member of various exchanges that trade and clear futures and option contracts. In connection with the Sterne acquisition, the Company is also a member of and provides guarantees to securities clearinghouses and exchanges in connection with customer trading activities. Associated with its memberships, the Company may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchanges. While the rules governing different exchange memberships vary, in general the Company's guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange. Any potential contingent liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted to the clearinghouse as collateral.

The Company has not recorded any contingent liability in the consolidated financial statements for these agreements and believes that any potential requirement to make payments under these agreements is remote.

### *Self-Insurance*

The Company self-insures its costs related to medical and dental claims. The Company is self-insured, up to a stop loss amount, for eligible participating employees and retirees, and for qualified dependent medical and dental claims, subject to deductibles and limitations. Liabilities are recognized based on claims filed and an estimate of claims incurred but not reported. The Company has purchased stop-loss coverage to limit its exposure on a per claim basis and in aggregate in the event that aggregated actual claims would exceed 120% of actuarially estimated claims. The Company is insured for covered costs in excess of these limits. Although the ultimate outcome of these matters may exceed the amounts recorded and additional losses may be incurred, the Company does not believe that any additional potential exposure for such liabilities will have a material adverse effect on the Company's consolidated financial position or results of operations. As of September 30, 2016 and 2015, the Company had \$1.0 million and \$0.8 million, respectively, accrued for self-insured medical and dental claims included in 'accounts payable and other liabilities' in the consolidated balance sheets.

### **Note 12 – Regulatory Requirements and Subsidiary Dividend Restrictions**

The Company's subsidiary INTL FCStone Financial is registered as a broker dealer and member of the Financial Industry Regulatory Authority ("FINRA") subject to the SEC Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital. INTL FCStone Financial is also a commodity futures commission merchant registered with the CFTC and subject to the net capital requirements of the CFTC Regulation 1.17. Under the more restrictive of these rules, INTL FCStone Financial is required to maintain "adjusted net capital", equivalent to the greater of \$1,000,000 or 8 percent of customer and noncustomer risk maintenance margin requirements on all positions, as defined in such rules, regulations, and requirements. Net capital and the related net capital requirement may fluctuate on a daily basis. INTL FCStone Financial also has restriction on dividends, which restricts the withdrawal of equity capital if the planned withdrawal would reduce net capital, subsequent to haircuts and charges, to an amount less than 120% of the greatest minimum requirement.

Pursuant to the requirements of the Commodity Exchange Act, funds deposited by customers of INTL FCStone Financial relating to their trading of futures and options on futures on a U.S. commodities exchange must be carried in separate accounts which are designated as segregated customers' accounts. Pursuant to the requirements of the CFTC, funds deposited by customers of INTL FCStone Financial relating to their trading of futures and options on futures traded on, or subject to the rules of, a foreign board of trade must be carried in separate accounts in an amount sufficient to satisfy all of INTL FCStone Financial's current obligations to customers trading foreign futures and foreign options on foreign commodity exchanges or boards of trade, which are designated as secured customers' accounts. See *Additional Information of INTL FCStone Financial Related to Customer Segregated and Secured Funds* further below for additional information regarding INTL FCStone Financial's calculation of segregated and secured customer funds.

The Company's subsidiaries Sterne, Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc. are subject to the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934.

The Company's subsidiary INTL FCStone Ltd is regulated by the Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the United Kingdom, as a Financial Services Firm under part IV of the Financial Services and Markets Act 2000. The regulations impose regulatory capital, as well as conduct of business, governance, and other requirements. The conduct of business rules include those that govern the treatment of customer money and other assets which under certain circumstances for certain classes of customer must be segregated from the firm's own assets.

The Company's subsidiary INTL FCStone Pty Ltd is regulated by the Australian Securities and Investment Commission and is subject to a net tangible asset capital requirement. INTL FCStone Pty Ltd is also regulated by New Zealand Clearing Limited, and is subject to a capital adequacy requirement.

FCStone Commodity Services (Europe), Ltd. is domiciled in Ireland and subject to regulation by the Central Bank of Ireland, and is subject to a net capital requirement.

INTL FCStone DTVM Ltda. ("INTL FCStone DTVM") is a registered broker-dealer and regulated by the Brazilian Central Bank and Securities and Exchange Commission of Brazil, and is subject to a capital adequacy requirement.

All subsidiaries of the Company are in compliance with all of their regulatory requirements as of September 30, 2016, as follows:

<b>(in millions)</b>	<b>Subsidiary</b>	<b>Regulatory Authority</b>	<b>Requirement Type</b>	<b>As of September 30, 2016</b>	
				<b>Actual</b>	<b>Minimum Requirement</b>
	INTL FCStone Financial Inc.	SEC and CFTC	Net capital	\$ 140.8	\$ 81.7
	INTL FCStone Financial Inc.	CFTC	Segregated funds	\$ 2,177.9	\$ 2,126.4
	INTL FCStone Financial Inc.	CFTC	Secured funds	\$ 107.7	\$ 91.3
	Sterne Agee Clearing Inc.	SEC	Net capital	\$ 1.0	\$ 0.1
	Sterne, Agee & Leach, Inc.	SEC	Net capital	\$ 29.0	\$ 2.0
	Sterne Agee Financial Services, Inc.	SEC	Net capital	\$ 3.3	\$ 0.3
	INTL FCStone Ltd	FCA (United Kingdom)	Net capital	\$ 136.9	\$ 84.9
	INTL FCStone Ltd	FCA (United Kingdom)	Segregated funds	\$ 54.8	\$ 49.5
	INTL Netherlands BV	FCA (United Kingdom)	Net capital	\$ 136.1	\$ 85.0
	INTL FCStone DTVM Ltda.	Brazilian Central Bank and Securities and Exchange Commission of Brazil	Capital adequacy	\$ 2.5	\$ 0.5
	INTL Gainvest S.A.	National Securities Commission ("CNV")	Capital adequacy	\$ 7.7	\$ 0.1
	INTL Gainvest S.A.	CNV	Net capital	\$ 3.6	\$ 0.1
	INTL Capital S.A.	General Inspector of Justice (Argentina)	Net capital	\$ 15.3	\$ 12.6
	INTL CIBSA S.A.	CNV	Capital adequacy	\$ 7.1	\$ 1.1
	INTL CIBSA S.A.	CNV	Net capital	\$ 10.9	\$ 0.6

Certain other non-U.S. subsidiaries of the Company are also subject to capital adequacy requirements promulgated by authorities of the countries in which they operate. As of September 30, 2016, these subsidiaries were in compliance with their local capital adequacy requirements.

#### ***Additional Information of INTL FCStone Financial Related to Customer Segregated and Secured Funds***

Pursuant to the requirements of the Commodity Exchange Act, funds deposited by customers of INTL FCStone Financial relating to futures and options on futures positions in regulated commodities must be carried in separate accounts which are designated as segregated customers' accounts. Certain amounts in the accompanying table reflect reclassifications and eliminations required for regulatory filing.

Funds deposited by customers and other assets, which have been segregated as belonging to the commodity customers as of September 30, 2016 and 2015, are as follows:

<b>(in millions)</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Cash, at banks - segregated	\$ 383.6	\$ 126.9
Securities representing investments of customers' funds, at banks	595.4	492.5
Securities held for customers in lieu of cash, at banks	1.8	0.9
Deposits with and receivables from:		
Exchange-clearing organizations, including securities, net of omnibus eliminations	1,173.9	1,237.8
Securities held for customers in lieu of cash	23.2	22.1
Total customer-segregated funds	2,177.9	1,880.2
Amount required to be segregated	2,126.4	1,830.9
Excess funds in segregation	\$ 51.5	\$ 49.3

Funds deposited by customers and other assets, which are held in separate accounts for customers trading foreign futures and foreign options customers, as of September 30, 2016 and 2015 are as follows:

(in millions)	September 30, 2016	September 30, 2015
Cash - secured	\$ 70.5	\$ 64.7
Securities	—	—
Equities with registered futures commission merchants	3.6	2.6
Amounts held by clearing organizations of foreign boards of trade	6.7	—
Amounts held by members of foreign boards of trade	26.9	18.3
Total customer-secured funds	107.7	85.6
Amount required to be secured	91.3	65.2
Excess secured funds	\$ 16.4	\$ 20.4

### Note 13 – Commodity and Other Repurchase Agreements and Collateralized Transactions

The Company's outstanding notes receivable in connection with the sale/repurchase agreements, whereby the 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 September 30, 2016 and 2015 was \$1.5 million and \$26.7 million, respectively.

The obligations outstanding related to commodities sold under repurchase agreements that are recorded in 'lenders under loans' as of September 30, 2016 and 2015 were \$43.5 million and \$10.0 million, respectively.

The Company enters into securities purchased under agreements to resell and payables under repurchase agreements primarily to finance financial instruments, acquire securities to cover short positions or to acquire securities for settlement. These agreements are recorded at their contractual amounts plus accrued interest. The related interest is recorded in the consolidated income statement as interest income or interest expense, as applicable. In connection with these agreements and transactions, it is the policy of the Company to receive or pledge cash or securities to adequately collateralize such agreements and transactions in accordance with general industry guidelines and practices. The value of the collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged, when appropriate. The carrying amounts of these agreements and transactions approximate fair value due to their short-term nature and the level of collateralization.

The Company pledges financial instruments owned to collateralize repurchase agreements. At September 30, 2016, on a settlement date basis, financial instruments owned of \$47.2 million were pledged as collateral under repurchase agreements. The counterparty has the right to repledge the collateral in connection with these transactions. These financial instruments owned have been pledged as collateral and have been parenthetically disclosed on the consolidated balance sheet.

In addition, as of September 30, 2016, the Company pledged settlement date securities owned of \$1,037.6 million and securities received under reverse repurchase agreements of \$108.4 million to cover collateral for tri-party repurchase agreements. For these securities, the counterparty does not have the right to sell or repledge the collateral.

At September 30, 2016, the Company has accepted collateral that it is permitted by contract or custom to sell or repledge. This collateral consists primarily of securities received in reverse repurchase agreements. The fair value of such collateral at September 30, 2016, was \$607.3 million of which \$504.4 million was used to cover securities sold short which are recorded in financial instruments sold, not yet purchased on the consolidated balance sheet. In the normal course of business, this collateral is used by the Company to cover financial instruments sold, not yet purchased and to obtain financing in the form of repurchase agreements. At September 30, 2016, substantially all of the above collateral had been delivered against financial instruments sold, not yet purchased or repledged by the Company to obtain financing.

Through its acquisition of Sterne Agee, as discussed in Note 18, in the normal course of business the Company has margin securities, securities borrowed and securities held on behalf of correspondent brokers, on terms which permit it to repledge the securities to others. At September 30, 2016, the Company had obtained and had available securities, on a settlement date basis, with a fair value of \$148.4 million on such terms, of which \$22.5 million have either been pledged or otherwise transferred to others in connection with the Company's financing activities or to satisfy commitments under short sales.

## Note 14 – Share-Based Compensation

Share-based compensation expense is included in ‘compensation and benefits’ in the consolidated income statements and totaled \$5.1 million, \$3.6 million and \$4.3 million for the fiscal years ended September 30, 2016, 2015, and 2014, respectively.

### Stock Option Plans

The Company sponsors a stock option plan for its directors, officers, employees and consultants. The 2013 Stock Option Plan, which was approved by the Company’s Board of Directors and shareholders, authorizes the Company to issue stock options covering up to 1.0 million shares of the Company’s common stock. As of September 30, 2016, there were 0.8 million shares authorized for future grant under this plan. Awards that expire or are canceled generally become available for issuance again under the plan. The Company settles stock option exercises with newly issued shares of common stock.

Fair value is estimated at the grant date based on a Black-Scholes-Merton option-pricing model using the following weighted-average assumptions:

	Year Ended September 30,		
	2016	2015	2014
Expected stock price volatility	28%	28%	34%
Expected dividend yield	—%	—%	—%
Risk free interest rate	0.83%	0.66%	0.80%
Average expected life (in years)	3.06	3.22	2.88

Expected stock price volatility rates are primarily based on the historical volatility. The Company has not paid dividends in the past and does not currently expect to do so in the future. Risk free interest rates are based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option or award. The average expected life represents the estimated period of time that options or awards granted are expected to be outstanding, based on the Company’s historical share option exercise experience for similar option grants. The weighted average fair value of options issued during fiscal years ended September 30, 2016, 2015, and 2014 was \$6.40, \$4.31 and \$4.48, respectively.

The following is a summary of stock option activity for the year ended September 30, 2016:

	Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (\$ millions)
Balances at September 30, 2015	828,665	1,297,984	\$ 28.28	\$ 12.37	4.24	\$ 1.8
Granted	(90,500)	90,500	\$ 31.37	\$ 6.40		
Exercised		(147,205)	\$ 18.52	\$ 1.50		
Forfeited	15,998	(16,498)	\$ 25.23	\$ 5.28		
Expired		(8,960)	\$ 54.23	\$ 20.04		
Balances at September 30, 2016	754,163	1,215,821	\$ 29.55	\$ 12.88	3.80	\$ 14.1
Exercisable at September 30, 2016		306,520	\$ 40.58	\$ 15.09	0.92	\$ 2.2

The total compensation cost not yet recognized for non-vested awards of \$5.3 million as of September 30, 2016 has a weighted-average period of 4.76 years over which the compensation expense is expected to be recognized. The total intrinsic value of options exercised during fiscal years 2016, 2015 and 2014 was \$1.9 million, \$3.6 million and \$1.8 million, respectively.



The options outstanding as of September 30, 2016 broken down by exercise price are as follows:

Exercise Price		Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Term (in Years)
\$	— - \$ 5.00	—	n/a	n/a
\$	5.00 - \$ 10.00	—	n/a	n/a
\$	10.00 - \$ 15.00	—	n/a	n/a
\$	15.00 - \$ 20.00	75,325	\$ 18.77	1.00
\$	20.00 - \$ 25.00	156,997	\$ 22.07	1.73
\$	25.00 - \$ 30.00	720,000	\$ 25.91	5.38
\$	30.00 - \$ 35.00	83,000	\$ 31.37	3.28
\$	35.00 - \$ 40.00	—	n/a	n/a
\$	40.00 - \$ 45.00	—	n/a	n/a
\$	45.00 - \$ 50.00	—	n/a	n/a
\$	50.00 - \$ 55.00	180,499	\$ 54.23	0.68
		1,215,821	\$ 29.55	3.80

### Restricted Stock Plan

The Company sponsors a restricted stock plan for its directors, officers and employees. The Company's 2012 restricted stock plan, which was approved by the Company's Board of Directors and shareholders, authorizes up to 1.5 million shares to be issued. As of September 30, 2016, 0.7 million shares were authorized for future grant under the restricted stock plan. Awards that expire or are canceled generally become available for issuance again under the plan. The Company utilizes newly issued shares of common stock to make restricted stock grants.

The following is a summary of restricted stock activity through September 30, 2016:

	Shares Available for Grant	Number of Shares Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term (in years)	Aggregate Intrinsic Value (\$ millions)
Balances at September 30, 2015	974,919	230,043	\$ 20.10	2.17	\$ 5.7
Granted	(229,886)	229,886	\$ 31.40		
Vested		(99,428)	\$ 19.84		
Forfeited	2,749	(2,749)	\$ 21.89		
Balances at September 30, 2016	747,782	357,752	\$ 27.39	1.39	\$ 13.9

The total compensation cost not yet recognized of \$7.1 million as of September 30, 2016 has a weighted-average period of 1.39 years over which the compensation expense is expected to be recognized. Compensation expense is amortized on a straight-line basis over the vesting period. Restricted stock grants are included in the Company's total issued and outstanding common shares.

### Note 15 – Retirement Plans

#### Defined Benefit Retirement Plans

The Company has a frozen defined benefit pension plan (the "Plan") and recognizes its funded status, measured as the difference between the fair value of the plan assets and the projected benefit obligation, in "accounts payable and other accrued liabilities" in the consolidated balance sheets. Plan assets, which are managed in a third-party trust, primarily consist of a diversified blend of approximately 70% debt securities and 30% equity investments and had a total fair value of \$33.7 million and \$30.2 million as of September 30, 2016 and 2015, respectively. All plan assets fall within Level 2 of the fair value hierarchy. The benefit obligation associated with the Plan will vary over time only as a result of changes in market interest rates, the life expectancy of the plan participants, and benefit payments, since the accrual of benefits was suspended when the Plan was frozen in 2006. The benefit obligation was \$38.5 million and \$37.1 million and the discount rate assumption used in the measurement of this obligation was 3.60% and 4.25% as of September 30, 2016 and 2015, respectively. The Company's unfunded pension obligation was \$4.8 million and \$6.9 million as of September 30, 2016 and 2015, respectively.

The net periodic benefit cost associated with the Plan was \$0.2 million for the year ended September 30, 2016 and less than \$0.1 million for the year ended September 30, 2015. The Company recognized a net periodic benefit of \$0.1 million for the year ended September 30, 2014. The expected long-term return on plan assets assumption is 6.00% for 2016. The Company made contributions of \$1.8 million and \$2.2 million to the Plan in the years ended September 30, 2016 and 2015, respectively. The Company complies with minimum funding requirements. The estimated undiscounted future benefit payments are expected to be \$3.0 million in 2017, \$2.1 million in 2018, \$2.1 million in 2019, \$2.0 million in 2020, \$1.9 million in 2021 and \$9.3 million in 2022 through 2026.

### Defined Contribution Retirement Plans

The Company offers participation in the INTL FCStone Inc. 401(k) Plan (“401(k) Plan”), a defined contribution plan providing retirement benefits, to all domestic employees who have reached 21 years of age, and provided four months of service to the Company. Employees may contribute from 1% to 80% of their annual compensation to the 401(k) Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company makes matching contributions to the 401(k) Plan in an amount equal to 62.5% of each participant’s eligible elective deferral contribution to the 401(k) Plan, up to 8% of employee compensation. Matching contributions vest, by participant, based on the following years of service schedule: less than two years – none, after two years – 33%, after three years – 66%, and after four years – 100%.

U.K. based employees of INTL FCStone are eligible to participate in a defined contribution pension plan. The Company contributes double the employee’s contribution up to 10% of total base salary for this plan. For this plan, employees are 100% vested in both the employee and employer contributions at all times.

For fiscal years ended September 30, 2016, 2015, and 2014, the Company’s contribution to these defined contribution plans were \$5.3 million, \$5.1 million and \$4.1 million, respectively.

### Note 16 – Other Expenses

Other expenses for the years ended September 30, 2016, 2015, and 2014 are comprised of the following:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Contingent consideration, net <sup>(1)</sup>	0.4	1.8	(2.0)
Insurance	2.1	1.7	1.6
Advertising, meetings and conferences	5.1	2.7	3.1
Non-trading hardware and software maintenance and software licensing	7.1	4.7	3.8
Office supplies and printing	1.1	1.2	1.1
Other clearing related expenses	1.3	1.1	1.2
Other non-income taxes	4.3	3.7	3.9
Other	8.0	6.6	5.7
Total other expenses	\$ 29.4	\$ 23.5	\$ 18.4

<sup>(1)</sup> Contingent consideration includes remeasurement of contingent liabilities related to business combinations accounted for in accordance with the provisions of the Business Combinations Topic of the ASC (see Note 3).

### Note 17 – Income Taxes

Income tax expense (benefit) for the years ended September 30, 2016, 2015, and 2014 was allocated as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Income tax expense attributable to income from continuing operations	\$ 18.0	\$ 22.4	\$ 6.4
Income tax (benefit) expense attributable to loss from discontinued operations	—	—	(0.2)
Taxes allocated to stockholders’ equity, related to unrealized gains (losses) on available-for-sale securities	—	(0.4)	0.1
Taxes allocated to stockholders’ equity, related to pension liabilities	0.2	(0.8)	(0.5)
Taxes allocated to additional paid-in capital, related to share-based compensation	(0.8)	(0.5)	0.1
Total income tax expense	\$ 17.4	\$ 20.7	\$ 5.9

The components of the provision for income taxes attributable to income from continuing operations were as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Current taxes:			
U.S. federal	\$ 1.3	\$ 0.8	\$ 0.5
U.S. State and local	0.8	1.2	—
International	16.8	15.4	11.6
Total current taxes	18.9	17.4	12.1
Deferred taxes	(0.8)	5.0	(5.7)
Income tax benefit attributable to interest income	\$ (0.1)	\$ —	\$ —
Income tax expense	\$ 18.0	\$ 22.4	\$ 6.4

U.S. and international components of (loss) income from continuing operations, before income taxes, was as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
U.S.	\$ 4.9	\$ 14.5	\$ (13.0)
International	67.9	63.7	39.0
Income from continuing operations, before tax	\$ 72.8	\$ 78.2	\$ 26.0

Items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes were as follows:

	Year Ended September 30,		
	2016	2015	2014
Federal statutory rate effect of:	35.0 %	35.0 %	35.0 %
U.S. State and local income taxes	1.3 %	1.8 %	— %
Foreign earnings taxed at lower rates	(9.3)%	(10.1)%	(14.7)%
Change in foreign valuation allowance	(0.3)%	(0.1)%	1.9 %
Change in state valuation allowance	— %	0.6 %	(0.2)%
Uncertain tax positions	— %	— %	(0.5)%
U.S. permanent items	0.8 %	0.5 %	1.9 %
Foreign permanent items	0.2 %	1.1 %	7.0 %
U.S. bargain purchase gain	(3.0)%	— %	— %
Other reconciling items	0.3 %	(0.1)%	(5.7)%
Effective rate	25.0 %	28.7 %	24.7 %

The components of deferred income tax assets and liabilities were as follows:

(in millions)	September 30, 2016	September 30, 2015
<b>Deferred tax assets:</b>		
Share-based compensation	\$ 4.3	\$ 3.2
Pension liability	1.9	2.7
Deferred compensation	2.0	2.3
Foreign net operating loss carryforwards	2.0	2.3
U.S. State and local net operating loss carryforwards	4.9	4.3
U.S. federal net operating loss carryforwards	12.4	8.6
Intangible assets	8.3	4.6
Capital loss carryforwards	—	0.2
Bad debt reserve	1.6	2.4
Tax Credit Carryforwards	1.4	1.0
Other compensation	3.3	1.9
Other	1.8	1.3
<b>Total gross deferred tax assets</b>	<b>43.9</b>	<b>34.8</b>
Less valuation allowance	(3.6)	(3.2)
<b>Deferred tax assets</b>	<b>40.3</b>	<b>31.6</b>
<b>Deferred income tax liabilities:</b>		
Unrealized gain on securities	1.3	1.0
Prepaid expenses	1.9	1.1
Fixed assets	2.6	1.3
<b>Deferred income tax liabilities</b>	<b>5.8</b>	<b>3.4</b>
<b>Deferred income taxes, net</b>	<b>\$ 34.5</b>	<b>\$ 28.2</b>

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

As of September 30, 2016 and 2015, the Company has net operating loss carryforwards for U.S. federal, state, local, and foreign income tax purposes of \$15.7 million and \$12.0 million, net of valuation allowances, respectively, which are available to offset future taxable income in these jurisdictions. The U.S. federal net operating loss carryforward of \$12.4 million begins to expire after September 2033. The state and local net operating loss carryforwards of \$3.3 million, net of valuation allowance, begin to expire after September 2020. The Company has an Alternative Minimum Tax credit carryforward of \$1.3 million, which has an indefinite life, and an R&D credit carryforward of \$0.1 million that begins to expire after September 2031.

The valuation allowance for deferred tax assets as of September 30, 2016 was \$3.6 million. The net change in the total valuation allowance for the year ended September 30, 2016 was an increase of \$0.4 million. The valuation allowances as of September 30, 2016 and 2015 were primarily related to U.S. state and local and foreign net operating loss carryforwards that, in the judgment of management, are not more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company incurred U.S. federal, state, and local taxable income/(losses) for the years ended September 30, 2016, 2015, and 2014 of \$(9.7) million, \$16.5 million, and \$(18.4) million, respectively. There are no significant differences between actual levels of past taxable income and the results of continuing operations, before income taxes in these jurisdictions. When evaluating if U.S. federal, state, and local deferred taxes are realizable, the Company considered deferred tax liabilities of \$4.5 million that are scheduled to reverse from 2017 to 2019 and \$1.3 million of deferred tax liabilities associated with unrealized gains in securities which the Company could sell, if necessary. Furthermore, the Company considered its ability to implement business and tax planning strategies that would allow the remaining U.S. federal, state, and local deferred tax assets, net of valuation allowances, to be realized within 11 years. Based on the tax planning strategies that can be implemented, management believes that it is more likely than not that the Company will realize the tax benefit of the deferred tax assets, net of the existing valuation allowance, in the future.

The total amount of undistributed earnings in the Company's foreign subsidiaries, for income tax purposes, was \$294.3 million and \$227.2 million as of September 30, 2016 and 2015, respectively. It is the Company's current intention to reinvest

undistributed earnings of its foreign subsidiaries in the foreign jurisdictions, resulting in the indefinite postponement of the remittance of those earnings. Accordingly, no provision has been made for foreign withholding taxes or U.S. federal income taxes which may become payable if undistributed earnings of foreign subsidiaries were paid as dividends to the Company.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based upon the technical merits of the position. The tax benefit recognized in the consolidated financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Balance, beginning of year	\$ —	\$ —	\$ 0.1
Gross increases for tax positions related to current year	—	—	—
Gross increases for tax positions related to prior years	0.1	—	—
Gross decreases for tax positions of prior years	—	—	(0.1)
Settlements	—	—	—
Lapse of statute of limitations	—	—	—
Balance, end of year	\$ 0.1	\$ —	\$ —

The Company has a minimal balance of uncertain tax benefits as of September 30, 2016, that, if recognized, would affect the effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next twelve months, the Company does not expect this change to have a material impact on the results of operations or the financial position of the Company.

Accrued interest and penalties are included in the related tax liability line in the consolidated balance sheets. The Company had no accrued interest, net of federal benefit, and penalties included in the consolidated balance sheets as of September 30, 2016 and 2015.

The Company recognizes accrued interest and penalties related to income taxes as a component of income tax expense. The Company had no amount of interest, net of federal benefit, and penalties recognized as a component of income tax expense during the years ended September 30, 2016, 2015, and 2014.

The Company and its subsidiaries file income tax returns with the U.S. federal jurisdiction and various U.S. state and local and foreign jurisdictions. The Company has open tax years ranging from September 30, 2008 through September 30, 2016 with U.S. federal and state and local taxing authorities. In the U.K., the Company has open tax years ending September 30, 2015 to September 30, 2016. In Brazil, the Company has open tax years ranging from December 31, 2011 through December 31, 2015. In Argentina, the Company has open tax years ranging from September 30, 2009 to September 30, 2016. During the year ended September 30, 2016, the Company's U.S. net operating loss carryback claim was reviewed by the Joint Committee of Taxation, and the Company received a full refund.

## Note 18 – Acquisitions and Disposals

### Acquisition in Fiscal 2016

#### *Sterne Agee*

Effective July 1, 2016, the Company acquired all of the equity interests of Sterne Agee, LLC's (a wholly-owned subsidiary of Stifel Financial Corp.) legacy independent brokerage and clearing businesses, Sterne Agee & Leach, Inc.; Sterne Agee Clearing, Inc.; Sterne Agee Financial Services, Inc. Effective August 1, 2016, the Company acquired all of the equity interests of Sterne Agee, LLC's legacy Registered Investment Advisor ("RIA") business, Sterne Agee Asset Management, Inc. and Sterne Agee Investment Advisor Services, Inc. - collectively ("Sterne Agee") for cash consideration.

The acquisition-date fair value of the consideration transferred totaled \$45.0 million. The preliminary purchase price allocation resulted in \$24.9 million in cash, \$151.6 million in receivables, \$5.7 million in deferred tax assets, \$4.8 million in other assets and \$136.0 million in liabilities assumed. The fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. Consequently, the Company reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that all acquired assets and assumed liabilities were recognized and that the valuation procedures and resulting measures were appropriate. As a result, the Company recognized a gain of \$6.2 million, which is included in the line item 'gain on acquisition' in the consolidated income statement. The

Company believes the transaction resulted in a gain primarily due to the Company's ability to incorporate these business activities into its existing business structure, and its ability to utilize certain deferred tax assets and other assets while operating the business that may not have been likely to be realized by the seller. The allocation of the consideration to the fair value of the assets acquired and liabilities assumed is preliminary and subject to further adjustment as additional information is obtained. These allocations are subject to change within the measurement period (up to one year from the acquisition date) as final information is obtained.

The businesses have been included within the Company's Clearing and Execution Services Segment. The Company's consolidated income statement for the year ended September 30, 2016 includes the post acquisition results of the Sterne Agee businesses, which were immaterial. The acquired businesses contributed net operating revenues of \$8.6 million and net loss of \$0.1 million to the Company for the period from July 1, 2016 to September 30, 2016.

### **Acquisition in Fiscal 2015**

The Company's consolidated financial statements include the operating results of the acquired businesses from the dates of acquisition.

#### ***G.X. Clarke & Co.***

Effective January 1, 2015, the Company acquired all of the partnership interests of G.X. Clarke & Co., an SEC registered institutional dealer in fixed income securities. G.X. Clarke was based in New Jersey, transacted in U.S. Treasury, U.S. government agency and agency mortgage-backed securities, and was a FINRA member with an institutional customer base consisting of asset managers, commercial bank trust and investment departments, broker-dealers, and insurance companies. The purchase price payable by the Company was equal to G.X. Clarke's net tangible book value at closing of approximately \$25.9 million plus a premium of \$1.5 million, and up to an additional \$1.5 million over the next three years, subject to the achievement of certain profitability thresholds. In conjunction with the acquisition, the name of G.X. Clarke was changed to INTL FCStone Partners L.P.

The acquisition agreement includes the purchase of certain tangible assets and assumption of certain liabilities. For the acquisition, management made an initial fair value estimate of the assets acquired and liabilities assumed as of January 1, 2015. The Company believes that due to the short-term nature of many of the tangible assets acquired and liabilities assumed, that their carrying values, as included in the historical financial statements of G.X. Clarke, approximate their fair values. The Company finalized its purchase accounting estimates with the assistance of a third-party valuation expert. The portion of the purchase price representing the initial premium of \$1.5 million and the contingent consideration of \$0.1 million has been assigned to the customer base and software programs/platforms intangible assets (see Note 9). The Company assigned useful lives of 5 years for the customer base and software programs/platforms intangible assets.

As part of the net cash paid, the Company and G.X. Clarke established two escrow accounts totaling \$10.0 million, related to an Adjustment Escrow and Indemnity Escrow. The Adjustment Escrow, of \$5.0 million, related to potential purchase price adjustment obligations was released, during year ended September 30, 2015, upon determination of the final tangible book value of net assets of G.X. Clarke. The Indemnity Escrow, of \$5.0 million, relates to potential claims made by the Company for indemnification in accordance with the terms of the acquisition agreement and is to be released immediately following the twenty-four month anniversary of the closing date of the acquisition. The remaining escrow balance is included in 'other assets' in the consolidated balance sheet.

In addition, as part of the net cash paid for the acquisition, the Company has deferred payment of \$5.0 million, in accordance with the terms of the acquisition agreement. The deferred payment shall be equal to \$5.0 million less the aggregate net loss, if any, incurred for the twelve full fiscal quarters commencing after the closing date. The deferred payment amount shall be due and payable shortly after the twelfth full fiscal quarter commencing after the closing date. The deferred payment is included in 'accounts payable and other accrued liabilities' in the consolidated balance sheet.

As discussed above, the terms of the acquisition agreement include a contingent payment of an additional purchase price of up to \$1.5 million, based on the performance of the acquired business. The contingent consideration, which in no event shall exceed \$1.5 million, is expected to be paid in two payments. The first payment was made after the first four full fiscal quarters commencing after the closing date, and totaled \$0.5 million, as the acquired business generated more than \$5.0 million in after-tax net income over the first four full fiscal quarters after the closing date. The second and final payment is expected to occur after the twelfth full fiscal quarter commencing after the closing date. This payment is estimated to be \$1.0 million, if the acquired business has generated accumulated after-tax net income of greater than \$30.0 million over the twelve full fiscal quarters commencing after the closing date.

## Acquisition in Fiscal 2014

The Company's consolidated financial statements include the operating results of the acquired businesses from the dates of acquisition.

### Forward Insight Commodities LLC

In April 2014, the Company's wholly owned subsidiary, FCStone Group, Inc. ("FCG"), acquired all of the outstanding member interests of Forward Insight Commodities, LLC ("FIC"). FIC was a brokerage firm focused on the structuring and execution of transactions in the energy derivative space.

The consideration paid for the acquisition consisted of contingent payments based on the pre-tax earnings of the business for the twelve month period following the acquisition and was estimated to be \$0.5 million as of the acquisition date. The purchase price for the acquisition was not material to the consolidated financial statements. The intangible assets recognized in this transaction of \$0.5 million were assigned to the Clearing and Execution Services segment and were amortized over a 12 month useful life.

### Note 19 – Accumulated Other Comprehensive Income (Loss)

Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net income. Other comprehensive income (loss) includes net actuarial losses from defined benefit pension plans and gains and losses on foreign currency translations.

The following table summarizes the changes in accumulated other comprehensive income (loss) for the year ended September 30, 2016.

(in millions)	Foreign Currency Translation Adjustment	Pension Benefits Adjustment	Accumulated Other Comprehensive Loss
Balances as of September 30, 2015	\$ (12.7)	\$ (4.8)	\$ (17.5)
Other comprehensive income (loss), net of tax before reclassifications	(7.4)	(0.2)	(7.6)
Amounts reclassified from AOCI, net of tax	—	0.5	0.5
Other comprehensive income (loss), net of tax	(7.4)	0.3	(7.1)
Balances as of September 30, 2016	<u>\$ (20.1)</u>	<u>\$ (4.5)</u>	<u>\$ (24.6)</u>

### Note 20 – Discontinued Operations

#### Exit of Physical Base Metals Business

During fiscal 2014, the Company completed its exit of the physical base metals business, that began in fiscal 2013, through the sale and orderly liquidation of then-current open positions. Under existing accounting guidance, before the implementation of ASU 2014-08, the Company reclassified the physical base metals activities in the financial statements as discontinued operations for all periods presented. The Company continues to operate the portion of its base metals business related to non-physical assets, conducted primarily through the London Metals Exchange.

Summarized below are the components of the Company's loss from discontinued operations for the years ended September 30, 2016, 2015, and 2014:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Revenues from discontinued operations	\$ —	\$ —	\$ 40.9
Cost of sales of physical commodities from discontinued operations	—	—	40.2
Operating revenues	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.7</u>
Loss from discontinued operations before income taxes	\$ —	\$ —	\$ (0.5)
Income tax benefit	—	—	0.2
Loss from discontinued operations, net of tax	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (0.3)</u>

**Note 21 – Quarterly Financial Information (Unaudited)**

The Company has set forth certain quarterly unaudited financial data for the past two years in the tables below:

(in millions, except per share amounts)	For the 2016 Fiscal Quarter Ended			
	September 30	June 30	March 31	December 31
Total revenues	\$ 2,777.6	\$ 4,868.5	\$ 3,708.9	\$ 3,399.9
Cost of sales of physical commodities	2,599.0	4,693.5	3,542.8	3,248.6
Operating revenues	178.6	175.0	166.1	151.3
Transaction-based clearing expenses	32.0	35.2	32.9	29.8
Introducing broker commissions	28.1	14.8	13.2	12.8
Interest expense	7.5	7.7	7.1	6.0
Net operating revenues	111.0	117.3	112.9	102.7
Compensation and other expenses	98.0	95.9	92.9	90.6
Gain on acquisition	6.2	—	—	—
Income before tax	19.2	21.4	20.0	12.1
Income tax expense	2.4	6.8	5.5	3.3
Net income	\$ 16.8	\$ 14.6	\$ 14.5	\$ 8.8
Net basic earnings per share	\$ 0.91	\$ 0.79	\$ 0.77	\$ 0.47
Net diluted earnings per share	\$ 0.90	\$ 0.78	\$ 0.76	\$ 0.46

(in millions, except per share amounts)	For the 2015 Fiscal Quarter Ended			
	September 30	June 30	March 31	December 31
Total revenues	\$ 2,628.4	\$ 3,995.1	\$ 14,442.0	\$ 13,627.7
Cost of sales of physical commodities	2,449.7	3,843.5	14,285.5	13,490.2
Operating revenues	178.7	151.6	156.5	137.5
Transaction-based clearing expenses	31.3	30.2	31.8	29.4
Introducing broker commissions	15.1	13.1	12.3	12.2
Interest expense	5.0	4.9	4.5	2.7
Net operating revenues	127.3	103.4	107.9	93.2
Compensation and other expenses	98.1	86.2	89.8	79.6
Income before tax	29.2	17.2	18.1	13.6
Income tax expense	8.1	5.0	5.1	4.2
Net income	\$ 21.1	\$ 12.2	\$ 13.0	\$ 9.4
Net basic earnings per share	\$ 1.12	\$ 0.64	\$ 0.68	\$ 0.50
Net diluted earnings per share	\$ 1.09	\$ 0.62	\$ 0.67	\$ 0.49

As discussed further in Note 22, during fiscal year 2015, the Company transitioned the portion of its precious metals business conducted through its unregulated domestic subsidiary, INTL Commodities Inc., to its U.K. based broker-dealer subsidiary, INTL FCStone Ltd. Prior to the transfer, INTL Commodities Inc.'s 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's precious metals sales and cost of sales are presented on a net basis and included as a component of 'trading gains, net' on the 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.

**Note 22 – Segment and Geographic Information**

The Company reports its operating segments based on services provided to customers. The Company's business activities are managed as operating segments and organized into reportable segments as follows:

- *Commercial Hedging* (includes components Financial Agricultural (Ag) & Energy and LME Metals)
- *Global Payments*
- *Securities* (includes components Equity Market-Making, Debt Trading, Investment Banking, and Asset Management)



- *Physical Commodities* (includes components Precious Metals and Physical Ag & Energy)
- *Clearing and Execution Services* (includes components Exchange-traded Futures and Options, FX Prime Brokerage, Correspondent Clearing and Independent Wealth Management)

### **Commercial Hedging**

The Company serves its commercial customers through its team of risk management consultants, providing a high-value-added service that we believe differentiates it from its competitors and maximizes the opportunity to retain customers. The Company's risk management consulting services are designed to quantify and monitor commercial entities' exposure to commodity and financial risk. Upon assessing this exposure the Company develops a plan to control and hedge these risks with post-trade reporting against specific customer objectives. Customers are assisted in the execution of their hedging strategies through a wide range of products from listed exchange-traded futures and options, to basic OTC instruments that offer greater flexibility, to structured OTC products designed for customized solutions.

The Company's services span virtually all traded commodity markets, with the largest concentrations in agricultural and energy commodities (consisting primarily of grains, energy and renewable fuels, coffee, sugar, cotton, and food service) and base metals. The Company's base metals business includes a position as a Category One ring dealing member of the LME, providing execution, clearing and advisory services in exchange-traded futures and OTC products. The Company also provides execution of foreign currency forwards and options and interest rate swaps as well as a wide range of structured product solutions to commercial customers who are seeking cost-effective hedging strategies. Generally, customers direct their own trading activity and the Company's risk management consultants do not have discretionary authority to transact trades on behalf of customers.

### **Global Payments**

The Company provides global payment solutions to banks and commercial businesses as well as charities and non-governmental organizations and government organizations. The Company offers payments services in over 175 countries and 140 currencies, which it believes is more than any other payments solution provider, and provides competitive and transparent pricing. Its proprietary FXecute global payments platform is integrated with a financial information exchange ("FIX") protocol. This FIX protocol is an electronic communication method for the real-time exchange of information, and the Company believes it represents one of the first FIX offerings for cross-border payments in exotic currencies. FIX functionality allows customers to view real time market rates for various currencies, execute and manage orders in real-time, and view the status of their payments through the easy-to-use portal.

Additionally, as a member of SWIFT (Society for Worldwide Interbank Financial Telecommunication), the Company is able to offer its services to large money center and global banks seeking more competitive international payments services.

Through this single comprehensive platform and our commitment to customer service, the Company believes it is able to provide simple and fast execution, ensuring delivery of funds in any of these countries quickly through its global network of approximately 300 correspondent banks. In this business, the Company primarily acts as a principal in buying and selling foreign currencies on a spot basis. The Company derives revenue from the difference between the purchase and sale prices.

The Company believes its customers value its ability to provide exchange rates that are significantly more competitive than those offered by large international banks, a competitive advantage that stems from its years of foreign exchange expertise focused on smaller, less liquid currencies.

### **Securities**

The Company provides value-added solutions that facilitate cross-border trading and believes its customers value the Company's ability to manage complex transactions, including foreign exchange, utilizing its local understanding of market convention, liquidity and settlement protocols around the world. The Company's customers include U.S.-based regional and national broker-dealers and institutions investing or executing customer transactions in international markets and foreign institutions seeking access to the U.S. securities markets. The Company is one of the leading market makers in foreign securities, including unlisted ADRs, GDRs and foreign ordinary shares. The Company makes markets in over 3,600 ADRs, GDRs and foreign ordinary shares, of which over 2,000 trade in the OTC market. In addition, it will, on request, make prices in more than 10,000 unlisted foreign securities. The Company is a broker-dealer in Argentina where we are active in providing institutional executions in the local capital markets.

The Company acts as an institutional dealer in fixed income securities, including U.S. Treasury, U.S. government agency, agency mortgage-backed and asset-backed securities to a customer base including asset managers, commercial bank trust and investment departments, broker-dealers and insurance companies.

The Company also originates, structures and places debt instruments in the international and domestic capital markets. These instruments include complex asset-backed securities (primarily in Argentina) and domestic municipal securities. On occasion,

the Company may invest its own capital in debt instruments before selling them. The Company also actively trades in a variety of international debt instruments and operates an asset management business in which it earns fees, commissions and other revenues for management of third party assets and investment gains or losses on its investments in funds and proprietary accounts managed either by its investment managers or by independent investment managers.

### ***Physical Commodities***

This segment consists of the Company's physical Precious Metals trading and Physical Agricultural and Energy commodity businesses. In Precious Metals, the Company provides a full range of trading and hedging capabilities, including OTC products, to select producers, consumers, and investors. In the Company's trading activities, it acts as a principal, committing its own capital to buy and sell precious metals on a spot and forward basis.

The Company's Physical Ag & Energy commodity business provides financing to commercial commodity-related companies against physical inventories, including grain, lumber, meats, energy products and renewable fuels. The Company uses sale and repurchase agreements to purchase commodities evidenced by warehouse receipts, subject to a simultaneous agreement to sell such commodities back to the original seller at a later date. Transactions where the sale and repurchase price are fixed upon execution are accounted for as product financing arrangements, and accordingly no commodity inventory, purchases or sales are recorded. Transactions where the repurchase price is not fixed upon execution do not meet all of the criteria to be accounted for as product financing arrangements and, thus, are recorded as commodity inventory, purchases, and sales. Additionally, the Company engages as a principal in physical purchase and sale transactions related to inputs to the renewable fuels and feed ingredient industries.

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 U.K. 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 U.K. 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 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.'s 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's precious metals sales and cost of sales are presented on a net basis and included as a component of 'trading gains, net' on the 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 Company records its Physical Ag & Energy commodities revenues on a gross basis. Operating revenues and losses from its precious metals commodities derivatives activities are included in 'trading gains, net' in the consolidated income statements. Operating revenues and losses from its agricultural and energy commodities derivative activities are included in 'cost of sales of physical commodities' in the consolidated income statements. The agricultural commodity inventories are carried at net realizable value, which approximates fair value less disposal costs. The agricultural inventories have reliable, readily determinable and realizable market prices, have relatively insignificant costs of disposal and are available for immediate delivery.

The Company generally mitigates the price risk associated with commodities held in inventory through the use of derivatives. The Company does not elect hedge accounting under U.S. GAAP in accounting for this price risk mitigation.

### ***Clearing and Execution Services (CES)***

The Company provides competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in all major foreign currency pairs and swap transactions. Through its platform, customer orders are accepted and directed to the appropriate exchange for execution. The Company then facilitates the clearing of customers' transactions. Clearing involves the matching of customers' trades with the exchange, the collection and management of customer margin deposits to support the transactions, and the accounting and reporting of the transactions to customers.

As of September 30, 2016, the Company held \$2.1 billion in required customer segregated assets, which it believes makes it the third largest independent futures commission merchant ("FCM") in the United States not affiliated with a major financial institution or commodity intermediary, end-user or producer, as measured by required customer segregated assets. The Company seeks to leverage its capabilities and capacity by offering facilities management or outsourcing solutions to other FCM's.

Following the Company's acquisition of the Sterne Agee correspondent securities clearing business, it is an independent full-service provider to introducing broker-dealers ("IBD's") of clearing, custody, research, syndicated and security-based lending products and services, including a proprietary technology platform which offers seamless connectivity to ensure a positive

customer experience through the clearing and settlement process. Also as part of this transaction, the Company acquired Sterne Agee's independent wealth management business which offers a comprehensive product suite to retail customers nationwide. As a result it is one of the leading mid-market clearer's in the securities industry, clearing for 50 correspondent clearing customers and in aggregate over 120,000 underlying individual retail securities accounts with over \$12 billion in assets under management ("AUM") as of September 30, 2016.

In addition, the Company believes it is one of the largest non-bank prime brokers and swap dealers in the world. Through this offering, it provides prime brokerage foreign exchange services to financial institutions and professional traders. The Company provides its customers with the full range of OTC products, including 24-hour a day execution of spot, forwards and options as well as non-deliverable forwards in both liquid and exotic currencies. The Company also operates a proprietary foreign exchange desk that arbitrages the exchange-traded foreign exchange markets with the cash markets.

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The total revenues reported combine gross revenues for the physical commodities business and net revenues for all other businesses. In order to reflect the way that the Company's management views the results, the tables below also reflect the segment contribution to 'operating revenues', which is shown on the face of the consolidated income statements and which is calculated by deducting physical commodities cost of sales from total revenues.

Segment data includes the profitability measure of net contribution by segment. Net contribution is one of the key measures used by management to assess the performance of each segment and for decisions regarding the allocation of the Company's resources. Net contribution is calculated as revenue less direct cost of sales, transaction-based clearing expenses, variable compensation, introducing broker commissions, and interest expense. Variable compensation paid to risk management consultants/traders generally represents a fixed percentage of an amount equal to revenues generated, and in some cases, revenues produced less transaction-based clearing charges, base salaries and an overhead allocation.

Segment data also includes segment income which is calculated as net contribution less non-variable direct expenses of the segment. These non-variable direct expenses include trader base compensation and benefits, operational employee compensation and benefits, communication and data services, business development, professional fees, bad debts and other direct expenses.

Inter-segment revenues, charges, receivables and payables are eliminated upon consolidation, except revenues and costs related to foreign currency transactions undertaken on an arm's length basis by the foreign exchange trading business for the securities business. The foreign exchange trading business competes for this business as it does for any other business. If its rates are not competitive, the securities businesses buy or sell their foreign currency through other market counterparties.

On a recurring basis, the Company sweeps excess cash from certain operating segments to a centralized corporate treasury function in exchange for an intercompany receivable asset. The intercompany receivable asset is eliminated during consolidation, and therefore this practice may impact reported total assets between segments.

Information concerning operations in these segments of business is shown in accordance with the Segment Reporting Topic of the ASC as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Total revenues:</b>			
Commercial Hedging	\$ 236.1	\$ 262.4	\$ 224.0
Global Payments	73.2	77.1	55.4
Securities	175.2	129.8	80.3
Physical Commodities	14,120.5	34,092.0	33,552.1
Clearing and Execution Services	151.1	123.4	113.7
Corporate unallocated	(1.2)	8.5	(3.1)
<b>Total</b>	<b>\$ 14,754.9</b>	<b>\$ 34,693.2</b>	<b>\$ 34,022.4</b>
<b>Operating revenues (loss):</b>			
Commercial Hedging	\$ 236.1	\$ 262.4	\$ 224.0
Global Payments	73.2	77.1	55.4
Securities	175.2	129.8	80.3
Physical Commodities	36.6	23.1	20.6
Clearing and Execution Services	151.1	123.4	113.7
Corporate unallocated	(1.2)	8.5	(3.1)
<b>Total</b>	<b>\$ 671.0</b>	<b>\$ 624.3</b>	<b>\$ 490.9</b>
<b>Net operating revenues (loss):</b>			
Commercial Hedging	\$ 188.2	\$ 214.7	\$ 180.5
Global Payments	65.3	68.5	48.2
Securities	121.9	88.6	54.6
Physical Commodities	31.5	21.2	17.9
Clearing and Execution Services	48.8	38.3	29.7
Corporate unallocated	(11.8)	0.5	(8.9)
<b>Total</b>	<b>\$ 443.9</b>	<b>\$ 431.8</b>	<b>\$ 322.0</b>
<b>Net contribution:</b>			
(Revenues less cost of sales, transaction-based clearing expenses, variable bonus compensation, introducing broker commissions and interest expense):			
Commercial Hedging	\$ 134.4	\$ 151.7	\$ 132.6
Global Payments	52.2	54.5	37.6
Securities	97.5	67.4	40.9
Physical Commodities	23.4	16.9	14.1
Clearing and Execution Services	39.5	30.1	24.0
<b>Total</b>	<b>\$ 347.0</b>	<b>\$ 320.6</b>	<b>\$ 249.2</b>
<b>Segment income:</b>			
(Net contribution less non-variable direct segment costs):			
Commercial Hedging	\$ 68.7	\$ 85.6	\$ 67.3
Global Payments	39.8	43.3	28.3
Securities	69.4	40.5	21.0
Physical Commodities	13.3	5.8	5.9
Clearing and Execution Services	14.8	12.9	6.3
<b>Total</b>	<b>\$ 206.0</b>	<b>\$ 188.1</b>	<b>\$ 128.8</b>
<b>Reconciliation of segment income to income from continuing operations, before tax:</b>			
Segment income	\$ 206.0	\$ 188.1	\$ 128.8
Costs not allocated to operating segments	133.3	110.0	102.8
<b>Income from continuing operations, before tax</b>	<b>\$ 72.7</b>	<b>\$ 78.1</b>	<b>\$ 26.0</b>

(in millions)	As of September 30, 2016	As of September 30, 2015	As of September 30, 2014
Total assets:			
Commercial Hedging	\$ 1,637.5	\$ 1,548.1	\$ 1,400.9
Global Payments	191.4	207.3	51.9
Securities	2,130.7	1,861.0	235.5
Physical Commodities	258.0	190.9	116.8
Clearing and Execution Services	1,617.4	1,163.8	1,136.2
Corporate unallocated	116.3	98.9	98.4
Total	<u>\$ 5,951.3</u>	<u>\$ 5,070.0</u>	<u>\$ 3,039.7</u>

Information regarding revenues and operating revenues for the years ended September 30, 2016, 2015, and 2014, and information regarding long-lived assets (defined as property, equipment, leasehold improvements and software) as of September 30, 2016, 2015, and 2014 in geographic areas were as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Total revenues:			
United States	\$ 817.1	\$ 25,959.0	\$ 19,055.3
Europe	463.5	121.2	86.0
South America	64.8	49.0	53.2
Asia	13,405.1	8,560.0	14,822.4
Other	4.4	4.0	5.5
Total	<u>\$ 14,754.9</u>	<u>\$ 34,693.2</u>	<u>\$ 34,022.4</u>

Operating revenues:			
United States	\$ 457.0	\$ 424.3	\$ 330.4
Europe	120.2	125.0	86.0
South America	64.8	49.0	53.2
Asia	24.6	21.9	15.8
Other	4.4	4.1	5.5
Total	<u>\$ 671.0</u>	<u>\$ 624.3</u>	<u>\$ 490.9</u>

(in millions)	As of September 30, 2016	As of September 30, 2015	As of September 30, 2014
Long-lived assets, as defined:			
United States	\$ 23.3	\$ 13.8	\$ 8.5
Europe	4.8	4.0	5.0
South America	1.2	1.7	2.0
Asia	0.1	0.2	0.3
Other	—	—	0.1
Total	<u>\$ 29.4</u>	<u>\$ 19.7</u>	<u>\$ 15.9</u>

## Note 23 – Subsequent Events

### Acquisition of ICAP's EMEA Oils Broking Business

In September 2016, the Company's subsidiary, INTL FCStone Ltd, reached an agreement to acquire the London-based EMEA oils business of ICAP plc. INTL FCStone Ltd received approval from the U.K. Competition and Markets Authority, and acquisition is effective October 1, 2016. The business includes over 30 front office employees across the fuel, crude, middle distillates, futures and options desks with deep-rooted relationships with over 200 well known commercial and institutional customers throughout Europe, the Middle East and Africa. The terms of the agreement include a purchase price of \$6.0 million as well as amounts payable to employees acquired based upon their continued employment.

***Redemption of Senior Notes***

On September 15, 2016, the Company instructed The Bank of New York Mellon, as trustee (the “Trustee”) under the Company’s Indenture dated as of July 22, 2013 for the Company’s 8.5% Senior Notes (the “Senior Notes”) to provide notice (the “Notice”) to the holders of the Senior Notes that the Company will redeem the aggregate outstanding \$45.5 million principal amount of the Senior Notes in full. Pursuant to the terms of the Indenture, the Company will redeem the outstanding Senior Notes at a price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date. The redemption date is October 15, 2016. The Notice was provided on September 15, 2016 to record holders of the Senior Notes by the Trustee.

**INTL FCStone Inc.**  
**Condensed Balance Sheets**  
**Parent Company Only**

(in millions)			September 30, 2016	September 30, 2015
<b>ASSETS</b>				
Cash and cash equivalents		\$	1.3	\$ 2.5
Deposits and receivables from broker-dealers, clearing organizations and counterparties			2.9	—
Receivable from subsidiaries, net			3.6	0.4
Notes receivable, net			6.9	46.4
Income taxes receivable			14.0	24.3
Investment in subsidiaries <sup>(1)</sup>			316.3	286.0
Financial instruments owned, at fair value			1.3	3.0
Deferred income taxes, net			15.7	12.0
Property and equipment, net			12.7	9.2
Other assets			17.2	13.1
Total assets		\$	391.9	\$ 396.9
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities		\$	27.7	\$ 29.3
Payable to customers			4.6	30.7
Payable to lenders under loans			139.3	31.6
Payable to subsidiaries, net			17.1	123.7
Senior unsecured notes			45.5	45.5
Financial instruments sold, not yet purchased, at fair value			35.9	—
Total liabilities			270.1	260.8
<b>Equity:</b>				
INTL FCStone Inc. (Parent Company Only) 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; 20,557,175 issued and 18,435,218 outstanding at September 30, 2016 and 20,184,556 issued and 18,812,803 outstanding at September 30, 2015			0.2	0.2
Common stock in treasury, at cost - 2,121,957 shares at September 30, 2016 and 1,371,753 shares at September 30, 2015			(46.3)	(26.8)
Additional paid-in capital			249.4	240.8
Retained earnings <sup>(1)</sup>			(81.5)	(78.1)
Total INTL FCStone Inc. (Parent Company Only) stockholders' equity			121.8	136.1
Total liabilities and equity		\$	391.9	\$ 396.9

<sup>(1)</sup> Within the Condensed Balance Sheets and Condensed Statements of Operations of INTL FCStone Inc. - Parent Company Only, the Company has accounted for its investment in wholly owned subsidiaries using the cost method of accounting. Under this method, the Company's share of the earnings or losses of such subsidiaries are not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries were presented under the equity method of accounting, investment in subsidiaries and retained earnings would each increase by \$336.6 million as of September 30, 2016, respectively, and \$278.5 million, as of September 30, 2015, respectively.

**INTL FCStone Inc.**  
**Condensed Statements of Operations**  
**Parent Company Only**

(in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Revenues:</b>			
Management fees from affiliates	\$ 30.1	\$ 26.6	\$ 9.5
Trading gains, net	0.7	3.2	—
Consulting fees	2.2	2.1	1.6
Interest income	1.8	4.6	4.3
Dividend income from subsidiaries <sup>(2)</sup>	31.0	6.0	—
	65.8	42.5	15.4
Interest expense	13.4	12.7	10.6
Net revenues	52.4	29.8	4.8
<b>Non-interest expenses:</b>			
Compensation and benefits	52.8	43.5	29.8
Clearing and related expenses	1.7	1.2	0.3
Introducing broker commissions	0.6	0.5	0.3
Communication and data services	6.7	5.7	1.3
Occupancy and equipment rental	2.8	2.1	2.0
Professional fees	4.8	4.6	5.0
Travel and business development	1.7	1.4	1.1
Depreciation and amortization	2.5	1.8	1.8
Bad debts and impairments	0.2	1.6	0.1
Management services fees to affiliates	1.2	4.3	2.9
Other	11.7	10.2	3.5
Total non-interest expenses	86.7	76.9	48.1
Gain on acquisition	6.2	—	—
Loss from continuing operations, before tax	(28.1)	(47.1)	(43.3)
Income tax benefit	24.7	19.4	17.1
Net loss	\$ (3.4)	\$ (27.7)	\$ (26.2)

<sup>(2)</sup> Within the Condensed Balance Sheets and Condensed Statements of Operations of INTL FCStone Inc. - Parent Company Only, the Company has accounted for its investment in wholly owned subsidiaries using the cost method of accounting. Under this method, the Company's share of the earnings or losses of such subsidiaries are not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries were presented under the equity method of accounting, revenues would include income from investment in subsidiaries of \$58.1 million, \$83.4 million, and \$45.5 million, for the years ended September 30, 2016, 2015, and 2014, respectively.



**INTL FCStone Inc.**  
**Condensed Statements of Cash Flows**  
**Parent Company Only**

(in millions)	Year Ended September 30,		
	2016	2015	2014
<b>Cash flows from operating activities:</b>			
Net loss	\$ (3.4)	\$ (27.7)	\$ (26.2)
<b>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</b>			
Depreciation and amortization	2.5	1.8	1.8
Provision for impairments	0.2	1.6	0.1
Deferred income taxes	(3.3)	4.6	(9.6)
Amortization of debt issuance costs and debt discount	1.0	0.8	0.8
Amortization of share-based compensation expense	5.1	3.6	4.3
Gain on acquisition	(6.2)	—	—
<b>Changes in operating assets and liabilities:</b>			
Deposits and receivables from broker-dealers, clearing organizations, and counterparties	(2.8)	—	—
Receivables from subsidiaries, net	(3.1)	—	—
Due to/from subsidiaries	(86.6)	33.2	84.6
Notes receivable, net	39.1	(7.8)	(12.8)
Income taxes receivable	10.3	(11.4)	4.6
Financial instruments owned, at fair value	1.7	(3.0)	—
Other assets	0.3	(3.9)	(1.1)
Accounts payable and other accrued liabilities	0.4	12.6	(1.1)
Payable to customers	(26.1)	4.9	7.1
Financial instruments sold, not yet purchased, at fair value	35.9	—	(0.6)
Net cash (used in) provided by operating activities	<u>(35.0)</u>	<u>9.3</u>	<u>51.9</u>
<b>Cash flows from investing activities:</b>			
Capital contribution in affiliates	(48.4)	(22.4)	(0.5)
Capital withdrawals from affiliates	—	7.8	—
Purchase of property and equipment	(5.5)	(7.8)	(1.8)
Net cash used in investing activities	<u>(53.9)</u>	<u>(22.4)</u>	<u>(2.3)</u>
<b>Cash flows from financing activities:</b>			
Payable to lenders under loans	108.5	13.0	(40.0)
Proceeds from note payable	—	4.0	—
Payments of notes payable	(0.8)	(0.4)	—
Payments related to earn-outs on acquisitions	(2.9)	(2.2)	(1.1)
Share repurchase	(19.5)	(4.7)	(9.7)
Debt issuance costs	(1.9)	(0.1)	(0.2)
Exercise of stock options	3.5	2.5	1.4
Income tax benefit on stock options and awards	0.8	0.5	(0.1)
Net cash provided by (used in) financing activities	<u>87.7</u>	<u>12.6</u>	<u>(49.7)</u>
Net (decrease) increase in cash and cash equivalents	(1.2)	(0.5)	(0.1)
Cash and cash equivalents at beginning of period	2.5	3.0	3.1
Cash and cash equivalents at end of period	<u>\$ 1.3</u>	<u>\$ 2.5</u>	<u>\$ 3.0</u>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	<u>\$ 9.0</u>	<u>\$ 11.9</u>	<u>\$ 6.9</u>
Income taxes (received) paid, net of cash refunds	<u>\$ (33.8)</u>	<u>\$ (12.9)</u>	<u>\$ (5.3)</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Additional consideration payable related to acquisitions	<u>\$ (0.4)</u>	<u>\$ 1.9</u>	<u>\$ (3.0)</u>

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

None.

### **Item 9A. Controls and Procedures**

#### **(a) Evaluation of Disclosure Controls and Procedures**

In connection with the filing of this Form 10-K, our management, including the principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of September 30, 2016. We seek to design our disclosure controls and procedures to provide reasonable assurance that the reports we file or submit under the Exchange Act contain the required information and that we submit these reports within the time periods specified in SEC rules and forms. We also seek to design these controls and procedures to ensure that we accumulate and communicate correct information to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2016.

#### **(b) Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (“GAAP”). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

There are limitations inherent in any internal control, such as the possibility of human error and the circumvention or overriding of controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met, and may not prevent or detect misstatements. As conditions change over time, so too may the effectiveness of internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management (with the participation of our principal executive officer and principal financial officer) evaluated the Company’s internal control over financial reporting as of September 30, 2016, based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Management’s assessment of the effectiveness of the Company’s internal control over financial reporting as of September 30, 2016 excluded Sterne Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc., acquired with effect from July 1, 2016, and Sterne Agee Asset Management, Inc. and Sterne Agee Investment Advisor Services, Inc., acquired with effect from August 1, 2016.

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2016.

KPMG LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of September 30, 2016, and KPMG LLP issued a report on the effectiveness of the Company’s internal control over financial reporting as of September 30, 2016, which is included in Item 8 “Consolidated Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

#### **(c) Changes in Internal Control Over Financial Reporting**

There were no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

None.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

We will include a list of our executive officers and biographical and other information about them and our directors in the definitive Proxy Statement for our 2017 Annual Meeting of Stockholders to be held on February 23, 2017. We will file the proxy within 120 days of the end of our fiscal year ended September 30, 2016 (the “2017 Proxy Statement”). The 2017 Proxy Statement is incorporated herein by reference. Information about our Audit Committee may be found in the Proxy Statement. That information is incorporated herein by reference.

We adopted a code of ethics that applies to the directors, officers and employees of the Company and each of its subsidiaries. The code of ethics is publicly available on our Website at [www.intlfcstone.com/ethics.aspx](http://www.intlfcstone.com/ethics.aspx). If we make any substantive amendments to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer, we will disclose the nature of the amendment or waiver on that website or in a report on Form 8-K.

**Item 11. Executive Compensation**

We will include information relating to our executive officer and director compensation and the compensation committee of our board of directors in the 2017 Proxy Statement and is incorporated herein by reference.

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

We will include information relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management in the 2017 Proxy Statement and is incorporated herein by reference.

The following table provides information generally as of September 30, 2016, the last day of fiscal 2016, regarding securities to be issued on exercise of stock options, and securities remaining available for issuance under our equity compensation plans that were in effect during fiscal 2016.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans</u>
Equity compensation plans approved by stockholders	1,215,821	\$ 29.55	754,163
Equity compensation plans not approved by stockholders	—	—	—
Total	1,215,821	\$ 29.55	754,163

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

We will include information regarding certain relationships and related transactions and director independence in the 2017 Proxy Statement and is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

Information regarding principal accountant fees and services will be included in the 2017 Proxy Statement and is incorporated herein by reference.

**PART IV****Item 15. Exhibits**

- 3.1 Amended and Restated Certificate of Incorporation (incorporated by reference from the Company’s Form 8-K filed with the SEC on October 9, 2009).
- 3.2 Amended and Restated By-laws (incorporated by reference from the Company’s Quarterly Report on Form 10-Q filed with the SEC on August 14, 2007).
- 4.1 International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company’s Proxy Statement on Schedule 14A filed on January 14, 2003).
- 4.2 Amendment to International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company’s Proxy Statement on Form 14A filed with the SEC on February 11, 2004).
- 4.3 Amendment to International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company’s Proxy Statement on Form 14A filed with the SEC on January 23, 2006).

- 4.4 FCStone Group, Inc. 2006 Equity Incentive Plan (incorporated by reference from the Registration Statement on Form S-8 filed by FCStone Group, Inc. with the SEC on June 12, 2006).
- 4.5 INTL FCStone Inc. 2013 Stock Option Plan (incorporated by reference from the Company's Proxy Statement on Schedule 14A filed on January 11, 2013).
- 10.1 Registration Rights Agreement, dated October 22, 2002, by and between the Company, and Sean O'Connor (incorporated by reference from the Company's Form 8-K filed with the SEC on October 24, 2002).
- 10.2 First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and Sean O'Connor (incorporated by reference from the Company's Form 8-K filed with the SEC on December 10, 2002).
- 10.3 Registration Rights Agreement, dated October 22, 2002, by and between the Company and Scott Branch (incorporated by reference from the Company's Form 8-K filed with the SEC on October 24, 2002).
- 10.4 First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and Scott Branch (incorporated by reference from the Company's Form 8-K filed with the SEC on December 10, 2002).
- 10.5 Registration Rights Agreement, dated October 22, 2002, by and between the Company and John Radziwill (incorporated by reference from the Company's Form 8-K filed with the SEC on October 24, 2002).
- 10.6 First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and John Radziwill (incorporated by reference from the Company's Form 8-K filed with the SEC on December 10, 2002).
- 10.7 Employment Agreement, effective December 1, 2004, by and between the Company and Brian T. Sephton (incorporated by reference from the Company's Form 8-K, as filed with the SEC on November 24, 2004).
- 10.8 2012 Restricted Stock Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 13, 2012).
- 10.9 INTL FCStone Inc. 2016 Executive Performance Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016).
- 10.10 INTL FCStone Inc. 2016 Long-Term Performance Incentive Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016).
- 10.11 Farmers Commodities Corporation Supplemental Nonqualified Pension Plan (incorporated by reference from Amendment No. 2 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 9, 2004)
- 10.12 Form of Director Indemnification Agreement (incorporated by reference from Amendment No. 3 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 30, 2004)
- 10.13 Credit Agreement made as of September 20, 2013 by and between INTL FCStone Inc. as Borrower, the Subsidiaries of INTL FCStone Inc. identified therein, as guarantors, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Bank of America Merrill Lynch and Capital One, N.A., as Joint Lead Arrangers and Joint Book Managers, Bank Hapoalim B.M., BMO Harris Bank N.A. and The Korea Development Bank, New York Branch, as additional Lenders, and with the lenders from time to time parties thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on September 24, 2013).
- 10.14 First Amendment to Credit Agreement, made as of April 18, 2014, by and between INTL FCStone Inc., as Borrower, the Subsidiaries of INTL FCStone Inc. identified therein, as Guarantors, with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Bank of America Merrill Lynch and Capital One, N.A., as Joint Lead Arrangers and Joint Book Managers, Bank Hapoalim B.M., BMO Harris Bank N.A. and The Korea Development Bank, New York Branch, as additional Lenders (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on April 22, 2014).
- 10.15 Second Amendment to Credit Agreement entered into as of May 12, 2015 with Bank of America, N.A., as Administrative Agent, Lender, L/C Issuer and Swing Line Lender, Capital One, N.A., Bank Hapoalim B.M., BMO Harris Bank N.A. and The Korea Development Bank, New York Branch, as additional Lenders, and with the lenders from time to time parties thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on May 18, 2015).
- 10.16 Third Amendment to Credit Agreement entered into as of March 18, 2016 with Bank of America, N.A., as Administrative Agent, Lender, L/C Issuer and Swing Line Lender, Capital One, N.A., as Syndication Agent and a Lender, Bank Hapoalim B.M., BMO Harris Bank N.A. BankUnited, N.A., and Barclays Bank PLC, as additional Lenders, and with the lenders from time to time parties thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on March 23, 2016).
- 10.17 Amended and Restated Credit Agreement, made as of June 21, 2010, by and between FCStone, LLC, as borrower, FCStone Group, Inc., as a guarantor, International Assets Holding Corporation, as a guarantor, Bank of Montreal, as administrative agent, BMO Capital Markets, as Sole Lead Arranger, and the lenders party thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on June 24, 2010).
- 10.18 Loan Authorization Agreement entered into as of May 5, 2015, by and between FCStone, LLC, as Borrower, and BMO Harris Bank N.A., as Bank (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on May 8, 2015).
- 10.19 Reaffirmation and Assumption entered into as of June 30, 2015 with BMO Harris Bank N.A. (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 7, 2015).

- 10.20 Ninth Amendment to Amended and Restated Credit Agreement entered into as of March 16, 2016 with Bank of Montreal, as Administrative Agent, and BMO Harris Financing, Inc., as a lender party thereto. \*
- 10.21 Amended and Restated Credit Agreement, entered into as of March 15, 2016, by and among FCStone Merchant Services, LLC, as Borrower, INTL FCStone Inc., as Guarantor, Bank of Montreal, as Administrative Agent and a Lender, BMO Capital Markets, as Sole Lead Arranger and Sole Book Runner, and the lenders party thereto). \*
- 10.22 First Amendment to Amended and Restated Credit Agreement, entered into as of April 29, 2016, by and among FCStone Merchant Services, LLC, as Borrower, INTL FCStone Inc., as Guarantor, Bank of Montreal, as Administrative Agent and a Lender, BMO Capital Markets, as Sole Lead Arranger and Sole Book Runner, and the lenders party thereto). \*
- 10.23 Second Amendment to Amended and Restated Credit Agreement, entered into as of November 14, 2016, by and among FCStone Merchant Services, LLC, as Borrower, INTL FCStone Inc., as Guarantor, Bank of Montreal, as Administrative Agent and a Lender, BMO Capital Markets, as Sole Lead Arranger and Sole Book Runner, and the lenders party thereto). \*
- 10.24 Credit Agreement, made as of November 15, 2013, by and between INTL FCStone Ltd, as Borrower, INTL FCStone Inc., as Guarantor, Bank of America, N.A., as Administrative Agent and a Lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Book Manager, and with the lenders party thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on November 20, 2013).
- 10.25 Second Amendment to Credit Agreement, made as of November 5, 2015, by and between INTL FCStone Ltd, as Borrower, INTL FCStone Inc., as Guarantor, Bank of America, N.A., as Administrative Agent and a Lender, and with the lenders party thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on November 10, 2015).
- 10.26 Third Amendment to Credit Agreement, made as of April 14, 2016, by and between INTL FCStone Ltd, as Borrower, INTL FCStone Inc., as Guarantor, Bank of America, N.A., as Administrative Agent and a Lender, and with the lenders party thereto. \*
- 10.27 Fourth Amendment to Credit Agreement, made as of October 27, 2016, by and between INTL FCStone Ltd, as Borrower, INTL FCStone Inc., as Guarantor, Bank of America, N.A., as Administrative Agent and a Lender, and with the lenders party thereto. \*
- 14 International Assets Holding Corporation Code of Ethics (incorporated by reference from the Company's Form 10-KSB filed with the SEC on December 29, 2003).
- 21 List of the Company's subsidiaries. \*
- 23.1 Consent of KPMG LLP \*
- 31.1 Certification of Chief Executive Officer, pursuant to Rule 13a—14(a). \*
- 31.2 Certification of Chief Financial Officer, pursuant to Rule 13a—14(a). \*
- 32.1 Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \*
- 32.2 Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \*

\* Filed as part of this report.

#### *Schedules and Exhibits Excluded*

All schedules and exhibits not included are not applicable, not required or would contain information which is included in the Consolidated Financial Statements, Summary of Significant Accounting Policies, or the Notes to the Consolidated Financial Statements.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTL FCStone Inc.

/s/ SEAN M. O'CONNOR

**Sean M. O'Connor**

**Chief Executive Officer**

Dated: December 14, 2016

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ JOHN RADZIWILL <hr/> <b>John Radziwill</b>	Director and Chairman of the Board	December 14, 2016
/s/ SEAN M. O'CONNOR <hr/> <b>Sean M. O'Connor</b>	Director, President and Chief Executive Officer <b>(Principal Executive Officer)</b>	December 14, 2016
/s/ SCOTT J. BRANCH <hr/> <b>Scott J. Branch</b>	Director	December 14, 2016
/s/ PAUL G. ANDERSON <hr/> <b>Paul G. Anderson</b>	Director	December 14, 2016
/s/ EDWARD J. GRZYBOWSKI <hr/> <b>Edward J. Grzybowski</b>	Director	December 14, 2016
/s/ JOHN M. FOWLER <hr/> <b>John M. Fowler</b>	Director	December 14, 2016
/s/ BRUCE KREHBIEL <hr/> <b>Bruce Krehbiel</b>	Director	December 14, 2016
/s/ DARYL HENZE <hr/> <b>Daryl Henze</b>	Director	December 14, 2016
/s/ ERIC PARTHMORE <hr/> <b>Eric Parthemore</b>	Director	December 14, 2016
/s/ WILLIAM J. DUNAWAY <hr/> <b>William J. Dunaway</b>	Chief Financial Officer <b>(Principal Financial and Accounting Officer)</b>	December 14, 2016

**Ninth Amendment To  
Amended and Restated Credit Agreement**

This Ninth Amendment to Amended and Restated Credit Agreement (herein, the “*Amendment*”) is entered into as of March 16, 2016, by and among INTL FCStone Financial Inc., a Florida corporation (f/k/a INTL FCStone Securities Inc.), as successor by merger to FCStone, LLC (“*Borrower*”), the Guarantors party to this Amendment, the financial institutions party to this Amendment, as lenders (the “*Lenders*”), and Bank of Montreal, as administrative agent (the “*Administrative Agent*”).

**Preliminary Statements**

A. The Borrower, the Guarantors, the Lenders and the Administrative Agent entered into a certain Amended and Restated Credit Agreement dated as of June 21, 2010, as amended (the “*Credit Agreement*”). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement.

B. The Borrower has requested that the Lenders amend the Credit Agreement, and the Lenders are willing to do so under the terms and conditions set forth in this Amendment.

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended as follows:

1.1 The following defined terms appearing in Section 5.1 of the Credit Agreement shall be amended and restated to read in their entirety as follows:

“*Holdings’ Credit Facility*” means any secured revolving credit facility made available to Holdings and guaranteed by certain Subsidiaries of Holdings (whether by a guaranty delivered by the Subsidiaries and/or through a pledge of the Subsidiaries’ assets), which such credit facility shall not exceed \$255 million in the aggregate at any one time.

“*Termination Date*” means April 6, 2017 or such earlier date on which the Commitments are terminated in whole pursuant to Section 1.10, 9.2 or 9.3 hereof.

1.2. Exhibit C to the Credit Agreement shall be amended and restated in the form of Exhibit C attached hereto.

Section 2. Conditions Precedent.

This Amendment shall become effective upon satisfaction of all of the following conditions precedent:

2.1. The Borrower, the Guarantors, the Lenders and the Administrative Agent shall have executed and delivered this Amendment.

2.2. The Administrative Agent shall have received good standing certificates for each of the Borrower and the Guarantors from the Secretary of State from the state of its incorporation (dated no earlier than 30 days prior to the date of this Amendment).

2.3. Legal matters incident to the execution and delivery of this Amendment shall be satisfactory to the Administrative Agent and its counsel.

### Section 3. Representations.

3.1. In order to induce the Administrative Agent and the Lenders to execute and deliver this Amendment, the Borrower hereby represents to the Administrative Agent and the Lenders that as of the date hereof (a) the representations and warranties set forth in Section 6 of the Credit Agreement are and shall be and remain true and correct in all material respects (except to the extent that such representations and warranties relate to an earlier date) and (b) it is in compliance with the terms and conditions of the Credit Agreement and no Default or Event of Default has occurred and is continuing under the Credit Agreement or shall result after giving effect to this Amendment.

3.2. There have been no amendments, modifications, restatements or supplements to the certificate of incorporation or articles of formation, as applicable, and by-laws or the operating agreement, as applicable, of the Borrower and the Parent since June 30, 2015, and such certificate of incorporation, articles of formation, by-laws and operating agreement are in full force and effect.

3.3. There have been no amendments, modifications, restatements or supplements to the certificate of incorporation and by-laws of Holdings since June 30, 2015, and such certificate of incorporation and by-laws are in full force and effect.

3.4. The resolutions of the Borrower and the Guarantors dated June 30, 2015 on file with the Administrative Agent have not been amended, modified or rescinded and are in full force and effect.

### Section 4. Miscellaneous.

4.1. Except as specifically amended herein, the Credit Agreement, including without limitation the Guarantees set forth in Section 11 thereof and the Notes issued pursuant to Section 1.9 thereof, shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Credit Agreement, the Notes, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Credit Agreement, any reference in any of such items to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

4.2. The Borrower agrees to pay on demand all out of pocket costs and expenses of or incurred by the Administrative Agent in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Administrative Agent.

4.3. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of executed counterparts of this Amendment by telecopy or by e-mail transmission of an Adobe portable document format file (also known as a "PDF" file) shall be effective as an original. This Amendment shall be governed by the internal laws of the State of Illinois.



[Signature Pages to Follow]

This Ninth Amendment to Amended and Restated Credit Agreement is entered into as of the date and year first above written.

Intl FCStone Financial Inc., as the Borrower

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title CFO

INTL FCStone, Inc., as the Guarantor

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title CFO

By: /s/ BRUCE FIELDS  
Name BRUCE FIELDS  
Title GROUP TREASURER

Accepted and agreed to.

Bank of Montreal, as Administrative Agent

By: /s/ KRUPA TANTUWAYA  
Name KRUPA TANTUWAYA  
Title VICE PRESIDENT

BMO Harris Financing, Inc., as a Lender

By: /s/ KRUPA TANTUWAYA  
Name KRUPA TANTUWAYA  
Title VICE PRESIDENT

Amended and Restated  
Credit Agreement

Dated as of March 15, 2016,

among

FCStone Merchant Services, LLC,

The Guarantors from time to time parties hereto,

the Lenders from time to time parties hereto,

and

Bank of Montreal,  
as Administrative Agent

---

BMO Capital Markets, as Sole Lead Arranger and Sole Book Runner

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## **Amended and Restated Credit Agreement**

This Amended and Restated Credit Agreement is entered into as of March 15, 2016 by and among FCStone Merchant Services, LLC, a Delaware limited liability company (the “*Borrower*”), INTL FCStone Inc., a Delaware corporation (“*Holdings*”), the Borrower Subsidiaries (as hereinafter defined), as Guarantors, the several financial institutions from time to time party to this Agreement, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent as provided herein. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in Section 5.1 hereof.

### **Preliminary Statement**

The Borrower, the Guarantors, the Lenders and the Administrative Agent are currently party to that certain Credit Agreement dated as of August 10, 2012, as amended (the “*Original Credit Agreement*”). The Borrower hereby requests that certain amendments be made to the Original Credit Agreement and, for the sake of clarity and convenience, that the Original Credit Agreement be restated as so amended.

Now, Therefore, in consideration of the recital set forth above, which by this reference is incorporated into this Agreement set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and subject to the terms and conditions hereof and on the basis of the representations and warranties herein set forth, the Borrower, the Guarantors, the Lenders and the Administrative Agent hereby agree that upon satisfaction or waiver of the conditions precedent to the initial Credit Event hereinafter set forth, the Original Credit Agreement and all of the Exhibits and Schedules thereto shall be amended and as so amended shall be restated in their entirety to read as follows:

Section 1. The Credit Facilities. Section 1. The Credit Facilities

*Section 1.1. Commitments* Section 1.1. Commitments.

(a) *Loans*. Subject to the terms and conditions hereof, each Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually a “*Loan*” and collectively for all the Lenders the “*Loans*”) in U.S. Dollars to the Borrower from time to time on a revolving basis up to the amount of such Lender’s Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of Loans and L/C Obligations at any time outstanding shall not exceed the lesser of (i) the Commitments in effect at such time and (ii) the Borrowing Base as then determined and computed. Each Borrowing of Loans shall be made ratably by the Lenders in proportion to their respective Percentages. As provided in Section 1.4(a) hereof, the Borrower may elect that each Borrowing of Loans be either Base Rate Loans or Eurodollar Loans. Loans may be repaid and the principal amount thereof reborrowed before the Revolving Credit Termination Date, subject to the terms and conditions hereof.

(b) *Letters of Credit*. (i) *General Terms*. Subject to the terms and conditions hereof, as part of the Credit, the L/C Issuer shall issue standby and commercial letters of credit (each a “*Letter of Credit*”) for the account of Borrower in an aggregate undrawn face amount up to the L/C Sublimit. Each Letter of Credit shall be issued by the L/C Issuer, but each Lender shall be obligated to reimburse the L/C Issuer for such Lender’s Percentage of the amount of each drawing thereunder and, accordingly, Letters of Credit shall constitute usage of the Commitment of each Lender pro rata in an amount equal to its Percentage of the L/C Obligations then outstanding.

(ii) *Applications.* At any time before the Termination Date, the L/C Issuer shall, at the request of the Borrower, issue one or more Letters of Credit in U.S. Dollars, in a form satisfactory to the L/C Issuer, with expiration dates no later than the earlier of 12 months from the date of issuance (or which are cancelable not later than 12 months from the date of issuance and each renewal) or thirty (30) days prior to the Termination Date, in an aggregate face amount as set forth above, upon the receipt of an application duly executed by the Borrower for the relevant Letter of Credit in the form then customarily prescribed by the L/C Issuer for the Letter of Credit requested (each an “*Application*”). Notwithstanding anything contained in any Application to the contrary: (A) the Borrower shall pay fees in connection with each Letter of Credit as set forth in Section 2.1 hereof, (B) except as otherwise provided herein or in Section 1.6 or Section 1.13 hereof, unless an Event of Default exists, the L/C Issuer will not call for the funding by the Borrower of any amount under a Letter of Credit before being presented with a drawing thereunder, and (C) if the L/C Issuer is not timely reimbursed for the amount of any drawing under a Letter of Credit on the date such drawing is paid, except as otherwise provided for in Section 1.4(c) hereof, the Borrower’s obligation to reimburse the L/C Issuer for the amount of such drawing shall bear interest (which the Borrower hereby promises to pay) from and after the date such drawing is paid at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect (computed on the basis of a year of 360 days and the actual number of days elapsed). If the L/C Issuer issues any Letter of Credit with an expiration date that is automatically extended unless the L/C Issuer gives notice that the expiration date will not so extend beyond its then scheduled expiration date, unless the Administrative Agent or the Required Lenders instruct the L/C Issuer otherwise, the L/C Issuer will give such notice of non-renewal before the time necessary to prevent such automatic extension if before such required notice date: (A) the expiration date of such Letter of Credit if so extended would be after the Termination Date, (B) the Commitments have been terminated, or (C) a Default or an Event of Default exists and either the Administrative Agent or the Required Lenders (with notice to the Administrative Agent) have given the L/C Issuer instructions not to so permit the extension of the expiration date of such Letter of Credit. The L/C Issuer agrees to issue amendments to the Letter(s) of Credit increasing the amount, or extending the expiration date, thereof at the request of the Borrower subject to the conditions of Section 7 hereof and the other terms of this Section 1.1(b).

(iii) *The Reimbursement Obligations.* Subject to Section 1.1(b)(ii) hereof, the obligation of the Borrower to reimburse the L/C Issuer for all drawings under a Letter of Credit (a “*Reimbursement Obligation*”) shall be governed by the Application related to such Letter of Credit, except that reimbursement shall be made by no later than 12:00 Noon (Chicago time) on the date when each drawing is to be paid if the Borrower has been informed of such drawing by the L/C Issuer on or before 11:00 a.m. (Chicago time) on the date when such drawing is to be paid or, if notice of such drawing is given to the Borrower after 11:00 a.m. (Chicago time) on the date when such drawing is to be paid, by no later than 12:00 Noon (Chicago time) on the following Business Day, in immediately available funds at the Administrative Agent’s principal office in Chicago, Illinois, or such other office as the Administrative Agent may designate in writing to the Borrower (who shall thereafter cause to be distributed to the L/C Issuer such amount(s) in like funds). If the Borrower does not make any such reimbursement payment on the date due and the Participating Lenders fund their participations therein in the manner set forth in Section 1.3(e) below, then all payments thereafter received by the Administrative Agent in discharge of any of the relevant Reimbursement Obligations shall be distributed in accordance with Section 1.3(e) below.

(iv) *Obligations Absolute.* The Borrower’s obligation to reimburse L/C Obligations as provided in subsection (iii) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the relevant Application under any and all circumstances whatsoever and irrespective of (A) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (B) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any



respect, (C) payment by the L/C Issuer under a Letter of Credit against presentation of a draft or other document that does not strictly comply with the terms of such Letter of Credit, or (D) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. None of the Administrative Agent, the Lenders, or the L/C Issuer shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the L/C Issuer ; *provided* that the foregoing shall not be construed to excuse the L/C Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the L/C Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the L/C Issuer (as determined by a court of competent jurisdiction by final and nonappealable judgment), the L/C Issuer shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the L/C Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(v) *The Participating Interests.* Each Lender (other than the Lender acting as L/C Issuer in issuing the relevant Letter of Credit), by its acceptance hereof, severally agrees to purchase from the L/C Issuer, and the L/C Issuer hereby agrees to sell to each such Lender (a "*Participating Lender*"), an undivided percentage participating interest (a "*Participating Interest*"), to the extent of its Percentage, in each Letter of Credit issued by, and each Reimbursement Obligation owed to, the L/C Issuer. Upon any failure by the Borrower to pay any Reimbursement Obligation at the time required on the date the related drawing is to be paid, as set forth in Section 1.1(b)(iii) above, or if the L/C Issuer is required at any time to return to the Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment of any Reimbursement Obligation, each Participating Lender shall, not later than the Business Day it receives a request from the L/C Issuer (with a copy to the Administrative Agent) to such effect, if such request is received before 1:00 p.m. (Chicago time), or not later than 1:00 p.m. (Chicago time) the following Business Day, if such request is received after such time, pay to the Administrative Agent for the account of the L/C Issuer an amount equal to such Participating Lender's Percentage of such unpaid or recap-tured Reimbursement Obligation together with interest on such amount accrued from the date the related payment was made by the L/C Issuer to the date of such payment by such Participating Lender at a rate per annum equal to: (A) from the date the related payment was made by the L/C Issuer to the date two (2) Business Days after payment by such Participating Lender is due hereunder, the Federal Funds Rate for each such day and (B) from the date two (2) Business Days after the date such payment is due from such Participating Lender to the date such payment is made by such Participating Lender, the Base Rate in effect for each such day. Each such Participating Lender shall thereafter be entitled to receive its Percentage of each payment received in respect of the relevant Reimbursement Obligation and of interest paid thereon, with the L/C Issuer retaining its Percentage thereof as a Lender hereunder. The several obligations of the Participating Lenders to the L/C Issuer under this Section 1.1(b) shall be absolute, irrevocable, and unconditional under any and all circumstances whatsoever and shall not be subject to any set-off, counterclaim or defense to payment which any Participating Lender may have or have had against the Borrower, the L/C Issuer, the Administrative Agent, any Lender or any other Person whatsoever. Without limiting the generality

of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any reduction or termination of any Commitment of any Lender, and each payment by a Participating Lender under this Section 1.1(b) shall be made without any offset, abatement, withholding or reduction whatsoever.

(vi) *Indemnification.* The Participating Lenders shall, to the extent of their respective Percentages, indemnify the L/C Issuer (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such L/C Issuer's gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment) that the L/C Issuer may suffer or incur in connection with any Letter of Credit issued by it. The obligations of the Participating Lenders under this Section 1.1(b) (vi) and all other parts of this Section 1.1(b) shall survive termination of this Agreement and of all Applications, Letters of Credit, and all drafts and other documents presented in connection with drawings thereunder.

(vii) *Manner of Requesting a Letter of Credit.* The Borrower shall provide at least five (5) Business Days' advance written notice (or such longer period if required by the Administrative Agent) to the Administrative Agent of each request for the issuance of a Letter of Credit, such notice in each case to be accompanied by an Application for such Letter of Credit properly completed and executed by the Borrower and, in the case of an extension or amendment or an increase in the amount of a Letter of Credit, a written request therefor, in a form acceptable to the Administrative Agent and the L/C Issuer, in each case, together with the fees called for by this Agreement. The Administrative Agent shall promptly notify the L/C Issuer of the Administrative Agent's receipt of each such notice (and the L/C Issuer shall be entitled to assume that the conditions precedent to any such issuance, extension, amendment or increase have been satisfied unless notified to the contrary by the Administrative Agent or the Required Lenders) and the L/C Issuer shall promptly notify the Administrative Agent and the Lenders of the issuance of the Letter of Credit so requested.

(viii) *Replacement of the L/C Issuer.* The L/C Issuer may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced L/C Issuer and the successor L/C Issuer. The Administrative Agent shall notify the Lenders of any such replacement of the L/C Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced L/C Issuer. From and after the effective date of any such replacement (A) the successor L/C Issuer shall have all the rights and obligations of the L/C Issuer under this Agreement with respect to Letters of Credit to be issued thereafter and (B) references herein to the term "L/C Issuer" shall be deemed to refer to such successor or to any previous L/C Issuer, or to such successor and all previous L/C Issuers, as the context shall require. After the replacement of a L/C Issuer hereunder, the replaced L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of a L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit

*Section 1.2. Applicable Interest Rates*Section 1.2. *Applicable Interest Rates.* (a) *Base Rate Loans.* Each Base Rate Loan made or maintained by a Lender shall bear interest (computed on the basis of a year of 365 or 366 days, as the case may be, and the actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, or created by conversion from a Eurodollar Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect, payable by the Borrower on each Interest Payment Date and at maturity (whether by acceleration or otherwise).

"*Base Rate*" means, for any day, the rate per annum equal to the greatest of: (a) the rate of interest announced or otherwise established by the Administrative Agent from time to time as its prime commercial rate, or its equivalent, for U.S. Dollar loans to borrowers located in the United States as in effect on such day,

with any change in the Base Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Administrative Agent's best or lowest rate), (b) the sum of (i) the rate determined by the Administrative Agent to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Administrative Agent at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Administrative Agent for sale to the Administrative Agent at face value of Federal funds in the secondary market in an amount equal or comparable to the principal amount for which such rate is being determined, plus (ii) 1/2 of 1%, and (c) the LIBOR Quoted Rate for such day plus 1.00%. As used herein, the term "LIBOR Quoted Rate" means, for any day, the rate per annum equal to the quotient of (i) the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a one-month interest period as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) as of 11:00 a.m. (London, England time) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) divided by (ii) one (1) minus the Eurodollar Reserve Percentage, provided that in no event shall the "LIBOR Quoted Rate" be less than 0.00%.

(b) *Eurodollar Loans*. Each Eurodollar Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced or continued, or created by conversion from a Base Rate Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Adjusted LIBOR applicable for such Interest Period, payable by the Borrower on each Interest Payment Date and at maturity (whether by acceleration or otherwise).

"Adjusted LIBOR" means, for any Borrowing of Eurodollar Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Eurodollar Reserve Percentage}}$$

"Eurodollar Reserve Percentage" means the maximum reserve percentage, expressed as a decimal, at which reserves (including, without limitation, any emergency, marginal, special, and supplemental reserves) are imposed by the Board of Governors of the Federal Reserve System (or any successor) on "eurocurrency liabilities", as defined in such Board's Regulation D (or any successor thereto), subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the relevant Loans shall be deemed to be "eurocurrency liabilities" as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any such reserve percentage.

"LIBOR" means, for an Interest Period for a Borrowing of Eurodollar Loans, (a) the LIBOR Index Rate for such Interest Period, if such rate is available, and (b) if the LIBOR Index Rate cannot be determined, the arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which deposits in U.S. Dollars in immediately available funds are offered to the Administrative Agent at 11:00 a.m. (London, England time) two (2) Business Days before the beginning of such Interest Period by three (3) or more major banks in the interbank eurodollar market selected by the Administrative Agent for delivery on the first day of and for a period equal to such Interest Period and in an amount equal or comparable

to the principal amount of the Eurodollar Loan scheduled to be made as part of such Borrowing, provided that in no event shall "LIBOR" be less than 0.00%.

"LIBOR Index Rate" means, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a period equal to such Interest Period, as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) as of 11:00 a.m. (London, England time) on the day two (2) Business Days before the commencement of such Interest Period.

(c) *Rate Determinations.* The Administrative Agent shall determine each interest rate applicable to the Loans and the Reimbursement Obligations hereunder, and its determination thereof shall be conclusive and binding except in the case of manifest error.

*Section 1.3. Minimum Borrowing Amounts; Maximum Eurodollar Loans* Section 1.3. Minimum Borrowing Amounts; Maximum Eurodollar Loans. Each Borrowing of Base Rate Loans shall be in an amount not less than \$200,000. Each Borrowing of Eurodollar Loans advanced, continued or converted shall be in an amount equal to \$500,000 or such greater amount which is an integral multiple of \$100,000. Without the Administrative Agent's consent, there shall not be more than ten (10) Borrowings of Eurodollar Loans outstanding hereunder at any one time.

*Section 1.4. Manner of Borrowing Loans and Designating Applicable Interest Rates* Section 1.4. Manner of Borrowing Loans and Designating Applicable Interest Rates. (a) *Notice to the Administrative Agent.* The Borrower shall give notice to the Administrative Agent by no later than 10:00 a.m. (Chicago time): (i) at least three (3) Business Days before the date on which the Borrower requests the Lenders to advance a Borrowing of Eurodollar Loans and (ii) on the date the Borrower requests the Lenders to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, subject to the terms and conditions hereof, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to the minimum amount requirement for each outstanding Borrowing set forth in Section 1.3 hereof, a portion thereof, as follows: (i) if such Borrowing is of Eurodollar Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurodollar Loans or convert part or all of such Borrowing into Base Rate Loans or (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurodollar Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation or conversion of a Borrowing to the Administrative Agent by telephone, telecopy, or other telecommunication device acceptable to the Administrative Agent (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing), substantially in the form attached hereto as Exhibit A (Notice of Borrowing) or Exhibit B (Notice of Continuation/Conversion), as applicable, or in such other form acceptable to the Administrative Agent. Notice of the continuation of a Borrowing of Eurodollar Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Base Rate Loans into Eurodollar Loans must be given by no later than 10:00 a.m. (Chicago time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued or converted, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurodollar Loans, the Interest Period applicable thereto. Upon notice to the Borrower by the Administrative Agent or the Required Lenders (or, in the case of an Event of Default under Section 9.1(j) or 9.1(k) hereof with respect to the Borrower, without notice), no Borrowing of

Eurodollar Loans shall be advanced, continued, or created by conversion if any Default or Event of Default then exists. The Borrower agrees that the Administrative Agent may rely on any such telephonic, telecopy or other telecommunication notice given by any person the Administrative Agent in good faith believes is an Authorized Representative without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation such telephonic notice shall govern if the Administrative Agent has acted in reliance thereon.

(b) *Notice to the Lenders.* The Administrative Agent shall give prompt telephonic, telecopy or other telecommunication notice to each Lender of any notice from the Borrower received pursuant to Section 1.4(a) above and, if such notice requests the Lenders to make Eurodollar Loans, the Administrative Agent shall give notice to the Borrower and each Lender by like means of the interest rate applicable thereto promptly after the Administrative Agent has made such determination.

(c) *Borrower's Failure to Notify.* If the Borrower fails to give notice pursuant to Section 1.4(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurodollar Loans before the last day of its then current Interest Period within the period required by Section 1.4(a) and such Borrowing is not prepaid in accordance with Section 1.6(a), such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans. In the event the Borrower fails to give notice pursuant to Section 1.4(a) above of a Borrowing equal to the amount of a Reimbursement Obligation and has not notified the Administrative Agent by 12:00 noon (Chicago time) on the day such Reimbursement Obligation becomes due that it intends to repay such Reimbursement Obligation through funds not borrowed under this Agreement, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans under the Revolving Credit on such day in the amount of the Reimbursement Obligation then due, which Borrowing shall be applied to pay the Reimbursement Obligation then due.

(d) *Disbursement of Loans.* Not later than 1:00 p.m. (Chicago time) on the date of any requested advance of a new Borrowing, subject to Section 7 hereof, each Lender shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Administrative Agent in Chicago, Illinois (or at such other location as the Administrative Agent shall designate). The Administrative Agent shall make the proceeds of each new Borrowing available to the Borrower at the Administrative Agent's principal office in Chicago, Illinois (or at such other location as the Administrative Agent shall designate), by depositing or wire transferring such proceeds to the credit of the Borrower's Designated Disbursement Account or as the Borrower and the Administrative Agent may otherwise agree.

(e) *Administrative Agent Reliance on Lender Funding.* Unless the Administrative Agent shall have been notified by a Lender prior to (or, in the case of a Borrowing of Base Rate Loans, by 1:00 p.m. (Chicago time) on) the date on which such Lender is scheduled to make payment to the Administrative Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Administrative Agent may assume that such Lender has made such payment when due and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Lender and, if any Lender has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, pay to the Administrative Agent the amount made available to the Borrower attributable to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Lender pays such amount to the Administrative Agent at a rate per annum equal to: (i) from the date the related advance was made by the Administrative Agent to the date two (2) Business Days after payment by such Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day. If such amount is not received

from such Lender by the Administrative Agent immediately upon demand, the Borrower will, on demand, repay to the Administrative Agent the proceeds of the Loan attributable to such Lender with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan, but without such payment being considered a payment or prepayment of a Loan under Section 1.9 hereof so that the Borrower will have no liability under such Section with respect to such payment.

*Section 1.5. Maturity of Loans* Section 1.5. Maturity of Loans. Each Loan, both for principal and interest not sooner paid, shall mature and be due and payable by the Borrower on the Termination Date.

*Section 1.6. Prepayments* Section 1.6. Prepayments (a) *Optional*. The Borrower may prepay in whole or in part (but, if in part, then: (i) if such Borrowing is of Base Rate Loans, in an amount not less than \$200,000, (ii) if such Borrowing is of Eurodollar Loans, in an amount not less than \$500,000, and (iii) in each case, in an amount such that the minimum amount required for a Borrowing pursuant to Section 1.3 hereof remains outstanding) any Borrowing of Eurodollar Loans at any time upon three (3) Business Days prior notice by the Borrower to the Administrative Agent or, in the case of a Borrowing of Base Rate Loans, notice delivered by the Borrower to the Administrative Agent no later than 10:00 a.m. (Chicago time) on the date of prepayment (or, in any case, such shorter period of time then agreed to by the Administrative Agent), such prepayment to be made by the payment of the principal amount to be prepaid and, in the case of any Eurodollar Loans, accrued interest thereon to the date fixed for prepayment plus any amounts due the Lenders under Section 1.9 hereof.

(b) *Mandatory*. (i) The Borrower shall, on each date the Commitments are reduced pursuant to Section 1.10 hereof, prepay the Loans and, if necessary, prefund the L/C Obligations by the amount, if any, necessary to reduce the sum of the aggregate principal amount of Loans and L/C Obligations then outstanding to the amount to which the Commitments have been so reduced.

(ii) If at any time the sum of the unpaid principal balance of the Loans, and the L/C Obligations then outstanding shall be in excess of the Borrowing Base as then determined and computed (including, at the option of the Administrative Agent, daily computations of the Borrowing Base based upon mark-to market value of Eligible Commodities and the Hedging Value of Hedging Agreements), the Borrower shall immediately and without notice or demand pay over the amount of the excess to the Administrative Agent for the account of the Lenders as and for a mandatory prepayment on such Obligations, with each such prepayment first to be applied to the Loans until paid in full with any remaining balance to be held by the Administrative Agent in the Collateral Account as security for the Obligations owing with respect to the Letters of Credit.

(iii) Unless the Borrower otherwise directs, prepayments of Loans under this Section 1.6(b) shall be applied first to Borrowings of Base Rate Loans until payment in full thereof with any balance applied to Borrowings of Eurodollar Loans in the order in which their Interest Periods expire. Each prepayment of Loans under this Section 1.6(b) shall be made by the payment of the principal amount to be prepaid and, in the case of any Eurodollar Loans, accrued interest thereon to the date of prepayment together with any amounts due the Lenders under Section 1.9 hereof. Each prefunding of L/C Obligations shall be made in accordance with Section 9.4.

(c) Any amount of Loans paid or prepaid before the Termination Date may, subject to the terms and conditions of this Agreement, be borrowed, repaid and borrowed again.

*Section 1.7. Default Rate*Section 1.7. Default Rate. Notwithstanding anything to the contrary contained herein, while any Event of Default exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all Loans and Reimbursement Obligations, letter of credit fees and other amounts at a rate per annum equal to:

(a) for any Base Rate Loan, the sum of 2.0% *plus* the Applicable Margin *plus* the Base Rate from time to time in effect; and

(b) for any Eurodollar Loan, the sum of 2.0% *plus* the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of 2.0% *plus* the Applicable Margin for Base Rate Loans *plus* the Base Rate from time to time in effect;

(c) for any Reimbursement Obligation, the sum of 2.0% *plus* the amounts due under Section 1.1(b) with respect to such Reimbursement Obligation;

(d) for any Letter of Credit, the sum of 2.0% *plus* the L/C Participation Fee due under Section 2.1(b) with respect to such Letter of Credit; and

(e) for any other amount owing hereunder not covered by clauses (a) through (d) above, the sum of 2% *plus* the Applicable Margin *plus* the Base Rate from time to time in effect;

*provided, however*, that in the absence of acceleration, any adjustments pursuant to this Section shall be made at the election of the Administrative Agent, acting at the request or with the consent of the Required Lenders, with written notice to the Borrower. While any Event of Default exists or after acceleration, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Required Lenders.

*Section 1.8. Evidence of Indebtedness*Section 1.8. Evidence of Indebtedness. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note or notes in the form of Exhibit C (each promissory note being hereinafter referred to collectively as the "Notes" and individually as a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to such Lender or its registered assigns in the amount of the relevant Commitment. Thereafter, the Loans evidenced by such Note or Notes and interest thereon shall at all times (including after any assignment pursuant

to Section 13.12) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 13.12, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

*Section 1.9. Funding Indemnity*Section 1.9. Funding Indemnity. If any Lender shall incur any loss, cost or expense (including, without limitation, any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any Eurodollar Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to such Lender) as a result of:

(a) any payment, prepayment or conversion of a Eurodollar Loan on a date other than the last day of its Interest Period,

(b) any failure (because of a failure to meet the conditions of Section 7 or otherwise) by the Borrower to borrow or continue a Eurodollar Loan, or to convert a Base Rate Loan into a Eurodollar Loan on the date specified in a notice given pursuant to Section 1.4(a) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurodollar Loan when due (whether by acceleration or otherwise), or

(d) any acceleration of the maturity of a Eurodollar Loan as a result of the occurrence of any Event of Default hereunder,

then, upon the demand of such Lender, the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall provide to the Borrower, with a copy to the Administrative Agent, a certificate setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such certificate shall be conclusive if reasonably determined.

*Section 1.10. Commitment Terminations*Section 1.10. Commitment Terminations. (a) *Optional Terminations*. The Borrower shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Administrative Agent (or such shorter period of time agreed to by the Administrative Agent), to terminate the Commitments without premium or penalty and in whole or in part, any partial termination to be (i) in an amount not less than \$5,000,000 or such greater amount that is an integral multiple of \$1,000,000 and (ii) allocated ratably among the Lenders in proportion to their respective Percentages, provided that the Commitments may not be reduced to an amount less than the sum of the aggregate principal amount of Loans and L/C Obligations then outstanding. Any termination of the Commitments below the L/C Sublimit then in effect shall reduce the L/C Sublimit by a like amount. The Administrative Agent shall give prompt notice to each Lender of any such termination of the Commitments.

(b) Any termination of the Commitments pursuant to this Section 1.10 may not be reinstated.

*Section 1.11. Substitution of Lenders*Section 1.11. Substitution of Lenders. In the event (a) the Borrower receives a claim from any Lender for compensation under Section 10.3 or 13.1 hereof, (b) the Borrower receives notice from any Lender of any illegality pursuant to Section 10.1 hereof, (c) any Lender is then a Defaulting Lender, or (d) a Lender fails to consent to an amendment or waiver requested under Section 13.13 hereof at a time when the Required Lenders have approved such amendment or waiver (any such Lender referred to in clause (a), (b), (c), or (d) above being hereinafter referred to as an "Affected Lender"), the Borrower may, in addition to any other rights the Borrower may have hereunder or under applicable law,



require, at its expense, any such Affected Lender to assign, at par, without recourse, all of its interest, rights, and obligations hereunder (including all of its Commitments and the Loans and participation interests in Letters of Credit and other amounts at any time owing to it hereunder and the other Loan Documents) to an Eligible Assignee specified by the Borrower, *provided* that

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 13.12;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in L/C Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 1.9 as if the Loans owing to it were prepaid rather than assigned) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 10.3 or payments required to be made pursuant to Section 13.1, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender failing to consent to an amendment, waiver or consent, the applicable assignee shall have consented to the such amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

*Section 1.12. Defaulting Lenders* Section 1.12. Defaulting Lenders . (a) *Defaulting Lender Adjustments.*

Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 9 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 13.7 hereto shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any L/C Issuer hereunder; *third*, to Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 1.13; *fourth*, as the Borrower may request (so long as no Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by

the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 1.13; *sixth*, to the payment of any amounts owing to the Lenders or the L/C Issuer as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the L/C Issuer against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or L/C Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 7.1 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations are held by the Lenders pro rata in accordance with their Percentages of the Commitments without giving effect to Section 1.12(a)(iv) below. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 1.12(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.*

(A) No Defaulting Lender shall be entitled to receive any commitment fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 1.13.

(C) With respect to any L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each L/C Issuer, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) *Reallocation of Participations to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in L/C Obligations shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Percentages (calculated without regard to such Defaulting Lender's Commitments) but only to the extent that (x) the conditions set forth in Section 7.1 are satisfied

at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Loans and interests in L/C Obligations of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) *Cash Collateral*. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to them hereunder or under law, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 1.13.

(b) *Defaulting Lender Cure*. If the Borrower, the Administrative Agent and each L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held pro rata by the Lenders in accordance with their respective Percentages (without giving effect to Section 1.12(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) *Letters of Credit*. So long as any Lender is a Defaulting Lender, no L/C Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

*Section 1.13. Cash Collateral for Fronting Exposure* Section 1.13. Cash Collateral for Fronting Exposure At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or any L/C Issuer (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the L/C Issuers' Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 1.12(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) *Grant of Security Interest*. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the L/C Issuers, and agree to maintain, a first priority security interest in all such Cash Collateral as security for such Defaulting Lender's obligation to fund participations in respect of L/C Obligations, to be applied pursuant to clause (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the L/C Issuers as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower shall, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) *Application.* Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 1.13 or Section 1.12 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) *Termination of Requirement.* Cash Collateral (or the appropriate portion thereof) provided to reduce any L/C Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 1.13(c) following (A) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (B) the determination by the Administrative Agent and each L/C Issuer that there exists excess Cash Collateral; *provided that*, subject to Section 1.13, the Person providing Cash Collateral and each L/C Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations; and *provided further* that to the extent that such Cash Collateral was provided by the Borrower or any other Loan Party, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

## Section 2. Fees. Section 2. Fees

*Section 2.1. Fees.* (a) *Commitment Fee.* The Borrower shall pay to the Administrative Agent for the ratable account of the Lenders in accordance with their Percentages a commitment fee at the rate per annum equal to the Applicable Margin (computed on the basis of a year of 360 days and the actual number of days elapsed) on the average daily Unused Commitments. Such commitment fee shall be payable quarterly in arrears on the last day of each March, June, September, and December in each year (commencing on the first such date occurring after the date hereof) and on the Termination Date, unless the Commitments are terminated in whole on an earlier date, in which event the commitment fee for the period to the date of such termination in whole shall be paid on the date of such termination.

(b) *Letter of Credit Fees.* On the date of issuance or extension, or increase in the amount, of any Letter of Credit pursuant to Section 1.1(b), the Borrower shall pay to the L/C Issuer for its own account a fronting fee equal to 0.25% of the face amount of (or of the increase in the face amount of) such Letter of Credit. Quarterly in arrears, on the last day of each March, June, September, and December, commencing on the first such date occurring after the Closing Date, the Borrower shall pay to the Administrative Agent, for the ratable benefit of the Lenders in accordance with their Percentages, a letter of credit fee (the "*L/C Participation Fee*") at a rate per annum equal to 2.50% (computed on the basis of a year of 360 days and the actual number of days elapsed) of the daily average face amount of Letters of Credit outstanding during such quarter. In addition, the Borrower shall pay to the L/C Issuer for its own account the L/C Issuer's standard issuance, drawing, negotiation, amendment, assignment, and other administrative fees for each Letter of Credit as established by the L/C Issuer from time to time.

(c) *Administrative Agent Fees.* The Borrower shall pay to the Administrative Agent, for its own use and benefit, the fees agreed to in writing from time to time between the Administrative Agent and the Borrower.

(d) *Audit Fees.* The Borrower shall pay to the Administrative Agent for its own use and benefit charges for audits of the Collateral performed by the Administrative Agent or its agents or representatives in such amounts as the Administrative Agent may from time to time request (the Administrative Agent acknowledging and agreeing that such charges shall be computed in the same manner as it at the time customarily uses for the assessment of charges for similar collateral audits); *provided, however*, that in the absence of any

Default and Event of Default, the Borrower shall not be required to pay the Administrative Agent for more than two (2) such audits per calendar year.

### Section 3. Place and Application of Payments

*Section 3.1. Place and Application of Payments* Section 3.1. Place and Application of Payments. All payments of principal of and interest on the Loans and the Reimbursement Obligations, and all other Obligations payable by the Borrower under this Agreement and the other Loan Documents, shall be made by the Borrower to the Administrative Agent by no later than 3:00 p.m. (Chicago time) on the due date thereof at the office of the Administrative Agent in Chicago, Illinois (or such other location as the Administrative Agent may designate to the Borrower), for the benefit of the Lender(s) or the L/C Issuer entitled thereto. Any payments received after such time shall be deemed to have been received by the Administrative Agent on the next Business Day. All such payments shall be made in U.S. Dollars, in immediately available funds at the place of payment, in each case without set-off or counterclaim. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans and on Reimbursement Obligations in which the Lenders have purchased Participating Interests ratably to the Lenders and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement. If the Administrative Agent causes amounts to be distributed to the Lenders in reliance upon the assumption that the Borrower will make a scheduled payment and such scheduled payment is not so made, each Lender shall, on demand, repay to the Administrative Agent the amount distributed to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was distributed to such Lender and ending on (but excluding) the date such Lender repays such amount to the Administrative Agent, at a rate per annum equal to: (i) from the date the distribution was made to the date two (2) Business Days after payment by such Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day.

Anything contained herein to the contrary notwithstanding (including, without limitation, Section 1.9(b) hereof), all payments and collections received in respect of the Obligations and all proceeds of the Collateral received, in each instance, by the Administrative Agent or any of the Lenders after acceleration or the final maturity of the Obligations or termination of the Commitments as a result of an Event of Default shall be remitted to the Administrative Agent and distributed as follows:

(a) first, to the payment of any outstanding costs and expenses incurred by the Administrative Agent, and any security trustee therefor, in monitoring, verifying, protecting, preserving or enforcing the Liens on the Collateral, in protecting, preserving or enforcing rights under the Loan Documents, and in any event including all costs and expenses of a character which the Borrower and the Guarantors have agreed to pay the Administrative Agent under Section 13.15 (such funds to be retained by the Administrative Agent for its own account unless it has previously been reimbursed for such costs and expenses by the Lenders, in which event such amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Administrative Agent);

(b) second, to the payment of any outstanding interest and fees due under the Loan Documents to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(c) third, to the payment of principal on the Loans, unpaid Reimbursement Obligations, together with amounts to be held by the Administrative Agent as collateral security for any outstanding L/C Obligations pursuant to Section 9.4 (until the Administrative Agent is holding the Minimum

Collateral Amount of the then outstanding amount of all such L/C Obligations), and Hedging Liability, the aggregate amount paid to, or held as collateral security for, the Lenders and L/C Issuer and, in the case of Hedging Liability, their Affiliates to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(d) fourth, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of the Borrower and the Guarantors secured by the Loan Documents (including, without limitation, Funds Transfer and Deposit Account Liability) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof; and

(e) finally, to the Borrower or whoever else may be lawfully entitled thereto.

*Section 3.2. Account Debit*Section 3.2. Account Debit. The Borrower hereby irrevocably authorizes the Administrative Agent to charge any of the Borrower's deposit accounts maintained with the Administrative Agent for the amounts from time to time necessary to pay any then due Obligations; *provided* that the Borrower acknowledges and agrees that the Administrative Agent shall not be under an obligation to do so and the Administrative Agent shall not incur any liability to the Borrower or any other Person for the Administrative Agent's failure to do so.

Section 4. Guaranties and CollateralSection 4. Guaranties and Collateral.

*Section 4.1. Guaranties*Section 4.1. Guaranties. The payment and performance of the Obligations and Funds Transfer and Deposit Account Liability shall at all times be guaranteed by Holdings and each direct and indirect Domestic Borrower Subsidiary pursuant to Section 12 hereof or pursuant to one or more guaranty agreements in form and substance acceptable to the Administrative Agent, as the same may be amended, modified or supplemented from time to time (individually a "*Guaranty*" and collectively the "*Guaranties*" and each of Holdings and each such Borrower Subsidiary executing and delivering this Agreement as a Guarantor (including any Borrower Subsidiary hereafter executing and delivering an Additional Guarantor Supplement in the form called for by Section 12 hereof) or a separate Guaranty being referred to herein as a "*Guarantor*" and collectively the "*Guarantors*").

*Section 4.2. Collateral*Section 4.2. Collateral. The Secured Obligations shall be secured by valid, perfected, and enforceable Liens on all right, title, and interest of the Borrower in the following personal property: Receivables and all Letter of Credit Rights and insurance relating to such Receivables; Repurchase Agreements; documents of title with respect to any Qualified Commodity including, without limitation, warehouse receipts (both tangible and electronic); Hedging Accounts and Hedging Agreements; investment property; Qualified Commodities; general intangibles relating to the foregoing; rights to merchandise and other goods which is represented by, arises from, or relates to any of the foregoing; supporting obligations and security interests relating to the foregoing; monies, personal property, and interests in personal property of the Borrower of any kind or description held by any Lender, and all dividends and distributions on or other rights in connection with any such property; supporting evidence and documents relating to any of the above-described property; and accessions and additions to, and substitutions and replacements of, any and all of the foregoing, in each case whether now owned or hereafter acquired or arising, and all proceeds thereof. The Borrower acknowledges and agrees that the Liens on the Collateral shall be granted to the Administrative Agent for the benefit of the holders of the Obligations and the Funds Transfer and Deposit Account Liability, and shall be valid and perfected first priority Liens subject, however, to Liens permitted by Section 8.8 hereof, in each case pursuant to one or more Collateral Documents from the Borrower in form and substance satisfactory to the Administrative Agent.

*Section 4.3. Further Assurances*Section 4.3. Further Assurances. The Borrower agrees that it shall, and shall cause each Guarantor to, from time to time at the request of the Administrative Agent or the Required Lenders, execute and deliver such documents and do such acts and things as the Administrative Agent or the Required Lenders may reasonably request in order to provide for or perfect or protect such Liens on the Collateral. In the event the Borrower or any Guarantor forms or acquires any other Domestic Borrower Subsidiary after the date hereof, except as otherwise provided in Sections 4.1 and 4.2 above, the Borrower shall promptly upon such formation or acquisition cause such newly formed or acquired Domestic Borrower Subsidiary to execute a Guaranty and such Collateral Documents as the Administrative Agent may then require, and the Borrower shall also deliver to the Administrative Agent, or cause such Domestic Borrower Subsidiary to deliver to the Administrative Agent, at the Borrower's cost and expense, such other instruments, documents, certificates, and opinions reasonably required by the Administrative Agent in connection therewith.

Section 5. Definitions; Interpretation.Section 5. Definitions; Interpretation

*Section 5.1. Definitions*Section 5.1. Definitions. The following terms when used herein shall have the following meanings:

“*Account Debtor*” means any Person obligated to make payment on any Receivable.

“*Adjusted LIBOR*” is defined in Section 1.2(b) hereof.

“*Administrative Agent*” means Bank of Montreal, Chicago Branch, in its capacity as Administrative Agent hereunder, and any successor in such capacity pursuant to Section 11.7 hereof.

“*Administrative Questionnaire*” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“*Affiliate*” means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise; *provided that*, in any event for purposes of this definition, any Person that owns, directly or indirectly, 5% or more of the securities having the ordinary voting power for the election of directors or governing body of a corporation or 5% or more of the partnership or other ownership interest of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person.

“*Agreement*” means this Credit Agreement, as the same may be amended, modified, restated or supplemented from time to time pursuant to the terms hereof.

“*Agreement to Pledge*” means tangible negotiable document of title in the possession of the Borrower, copies of which are included in the Borrowing Notice attached hereto as Exhibit A, and the Borrower has agreed to deliver originals of such document of title with all necessary endorsements within one (1) Business Day of any Loan advance in reliance upon such document of title.

“*Anti-Corruption Laws*” means all laws, rules, and regulations of any jurisdiction applicable to Holdings, the Borrower or the Borrower Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

“*Applicable Margin*” means (i) with respect to Base Rate Loans, zero percent (0.0%) (ii) with respect to Eurodollar Loans, two and one half of one percent (2.50%), and (iii) with respect to the commitment fees set forth in Section 2.1(a) hereof, one half of one percent (0.50%).

“*Application*” is defined in Section 1.1(b)(ii) hereof.

“*Approved Fund*” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“*Approved Provider*” means any Person that: (i) maintains secure electronic systems for the recording, holding and transferring of electronic warehouse receipts and other electronic documents and information regarding ownership, transfers and pledges of the same that are fully compliant with applicable law, the agreement pursuant to which the Administrative Agent maintains its account with such Person, and the Administrative Agent’s standards for electronic security of assets and information, in each case as determined by the Administrative Agent in its sole discretion from time to time; (ii) is an authorized “provider” of a “central filing system” for the maintenance of electronic warehouse receipts or other electronic documents in good standing with and in full compliance with all requirements of 7 C.F.R. Part 735, including all requirements applicable under the provider agreement between such Person and the US Farm Services Agency (or its designee under applicable regulations); (iii) has entered into an agreement allowing the Administrative Agent to hold an account for the crediting of electronic warehouse receipts or other electronic documents, and to participate in such central filing system on terms and conditions satisfactory to the Administrative Agent in its sole discretion, (iv) at all times maintain in full force and effect any and all necessary insurance, sureties and bonds required by applicable law or the agreement pursuant to which the Administrative Agent maintains its account with such Person, and (v) that is otherwise satisfactory to the Administrative Agent in its sole discretion.

“*Assignment and Acceptance*” means an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.12 hereof), and accepted by the Administrative Agent, in substantially the form of Exhibit F or any other form approved by the Administrative Agent.

“*Authorized Representative*” means those persons shown on the list of officers provided by the Borrower pursuant to Section 7.2 hereof or on any update of any such list provided by the Borrower to the Administrative Agent, or any further or different officers of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Administrative Agent.

“*Base Rate*” is defined in Section 1.2(a) hereof.

“*Base Rate Loan*” means a Loan bearing interest at a rate specified in Section 1.2(a) hereof.

“*Borrower*” is defined in the introductory paragraph of this Agreement.

“*Borrower Subsidiary*” means a Subsidiary of the Borrower or of any of its direct or indirect Subsidiaries.

“*Borrowing*” means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Lenders on a single date and, in the case of Eurodollar Loans, for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Lenders according to their Percentages. A Borrowing is “*advanced*” on the day Lenders advance funds comprising such Borrowing to the Borrower, is “*continued*” on the date a new Interest Period for the



same type of Loans commences for such Borrowing, and is “*converted*” when such Borrowing is changed from one type of Loans to the other, all as determined pursuant to Section 1.4 hereof.

“*Borrowing Base*” means, as of any time it is to be determined, the sum of:

(a) the lesser of:

(i) 95% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower all Eligible Commodities consisting of Eligible Tier I Commodities sold by the Sellers to the Borrower under Eligible Repurchase Agreements, *minus* the aggregate amount of the applicable Concentration Limit; and

(ii) 85% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier I Commodities purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (a)(i) above, *plus*

(b) the lesser of:

(i) 90% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower all Eligible Commodities consisting of Eligible Tier II Commodities sold by the Sellers to the Borrower under the Eligible Repurchase Agreements, *minus* the applicable Concentration Limit, and

(ii) 80% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier II Commodities purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (b)(i) above; *plus*

(c) the lesser of:

(i) an amount equal to (A) 90% of the then outstanding unpaid amount of Eligible Receivables (Insured), *plus* (B) 80% of the then outstanding unpaid amount of Eligible Receivables (Uninsured); and

(ii) \$10,000,000, *plus*

(d) 90% of the Hedging Value of all Hedging Agreements maintained in an Eligible Hedging Account with respect to Eligible Commodities; *plus*

(e) 90% of the sum of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier I Commodities owned by the Borrower that are evidenced by documents of title that are subject to Hedging Agreements maintained in an Eligible Hedging Account; *plus*

(f) 80% of the sum of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier II Commodities owned by the Borrower that are evidenced by documents of title that are subject to Hedging Agreements maintained in an Eligible Hedging Account; *plus*

(f) 90% of OTC Commodity Contract Equity of the Borrower with respect to OTC Commodity Contracts for Qualified Commodities, if positive, or 100% of OTC Commodity Contract Equity with respect to OTC Commodity Contracts for Qualified Commodities, if negative (in which case such amount shall operate as a deduction from the Borrowing Base); *plus*

(h) 65% of Forward Contract Equity, if positive, with respect to Qualified Commodities; *minus* Forward Contract Exclusions; *plus*

(i) 70% of the sum of the Market Value at such time of all Unhedged Eligible Commodities; *minus*

(k) Eligible Tier II Commodity Cap;

*provided further*, that (i) the Administrative Agent shall have the right upon five (5) Business Days' notice to the Borrower to reduce the foregoing advance rates in its reasonable discretion based on results from any field audit or appraisal of the Collateral and (ii) the Borrowing Base shall be computed only as against and on so much of such Collateral as is included on a Borrowing Base Certificate furnished from time to time by the Borrower pursuant to this Agreement and, if required by the Administrative Agent pursuant to any of the terms hereof or any Collateral Document, as verified by such other evidence reasonably required to be furnished to the Administrative Agent pursuant hereto or pursuant to any such Collateral Document.

*"Borrowing Base Certificate"* means a certificate evidencing the Borrowing Base in the form of Exhibit G attached hereto or such other form acceptable to the Administrative Agent.

*"Business Day"* means any day (other than a Saturday or Sunday) on which banks are not authorized or required to close in Chicago, Illinois and, if the applicable Business Day relates to the advance or continuation of, or conversion into, or payment of a Eurodollar Loan, on which banks are dealing in U.S. Dollar deposits in the interbank eurodollar market in London, England and Nassau, Bahamas.

*"Capital Lease"* means any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

*"Capitalized Lease Obligation"* means, for any Person, the amount of the liability shown on the balance sheet of such Person in respect of a Capital Lease determined in accordance with GAAP.

*"Cash Collateralize"* means, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuer or Lenders, as collateral for L/C Obligations or obligations of Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances subject to a first priority perfected security interest in favor of the Administrative Agent or, if the Administrative Agent and each applicable L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable L/C Issuer. *"Cash Collateral"* shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

*"Certified Merchant"* means a Person that (a) is an elevator that is licensed and registered with the United States of America or any agency thereof or with the state where such Person elevator is located; (b) is located within a region set forth on Schedule 5.1(b) attached hereto; (c) is not the subject of dissolution, liquidation, reorganization, receivership or bankruptcy proceedings or has not gone out of business; and (d)

satisfies the requirement to qualify as a certified merchant set forth in the Credit and Collection Policy and is in compliance with all applicable “know your customer” and anti-money laundering rules and regulations, including without limitation, the United States Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“*Change in Law*” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“*Change of Control*” means any of (a) the acquisition by any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) at any time of beneficial ownership of 30% or more of the outstanding capital stock or other equity interests of Holdings on a fully-diluted basis, other than acquisitions of such interests by the Permitted Holders, (b) Holdings ceases to own, directly or indirectly, 100% of the Voting Stock of the Borrower, (c) Holdings fails to have the right to appoint a majority of the board of directors (or similar governing body) of the Borrower, (d) any “Change of Control” (or words of like import), as defined in any agreement or indenture relating to any issue of Indebtedness for Borrowed Money of Holdings in excess of \$10,000,000, shall occur, or (e) any “Change of Control” (or words of like import), as defined in any agreement or indenture relating to any issue of Indebtedness for Borrowed Money of the Borrower or any Borrower Subsidiary in excess of \$500,000, shall occur.

“*Closing Date*” means the date of this Agreement or such later Business Day upon which each condition described in Section 7.2 shall be satisfied or waived in a manner acceptable to the Administrative Agent in its discretion.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*Collateral*” means all properties, rights, interests, and privileges from time to time subject to the Liens granted to the Administrative Agent, or any security trustee therefor, by the Collateral Documents.

“*Collateral Account*” is defined in Section 9.4 hereof.

“*Collateral Documents*” means the Security Agreement, and all other mortgages, deeds of trust, security agreements, pledge agreements, assignments, financing statements and other documents as shall from time to time secure or relate to the Obligations, and the Funds Transfer and Deposit Account Liability or any part thereof.

“*Commitment*” means, as to any Lender, the obligation of such Lender to make Loans and to participate in Letters of Credit issued for the account of the Borrower hereunder in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 5.1 attached hereto and made a part hereof, as the same may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrower and the Lenders acknowledge and agree that the Commitments

of the Lenders aggregate (i) \$40,000,000 for the period commencing May 1, 2016 through and including September 30, 2016 and (ii) \$65,000,000 for all other periods.

“*Commodity Exchange Act*” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“*Concentration Limit*” means, for any Seller at any date of determination,

(a) (i) with respect to the initial transaction under an Eligible Repurchase Agreement for Eligible Tier I Commodities, the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Qualified Commodities pursuant to such Eligible Repurchase Agreement exceeds \$30,000,000, and (ii) with respect to all Eligible Repurchase Agreements (including Eligible Repurchase Agreements set forth in clause (b) above), the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Eligible Tier I Commodities pursuant to Eligible Repurchase Agreements exceeds \$32,000,000.

(b) (i) with respect to the initial transaction under an Eligible Repurchase Agreement for Eligible Tier II Commodities, the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Qualified Commodities pursuant to such Eligible Repurchase Agreement exceeds \$5,000,000, and (ii) with respect to all Eligible Repurchase Agreements (including Eligible Repurchase Agreements set forth in clause (b) above), the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Eligible Tier II Commodities pursuant to Eligible Repurchase Agreements exceeds \$6,000,000.

For purpose hereof, the obligations of a Seller’s Subsidiaries and Affiliates shall also be included in determining the Concentration Limit for such Seller.

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profit Taxes.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“*Credit*” means the credit facility for making Loans and issuing Letters of Credit described in Section 1.1 hereof.

“*Credit and Collection Policy*” means the credit and collection policy of Borrower dated as of October 15, 2010 heretofore delivered to the Administrative Agent, as such policy may hereafter be amended, modified or supplemented from time to time in accordance with this Agreement.

“*Credit Event*” means the advancing of any Loan, or the issuance of, or extension of the expiration date or increase in the amount of, any Letter of Credit.

“*Crop Year*” means, with respect to any Qualified Commodity at any time, the time period (not to exceed twelve (12) consecutive months) from the planting of such Qualified Commodity to the time such Qualified Commodity is harvested.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“*Default*” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“*Defaulting Lender*” means, subject to Section 1.12(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 1.12(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

“*Designated Disbursement Account*” means the account of the Borrower maintained with the Administrative Agent or its Affiliate and designated in writing to the Administrative Agent as the Borrower’s Designated Disbursement Account (or such other account as the Borrower and the Administrative Agent may otherwise agree).

“*Domestic Borrower Subsidiary*” means a Borrower Subsidiary that is not a Foreign Borrower Subsidiary.

“*Eligible Assignee*” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) the L/C Issuer as provided for in Section 13.12 hereof, and (iii) unless an Event of Default has occurred and is continuing, the

Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower or any Guarantor or any of the Borrower’s or such Guarantor’s Affiliates or Subsidiaries (including Borrower Subsidiaries).

“*Eligible Commodities*” means any Qualified Commodity which:

(a) is an asset of the Borrower to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens;

(b) (i) is covered by a negotiable tangible document of title (including a tangible warehouse receipt) in the Administrative Agent’s possession with all necessary endorsements, (ii) is an Eligible Electronic Warehouse Receipt, or (iii) is subject to an Agreement to Pledge or a Trust Receipt;

(d) if such Qualified Commodity is subject to an Agreement to Pledge, then the Borrower shall have delivered an original tangible document of title with all necessary endorsements no later than one (1) Business Day after the Administrative Agent has advanced a Loan in reliance upon such Agreement to Pledge;

(e) if such Qualified Commodity is subject to a Trust Receipt, then no more than 20 days have elapsed since the tangible warehouse receipts or such other document of title subject to such Trust Receipt was sent by the Administrative Agent; *provided*, that the market value of Qualified Commodities subject to Trust Receipts shall not exceed 25% of the market value of such Qualified Commodities;

(f) is delivered to the Borrower pursuant to an Eligible Repurchase Agreement or is owned by the Borrower free and clear of any Liens or other adverse interests;

(g) is subject to a Hedging Agreement in an equal amount to such Qualified Commodity and such Hedging Agreement is maintained in an Eligible Hedging Account; and

(h) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice to the Borrower or any Subsidiary any such commodity may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

“*Eligible Electronic Warehouse Receipt*” means either (a) a warehouse receipt that satisfies all of the following conditions:

(i) is an “electronic warehouse receipt” within the meaning of 7 C.F.R. Sec. 735.3, (ii) is issued and maintained through an Approved Provider at which Administrative Agent maintains an account for delivery of electronic warehouse receipts, and (iii) has been credited to the Administrative Agent’s account and Administrative Agent has the right to cause a further transfer of such electronic warehouse receipt within the central filing system of the Approved Provider without further action or consent by the Borrower and (b) any other electronic document of title provided by an Approved Provider that has been approved by the Administrative Agent.

*“Eligible Hedging Account”* means a Hedging Account which:

(a) is an asset of the Borrower or Seller to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens;

(b) is maintained with an intermediary (as defined in the UCC) that is acceptable to the Administrative Agent in its sole discretion, it being understood that the Administrative Agent may, at any time and for any reason, require that such Hedging Account be moved from one intermediary to another intermediary that is acceptable to the Administrative Agent in its sole discretion;

(c) is subject to an account control agreement among the Borrower or Seller (as applicable), the Administrative Agent and the intermediary satisfactory in form and substance to the Administrative Agent; and

(d) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice any such commodity account of the Borrower may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

*“Eligible OTC Counterparty”* means, with respect to any OTC Commodity Contract, (i) INTL FCStone Markets, LLC, (ii) a Person that is a Lender or an Affiliate of a Lender, or (iii) a Person that has a minimum rating from a nationally recognized credit agency of BBB+ that is acceptable to the Administrative Agent.

*“Eligible Receivable”* means any Receivable of the Borrower that:

(a) (i) arises out of the sale of Qualified Commodities and is not contingent upon the completion of any further performance by the Borrower or any other Person on its/their behalf, (ii) does not represent a pre-billed Receivable or a progress billing or retainage amount, (iii) does not relate to the payment of interest, and (iv) is net of any deposits made by or for the account of the relevant Account Debtor;

(b) is payable in U.S. Dollars or Canadian Dollars and the Account Debtor on such Receivable is located within the United States of America;

(c) is the valid, binding and legally enforceable obligation of the Account Debtor obligated thereon and such Account Debtor (i) is not a Subsidiary or an Affiliate of the Borrower or any Guarantor, (ii) is not a shareholder, director, officer, or employee of the Borrower, any Guarantor or of any of their Subsidiaries, (iii) is not the United States of America or any state or political subdivision thereof, or any department, agency or instrumentality of any of the foregoing, unless the Assignment of Claims Act or any similar state or local statute, as the case may be, is complied with to the satisfaction of the Administrative Agent, (iv) is not a debtor under any proceeding under any Debtor Relief Law, (v) is not an assignor for the benefit of creditors, or (vi) has not sold all or substantially all of its assets or has otherwise ceased its operations;

(d) is not evidenced by an instrument or chattel paper unless the same has been endorsed and delivered to the Administrative Agent;

(e) is an asset of the Borrower to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens (other than Liens permitted by Section 8.8(a) or (b) arising by operation of law which are subordinate to the Liens in favor of the Administrative Agent);

(f) is not subject to any counterclaim or defense asserted by the Account Debtor or subject to any offset or contra account payable to the Account Debtor (unless the amount of such Receivable is net of such contra account established to the reasonable satisfaction of the Administrative Agent);

(g) no surety bond was required or given in connection with said Receivable or the contract or purchase order out of which the same arose;

(h) it is evidenced by an invoice to the Account Debtor dated not more than five (5) Business Days subsequent to the shipment date of the relevant inventory or completion of performance of the relevant services and is issued on ordinary trade terms requiring payment within 30 days of invoice date, and has not been invoiced more than once;

(i) is not unpaid more than sixty (60) days after the original due date, and which has not been written off the books of the Borrower of such Guarantor or otherwise designated as uncollectible;

(j) would not cause the total Receivables owing from any one Account Debtor and its Affiliates to exceed \$1,500,000; *provided*, that only the amounts in excess of \$1,500,000 shall be deemed ineligible under this clause (j);

(k) is not owed by an Account Debtor located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit the Borrower to seek judicial enforcement in such jurisdiction of payment of such Receivable, unless the Borrower has filed such report or qualified to do business in such jurisdiction;

(l) complies in all material respects with the requirements of all applicable laws and regulations, whether Federal, state or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;

(m) all representations and warranties set forth in this Agreement and the Collateral Documents are true and correct with respect thereto;

(n) does not arise from a sale on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, consignment, or any other repurchase or return basis; and

(o) is not otherwise deemed to be ineligible in the sole judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice any Receivable of the Borrower may be deemed ineligible by the Administrative Agent acting in its sole judgment).

*"Eligible Receivable (Insured)"* means all Eligible Receivables (i) where the Account Debtor has a long-term rating of BBB or better by Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc., Baa or better by Moody's Investors Service, Inc., or BBB or better by Fitch, Inc. (*provided* that if more than one long-term rating applies to such security, then the lowest rating shall apply), or (ii) that are secured by an insurance policy in an amount and on such terms, and issued by an insurer, satisfactory to



the Administrative Agent in its discretion which has been assigned or transferred to the Administrative Agent in a manner acceptable to the Administrative Agent.

*“Eligible Receivable (Uninsured)”* means all Eligible Receivables that do not qualify as Eligible Receivables (Insured).

*“Eligible Repurchase Agreement”* means any Repurchase Agreement which:

(a) is the valid, binding and legally enforceable obligation of the Borrower and the Seller and such Seller is not (i) a Subsidiary or an Affiliate of the Borrower, (ii) a shareholder, director, officer or employee of Holdings, the Borrower or any Subsidiary, (iii) the United States of America, or any state or political subdivision thereof, or any department, agency or instrumentality of any of the foregoing, unless the Assignment of Claims Act or any similar state or local statute, as the case may be, is complied with to the satisfaction of the Administrative Agent, (iv) a debtor under any proceeding under the United States Bankruptcy Code, as amended, or any other comparable bankruptcy or insolvency law, or (v) an assignor for the benefit of creditors;

(b) provides that the Seller must repurchase the commodities within a determined amount of time in accordance with such Repurchase Agreement;

(c) no default or event of default exists under such Repurchase Agreement and the representations and warranties made therein by the Borrower and the Seller are true and correct in all material respects;

(d) the Borrower has full and unqualified right to assign and grant a Lien in such Repurchase Agreement to the Administrative Agent for the benefit of the Lenders;

(e) is not subject to any dispute, setoff, counterclaim, deductions or other claims or defense with respect thereto by the Seller;

(f) is not due from an Seller located in a state in which Borrower is not able to bring suit or otherwise enforce its remedies against an Seller through judicial process;

(g) is in compliance in all respects with the requirements of the Credit and Collection Policy; and

(h) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice to the Borrower or any Subsidiary any such commodity may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

*“Eligible Tier I Commodities”* means those Qualified Commodities set forth on Schedule 5.1(a) attached hereto under the heading *“Eligible Tier I Commodity”* as such schedule may be updated from time to time with the consent of the Lenders.

*“Eligible Tier II Commodities”* means those Qualified Commodities set forth on Schedule 5.1(a) attached hereto under the heading *“Eligible Tier II Commodity”* as such schedule may be updated from time to time with the consent of the Lenders.

“*Eligible Tier II Commodity Cap*” means, with respect to each Eligible Tier II Commodity at any time the same is to be determined:

(i) if the amount set forth in clause (b)(i) of the Borrowing Base is less than the amount set forth in clause (b)(ii), then an amount by which (a) the sum of (1) 90% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower such Eligible Tier II Commodity sold by the Sellers to the Borrower under the Eligible Repurchase Agreements, *minus* the Concentration Limit applicable to such Eligible Tier II Commodity, plus (2) 80% of the Market Value of such Eligible Tier II Commodity owned by the Borrower that is evidenced by documents of title subject to Hedging Agreements maintained in an Eligible Hedging Account exceeds (b) \$15,000,000.

(ii) if the amount set forth in clause (b)(ii) of the Borrowing Base is less than the amount set forth in clause (b)(i), then an amount by which (a) sum of (1) 80% of the Market Value of such Eligible Tier II Commodity purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (b)(i) of the Borrowing Base, plus (2) 80% of the Market Value of such Eligible Tier II Commodity owned by the Borrower that is evidenced by documents of title subject to Hedging Agreements maintained in an Eligible Hedging Account, exceeds (B) \$15,000,000.

“*Environmental Law*” means any current or future Legal Requirement pertaining to (a) the protection of health, safety and the indoor or outdoor environment, (b) the conservation, management or use of natural resources and wildlife, (c) the protection or use of surface water or groundwater, (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any hazardous material or (e) pollution (including any Release to air, land, surface water or groundwater), and any amendment, rule, regulation, order or directive issued thereunder.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Eurodollar Loan*” means a Loan bearing interest at the rate specified in Section 1.2(b) hereof.

“*Eurodollar Reserve Percentage*” is defined in Section 1.2(b) hereof.

“*Event of Default*” means any event or condition identified as such in Section 9.1 hereof.

“*Excluded Swap Obligation*” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason not to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“*Excluded Taxes*” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 1.11) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 13.1 amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 13.1(g), and (d) any U.S. federal withholding Taxes imposed under FATCA.

“*FATCA*” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“*Federal Funds Rate*” means the fluctuating interest rate per annum described in part (i) of clause (b) of the definition of Base Rate appearing in Section 1.2(a) hereof.

“*Foreign Borrower Subsidiary*” means each Borrower Subsidiary which (a) is organized under the laws of a jurisdiction other than the United States of America or any state thereof or the District of Columbia, (b) conducts substantially all of its business outside of the United States of America, and (c) has substantially all of its assets outside of the United States of America.

“*Foreign Lender*” means a Lender that is not a U.S. Person.

“*Forward Contract*” means any contract between the Borrower and one or more other Certified Merchants whereby the Borrower agrees to purchase Qualified Commodities from such Certified Merchants in a fixed price forward basis or no basis established contract on a specific date in the future, which will be delivered at a future date and later repurchased by the Certified Merchants.

“*Forward Contract Equity*” means, as of any date of determination and with respect to any Forward Contract, the difference between (a) the market value on a delivery date for the Qualified Commodities under such Forward Contract if entered into as of such date of determination, and (b) the price payable on the same delivery date for such Qualified Commodities under such Forward Contract outstanding as of such date of determination (or such difference, in the aggregate, measured on such other basis as may be reasonably determined from time to time by the Administrative Agent); *provided, however*, that the value of any outstanding Forward Contract shall be excluded from “Forward Contract Equity” to the extent that such outstanding Forward Contract (i) is not a validly-executed contract that is in full force and effect; (ii) is a contract pursuant to which delivery is to be made after the current Crop Year; (iii) is subject to any condition (other than the passage of time and tender of payment or goods) or dispute or with respect to which a known claim of offset or a contra account, or a defense or counterclaim, has been asserted by the Certified Merchant; (iv) is not subject to a duly perfected first priority Lien in favor of the Administrative Agent or is subject to any Lien; (v) is a contract that has been rolled, for a period of thirty (30) days or more, restructured, extended, amended or modified as a

result of the inability of any party thereto (including the Borrower) to perform thereunder or (vi) has a negative value from the Borrower's perspective.

*"Forward Contract Exclusion"* means the following amounts shall be excluded in determining Forward Contract Equity: (i) the amount by which any advance from the Borrower to a Certified Merchant exceeds \$5,000,000, (ii) the aggregate amount by which Forward Contract Equity exceeds \$10,000,000, and (iii) the amount by which all advances from the Borrower to Certified Merchants in a single region set forth on Schedule 5.1(b) attached hereto exceeds \$5,000,000.

*"Fronting Exposure"* means, at any time there is a Defaulting Lender, such Defaulting Lender's Percentage of the outstanding L/C Obligations with respect to Letters of Credit issued by such L/C Issuer other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

*"Fund"* means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

*"Funds Transfer and Deposit Account Liability"* means the liability of the Borrower or any Guarantor owing to any of the Lenders, or any Affiliates of such Lenders, arising out of (a) the execution or processing of electronic transfers of funds by automatic clearing house transfer, wire transfer or otherwise to or from deposit accounts of the Borrower and/or any Guarantor now or hereafter maintained with any of the Lenders or their Affiliates, (b) the acceptance for deposit or the honoring for payment of any check, draft or other item with respect to any such deposit accounts, and (c) any other deposit, disbursement, and cash management services afforded to the Borrower or any Guarantor by any of such Lenders or their Affiliates.

*"GAAP"* means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

*"Governmental Authority"* means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

*"Guarantor"* and *"Guarantors"* each is defined in Section 4.1 hereof.

*"Guaranty"* and *"Guaranties"* each is defined in Section 4.1 hereof.

*"Hedging Account"* means a commodity account, deposit account or securities account (as such terms are defined in the UCC) maintained by the Borrower, a Certified Merchant or a Seller with an intermediary.

*"Hedging Agreements"* means any arrangement entered into by the Borrower or a Seller with a counterparty to protect against fluctuations in raw materials values or commodity prices (including without limitation a commodity swap transaction, commodity collar transaction, commodity floor transaction, commodity cap transaction, commodity purchase transaction or commodity option transaction, or any

combination of the foregoing (including any options to enter into the foregoing)) that permits financial (rather than physical) settlement of such arrangement.

“*Hedging Liability*” means the liability of the Borrower or any Guarantor to any of the Lenders, or any Affiliates of such Lenders in respect of any Hedging Agreement of the type permitted under Section 8.7(c) as the Borrower or such Guarantor may from time to time enter into with any one or more of the Lenders party to this Agreement or their Affiliates, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor); *provided, however*, that, with respect to any Guarantor, Hedging Liability Guaranteed by such Guarantor shall exclude all Excluded Swap Obligations.

“*Hedging Value*” means, at any time the same is to be determined, the aggregate mark-to-market value of all Hedging Agreements as determined in accordance with the terms and conditions set forth in such Hedging Agreements after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, in each case determined without the addition of any asset value with respect thereto. For purposes hereof and as of any date of determination, the Hedging Value of Borrower’s Hedging Agreements for canola shall only include Hedging Agreements for the next two delivery months from the date of such determination.

“*Holdings*” is defined in the introductory paragraph hereof.

“*Indebtedness for Borrowed Money*” means for any Person (without duplication) (a) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (b) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business which are not more than ninety (90) days past due), (c) all indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (d) all Capitalized Lease Obligations of such Person, and (e) all obligations of such Person on or with respect to letters of credit, bankers’ acceptances and other extensions of credit whether or not representing obligations for borrowed money.

“*Indemnified Taxes*” means (a) all Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“*Interest Payment Date*” means (a) with respect to any Eurodollar Loan, the last day of each Interest Period with respect to such Eurodollar Loan and on the Termination Date and, if the applicable Interest Period is longer than (3) three months, on each day occurring every three (3) months after the commencement of such Interest Period, and (b) with respect to any Base Rate Loan, the last day of every calendar month and on the Termination Date.

“*Interest Period*” means the period commencing on the date a Borrowing of Eurodollar Loans is advanced, continued, or created by conversion and ending in the case of Eurodollar Loans, 2 weeks or 1, 2, 3, or 6 months thereafter, *provided, however*, that:

(i) no Interest Period shall extend beyond the final maturity date of the relevant Loans;

(ii) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, *provided* that, if such extension would cause the last day of an Interest Period for a Borrowing of

Eurodollar Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(iii) for purposes of determining an Interest Period for a Borrowing of Eurodollar Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; *provided, however*, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

“*INTL BOA Facility*” means that certain Credit Agreement, dated as of October 1, 2010, among Holdings and INTL Global Currencies Limited, as Borrowers, the Guarantors (as defined therein), the Lenders (as defined therein) and Bank of America, N.A., as Administrative Agent, as the same may be amended from time to time.

“*L/C Issuer*” means Bank of Montreal, Chicago Branch, in each case in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 1.1(b)(viii) hereof.

“*L/C Obligations*” means the aggregate undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations.

“*L/C Participation Fee*” is defined in Section 2.1(b) hereof.

“*L/C Sublimit*” means \$5,000,000, as reduced pursuant to the terms hereof.

“*Legal Requirement*” means any treaty, convention, statute, law, common law, rule regulation, ordinance, license, permit, governmental approval, injunction, judgment, order, consent decree or other requirement of any governmental authority, whether federal, state, or local.

“*Lenders*” means and includes Bank of Montreal, Chicago Branch and the other financial institutions from time to time party to this Agreement, including each assignee Lender pursuant to Section 13.12 hereof.

“*Lending Office*” is defined in Section 10.4 hereof.

“*Letter of Credit*” is defined in Section 1.1(b) hereof.

“*LIBOR*” is defined in Section 1.2(b) hereof.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“*Loan*” is defined in Section 1.1 hereof and, as so defined, includes a Base Rate Loan or a Eurodollar Loan, each of which is a “*type*” of Loan hereunder.

“*Loan Documents*” means this Agreement, the Notes (if any), the Applications, the Collateral Documents, the Guaranties, and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

“*Management Fees*” means all fees, charges and other amounts (including without limitation salaries and any other compensation such as bonuses, pensions and profit sharing payments) due and to become due to Holdings or any of its Affiliates in consideration for, directly or indirectly, management, consulting or similar services.

“*Material Adverse Effect*” means (a) a material adverse change in, or material adverse effect upon, the operations, business, Property or condition (financial or otherwise) of the Borrower or of Holdings, the Borrower and the Borrower Subsidiaries taken as a whole, (b) a material impairment of the ability of Holdings, the Borrower or any Borrower Subsidiary to perform its material obligations under any Loan Document or (c) a material adverse effect upon (i) the legality, validity, binding effect or enforceability against Holdings, the Borrower or any Borrower Subsidiary of any Loan Document or the rights and remedies of the Administrative Agent and the Lenders thereunder or (ii) the perfection or priority of any Lien granted under any Collateral Document.

“*Material Contract*” means each Hedging Agreement, Repurchase Agreement and any other agreement entered into by the Borrower with respect or in connection with the foregoing, in each case that is included in determining eligibility requirements for purposes of the Borrowing Base.

“*Merchants Plus Program*” means a program where farms commit to sell a predetermined quantity of grain to a grain elevator at a price to be determined by the Borrower. The farmer is required to commit the quantity of grain to the program by a set cut-off date. Once the cut-off date is reached, Borrower manages the aggregate quantity of grain in the program and attempts to maximize the value of the grain during a timeframe referred to as the pricing period. The Borrower is permitted to utilize a pricing strategy that it determines appropriate. At the end of the pricing period, the value of the grain is set and the farmer is committed to deliver the grain to the local elevator at the set value.

“*Minimum Collateral Amount*” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of all L/C Issuers with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the L/C Issuer in their sole discretion

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Non-Defaulting Lender*” means, at any time, each Lender that is not a Defaulting Lender at such time.

“*Note*” and “*Notes*” each is defined in Section 1.8 hereof.

“*Obligations*” means all obligations of the Borrower to pay principal and interest on the Loans, all Reimbursement Obligations owing under the Applications, all fees and charges payable hereunder, and all other payment obligations of the Borrower or any of the Guarantors arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” means the United States Department of Treasury Office of Foreign Assets Control.

“*OFAC Event*” means the event specified in Section 8.23 hereof.

“*OTC Commodity Contract*” means any Hedge Agreement (excluding any exchange-traded or exchange-cleared contract) with respect to any Qualified Commodity to which the Borrower is a party.

“*OTC Commodity Contract Equity*” means, as of any date of determination, the net liquidation value (positive or negative) to the Borrower of all OTC Commodity Contracts to which the Borrower is a party, calculated on the basis of the most recently available account statements prepared by the counterparties thereto or such other basis as may be reasonably determined from time to time by the Administrative Agent (and, to the extent that such other basis would increase the amount thereof, consented to by the Lenders); *provided, however*, that the positive value of any OTC Commodity Contract that is in the money from the Borrower’s perspective shall be excluded from “*OTC Commodity Contract Equity*” to the extent that (a) such OTC Commodity Contract is (i) not a validly-executed contract that is in full force and effect; (ii) subject to any condition (other than the passage of time, tender of payment or changes in prices or values with respect to the reference assets) or dispute or with respect which a known claim of offset or a contra account, or a defense or counterclaim, has been asserted by the counterparty with respect thereto; (iii) with a Person that is the subject of dissolution, liquidation, reorganization, receivership or bankruptcy proceedings or has gone out of business; (iv) with a Person (other than an Eligible OTC Counterparty) whose principal office is located outside the United States or with an Eligible OTC Counterparty who does not have an office within the United States; (v) the counterparty with respect thereto is not an Eligible OTC Counterparty; (vi) not subject to a duly perfected first priority Lien in favor of the Administrative Agent or is subject to any Liens (other than Liens in favor of the Administrative Agent) in favor of any Person other than the Administrative Agent; or (vii) a contract that has been rolled, restructured, extended, amended or modified as a result of the inability of any party thereto to perform thereunder or (b) the Eligible OTC Counterparty has not executed and delivered to the Administrative Agent such acknowledgments with respect to such OTC Commodity Contract which the Administrative Agent determines are necessary or desirable.

“*Other Connection Taxes*” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 1.14).

“*Participating Interest*” is defined in Section 1.1(b)(v) hereof.

“*Participating Lender*” is defined in Section 1.1(b)(v) hereof.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

“*Percentage*” means, for each Lender, the percentage of the Commitments represented by such Lender’s Commitment or, if the Commitments have been terminated, the percentage held by such Lender of the aggregate principal amount of all Loans then outstanding.

“*Permitted Holders*” means (a) Leucadia National Corporation and (b) (i) Sean M. O’Connor, Scott J. Branch, John Radziwill or any of their respective spouses or lineal descendants; (ii) the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any of the foregoing; and (iii) any trust, the beneficiaries of which only include any of the foregoing or their respective spouses or lineal descendants.



“*Person*” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

“*Plan*” means any employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (a) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group or (b) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Property*” means, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

“*Qualified Commodity*” means any physical commodity of the type described on Schedule 5.1(a) attached hereto (as such schedule may be modified or supplemented in the Administrative Agent’s reasonable discretion) that is (or with respect to a physical commodity subject to a Forward Contract, will be upon delivery of such physical commodity) (a) either covered by a tangible document of title issued or negotiated to the Borrower or is an Eligible Electronic Warehouse Receipt; (b) on site and in storage within a storage facility operated by a Seller; and (c) fully insured against casualty loss while in storage with such Seller, and such Seller or the Borrower has delivered to the Administrative Agent an insurance certificate naming the Administrative Agent as lender’s loss payee with respect to such Qualified Commodity. The foregoing notwithstanding, if any physical commodity consisting of canola or cotton is not on site and in storage within a storage facility operated by such Seller, such physical commodity shall be a Qualified Commodity if such physical commodity is stored at a storage facility acceptable to the Administrative Agent (in its sole discretion), and the Borrower, or such Seller or storage operator provides an insurance certificate to the Administrative Agent evidencing that such physical commodity is fully insured against casualty loss while in storage and naming the Administrative Agent as loss payee.

“*Qualified ECP Guarantor*” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“*Receivables*” means all rights to the payment of a monetary obligation, now or hereafter owing, whether evidenced by accounts, instruments, chattel paper, or general intangibles.

“*Recipient*” means (a) the Administrative Agent, (b) any Lender, and (c) any L/C Issuer, as applicable.

“*Reimbursement Obligation*” is defined in Section 1.1(b)(iii) hereof.

“*Repurchase Agreement*” means a master commodities sale/repurchase agreement between the Borrower and a Seller, pursuant to which the Seller party thereto agrees to sell certain commodities to the Borrower and the Borrower agrees to purchase such commodities and then the Seller agrees to repurchase such commodities at a later date, together with all agreements, documents and instruments related thereto, as such

agreements, documents and instruments may be amended from time to time in accordance with the Credit and Collection Policy and in accordance with this Agreement.

“*Required Lenders*” means, as of the date of determination thereof, (i) in the event there are two (2) Lenders, 100%, and (ii) in the event there are more than two (2) Lenders, Lenders whose outstanding Loans and Unused Commitments constitute more than 50% of the sum of the total outstanding Loans and Unused Commitments of the Lenders.

“*S&P*” means Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc.

“*Sanctions*” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC), the European Union, Her Majesty’s Treasury, or other relevant sanctions authority.

“*Sanctioned Country*” means at any time, a country or territory which is itself the subject or target of any Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria).

“*Sanctioned Person*” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

“*Secured Obligations*” means the Obligations, Hedging Liability, and Funds Transfer and Deposit Account Liability, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired (including all interest, costs, fees, and charges after the entry of an order for relief against the Borrower or any Guarantor in a case under the United States Bankruptcy Code or any similar proceeding, whether or not such interest, costs, fees and charges would be an allowed claim against such Loan Party in any such proceeding); *provided, however*, that, with respect to any Guarantor, Secured Obligations Guaranteed by such Guarantor shall exclude all Excluded Swap Obligations.

“*Security Agreement*” means that certain Amended and Restated Security Agreement dated as of the date of this Agreement between the Borrower and the Administrative Agent, as the same may be amended, modified, supplemented or restated from time to time.

“*Seller*” means each Person obligated to repurchase commodities previously sold to the Borrower under such Repurchase Agreement.

“*Subsidiary*” means, as to any particular parent corporation or organization, any other corporation or organization more than 50% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one or more other entities which are themselves subsidiaries of such parent corporation or organization.

“*Swap Obligation*” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“*Tangible Net Worth*” means, for any Person and at any time the same is to be determined, the excess of such Person’s assets over all its liabilities and reserves as determined in accordance with GAAP, but excluding as assets (i) goodwill and other intangible items and (ii) advances and loans to and investments in such Person’s Affiliates and Subsidiaries. For avoidance of doubt, the investments in and loans to the joint venture permitted by Section 8.9(j) hereof shall be excluded as assets for purposes of determining Tangible Net Worth.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Termination Date*” means May 1, 2017, or such earlier date on which the Commitments are terminated in whole pursuant to Section 1.10, 9.2 or 9.3 hereof.

“*Trust Receipt*” means tangible negotiable documents of title covering Qualified Commodities delivered by the Administrative Agent to the Borrower or any other Person for the purpose of (a) the ultimate sale or exchange of such Qualified Commodity, or (b) the loading, unloading, storing, shipping, transshipping, manufacturing, or otherwise dealing with such Qualified Commodities in a manner preliminary to their sale or exchange.

“*UCC*” means Uniform Commercial Code of the State of Illinois as in effect from time to time.

“*Unfunded Vested Liabilities*” means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

“*Unhedged Eligible Commodities*” means all Qualified Commodities owned by the Borrower that are (i) evidenced by a document of title and (ii) not subject to a Hedging Agreement but otherwise satisfy the requirements set forth in the defined term “*Eligible Commodities*”.

“*Unused Commitments*” means, at any time, the difference between the Commitments then in effect and the aggregate outstanding principal amount of Loans and L/C Obligations.

“*U.S. Dollars*” and “*\$*” each means the lawful currency of the United States of America.

“*U.S. Person*” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“*U.S. Tax Compliance Certificate*” has the meaning assigned to such term in subsection (f) of Section 13.1.

“*Voting Stock*” of any Person means capital stock or other equity interests of any class or classes (however designated) having ordinary power for the election of directors or other similar governing body of such Person, other than stock or other equity interests having such power only by reason of the happening of a contingency.

“*Welfare Plan*” means a “welfare plan” as defined in Section 3(1) of ERISA.

“*Withholding Agent*” means the Borrower, any Guarantor and the Administrative Agent.

“*Wholly-owned Subsidiary*” means a Subsidiary of which all of the issued and outstanding shares of capital stock (other than directors’ qualifying shares as required by law) or other equity interests are owned by the Borrower and/or one or more Wholly-owned Subsidiaries within the meaning of this definition.

*Section 5.2. Interpretation*Section 5.2. Interpretation. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references to time of day herein are references to Chicago, Illinois, time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

*Section 5.3. Change in Accounting Principles*Section 5.3. Change in Accounting Principles. If, after the date of this Agreement, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.5 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Borrower or the Required Lenders may by notice to the Lenders and the Borrower, respectively, require that the Lenders and the Borrower negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of Holdings, the Borrower and the Borrower Subsidiaries shall be the same as if such change had not been made. No delay by the Borrower or the Required Lenders in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 5.3, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Borrower shall neither be deemed to be in compliance with any financial covenant hereunder nor out of compliance with any financial covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof.

*Section 6. Representations and Warranties*Section 6. Representations and Warranties.

The Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

*Section 6.1. Organization and Qualification*Section 6.1. Organization and Qualification. The Borrower is duly organized, validly existing, and in good standing as a limited liability company under the laws of the State of Delaware, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying, except where the failure to do so would not have a Material Adverse Effect.

*Section 6.2. Holdings and Borrower Subsidiaries*Section 6.2. Holdings and Borrower Subsidiaries. Holdings and each Borrower Subsidiary is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying, except where the failure to do so would not have a Material Adverse Effect. Schedule 6.2 hereto identifies the Borrower and each Borrower Subsidiary, the jurisdiction of its organization, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by Holdings, the Borrower and the Borrower Subsidiaries (for Holdings, solely with respect to the Borrower and Borrower Subsidiaries) and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class of its authorized capital stock and other equity interests and the number of shares of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of the Borrower and each Borrower Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests indicated on Schedule 6.2 as owned by Holdings, the Borrower or the Borrower Subsidiaries are owned, beneficially and of record, by Holdings, the Borrower or the applicable Borrower Subsidiary free and clear of all Liens other than Liens permitted by Section 8.8 hereof. There are no outstanding commitments or other obligations of the Borrower or any Borrower Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of the Borrower or any Borrower Subsidiary.

*Section 6.3. Authority and Validity of Obligations*Section 6.3. Authority and Validity of Obligations. The Borrower has full right and authority to enter into this Agreement and the other Loan Documents executed by it, to make the borrowings herein provided for, to grant to the Administrative Agent the Liens described in the Collateral Documents executed by the Borrower, and to perform all of its obligations hereunder and under the other Loan Documents executed by it. Holdings and each Borrower Subsidiary has full right and authority to enter into the Loan Documents executed by it, to guarantee the Obligations and Funds Transfer and Deposit Account Liability, to grant to the Administrative Agent the Liens described in the Collateral Documents executed by such Person (if any), and to perform all of its obligations under the Loan Documents executed by it. The Loan Documents delivered by Holdings, the Borrower and the Borrower Subsidiaries have been duly authorized, executed, and delivered by such Persons and constitute valid and binding obligations of Holdings, the Borrower and the Borrower Subsidiaries enforceable against them in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by Holdings, the Borrower or any Borrower Subsidiary of any of the matters and things herein or therein provided for, (a) contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon Holdings, the Borrower or any Borrower Subsidiary or any provision of the organizational documents (e.g., charter, certificate or articles of incorporation and by-laws, certificate or articles of association and operating agreement, partnership agreement, or other similar organizational documents) of Holdings, the Borrower or any Borrower Subsidiary, (b) contravene or constitute a default under any covenant, indenture or agreement of or affecting Holdings, the Borrower or any Borrower Subsidiary or any of their Property, in each case where such contravention or default,

individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (c) result in the creation or imposition of any Lien on any Property of Holdings, the Borrower or any Borrower Subsidiary other than the Liens granted in favor of the Administrative Agent pursuant to the Collateral Documents.

*Section 6.4. Use of Proceeds; Margin Stock* Section 6.4. Use of Proceeds; Margin Stock. The Borrower shall use the proceeds of the Loans (i) to finance traditional commodity financing arrangements or the Borrower's purchase of Eligible Commodities from the Sellers who have agreed to sell Eligible Commodities to (and to later repurchase such Eligible Commodities from) the Borrower, (ii) to finance the Borrower's purchase of Forward Contracts, (iii) to finance Eligible Accounts Receivable arising from the sale of Eligible Commodities, and (iv) for general working capital purposes; *provided*, that Borrower shall not use such proceeds to do any of the foregoing relating to Qualified Commodities consisting of metals if the use of such proceeds would cause the daily average amount of Loans used to finance metals in the preceding 12 months to exceed 50% of daily average amount of Loans during such period. None of Holdings, the Borrower or any Borrower Subsidiary is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan or any other extension of credit made hereunder will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock. Margin stock (as hereinabove defined) constitutes less than 25% of the assets of Holdings, the Borrower and the Borrower Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

*Section 6.5. Financial Reports* Section 6.5. Financial Reports. (i) The unaudited balance sheet of the Borrower as at September 30, 2015, and the related income statement of the Borrower for the fiscal year then ended, and the unaudited interim balance sheet of the Borrower as at June 30, 2015, and the related income statement of the Borrower and for the 9 months then ended, heretofore furnished to the Administrative Agent and the Lenders fairly present the financial condition of the Borrower as at said dates and the results of its operations and cash flows for the periods then ended in conformity with GAAP applied on a consistent basis (except that interim statements omit any footnotes to the information contained therein and do not reflect certain adjustments which would be reflected on the annual certified financial statements). Except as disclosed on Schedule 6.5 hereto, the Borrower has no contingent liabilities which are material to it other than as indicated on such financial statements or, with respect to future periods, on the financial statements furnished pursuant to Section 8.5 hereof.

(ii) The Annual Report on Form 10-K for the fiscal year ended September 30, 2015 has been prepared in accordance with GAAP on a basis consistent, except as otherwise noted therein, with that of the previous fiscal year or period and fairly reflect the financial position of Holdings as of the dates thereof, and the results of operations for the periods covered thereby. Except as disclosed on Schedule 6.5 hereto, Holdings does not have contingent liabilities which are material to it other than as indicated on such financial statements or, with respect to future periods, on the financial statements furnished pursuant to Section 8.5 hereof.

*Section 6.6. No Material Adverse Change* Section 6.6. No Material Adverse Change. Since September 30, 2015, there has been no change in the condition (financial or otherwise) or business prospects of Holdings, the Borrower or any Borrower Subsidiary except those occurring in the ordinary course of business or disclosed in the financial reports identified in Section 6.5(ii) hereof or another form of written disclosure to the Lenders prior to the date of this Agreement, none of which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

*Section 6.7. Full Disclosure* Section 6.7. Full Disclosure. The statements and information furnished to the Administrative Agent and the Lenders in connection with the negotiation of this Agreement

and the other Loan Documents and the commitments by the Lenders to provide all or part of the financing contemplated hereby do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading, the Administrative Agent and the Lenders acknowledging that as to any projections furnished to the Administrative Agent and the Lenders, the Borrower only represents that the same were prepared on the basis of information and estimates the Borrower believed to be reasonable.

*Section 6.8. Trademarks, Franchises, and Licenses*Section 6.8. Trademarks, Franchises, and Licenses. Holdings, the Borrower and the Borrower Subsidiaries own, possess, or have the right to use all material patents, licenses, franchises, trademarks, trade names, trade styles, copyrights, trade secrets, know how, and confidential commercial and proprietary information necessary to conduct their businesses as now conducted, without known conflict with any patent, license, franchise, trademark, trade name, trade style, copyright or other proprietary right of any other Person.

*Section 6.9. Governmental Authority and Licensing*Section 6.9. Governmental Authority and Licensing. Holdings, the Borrower and the Borrower Subsidiaries have received all licenses, permits, and approvals of all federal, state, and local governmental authorities, if any, necessary to conduct their businesses, in each case where the failure to obtain or maintain the same could reasonably be expected to have a Material Adverse Effect. No investigation or proceeding which, if adversely determined, could reasonably be expected to result in revocation or denial of any material license, permit or approval is pending or, to the knowledge of the Borrower, threatened.

*Section 6.10. Good Title*Section 6.10. Good Title. Holdings, the Borrower and the Borrower Subsidiaries have good and defensible title (or valid leasehold interests) to their assets as reflected on the most recent consolidated balance sheet of Holdings, the Borrower and the Borrower Subsidiaries furnished to the Administrative Agent and the Lenders (except for sales of assets in the ordinary course of business), subject to no Liens other than such thereof as are permitted by Section 8.8 hereof.

*Section 6.11. Litigation and Other Controversies*Section 6.11. Litigation and Other Controversies. There is no litigation or governmental or arbitration proceeding or labor controversy pending, nor to the knowledge of the Borrower threatened, against Holdings, the Borrower or any Borrower Subsidiary or any of their Property which if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Items disclosed in the financial reports identified in Section 6.5(ii) and in Holdings' Annual Report on Form 10-K for the fiscal year ended September 30, 2015 are not reasonably expected to have a Material Adverse Effect.

*Section 6.12. Taxes*Section 6.12. Taxes. All material tax returns required to be filed by Holdings, the Borrower or any Borrower Subsidiary in any jurisdiction have, in fact, been filed, and all material taxes, assessments, fees, and other governmental charges upon Holdings, the Borrower or any Borrower Subsidiary or upon any of its Property, income or franchises, which are shown to be due and payable in such returns, have been paid, except such taxes, assessments, fees and governmental charges, if any, as are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and as to which adequate reserves established in accordance with GAAP have been provided. Neither Holdings nor the Borrower knows of any proposed additional tax assessment against Holdings, the Borrower or the Borrower Subsidiaries for which adequate provisions in accordance with GAAP have not been made on their accounts. Adequate provisions in accordance with GAAP for taxes on the books of Holdings, the Borrower and each Borrower Subsidiary have been made for all open years, and for its current fiscal period.

*Section 6.13. Approvals*Section 6.13. Approvals. No authorization, consent, license or exemption from, or filing or registration with, any court or governmental department, agency or instrumentality, nor any approval or consent of any other Person, is or will be necessary to the valid execution, delivery or performance by Holdings, the Borrower or any Borrower Subsidiary of any Loan Document, except for (i) such approvals which have been obtained prior to the date of this Agreement and remain in full force and effect and (ii) the filing of all financing statements, mortgages, and other documents necessary to perfect the Administrative Agent's Lien in the Collateral.

*Section 6.14. Affiliate Transactions*Section 6.14. Affiliate Transactions. None of Holdings, the Borrower or Borrower Subsidiary is a party to any contracts or agreements with any of its Affiliates (other than with Wholly-owned Borrower Subsidiaries) on terms and conditions which are less favorable to Holdings, the Borrower or such Borrower Subsidiary than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other.

*Section 6.15. Investment Company*Section 6.15. Investment Company. None of Holdings, the Borrower or any Borrower Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

*Section 6.16. ERISA*Section 6.16. ERISA. Each of Holdings, the Borrower and each other member of its respective Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with ERISA and the Code to the extent applicable to it and has not incurred any liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. None of Holdings, the Borrower or any Borrower Subsidiary has any contingent liabilities with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in article 6 of Title I of ERISA.

*Section 6.17. Compliance with Laws*Section 6.17. Compliance with Laws. Holdings, the Borrower and the Borrower Subsidiaries are in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to their Property or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), where any such non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. None of Holdings, the Borrower or any Borrower Subsidiary has received written notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health, and safety statutes and regulations or is the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where any such non-compliance or remedial action, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

*Section 6.18. Anti-Corruption Laws and Sanctions*Section 6.18. Anti-Corruption Laws and Sanctions. None of (a) Holdings, the Borrower or any Borrower Subsidiary or, to the knowledge of Holdings or the Borrower, any of their respective directors, officers, employees or affiliates, or (b) to the knowledge of Holdings or the Borrower, any agent or representative of Holdings, the Borrower or any Borrower Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person or currently the subject or target of any Sanctions. Holdings, the Borrower or any Borrower Subsidiary and, to the knowledge of Holdings or the Borrower, any of their respective directors, officers, employees or affiliates, are in compliance with all applicable (i) Anti-Corruption Laws in all material respects and (ii) Sanctions.



*Section 6.19. Other Agreements*Section 6.19. Other Agreements. None of Holdings, the Borrower or any Borrower Subsidiary is in default under the terms of any covenant, indenture or agreement of or affecting such Person or any of its Property, which default if uncured could reasonably be expected to have a Material Adverse Effect.

*Section 6.20. Solvency*Section 6.20. Solvency. Holdings, Borrower and the Borrower Subsidiaries are solvent, able to pay their debts as they become due, and have sufficient capital to carry on their business and all businesses in which they are about to engage.

*Section 6.21. No Default*Section 6.21. No Default. No Default or Event of Default has occurred and is continuing.

*Section 6.22. No Broker Fees*Section 6.22. No Broker Fees No broker's or finder's fee or commission will be payable with respect hereto or any of the transactions contemplated thereby; and the Borrower hereby agrees to indemnify the Administrative Agent and the Lenders against, and agree that they will hold the Administrative Agent and the Lenders harmless from, any claim, demand, or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable attorneys' fees) arising in connection with any such claim, demand, or liability.

*Section 6.23. Material Contracts*Section 6.23. Material Contracts. Each of the Borrower and each Borrower Subsidiary has entered into and is performing its duties under each Material Contract in accordance with the Credit and Collection Policies.

Section 7. Conditions PrecedentSection 7. Conditions Precedent.

*Section 7.1. All Credit Events*Section 7.1. All Credit Events. At the time of each Credit Event hereunder (including any Credit Event on the Closing Date):

(a) each of the representations and warranties set forth herein and in the other Loan Documents shall be and remain true and correct as of said time, except to the extent the same expressly relate to an earlier date;

(b) no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

(c) in the case of a Borrowing the Administrative Agent shall have received the notice required by Section 1.4 hereof;

(d) after giving effect to such Credit Event, the aggregate principal amount of all Loans and the L/C Obligations then outstanding does not exceed the lesser of (i) the Commitment and (ii) the Borrowing Base, and the Borrower shall have delivered to the Administrative Agent a certificate in the form attached hereto as Exhibit A in evidence thereof;

(e) after giving effect to such Credit Event, the Borrower's Tangible Net Worth shall be the greater of (i) \$8,000,000 and (ii) 7.5% of the aggregate principal amount of all Loans outstanding; and

(f) such Credit Event shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Administrative Agent,

the L/C Issuer, or any Lender (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System) as then in effect.

Each request for a Borrowing hereunder and each request for the issuance of, increase in the amount of, or extension of the expiration date of, a Letter of Credit shall be deemed to be a representation and warranty by the Borrower on the date on such Credit Event as to the facts specified in subsections (a) through (f), both inclusive, of this Section.

*Section 7.2. Conditions to the Effectiveness of this Agreement.* Section 7.2. Conditions to the Effectiveness of this Agreement This Agreement shall become effective upon satisfaction of the following conditions:

(a) the Administrative Agent shall have received this Agreement duly executed by the Borrower, the Guarantors, and the Lenders;

(b) if requested by any Lender, the Administrative Agent shall have received for such Lender such Lender's duly executed Notes of the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 1.8 hereof;

(c) the Administrative Agent shall have received the Security Agreement duly executed by the Borrower, together with (i) UCC financing statements to be filed against the Borrower, as debtor, in favor of the Administrative Agent, as secured party and (ii) to the extent a Borrowing is requested on the Closing Date, (A) documents of title together with all necessary endorsements with respect to the Eligible Commodities, and (B) all commodity account control agreements for all Eligible Hedging Accounts;

(d) the Administrative Agent shall have received evidence of insurance insuring the Eligible Commodities and naming the Administrative Agent as lender's loss payee;

(e) the Administrative Agent shall have received copies of the Borrower's and each Guarantor's articles of incorporation and bylaws (or comparable organizational documents) and any amendments thereto, certified in each instance by its Secretary or Assistant Secretary;

(f) the Administrative Agent shall have received copies of resolutions of the Borrower's and each Guarantor's Board of Directors (or similar governing body) authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, together with specimen signatures of the persons authorized to execute such documents on the Borrower's and each Guarantor's behalf, all certified in each instance by its Secretary or Assistant Secretary;

(g) the Administrative Agent shall have received copies of the certificates of good standing for the Borrower and each Guarantor (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state of its incorporation or organization and of each state in which it is qualified to do business as a foreign corporation or organization;

(h) the Administrative Agent shall have received a list of the Borrower's Authorized Representatives;

(i) each Lender and L/C Issuer shall have received such evaluations and certifications as it may reasonably require in order to satisfy itself as to the value of the Collateral, the financial condition of the Borrower and the Guarantors, and the lack of material contingent liabilities of the Borrower and the Guarantors;

(j) the Administrative Agent shall have received financing statement, tax, and judgment lien search results against the Property of the Borrower and each Guarantor evidencing the absence of Liens on its Property except as permitted by Section 8.8 hereof;

(k) the Administrative Agent shall have received the favorable written opinion of counsel to the Borrower and each Guarantor, in form and substance satisfactory to the Administrative Agent;

(l) to the extent not on file with the Administrative Agent, the Administrative Agent shall have received a fully executed Internal Revenue Service Form W-9 for the Borrower and each Guarantor;

(m) no material adverse change in the business, condition (financial or otherwise), operations, performance, or Properties of the Borrower or any Guarantor shall have occurred since September 30, 2015;

(n) the Administrative Agent shall have received copies of all Material Contracts (or the Borrower's standard form of such contracts), which shall be in form and substance satisfactory to the Administrative Agent;

(o) the Administrative Agent shall have received copies of the Credit and Collection Policy, which shall be in form and substance satisfactory to the Administrative Agent;

(p) to the extent such secured Indebtedness for Borrowed Money is not permitted hereunder, the Administrative Agent shall have received pay-off and lien release letters from secured creditors of the Borrower setting forth, among other things, the total amount of indebtedness outstanding and owing to them (or outstanding letters of credit issued for the account of the Borrower) and containing an undertaking to cause to be delivered to the Administrative Agent UCC termination statements and any other lien release instruments necessary to release their Liens on the assets of the Borrower, which pay-off and lien release letters shall be in form and substance acceptable to the Administrative Agent;

(q) the Administrative Agent shall have received the fees required by the fee letter referenced in Section 2.1(c) hereof; and

(r) the Administrative Agent shall have received such other agreements, instruments, documents, certificates, and opinions as the Administrative Agent may reasonably request.

## Section 8. CovenantsSection 8. Covenants.

The Borrower agrees that, so long as any credit is available to or in use by the Borrower hereunder, except to the extent compliance in any case or cases is waived in writing pursuant to the terms of Section 13.13 hereof:

*Section 8.1. Maintenance of Business*Section 8.1. Maintenance of Business. Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, preserve and maintain its existence, except as

otherwise provided in Section 8.10(c) hereof. Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights, and other proprietary rights necessary to the proper conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect.

*Section 8.2. Maintenance of Properties*Section 8.2. Maintenance of Properties. Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, maintain, preserve, and keep its property, plant, and equipment in good repair, working order and condition (ordinary wear and tear excepted), and shall from time to time make all needful and proper repairs, renewals, replacements, additions, and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained, except (i) to the extent that, in the reasonable business judgment of such Person, any such Property is no longer necessary for the proper conduct of the business of such Person or (ii) where failure to do so could reasonably be expected to have a Material Adverse Effect.

*Section 8.3. Taxes and Assessments*Section 8.3. Taxes and Assessments. Each of Holdings and the Borrower shall duly pay and discharge, and shall cause each Borrower Subsidiary to duly pay and discharge, all taxes, rates, assessments, fees, and governmental charges upon or against it or its Property, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.

*Section 8.4. Insurance*Section 8.4. Insurance. Each of Holdings and the Borrower shall insure and keep insured, and shall cause each Borrower Subsidiary to insure and keep insured, with good and responsible insurance companies, all insurable Property owned by it which is of a character usually insured by Persons similarly situated and operating like Properties against loss or damage from such hazards and risks, and in such amounts, as are insured by Persons similarly situated and operating like Properties; and each of Holdings and the Borrower shall insure, and shall cause each Borrower Subsidiary to insure, such other hazards and risks (including, without limitation, business interruption, employers' and public liability risks) with good and responsible insurance companies as and to the extent usually insured by Persons similarly situated and conducting similar businesses. The Borrower shall in any event maintain, and cause each Subsidiary to maintain, insurance on the Collateral to the extent required by the Collateral Documents. The Borrower shall, upon the request of the Administrative Agent, furnish to the Administrative Agent and the Lenders a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section.

*Section 8.5. Financial Reports*Section 8.5. Financial Reports. Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, maintain a standard system of accounting in accordance with GAAP and shall furnish to the Administrative Agent, each Lender, and each of their duly authorized representatives such information respecting the business and financial condition of Holdings, the Borrower and each Borrower Subsidiary as the Administrative Agent or such Lender may reasonably request; and without any request, shall furnish to the Administrative Agent and the Lenders:

(a) (i) at the time of each Credit Event hereunder or upon the release of any Collateral, (ii) each Monday to the that there are Loans or Letters of Credit outstanding as of close of business on the immediately preceding Friday, and (iii) upon the request by the Administrative Agent (on behalf of any Lender), a Borrowing Base Certificate showing the computation of the Borrowing Base in reasonable detail, together with a list of (A) counterparties indicating the amount of any outstanding transactions and the credit ratings of such credit party and (B) Eligible Accounts Receivable indicating the amount of such Eligible Accounts Receivable, the credit rating of the account debtor and the aging the Eligible

Account Receivable, in each case prepared by the Borrower and certified to by a Financial Officer of the Borrower;

(b) as soon as available, and in any event no later than 45 days after the last day of each fiscal quarter of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower and the Borrower Subsidiaries as of the last day of such fiscal quarter and the consolidated statements of income of the Borrower and the Borrower Subsidiaries for the fiscal quarter and for the fiscal year-to-date period then ended, each in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous fiscal year, prepared by the Borrower in accordance with GAAP (subject to the absence of footnote disclosures and year-end audit adjustments) and certified to by its chief financial officer or another officer of the Borrower acceptable to the Administrative Agent;

(c) as soon as available, and in any event no later than 45 days after the last day of each fiscal quarter of each fiscal year of Holdings, a copy of the consolidated balance sheet of Holdings and its Subsidiaries as of the last day of such fiscal quarter and the consolidated statements of income, retained earnings, and cash flows of Holdings and its Subsidiaries for the fiscal quarter and for the fiscal year-to-date period then ended, each in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous fiscal year, prepared by Holdings in accordance with GAAP (subject to the absence of footnote disclosures and year-end audit adjustments) and certified to by its chief financial officer or another officer of Holdings acceptable to the Administrative Agent;

(d) as soon as available, and in any event no later than 90 days after the last day of each fiscal year of Holdings, a copy of the consolidated balance sheet of Holdings and its Subsidiaries as of the last day of the fiscal year then ended and the consolidated statements of income, retained earnings, and cash flows of Holdings and its Subsidiaries for the fiscal year then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion of a firm of independent public accountants of recognized national standing, selected by Holdings and reasonably satisfactory to the Administrative Agent and the Required Lenders, to the effect that the consolidated financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial condition of Holdings and its Subsidiaries as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(e) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Holdings, the Borrower's or any Borrower Subsidiary's operations and financial affairs given to it by its independent public accountants;

(f) if requested by the Administrative Agent or any Lender, promptly after the sending or filing thereof, copies of each financial statement, report, notice or proxy statement sent by Holdings, the Borrower or any Borrower Subsidiary to its stockholders or other equity holders, and copies of each regular, periodic or special report, registration statement or prospectus (including all Form 10-K, Form 10-Q and Form 8-K reports) filed by Holdings, the Borrower or any Borrower Subsidiary with any securities exchange or the Securities and Exchange Commission or any successor agency;

(g) promptly after receipt thereof, a copy of each audit made by any regulatory agency of the books and records of Holdings, the Borrower or any Subsidiary or of notice of any material noncompliance with any applicable law, regulation or guideline relating to Holdings, the Borrower or any Borrower Subsidiary, or its business;

(h) at the end of each Business Day during which any Obligations are outstanding hereunder, the Borrower shall, and shall cause its Affiliates, to deliver to the Administrative Agent daily mark-to-market reports of the Hedging Value of all Hedging Agreements in the Eligible Hedge Accounts;

(i) notice of any Change of Control;

(j) promptly after knowledge thereof shall have come to the attention of any responsible officer of Holdings, or the Borrower, written notice of (i) any threatened or pending litigation or governmental or arbitration proceeding or labor controversy against Holdings, the Borrower or any Borrower Subsidiary or any of their Property which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; (ii) the occurrence of any Default or Event of Default hereunder; or (iii) the occurrence of any event or the existence of any condition that could reasonably be expected to have a Material Adverse Effect;

(k) promptly after any change or other modification of the Borrower's internal risk rating on any Seller, the Borrower shall deliver to the Administrative Agent notice of any such change or modification of the change in such Seller's internal risk rating; and

(l) with each of the financial statements delivered pursuant to subsection (b) above, a written certificate in the form attached hereto as Exhibit D signed by the chief financial officer of the Borrower or another officer of the Borrower acceptable to the Administrative Agent to the effect that to the best of such officer's knowledge and belief no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by Holdings, the Borrower or any Borrower Subsidiary to remedy the same. Such certificate shall also set forth the calculations supporting such statements in respect of Section 8.22 hereof.

*Section 8.6. Inspection*Section 8.6. Inspection. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, permit the Administrative Agent, each Lender and each of their duly authorized representatives and agents to visit and inspect any of its Property, corporate books, and financial records, to examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers, employees and independent public accountants (and by this provision the Borrower hereby authorizes such accountants to discuss with the Administrative Agent, and such Lenders the finances and affairs of Holdings, the Borrower and the Borrower Subsidiaries) at such reasonable times and intervals as the Administrative Agent or any such Lender may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to the Borrower.

*Section 8.7. Borrowings and Guaranties*Section 8.7. Borrowings and Guaranties. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, issue, incur, assume, create or have outstanding any Indebtedness for Borrowed Money, or incur liabilities for interest rate, currency, or commodity cap, collar, swap, or similar hedging arrangements, or be or become liable as endorser, guarantor, surety or otherwise for any debt, obligation or undertaking of any other Person, or otherwise agree to provide funds for payment of the obligations of another, or supply funds thereto or invest therein or otherwise assure a creditor of another against loss, or apply for or become liable to the issuer of a letter of credit which supports an

obligation of another, or subordinate any claim or demand it may have to the claim or demand of any other Person; *provided, however,* that the foregoing shall not restrict nor operate to prevent:

(a) the Obligations and Funds Transfer and Deposit Account Liability of the Borrower and the Borrower Subsidiaries owing to the Administrative Agent and the Lenders (and their Affiliates);

(b) purchase money indebtedness and Capitalized Lease Obligations of the Borrower and the Borrower Subsidiaries in an amount not to exceed \$100,000 in the aggregate at any one time outstanding;

(c) obligations of the Borrower or any Borrower Subsidiary arising out of Hedging Agreements in connection with bona fide hedging activities in the ordinary course of business and not for speculative purposes; *provided,* that the Borrower's obligation to repurchase commodities previously sold to the Subsidiaries of Holdings pursuant to any hedging activities permitted hereby shall not exceed \$10,000,000 in the aggregate at any one time;

(d) endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;

(e) intercompany advances from time to time (i) owing by any Borrower Subsidiary to the Borrower or another Borrower Subsidiary or by the Borrower to a Borrower Subsidiary (ii) from the Borrower to Holdings or owing by the Borrower to Holdings, in each under this clause (e) in the ordinary course of business to finance working capital needs;

(f) unsecured indebtedness owing by the Borrower or any Borrower Subsidiary to Holdings so long as such indebtedness is subordinated in right of payment to the prior payment of the Obligations and Funds Transfer and Deposit Account Liability;

(g) the guaranty by the Borrower and the Borrower Subsidiaries of the obligations of Holdings and its Subsidiaries under the INTL BOA Facility in an aggregate principal amount not to exceed \$255,000,000 at any one time (and renewals, refinancings and extensions thereof);

(h) indebtedness arising under that certain Master Commodity Transaction Agreement dated December 20, 2011 by and among the Borrower, INTL Commodities, Inc., and VMF Special Purpose Vehicle SPC on behalf of M1 Segregated Portfolio, and any other indebtedness arising under repurchase agreements approved by the Administrative Agent in its sole discretion;

(i) unsecured indebtedness of the Borrower and the Borrower Subsidiaries not otherwise permitted by this Section in an amount not to exceed \$100,000 in the aggregate at any one time outstanding; and

(j) obligations or indebtedness of the Borrower or the Borrower Subsidiaries arising out of the Merchants Plus Program.

*Section 8.8. Liens*Section 8.8. Liens. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, create, incur or permit to exist any Lien of any kind on any Property owned by any such Person; *provided, however*, that the foregoing shall not apply to nor operate to prevent:

(a) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges (other than Liens arising under ERISA), good faith cash deposits in connection with tenders, contracts or leases to which the Borrower or any Borrower Subsidiary is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) judgment liens and judicial attachment liens not constituting an Event of Default under Section 9.1(g) hereof and the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of such judgment liens and attachments and liabilities of the Borrower and the Borrower Subsidiaries secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$100,000 at any one time outstanding;

(d) Liens on the interest of lessors under Capital Leases or operating leases;

(e) Liens on equipment of the Borrower or any Borrower Subsidiary created solely for the purpose of securing indebtedness permitted by Section 8.7(b) hereof, representing or incurred to finance the purchase price of such Property, *provided* that no such Lien shall extend to or cover other Property of the Borrower or such Borrower Subsidiary other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such Property, as reduced by repayments of principal thereon;

(f) Liens on Hedging Accounts in favor of an intermediary to secure payment of customary fees and commissions and for payment or delivery of Hedging Agreements purchased or sold from such Hedging Accounts;

(g) Liens granted in favor of the Administrative Agent pursuant to the Collateral Documents;

(h) Liens securing the guaranty permitted by Section 8.7(g) hereof; *provided*, such Liens are limited to the Borrower's equity interests in the Borrower Subsidiaries;

(i) Liens securing indebtedness permitted by Section 8.7(h) hereof; *provided*, that such Liens do not cover the Collateral including any proceeds thereof; and

(j) Liens securing indebtedness permitted by Section 8.7(j) hereof; *provided* that such Liens do not cover the Collateral including any proceeds thereof.



*Section 8.9. Investments, Acquisitions, Loans and Advances*Section 8.9. Investments, Acquisitions, Loans and Advances. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances to (other than for travel advances and other similar cash advances made to employees in the ordinary course of business), any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof; *provided, however*, that the foregoing shall not apply to nor operate to prevent:

(a) investments in direct obligations of the United States of America or of any agency or instrumentality thereof whose obligations constitute full faith and credit obligations of the United States of America, provided that any such obligations shall mature within one year of the date of issuance thereof;

(b) investments in commercial paper rated at least P-1 by Moody's and at least A-1 by S&P maturing within one year of the date of issuance thereof;

(c) investments in certificates of deposit issued by any Lender or by any United States commercial bank having capital and surplus of not less than \$100,000,000 which have a maturity of one year or less;

(d) investments in repurchase obligations with a term of not more than 7 days for underlying securities of the types described in subsection (a) above entered into with any bank meeting the qualifications specified in subsection (c) above, provided all such agreements require physical delivery of the securities securing such repurchase agreement, except those delivered through the Federal Reserve Book Entry System;

(e) investments in money market funds that invest solely, and which are restricted by their respective charters to invest solely, in investments of the type described in the immediately preceding subsections (a), (b), (c), and (d) above;

(f) the Borrower's investments in the Domestic Borrower Subsidiaries;

(g) the Borrower's loans and advances to Sellers pursuant to Repurchase Agreements;

(h) the Borrower's or any Borrower Subsidiary's loans and advances to Holdings so long as (i) no Default or Event of Default has occurred and is continuing or would result from such loan or advance, and (ii) the Borrower is in compliance with Section 8.22 hereof after giving effect to any such loan or advance;

(i) intercompany loans and advances from Holdings to the Borrower or to a Borrower Subsidiary in the ordinary course of business to finance working capital needs;

(j) investments in and loans to a joint venture, partnership or other such Person in connection with Borrower's business activities so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such investment or loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, and (iii) the aggregate amount of such investments in and loans to such joint venture, partnership or other Person shall not exceed \$2,500,000 in the aggregate at any one time;

(k) investments in and loans to the Borrower's customers in connection with the purchase of such customer's accounts receivable so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such investment or loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, (iii) the aggregate amount of such investments in and loans to any such customer and its Affiliates shall not exceed \$300,000 in the aggregate at any one time, and (iv) the aggregate amount of such investments in and loans to all such customers shall not exceed \$5,000,000 in the aggregate at any one time; and

(l) secured loans to the Borrower's customers to prevent or limit customer losses so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, and (iii) the aggregate amount of such loans shall not exceed \$2,000,000 in the aggregate at any one time.

In determining the amount of investments, acquisitions, loans, and advances permitted under this Section, investments and acquisitions shall always be taken at the original cost thereof (regardless of any subsequent appreciation or depreciation therein), and loans and advances shall be taken at the principal amount thereof then remaining unpaid.

*Section 8.10. Mergers, Consolidations and Sales* Section 8.10. Mergers, Consolidations and Sales. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, be a party to any merger or consolidation, or sell, transfer, lease or otherwise dispose of all or any part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided, however*, that this Section shall not apply to nor operate to prevent:

(a) the sale of inventory in the ordinary course of business;

(b) the sale, transfer, lease or other disposition of Property of the Borrower and the Borrower Subsidiaries to one another in the ordinary course of its business;

(c) the merger of any Borrower Subsidiary with and into the Borrower or any other Borrower Subsidiary, provided that, in the case of any merger involving the Borrower, the Borrower is the corporation surviving the merger;

(d) the sale of delinquent notes or accounts receivable in the ordinary course of business for purposes of collection only (and not for the purpose of any bulk sale or securitization transaction);

(e) the sale, transfer or other disposition of any tangible personal property that, in the reasonable business judgment of the Borrower or the Borrower Subsidiary, has become obsolete or worn out, and which is disposed of in the ordinary course of business; and

(f) the sale, transfer, lease or other disposition of Property of the Borrower or any Borrower Subsidiary (including any disposition of Property as part of a sale and leaseback transaction) aggregating for the Borrower and the Borrower Subsidiaries not more than \$100,000 during any fiscal year of the Borrower.

*Section 8.11. Maintenance of Borrower Subsidiaries* Section 8.11. Maintenance of Borrower Subsidiaries. Holdings or the Borrower shall not assign, sell or transfer, nor shall they permit any Borrower

Subsidiary to issue, assign, sell or transfer, any shares of capital stock or other equity interests of the Borrower or a Borrower Subsidiary; *provided, however*, that the foregoing shall not operate to prevent (a) the issuance, sale, and transfer to any person of any shares of capital stock of the Borrower or a Borrower Subsidiary solely for the purpose of qualifying, and to the extent legally necessary to qualify, such person as a director of such Borrower Subsidiary, and (b) any transaction permitted by Section 8.8(h) or Section 8.10(c) above.

*Section 8.12. Dividends and Certain Other Restricted Payments*Section 8.12. Dividends and Certain Other Restricted Payments. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, (a) declare or pay any dividends on or make any other distributions in respect of any class or series of its capital stock or other equity interests (other than dividends or distributions payable solely in its capital stock or other equity interests), (b) directly or indirectly purchase, redeem, or otherwise acquire or retire any of its capital stock or other equity interests or any warrants, options, or similar instruments to acquire the same, or (c) directly or indirectly pay Management Fees (collectively referred to herein as “*Restricted Payments*”); *provided, however*, that the foregoing shall not operate to prevent (a) the making of dividends or distributions by any Borrower Subsidiary to the Borrower and (b) the Borrower may make dividends and distributions during any fiscal year so long as (i) no Default or Event of Default has occurred and is continuing or would result from such dividend or other distribution, and (ii) the Borrower is in compliance with Section 8.22 hereof after giving effect to any such dividend or other distribution.

*Section 8.13. ERISA*Section 8.13. ERISA. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed could reasonably be expected to result in the imposition of a Lien against any of its Property. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, promptly notify the Administrative Agent and each Lender of: (a) the occurrence of any reportable event (as defined in ERISA) with respect to a Plan, (b) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (c) its intention to terminate or withdraw from any Plan, and (d) the occurrence of any event with respect to any Plan which would result in the incurrence by Holdings, the Borrower or any Borrower Subsidiary of any material liability, fine or penalty, or any material increase in the contingent liability of Holdings, the Borrower or any Borrower Subsidiary with respect to any post-retirement Welfare Plan benefit.

*Section 8.14. Compliance with Laws*Section 8.14. Compliance with Laws. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, comply in all respects with the requirements of all federal, state, and local laws, rules, regulations, ordinances and orders (including but not limited to all Environmental Laws) applicable to or pertaining to its Property or business operations, where any such non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or result in a Lien upon any of its Property.

*Section 8.15. Burdensome Contracts with Affiliates*Section 8.15. Burdensome Contracts with Affiliates. The Borrower shall not, nor shall it permit any Borrower Subsidiary to, enter into any contract, agreement or business arrangement with any of its Affiliates (other than with Wholly-owned Subsidiaries) on terms and conditions which are less favorable to the Borrower or such Borrower Subsidiary than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

*Section 8.16. No Changes in Fiscal Year*Section 8.16. No Changes in Fiscal Year. The fiscal year of Holdings, the Borrower and the Borrower Subsidiaries ends on September 30 of each year; and neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, change its fiscal year from its present basis.

*Section 8.17. Formation of Borrower Subsidiaries*Section 8.17. Formation of Borrower Subsidiaries. Promptly upon the formation or acquisition of any Domestic Borrower Subsidiary, the Borrower shall provide the Administrative Agent and the Lenders notice thereof and timely comply with the requirements of Section 4 hereof (at which time Schedule 6.2 shall be deemed amended to include reference to such Borrower Subsidiary). The Borrower shall not, nor shall it permit any Borrower Subsidiary to, form or acquire any Foreign Borrower Subsidiary.

*Section 8.18. Change in the Nature of Business*Section 8.18. Change in the Nature of Business. Neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, engage in any business or activity if as a result the general nature of the business of Holdings, the Borrower or any Borrower Subsidiary would be changed in any material respect from the general nature of the business engaged in by it as of the Closing Date.

*Section 8.19. Use of Proceeds*Section 8.19. Use of Proceeds. The Borrower shall use the credit extended under this Agreement solely for the purposes set forth in, or otherwise permitted by, Section 6.4 hereof. The Borrower will not request any Borrowing, and the Borrower shall not directly or, to the Borrower's knowledge indirectly, use the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

*Section 8.20. No Restrictions*Section 8.20. No Restrictions. Except as disclosed to the Lenders or as otherwise provided herein, neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, directly or indirectly create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of Holdings, the Borrower or any Borrower Subsidiary to: (a) pay dividends or make any other distribution on the Borrower's or any Borrower Subsidiary's capital stock or other equity interests owned (directly or indirectly) by Holdings, the Borrower or any other Borrower Subsidiary, (b) pay any indebtedness owed to Holdings, the Borrower or any other Borrower Subsidiary, (c) make loans or advances to Holdings, the Borrower or any other Borrower Subsidiary, (d) transfer any of its Property to Holdings, the Borrower or any other Borrower Subsidiary, or (e) guarantee the Obligations and Funds Transfer and Deposit Account Liability and/or grant Liens on its assets to the Administrative Agent as required by the Loan Documents.

*Section 8.21. Performance of Duties; Amendment of Material Contracts.*Section 8.21. Performance of Duties; Amendment of Material Contracts. (a) Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, (i) fully and timely perform in all material respects all agreements required to be observed by it in connection with each Material Contract, (ii) comply in all material respects with the Credit and Collection Policy, and (iii) refrain from taking any action (including waiving any default or event of default under a Material Contract) that may materially impair the rights of the Administrative Agent or the Lenders in any Material Contract or any Collateral.

(b) Neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, make any change to the Credit and Collection Policy or their method for computing internal risk ratings for the Sellers if such change would have a material adverse effect on any Material Contract.

*Section 8.22. Tangible Net Worth*Section 8.22. Tangible Net Worth. (a) The Borrower shall at all times maintain a Tangible Net Worth of not less than the greater of (i) \$8,000,000 and (ii) 5.0% of the aggregate principal amount of all Loans outstanding.

(b) At no time shall the Receivables and obligations under any Forward Contract owing from a Certified Merchant to the Borrower exceed 10% of such Certified Merchant's Tangible Net Worth.

*Section 8.23. Compliance with Sanctions* Section 8.23. Compliance with Sanctions. (a) Holdings and the Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Holdings, the Borrower, the Borrower Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) If any of Holdings or the Borrower obtains actual knowledge or receives any written notice that any of Holdings or the Borrower, any Affiliate of the Borrower or any Borrower Subsidiary is a Sanctioned Person ("OFAC Event"), the Borrower shall promptly (i) give written notice to the Administrative Agent and the Lenders of such OFAC Event, and (ii) comply with all applicable laws with respect to such OFAC Event (regardless of whether the party included as a Sanctioned Person is located within the jurisdiction of the United States of America), and Holdings and the Borrower hereby authorize and consent to the Administrative Agent and the Lenders taking any and all steps the Administrative Agent or the Lenders deem necessary, in their sole but reasonable discretion, to avoid violation of all applicable laws with respect to any such OFAC Event, including the requirements of the Sanctions (including the freezing and/or blocking of assets and reporting such action to OFAC).

*Section 8.24. Deposit Accounts* Section 8.24. Deposit Accounts. The Borrower shall, and shall cause each Borrower Subsidiary to, maintain all deposit accounts with the Administrative Agent or with other financial institutions selected by the Borrower and reasonably acceptable to the Administrative Agent (which financial institutions have entered into account control agreements with the Administrative Agent relating to such accounts on terms reasonably acceptable to the Administrative Agent).

*Section 8.25. Material Contracts* Section 8.25. Material Contracts. Promptly upon entering into any Material Contract, the Borrower shall deliver a copy thereof to the Administrative Agent.

*Section 8.26. Most Favored Lenders* Section 8.26. Most favored Lenders. In the event that the Borrower or any of the Borrower Subsidiaries shall, directly or indirectly, be a party to or enter into or otherwise consent to any agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons undertakes to make or provide credit or loans to the Borrower or any of the Borrower Subsidiaries (including, without limitation, any instrument, document or indenture relating to any Indebtedness and any Material Contract), which agreement (or amendment thereto) provides such Person with more restrictive covenants or borrowing base provisions than are provided to the Administrative Agent and/or the Lenders in this Agreement, the Borrower shall provide the Administrative Agent and the Lenders with a copy of each such agreement (or amendment thereto) and such more restrictive covenants or borrowing base provisions shall automatically be deemed to be incorporated into this Agreement, and the Administrative Agent and the Lenders shall have the benefits of such more restrictive covenants or borrowing base provisions as if specifically set forth herein and applied for the benefit of the holders of the Obligations and the interest of the Administrative Agent and/or the Lenders in the Collateral (and no amendment, modification, or waiver of any such more restrictive covenants or borrowing base provisions incorporated herein by reference shall be effective against the Administrative Agent or the Lenders unless consented to by the Required Lenders). Upon the written request of the Administrative Agent or the Required Lenders, the Borrower shall promptly enter into an amendment to this Agreement to include such more restrictive covenants or borrowing base provisions (provided that the Administrative Agent and the Lenders shall maintain the benefit of such more restrictive covenants or borrowing base provisions even if the Administrative Agent or Required Lenders fail to make such request or the Borrower fails to provide such amendment).

Section 9. Events of Default and Remedies. Section 9. Events of Default and Remedies

Section 9.1. *Events of Default* Section 9.1. Events of Default. Any one or more of the following shall constitute an “*Event of Default*” hereunder:

(a) default in the payment when due of all or any part of the principal of or interest on any Loan (whether at the stated maturity thereof or at any other time provided for in this Agreement) or of any Reimbursement Obligation, or default for a period of three (3) days in the payment when due any interest, fee or other Obligation payable hereunder or under any other Loan Document;

(b) default in the observance or performance of any covenant set forth in Sections 8.1, 8.5, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.15, 8.16, 8.18, 8.19, 8.20, 8.21, 8.22, 8.23 or 8.24 hereof or of any provision in any Loan Document dealing with the use, disposition or remittance of the proceeds of Collateral or requiring the maintenance of insurance thereon;

(c) default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within 30 days after the earlier of (i) the date on which such failure shall first become known to any officer of Holdings or the Borrower or (ii) written notice thereof is given to the Borrower by the Administrative Agent;

(d) any representation or warranty made herein or in any other Loan Document or in any certificate furnished to the Administrative Agent or the Lenders pursuant hereto or thereto or in connection with any transaction contemplated hereby or thereby proves untrue in any material respect as of the date of the issuance or making or deemed making thereof;

(e) any event occurs or condition exists (other than those described in subsections (a) through (d) above) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or any of the Collateral Documents shall for any reason fail to create a valid and perfected first priority Lien in favor of the Administrative Agent in any Collateral purported to be covered thereby except as expressly permitted by the terms thereof, or any Guarantor takes any action for the purpose of terminating, repudiating or rescinding any Loan Document executed by it or any of its obligations thereunder;

(f) (i) default shall occur under any Indebtedness for Borrowed Money issued, assumed or guaranteed by the Borrower or any Borrower Subsidiary aggregating in excess of \$500,000, or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for Borrowed Money (whether or not such maturity is in fact accelerated), or any such Indebtedness for Borrowed Money shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);

(ii) default shall occur under any Indebtedness for Borrowed Money issued, assumed or guaranteed by Holdings aggregating in excess of \$10,000,000 (including any default under the INTL BOA Facility), or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for Borrowed Money (whether or not such maturity is in fact accelerated), or any such Indebtedness for Borrowed Money shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);

(g) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, shall be entered or filed against Holdings, the Borrower or any Borrower Subsidiary, or against any of its Property, in an aggregate amount in excess of \$500,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded or unstayed for a period of 30 days;

(h) Holdings, the Borrower or any Borrower Subsidiary, or any member of its Controlled Group, shall fail to pay when due an amount or amounts aggregating in excess of \$500,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$500,000 (collectively, a "*Material Plan*") shall be filed under Title IV of ERISA by Holdings, the Borrower or any Borrower Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against Holdings, the Borrower or any Borrower Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(i) any Change of Control shall occur;

(j) Holdings, the Borrower or any Borrower Subsidiary shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 9.1(k) hereof; or

(k) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for any of Holdings, the Borrower or any Borrower Subsidiary, or any substantial part of any of its Property, or a proceeding described in Section 9.1(j)(v) shall be instituted against Holdings, the Borrower or any Borrower Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 days.

*Section 9.2. Non-Bankruptcy Defaults.* Section 9.2. Non-Bankruptcy Defaults When any Event of Default (other than those described in subsection (j) or (k) of Section 9.1 hereof with respect to the Borrower) has occurred and is continuing, the Administrative Agent shall, by written notice to the Borrower: (a) if so directed by the Required Lenders, terminate the remaining Commitments and all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Lenders, declare the principal of and the accrued interest on all outstanding Loans to be forthwith due and payable and thereupon all outstanding Loans, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Loan

Documents without further demand, presentment, protest or notice of any kind; and (c) if so directed by the Required Lenders, demand that the Borrower immediately deliver to the Administrative Agent Cash Collateral in the Minimum Collateral Amount of the aggregate amount of each Letter of Credit then outstanding, and the Borrower agrees to immediately make such payment and acknowledges and agrees that the Lenders would not have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Administrative Agent, for the benefit of the Lenders, shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any Letter of Credit. The Administrative Agent, after giving notice to the Borrower pursuant to Section 9.1(c) or this Section 9.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

*Section 9.3. Bankruptcy Defaults*Section 9.3. Bankruptcy Defaults. When any Event of Default described in subsections (j) or (k) of Section 9.1 hereof with respect to the Borrower has occurred and is continuing, then all outstanding Loans shall immediately become due and payable together with all other amounts payable under the Loan Documents without presentment, demand, protest or notice of any kind and the obligation of the Lenders to extend further credit pursuant to any of the terms hereof shall immediately terminate and the Borrower shall immediately deliver to the Administrative Agent Cash Collateral in the Minimum Collateral Amount of the aggregate amount of each Letter of Credit then outstanding, the Borrower acknowledging and agreeing that the Lenders would not have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Lenders, and the Administrative Agent on their behalf, shall have the right to require the Borrower to specifically perform such undertaking whether or not any draws or other demands for payment have been made under any of the Letters of Credit.

*Section 9.4 Collateral for Undrawn Letters of Credit*Section 9.4. Collateral for Undrawn Letters of Credit. (a) If the prepayment of the amount available for drawing under any or all outstanding Letters of Credit is required under Section 1.13, Section 9.2 or Section 9.3 above, the Borrower shall forthwith pay the amount required to be so prepaid, to be held by the Administrative Agent as provided in subsection (b) below.

(b) All amounts prepaid pursuant to subsection (a) above shall be held by the Administrative Agent in one or more separate collateral accounts (each such account, and the credit balances, properties, and any investments from time to time held therein, and any substitutions for such account, any certificate of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the “*Collateral Account*”) as security for, and for application by the Administrative Agent (to the extent available) to, the reimbursement of any payment under any Letter of Credit then or thereafter made by the L/C Issuer, and to the payment of the unpaid balance of all other Obligations and Funds Transfer and Deposit Account Liability. The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Administrative Agent for the benefit of the Administrative Agent, the Lenders, and the L/C Issuer. If and when requested by the Borrower, the Administrative Agent shall invest funds held in the Collateral Account from time to time in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America with a remaining maturity of one year or less, *provided* that the Administrative Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to amounts due and owing from the Borrower to the L/C Issuer, the Administrative Agent or the Lenders. If the Borrower shall have made payment of all obligations referred to in subsection (a) above required under Section 1.13 hereof, at the request of the Borrower the Administrative Agent shall release to the Borrower amounts held in the Collateral Account so long as at the time of the release and after giving effect thereto no Default or Event of Default exists. If the Borrower shall have made payment of all obligations referred to in subsection (a) above required under Section 9.2 or 9.3 hereof, so long as no Letters of Credit, Commitments, Loans or



other Obligations and Funds Transfer and Deposit Account Liability remain outstanding, at the request of the Borrower the Administrative Agent shall release to the Borrower any remaining amounts held in the Collateral Account.

(c) At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or any L/C Issuer (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the L/C Issuers' Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 1.12(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) *Grant of Security Interest.* The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for the benefit of the L/C Issuers, and agree to maintain, a first priority security interest in all such Cash Collateral as security for such Defaulting Lender's obligation to fund participations in respect of L/C Obligations, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower shall, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) *Application.* Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 9.4 or Section 1.12 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) *Termination of Requirement.* Cash Collateral (or the appropriate portion thereof) provided to reduce any L/C Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 9.4(c) following (A) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (B) the determination by the Administrative Agent and the L/C Issuer that there exists excess Cash Collateral; *provided* that, subject to Section 1.12 the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and *provided further* that to the extent that such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

*Section 9.5 Notice of Default*Section 9.4. Notice of Default. The Administrative Agent shall give notice to the Borrower under Section 9.1(c) hereof promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

Section 10. Change in CircumstancesSection 10. Change in Circumstances.

*Section 10.1. Change of Law*Section 10.1. Change of Law. Notwithstanding any other provisions of this Agreement or any other Loan Document, if at any time any Change in Law makes it unlawful for any Lender to make or continue to maintain any Eurodollar Loans or to perform its obligations as contemplated hereby, such Lender shall promptly give notice thereof to the Borrower and such Lender's obligations to make or maintain Eurodollar Loans under this Agreement shall be suspended until it is no longer unlawful for such

Lender to make or maintain Eurodollar Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected Eurodollar Loans, together with all interest accrued thereon and all other amounts then due and payable to such Lender under this Agreement; *provided, however*, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected Eurodollar Loans from such Lender by means of Base Rate Loans from such Lender, which Base Rate Loans shall not be made ratably by the Lenders but only from such affected Lender.

*Section 10.2. Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR*Section 10.2. Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR. If on or prior to the first day of any Interest Period for any Borrowing of Eurodollar Loans:

(a) the Administrative Agent determines that deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the interbank eurodollar market for such Interest Period, or that by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable LIBOR, or

(b) the Required Lenders advise the Administrative Agent that (i) LIBOR as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding their Eurodollar Loans for such Interest Period or (ii) that the making or funding of Eurodollar Loans become impracticable,

then the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make Eurodollar Loans shall be suspended.

*Section 10.3. Increased Cost and Reduced Return*Section 10.3. Increased Cost and Reduced Return. (a) *Increased Costs Generally*. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBOR) or any L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any L/C Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such L/C Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, L/C Issuer or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, L/C Issuer or other Recipient, the Borrower will pay to such Lender, L/C Issuer or other Recipient, as the case may be,

such additional amount or amounts as will compensate such Lender, L/C Issuer or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If any Lender or L/C Issuer determines that any Change in Law affecting such Lender or L/C Issuer or any lending office of such Lender or such Lender's or L/C Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or L/C Issuer's capital or on the capital of such Lender's or L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by any L/C Issuer, to a level below that which such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or L/C Issuer's policies and the policies of such Lender's or L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of a Lender or L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of any Lender or L/C Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or L/C Issuer's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

*Section 10.4. Lending Offices*Section 10.4. Lending Offices. Each Lender may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified in its Administrative Questionnaire (each a "*Lending Office*") for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Administrative Agent. If any Lender requests compensation under Section 10.3, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 13.1, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 10.3 or 13.1, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

*Section 10.5. Discretion of Lender as to Manner of Funding*Section 10.5. Discretion of Lender as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood,

however, that for the purposes of this Agreement all determinations hereunder with respect to Eurodollar Loans shall be made as if each Lender had actually funded and maintained each Eurodollar Loan through the purchase of deposits in the interbank eurodollar market having a maturity corresponding to such Loan's Interest Period, and bearing an interest rate equal to LIBOR for such Interest Period.

Section 11. The Administrative AgentSection 11. The Administrative Agent.

*Section 11.1. Appointment and Authorization of Administrative Agent*Section 11.1. Appointment and Authorization of Administrative Agent. Each of the Lenders and the L/C Issuers hereby irrevocably appoints Bank of Montreal to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 11 are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and neither the Borrower nor any other Loan Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

*Section 11.2. Administrative Agent and its Affiliates*Section 11.2. Administrative Agent and its Affiliates. The Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise or refrain from exercising such rights and power as though it were not the Administrative Agent, and the Administrative Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if it were not the Administrative Agent under the Loan Documents. The term "Lender" as used herein and in all other Loan Documents, unless the context otherwise clearly requires, includes the Administrative Agent in its individual capacity as a Lender (if applicable).

*Section 11.3. Action by Administrative Agent*Section 11.3. Action by Administrative Agent. If the Administrative Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 8.5 hereof, the Administrative Agent shall promptly give each of the Lenders and the L/C Issuer written notice thereof. The obligations of the Administrative Agent under the Loan Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in Sections 9.2 and 9.5. Upon the occurrence of an Event of Default, the Administrative Agent shall take such action to enforce its Lien on the Collateral and to preserve and protect the Collateral as may be directed by the Required Lenders. Unless and until the Required Lenders give such direction, the Administrative Agent may (but shall not be obligated to) take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders and the L/C Issuer. In no event, however, shall the Administrative Agent be required to take any action in violation of applicable law or of any provision of any Loan Document, and the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Loan Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall be entitled to assume that no Default or Event of Default exists unless notified in writing to the contrary by a Lender, the L/C Issuer or the Borrower. In all cases in which the Loan Documents do not require the Administrative Agent to take specific action, the Administrative Agent shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any

instructions of the Required Lenders, or of any other group of Lenders called for under the specific provisions of the Loan Documents, shall be binding upon all the Lenders and the holders of the Obligations.

*Section 11.4. Consultation with Experts*Section 11.4. Consultation with Experts. The Administrative Agent may consult with legal counsel, independent public accountants, and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

*Section 11.5. Liability of Administrative Agent; Credit Decision*Section 11.5. Liability of Administrative Agent; Credit Decision. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection with the Loan Documents: (i) with the consent or at the request of the Required Lenders or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in connection with this Agreement, any other Loan Document or any Credit Event; (ii) the performance or observance of any of the covenants or agreements of Holdings, the Borrower or any Borrower Subsidiary contained herein or in any other Loan Document; (iii) the satisfaction of any condition specified in Section 7 hereof, except receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectibility hereof or of any other Loan Document or of any other documents or writing furnished in connection with any Loan Document or of any Collateral; and the Administrative Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Administrative Agent may execute any of its duties under any of the Loan Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, the L/C Issuer, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Administrative Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Administrative Agent shall have no responsibility for confirming the accuracy of any compliance certificate or other document or instrument received by it under the Loan Documents. The Administrative Agent may treat the payee of any Obligation as the holder thereof until written notice of transfer shall have been filed with the Administrative Agent signed by such payee in form satisfactory to the Administrative Agent. Each Lender and L/C Issuer acknowledges that it has independently and without reliance on the Administrative Agent or any other Lender or L/C Issuer, and based upon such information, investigations and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Loan Documents. It shall be the responsibility of each Lender and L/C Issuer to keep itself informed as to the creditworthiness of Holdings, the Borrower and the Borrower Subsidiaries, and the Administrative Agent shall have no liability to any Lender or L/C Issuer with respect thereto.

*Section 11.6. Indemnity*Section 11.6. Indemnity. The Lenders shall ratably, in accordance with their respective Percentages, indemnify and hold the Administrative Agent, and its directors, officers, employees, agents, and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Loan Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified as determined by a court of competent jurisdiction by final and nonappealable judgment. The obligations of the Lenders under this Section shall survive termination of this Agreement. The Administrative Agent shall be entitled to offset amounts received for the account of a Lender under this Agreement against unpaid amounts due from such Lender to the Administrative Agent or any L/C Issuer hereunder (whether as fundings of participations, indemnities or otherwise, and with

any amounts offset for the benefit of the Administrative Agent to be held by it for its own account and with any amounts offset for the benefit of a L/C Issuer to be remitted by the Administrative Agent to or for the account of such L/C Issuer), but shall not be entitled to offset against amounts owed to the Administrative Agent or any L/C Issuer by any Lender arising outside of this Agreement and the other Loan Documents.

*Section 11.7. Resignation of Administrative Agent and Successor Administrative Agent* Section 11.7. Resignation of Administrative Agent and Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders, the L/C Issuer and the Borrower. Upon any such resignation of the Administrative Agent, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which may be any Lender hereunder or any commercial bank, or an Affiliate of a commercial bank, having an office in the United States of America and having a combined capital and surplus of at least \$200,000,000. Upon the acceptance of its appointment as the Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent under the Loan Documents, and the retiring Administrative Agent shall be discharged from its duties and obligations thereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 11 and all protective provisions of the other Loan Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent, but no successor Administrative Agent shall in any event be liable or responsible for any actions of its predecessor. If the Administrative Agent resigns and no successor is appointed, the rights and obligations of such Administrative Agent shall be automatically assumed by the Required Lenders and (i) the Borrower shall be directed to make all payments due each Lender and L/C Issuer hereunder directly to such Lender or L/C Issuer and (ii) the Administrative Agent's rights in the Collateral Documents shall be assigned without representation, recourse or warranty to the Lenders and L/C Issuer as their interests may appear.

*Section 11.8. Hedging Liability; Funds Transfer and Deposit Account Liability Arrangements* Section 11.8. Hedging Liability; Funds Transfer and Deposit Account Liability Arrangements. By virtue of a Lender's execution of this Agreement or an assignment agreement pursuant to Section 13.10, as the case may be, any Affiliate of such Lender with whom the Borrower or any Guarantor has entered into an agreement creating Hedging Liability or Funds Transfer and Deposit Account Liability shall be deemed a Lender party hereto for purposes of any reference in a Loan Document to the parties for whom the Administrative Agent is acting, it being understood and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Collateral and the Guaranty Agreements as more fully set forth in Section 3.1. In connection with any such distribution of payments and collections, or any request for the release of the Guaranty Agreements and the Administrative Agent's Liens in connection with the termination of the Commitments and the payment in full of the Obligations, the Administrative Agent shall be entitled to assume no amounts are due to any Lender or its Affiliate with respect to Hedging Liability or Funds Transfer and Deposit Account Liability unless such Lender has notified the Administrative Agent in writing of the amount of any such liability owed to it or its Affiliate prior to such distribution or payment or release of Guaranty Agreements and Liens.

*Section 11.9. Designation of Additional Agents* Section 11.9. Designation of Additional Agents. The Administrative Agent shall have the continuing right, for purposes hereof, at any time and from time to time to designate one or more of the Lenders (and/or its or their Affiliates) as "syndication agents," "documentation agents," "book runners," "lead arrangers," "arrangers," or other designations for purposes

hereto, but such designation shall have no substantive effect, and such Lenders and their Affiliates shall have no additional powers, duties or responsibilities as a result thereof.

*Section 11.10. Authorization to Release or Subordinate or Limit Liens*Section 11.10. Authorization to Release or Subordinate or Limit Liens. The Administrative Agent is hereby irrevocably authorized by each of the Lenders and L/C Issuer to (a) release any Lien covering any Collateral that is sold, transferred, or otherwise disposed of in accordance with the terms and conditions of this Agreement and the relevant Collateral Documents (including a sale, transfer, or disposition permitted by the terms of Section 8.10 hereof or which has otherwise been consented to in accordance with Section 13.13 hereof), (b) release or subordinate any Lien on Collateral consisting of goods financed with purchase money indebtedness or under a Capital Lease to the extent such purchase money indebtedness or Capitalized Lease Obligation, and the Lien securing the same, are permitted by Sections 8.7(b) and 8.8(d) hereof, (c) reduce or limit the amount of the indebtedness secured by any particular item of Collateral to an amount not less than the estimated value thereof to the extent necessary to reduce mortgage registry, filing and similar tax, and (d) release Liens on the Collateral following termination or expiration of the Commitments and payment in full in cash of the Obligations and, if then due, Funds Transfer and Deposit Account Liability and Hedging Liability.

*Section 11.11. Authorization to Enter into, and Enforcement of, the Collateral Documents*Section 11.11. Authorization to Enter into, and Enforcement of, the Collateral Documents. The Administrative Agent is hereby irrevocably authorized by each of the Lenders and the L/C Issuer to execute and deliver the Collateral Documents on behalf of each of the Lenders and their Affiliates and the L/C Issuer, and to take such action and exercise such powers under the Collateral Documents as the Administrative Agent considers appropriate, *provided* the Administrative Agent shall not amend the Collateral Documents unless such amendment is agreed to in writing by the Required Lenders. Each Lender and L/C Issuer acknowledges and agrees that it will be bound by the terms and conditions of the Collateral Documents upon the execution and delivery thereof by the Administrative Agent. The Lenders and L/C Issuer(s) hereby irrevocably authorize the Administrative Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by the Administrative Agent (or any security trustee therefore) under the provisions of the Uniform Commercial Code, including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 of the United States Bankruptcy Code, or at any sale or foreclosure conducted by the Administrative Agent or any security trustee therefore (whether by judicial action or otherwise) in accordance with applicable law. Except as otherwise specifically provided for herein, no Lender (or its Affiliates) or L/C Issuer, other than the Administrative Agent, shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure or other realization upon any Collateral or for the execution of any trust or power in respect of the Collateral or for the appointment of a receiver or for the enforcement of any other remedy under the Collateral Documents; it being understood and intended that no one or more of the Lenders (or their Affiliates) or L/C Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the Lien of the Administrative Agent (or any security trustee therefor) under the Collateral Documents by its or their action or to enforce any right thereunder, and that all proceedings at law or in equity shall be instituted, had, and maintained by the Administrative Agent (or its security trustee) in the manner provided for in the relevant Collateral Documents for the benefit of the Lenders, the L/C Issuer, and their Affiliates. Each Lender and L/C Issuer is hereby appointed agent for the purpose of perfecting the Administrative Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code or other applicable law can be perfected only by possession. Should any Lender or L/C Issuer (other than the Administrative Agent) obtain possession of any Collateral, such Lender or L/C Issuer shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or in accordance with the Administrative Agent's instructions.

*Section 11.12. Authorization of Administrative Agent to File Proofs of Claim*Section 11.12. Authorization of Administrative Agent to File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law described in subsection (j) or (k) of Section 9.1 or any other judicial proceeding relative to the Borrower or any Guarantor, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, the L/C Issuer(s) and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer(s) and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer(s) and the Administrative Agent under including, but not limited to, Sections 1.9, 2.1, 10.3, and 13.15 hereof) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer(s), to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.1 and 13.15 hereof. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or L/C Issuer or to authorize the Administrative Agent to vote in respect of the claim of any Lender or L/C Issuer in any such proceeding.

*Section 11.13. L/C Issuer.*Section 11.13. L/C Issuer. The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith. The L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Section 11 with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the Applications pertaining to such Letters of Credit as fully as if the term "Administrative Agent", as used in this Section 11, included the L/C Issuer with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to such L/C Issuer.

Section 12. The GuaranteesSection 12. The Guarantees.

*Section 12.1. The Guarantees*Section 12.1. The Guarantees. To induce the Lenders and L/C Issuer to provide the credits described herein and in consideration of benefits expected to accrue to the Borrower by reason of the Commitments and for other good and valuable consideration, receipt of which is hereby acknowledged, Holdings and each Borrower Subsidiary party hereto (including any Borrower Subsidiary executing an Additional Guarantor Supplement in the form attached hereto as Exhibit E or such other form acceptable to the Administrative Agent) and the Borrower (as to the Secured Obligations of a Guarantor) hereby unconditionally and irrevocably guarantees jointly and severally to the Administrative Agent, the Lenders, and the L/C Issuer and their Affiliates, the due and punctual payment of all present and future Secured Obligations, including, but not limited to, the due and punctual payment of principal of and interest on the Loans, the



Reimbursement Obligations, and the due and punctual payment of all other Obligations now or hereafter owed by the Borrower under the Loan Documents and the due and punctual payment of all Hedging Liability and Funds Transfer and Deposit Account Liability, in each case as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, according to the terms hereof and thereof (including all interest, costs, fees, and charges after the entry of an order for relief against the Borrower or such other obligor in a case under the United States Bankruptcy Code or any similar proceeding, whether or not such interest, costs, fees and charges would be an allowed claim against the Borrower or any such obligor in any such proceeding); *provided, however*, that, with respect to any Guarantor, Hedging Liability guaranteed by such Guarantor shall exclude all Excluded Swap Obligations. In case of failure by the Borrower or other obligor punctually to pay any Secured Obligations guaranteed hereby, each Guarantor hereby unconditionally agrees to make such payment or to cause such payment to be made punctually as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, and as if such payment were made by the Borrower or such obligor.

*Section 12.2. Guarantee Unconditional* Section 12.2. Guarantee Unconditional. The obligations of each Guarantor under this Section 12 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver, or release in respect of any obligation of any Loan Party or other obligor or of any other guarantor under this Agreement or any other Loan Document or by operation of law or otherwise;

(b) any modification or amendment of or supplement to this Agreement or any other Loan Document or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability;

(c) any change in the corporate existence, structure, or ownership of, or any insolvency, bankruptcy, reorganization, or other similar proceeding affecting, the Borrower or any Guarantor or other obligor, any other guarantor, or any of their respective assets, or any resulting release or discharge of any obligation of any the Borrower or any Guarantor or other obligor or of any other guarantor contained in any Loan Document;

(d) the existence of any claim, set-off, or other rights which the Borrower, any Guarantor or other obligor or any other guarantor may have at any time against the Administrative Agent, any Lender, the L/C Issuer or any other Person, whether or not arising in connection herewith;

(e) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Borrower, any Guarantor or other obligor, any other guarantor, or any other Person or Property;

(f) any application of any sums by whomsoever paid or howsoever realized to any obligation of the Borrower, any Guarantor or other obligor, regardless of what obligations of the Borrower, any Guarantor or other obligor remain unpaid;

(g) any invalidity or unenforceability relating to or against the Borrower, any Guarantor or other obligor or any other guarantor for any reason of this Agreement or of any other Loan Document or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower, any Guarantor or other obligor or any other guarantor of the principal of or interest on any Loan or any

Reimbursement Obligation or any other amount payable under the Loan Documents or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability; or

(h) any other act or omission to act or delay of any kind by the Administrative Agent, any Lender, the L/C Issuer, or any other Person or any other circumstance whatsoever that might, but for the provisions of this subsection, constitute a legal or equitable discharge of the obligations of any Guarantor under this Section 12.

*Section 12.3. Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances*Section 12.3. Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances. Each Guarantor's obligations under this Section 12 shall remain in full force and effect until the Commitments are terminated, all Letters of Credit have expired, and the principal of and interest on the Loans and all other amounts payable by the Borrower and the Guarantors under this Agreement and all other Loan Documents and, if then outstanding and unpaid, all Hedging Liability and Funds Transfer and Deposit Account Liability shall have been paid in full. If at any time any payment of the principal of or interest on any Loan or any Reimbursement Obligation or any other amount payable by the Borrower, any Guarantor or other obligor or any guarantor under the Loan Documents or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower, such Guarantor or other obligor or of any guarantor, or otherwise, each Guarantor's obligations under this Section 12 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

*Section 12.4. Subrogation*Section 12.4. Subrogation. Each Guarantor agrees it will not exercise any rights which it may acquire by way of subrogation by any payment made hereunder, or otherwise, until all the Secured Obligations shall have been paid in full subsequent to the termination of all the Commitments and expiration of all Letters of Credit. If any amount shall be paid to a Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Secured Obligations and all other amounts payable by the Borrower and the Guarantors hereunder and the other Loan Documents and (y) the termination of the Commitments and expiration of all Letters of Credit, such amount shall be held in trust for the benefit of the Administrative Agent, the Lenders, and the L/C Issuer (and their Affiliates) and shall forthwith be paid to the Administrative Agent for the benefit of the Lenders and L/C Issuer (and their Affiliates) or be credited and applied upon the Secured Obligations, whether matured or unmatured, in accordance with the terms of this Agreement.

*Section 12.5. Subordination*Section 12.5. Subordination. Each Guarantor (each referred to herein as a "Subordinated Creditor") hereby subordinates the payment of all indebtedness, obligations, and liabilities of the Borrower or another Guarantor owing to such Subordinated Creditor, whether now existing or hereafter arising, to the indefeasible payment in full in cash of all Secured Obligations. During the existence of any Event of Default, subject to Section 12.4, any such indebtedness, obligation, or liability of the Borrower or another Guarantor owing to such Subordinated Creditor shall be enforced and performance received by such Subordinated Creditor as trustee for the benefit of the holders of the Secured Obligations and the proceeds thereof shall be paid over to the Administrative Agent for application to the Secured Obligations (whether or not then due), but without reducing or affecting in any manner the liability of such Guarantor under this Section 12.

*Section 12.6. Waivers*Section 12.6. Waivers. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest, and any notice not provided for herein, as well as any requirement that at any time any action be taken by the Administrative Agent, any Lender, the L/C Issuer, or any other Person against the Borrower or any Guarantor or other obligor, another guarantor, or any other Person.

*Section 12.7. Limit on Recovery*Section 12.7. Limit on Recovery. Notwithstanding any other provision hereof, the right of recovery against each Guarantor under this Section 12 shall not exceed \$1.00 less than the lowest amount which would render such Guarantor's obligations under this Section 12 void or voidable under applicable law, including, without limitation, fraudulent conveyance law.

*Section 12.8. Stay of Acceleration*Section 12.8. Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Borrower, any Guarantor or other obligor under this Agreement or any other Loan Document, or under any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability, is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or Guarantor or obligor, all such amounts otherwise subject to acceleration under the terms of this Agreement or the other Loan Documents, or under any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability, shall nonetheless be payable by the Guarantors hereunder forthwith on demand by the Administrative Agent made at the request or otherwise with the consent of the Required Lenders.

*Section 12.9. Benefit to Guarantors*Section 12.9. Benefit to Guarantors. The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of the Borrower and the Guarantors has a direct impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit hereunder, and each Guarantor acknowledges that this guarantee is necessary or convenient to the conduct, promotion and attainment of its business.

*Section 12.10. Keepwell*Section 12.10. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each the Borrower and other Guarantors to honor all of its obligations under this Guaranty in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Guaranty, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until discharged in accordance with Section 12.3. Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of the Borrower and each Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 13. MiscellaneousSection 13. Miscellaneous.

*Section 13.1. Withholding Taxes*Section 12.1. Withholding Taxes.

(a) *Certain Defined Terms*. For purposes of this Section, the term "Lender" includes any L/C Issuer and the term "applicable law" includes FATCA.

(b) *Payments Free of Taxes*. Any and all payments by or on account of any obligation of the Borrower or any Guarantor under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower or the applicable Guarantor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this

Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payment of Other Taxes by the Borrower and the Guarantors.* The Borrower and the Guarantors shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by the Borrower and the Guarantors.* The Borrower and the Guarantors shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes or Other Taxes attributable to such Lender (but only to the extent that the Borrower or any Guarantor has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Borrower and the Guarantors to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 13.12(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this subsection (e).

(f) *Evidence of Payments.* As soon as practicable after any payment of Taxes by the Borrower or any Guarantor to a Governmental Authority pursuant to this Section, the Borrower or such Guarantor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 13.1(g)(ii)(A), (ii)(B) and (ii)(D) below)

shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "*U.S. Tax Compliance Certificate*") and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate in the form acceptable to the Administrative Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate in the form acceptable to the Administrative Agent on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption

from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) *Survival.* Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

*Section 13.2. No Waiver, Cumulative Remedies.* Section 13.2. No Waiver, Cumulative Remedies No delay or failure on the part of the Administrative Agent or any Lender, or on the part of the holder or holders of any of the Obligations, in the exercise of any power or right under any Loan Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Administrative Agent, the Lenders, and of the holder or holders of any of the

Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

*Section 13.3. Non-Business Days.*Section 13.3. Non-Business Days If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which date such payment shall be due and payable. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate per annum then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

*Section 13.4. Intentionally Omitted.*Section 13.4. Intentionally Omitted

*Section 13.5. Survival of Representations.*Section 13.5. Survival of Representations All representations and warranties made herein or in any other Loan Document or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

*Section 13.6. Survival of Indemnities.*Section 13.6. Survival of Indemnities All indemnities and other provisions relative to reimbursement to the Lenders and L/C Issuer of amounts sufficient to protect the yield of the Lenders and L/C Issuer with respect to the Loans and Letters of Credit, including, but not limited to, Sections 1.9, 10.3, and 13.15 hereof, shall survive the termination of this Agreement and the other Loan Documents and the payment of the Obligations.

*Section 13.7. Sharing of Set-Off.*Section 13.7. Sharing of Set-Off Each Lender agrees with each other Lender a party hereto that if such Lender shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise, on any of the Loans or Reimbursement Obligations in excess of its ratable share of payments on all such Obligations then outstanding to the Lenders, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Loans or Reimbursement Obligations, or participations therein, held by each such other Lenders (or interest therein) as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; *provided, however,* that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest. For purposes of this Section, amounts owed to or recovered by the L/C Issuer in connection with Reimbursement Obligations in which Lenders have been required to fund their participation shall be treated as amounts owed to or recovered by the L/C Issuer as a Lender hereunder.

*Section 13.8. Notices*Section 13.8. Notices. Except as otherwise specified herein, all notices hereunder and under the other Loan Documents shall be in writing (including, without limitation, notice by telecopy) and shall be given to the relevant party at its address or telecopier number set forth below, or such other address or telecopier number as such party may hereafter specify by notice to the Administrative Agent and the Borrower given by courier, by United States certified or registered mail, by telecopy or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Loan Documents to any Lender shall be addressed to its address or telecopier number set forth on its Administrative Questionnaire; and notices under the Loan Documents to the Borrower, any Guarantor, the Administrative Agent or L/C Issuer shall be addressed to its respective address or telecopier number set forth below:

to the Borrower or any Guarantor (other than Holdings):

FCStone Merchant Services, LLC  
1251 NW Briarcliff Parkway, Suite 800  
Kansas City, MO 64116  
Attention: Brent Grecian  
Telephone: 816-410-7123  
Telecopy: 816-741-2904

to the Administrative Agent and L/C Issuer:

Bank of Montreal  
115 South LaSalle Street  
Chicago, Illinois 60603  
Attention: Futures and Securities Division  
Telephone: (312) 461-6751  
Telecopy: (312) 765-8353

to Holdings:

INTL FCStone Inc.

708 Third Avenue, Suite 1500

New York, NY 10017

Attention: Bruce Fields  
Telephone: (212) 485-3518  
Fax: (212) 485-3505

with a copy to:

1251 NW Briarcliff Parkway, Suite 800  
Kansas City, MO 64116  
Attention: Bill Dunaway  
Telephone: (816) 410-7129  
Fax: (816) 410-7450

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section or in the relevant Administrative Questionnaire and a confirmation of such telecopy has been received by the sender, (ii) if given by mail, 5 days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section or in the relevant Administrative Questionnaire; *provided* that any notice given pursuant to Section 1 hereof shall be effective only upon receipt.

*Section 13.9. Counterparts; Integration; Effectiveness*Section 13.9. Counterparts, Integration; Effectiveness.. (a) *Counterparts; Integration; Effectiveness*. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 7.2, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. For purposes of determining compliance with the conditions



specified in Section 7.2 hereof, each Lender and L/C Issuer that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender and L/C Issuer unless the Administrative Agent shall have received notice from such Lender and L/C Issuer prior to the Closing Date specifying its objection thereto.

(b) *Electronic Execution of Assignments.* The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Illinois State Electronic Commerce Security Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

*Section 13.10. Successors and Assigns*Section 13.10. Successors and Assigns. This Agreement shall be binding upon the Borrower and the Guarantors and their successors and assigns, and shall inure to the benefit of the Administrative Agent, the L/C Issuer, and each of the Lenders, and the benefit of their respective successors and assigns, including any subsequent holder of any of the Obligations. The Borrower and the Guarantors may not assign any of their rights or obligations under any Loan Document without the written consent of all of the Lenders and, with respect to any Letter of Credit or the Application therefor, the L/C Issuer.

*Section 13.11. Participants*Section 12.11. Participants. Each Lender shall have the right at its own cost to grant participations (to be evidenced by one or more agreements or certificates of participation) in the Loans made and Reimbursement Obligations and/or Commitments held by such Lender at any time and from time to time to one or more other Persons (other than a natural Person, the Borrower or any Guarantor or any Affiliate or Subsidiary of the Borrower or any Guarantor); *provided* that no such participation shall relieve any Lender of any of its obligations under this Agreement, and, *provided*, further that no such participant shall have any rights under this Agreement except as provided in this Section, and the Administrative Agent shall have no obligation or responsibility to such participant. Any agreement pursuant to which such participation is granted shall provide that the granting Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower under this Agreement and the other Loan Documents including, without limitation, the right to approve any amendment, modification or waiver of any provision of the Loan Documents, except that such agreement may provide that such Lender will not agree to any modification, amendment or waiver of the Loan Documents that would reduce the amount of or postpone any fixed date for payment of any Obligation in which such participant has an interest. Any party to which such a participation has been granted shall have the benefits of Section 1.9 and Section 10.3 hereof. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant’s interest in the Loans or other obligations under the Loan Documents (the “*Participant Register*”); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

*Section 13.12. Assignments*Section 13.12. Assignments. (a) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.* (A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans and participation interest in L/C Obligations at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (B) in any case not described in subsection (a)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and participation interest in L/C Obligations outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and participation interest in L/C Obligations of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Effective Date" is specified in the Assignment and Acceptance, as of the Effective Date) shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed);

(ii) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) *Required Consents.* No consent shall be required for any assignment except to the extent required by Section 13.12(a)(i)(B) and, in addition:

(a) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(b) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender with a Commitment in respect of such facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(c) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding)

(iv) *Assignment and Acceptance.* The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) *No Assignment to Holdings, Borrower or Borrower Subsidiary.* No such assignment shall be made to Holdings, the Borrower or any of their Affiliates or Borrower Subsidiaries.

(vi) *No Assignment to Natural Persons.* No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 13.12(b) hereof, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 13.6 and 13.15 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.11 hereof.

(b) *Register.* The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(c) Any Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or grant to a Federal Reserve Bank, and this Section shall not apply to any such pledge or grant of a security interest; *provided* that no such pledge or grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or secured party for such Lender as a party hereto; *provided further, however*, the right of any such pledgee or grantee (other than any Federal Reserve Bank) to further transfer all or any portion of the rights pledged or granted to it, whether by means of foreclosure or otherwise, shall be at all times subject to the terms of this Agreement.

*Section 13.13. Amendments.* Section 13.13. Amendments Any provision of this Agreement or the other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Required Lenders, and (c) if the rights or duties of the Administrative Agent, the L/C Issuer, are affected thereby, the Administrative Agent, the L/C Issuer; *provided that*:

(i) no amendment or waiver pursuant to this Section 13.13 shall (A) increase any Commitment of any Lender without the consent of such Lender or (B) reduce the amount of or postpone the date for any scheduled payment of any principal of or interest on any Loan of any fee payable hereunder without the consent of the Lender to which such payment is owing or which has committed to make such Loan hereunder;

(ii) no amendment or waiver pursuant to this Section 13.13 shall, unless signed by each Lender, change the definition of Required Lenders, change the provisions of this Section 13.13, change Section 13.7 in a manner that would affect the ratable sharing of setoffs required thereby, change the application of payments contained in Section 3.1, release any material guarantor or all or substantially

all of the Collateral (except as otherwise provided for in the Loan Documents), or affect the number of Lenders required to take any action hereunder or under any other Loan Document; and

(iii) no amendment or waiver pursuant to this Section 13.13 shall, unless signed by each Lender affected thereby, extend the Termination Date, or extend the stated expiration date of any Letter of Credit beyond the Termination Date;

(iv) no amendment to Section 12 hereof shall be made without the consent of the Guarantor(s) affected thereby; or

(v) increase the advance rates set forth in the definition of "Borrowing Base", amend any definition used in the definition of "Borrowing Base" if the effect of such amendment would be to increase the amount of available credit or add a new category of eligible assets to the Borrowing Base without the written consent of all the Lenders.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

*Section 13.14. Headings.* Section 13.14. Headings Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

*Section 13.15. Costs and Expenses; Indemnification* Section 13.15. Costs and Expenses; Indemnification. The Borrower agrees to pay all out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, negotiation, syndication, and administration of the Loan Documents, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, in connection with the preparation and execution of the Loan Documents, and any amendment, waiver or consent related thereto, whether or not the transactions contemplated herein are consummated, together with any fees and charges suffered or incurred by the Administrative Agent in connection with collateral filing fees and lien searches. The Borrower agrees to pay to the Administrative Agent, the L/C Issuer and each Lender, and any other holder of any Obligations outstanding hereunder, all out-of-pocket costs and expenses reasonably incurred or paid by the Administrative Agent, the L/C Issuer, such Lender, or any such holder, including reasonable attorneys' fees and disbursements and court costs, in connection with any Default or Event of Default hereunder or in connection with the enforcement of any of the Loan Documents (including all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Borrower or any Guarantor as a debtor thereunder). The Borrower further agrees to indemnify the Administrative Agent, the L/C Issuer, each Lender, and any security trustee therefor, and their respective directors, officers, employees, agents, financial advisors, and consultants (each such Person being called an "Indemnatee") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable fees and disbursements of counsel for any such Indemnatee and all reasonable expenses of litigation or preparation therefor, whether or not the Indemnatee is a party thereto, or any settlement arrangement arising from or relating to any such litigation) which any of them may pay or incur arising out of or relating to any Loan Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any Loan or Letter of Credit, other than those which

arise from the gross negligence or willful misconduct of the party claiming indemnification as determined by a court of competent jurisdiction by final and nonappealable judgment. The Borrower, upon demand by the Administrative Agent, the L/C Issuer or a Lender at any time, shall reimburse the Administrative Agent, the L/C Issuer or such Lender for any legal or other expenses (including, without limitation, all reasonable fees and disbursements of counsel for any such Indemnitee) incurred in connection with investigating or defending against any of the foregoing (including any settlement costs relating to the foregoing) except if the same is directly due to the gross negligence or willful misconduct of the party to be indemnified as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent permitted by applicable law, neither the Borrower nor any Guarantor shall assert, and each such Person hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or the other Loan Documents or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. The obligations of the Borrower under this Section shall survive the termination of this Agreement.

*Section 13.16. Set-off*Section 13.16. Set-off. In addition to any rights now or hereafter granted under the Loan Documents or applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, each Lender, the L/C Issuer, each subsequent holder of any Obligation, and each of their respective affiliates, is hereby authorized by the Borrower and each Guarantor at any time or from time to time, without notice to the Borrower, any Guarantor or to any other Person, any such notice being hereby expressly waived, to set-off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured, and in whatever currency denominated, but not including trust accounts) and any other indebtedness at any time held or owing by that Lender, the L/C Issuer, subsequent holder, or affiliate, to or for the credit or the account of the Borrower or such Guarantor, whether or not matured, against and on account of the Obligations of the Borrower or such Guarantor to that Lender, L/C Issuer, or subsequent holder under the Loan Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Loan Documents, irrespective of whether or not (a) that Lender, L/C Issuer, or subsequent holder shall have made any demand hereunder or (b) the principal of or the interest on the Loans and other amounts due hereunder shall have become due and payable pursuant to Section 9 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

*Section 13.17. Entire Agreement*Section 13.17. Entire Agreement. The Loan Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

*Section 13.18. Governing Law*Section 13.18. Governing Law. This Agreement and the other Loan Documents (except as otherwise specified therein), and the rights and duties of the parties hereto, shall be construed and determined in accordance with the internal laws of the State of Illinois.

*Section 13.19. Severability of Provisions*Section 13.19. Severability of Provisions Any provision of any Loan Document which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and the other Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and other Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or the other Loan Documents invalid or unenforceable.

*Section 13.20. Excess Interest*Section 13.20. Excess Interest. Notwithstanding any provision to the contrary contained herein or in any other Loan Document, no such provision shall require the payment or permit the collection of any amount of interest in excess of the maximum amount of interest permitted by applicable law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Loans or other obligations outstanding under this Agreement or any other Loan Document (“*Excess Interest*”). If any Excess Interest is provided for, or is adjudicated to be provided for, herein or in any other Loan Document, then in such event (a) the provisions of this Section shall govern and control, (b) neither the Borrower nor any guarantor or endorser shall be obligated to pay any Excess Interest, (c) any Excess Interest that the Administrative Agent or any Lender may have received hereunder shall, at the option of the Administrative Agent, be (i) applied as a credit against the then outstanding principal amount of Obligations hereunder and accrued and unpaid interest thereon (not to exceed the maximum amount permitted by applicable law), (ii) refunded to the Borrower, or (iii) any combination of the foregoing, (d) the interest rate payable hereunder or under any other Loan Document shall be automatically subject to reduction to the maximum lawful contract rate allowed under applicable usury laws (the “*Maximum Rate*”), and this Agreement and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the relevant interest rate, and (e) neither the Borrower nor any guarantor or endorser shall have any action against the Administrative Agent or any Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any of Borrower’s Obligations is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on the Borrower’s Obligations shall remain at the Maximum Rate until the Lenders have received the amount of interest which such Lenders would have received during such period on the Borrower’s Obligations had the rate of interest not been limited to the Maximum Rate during such period.

*Section 13.21. Construction*Section 13.21. Construction. The parties acknowledge and agree that the Loan Documents shall not be construed more favorably in favor of any party hereto based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of the Loan Documents. The provisions of this Agreement relating to Borrower Subsidiaries shall only apply during such times as the Borrower has one or more Borrower Subsidiaries. Nothing contained herein shall be deemed or construed to permit any act or omission which is prohibited by the terms of any Collateral Document, the covenants and agreements contained herein being in addition to and not in substitution for the covenants and agreements contained in the Collateral Documents.

*Section 13.22. Lender’s and L/C Issuer’s Obligations Several*Section 13.22. Lender’s and L/C Issuer’s Obligations Several. The obligations of the Lenders and L/C Issuer hereunder are several and not joint. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders and L/C Issuer a partnership, association, joint venture or other entity.

*Section 13.23. Submission to Jurisdiction; Waiver of Jury Trial*Section 13.23. Submission to Jurisdiction; Waiver of Jury Trial. The Borrower and the Guarantors hereby submit to the nonexclusive jurisdiction of the United States District Court for the Northern District of Illinois and of any Illinois State court sitting in the City of Chicago for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. The Borrower and the Guarantors irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. The Borrower, the Guarantors, the Administrative Agent and the Lenders hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or the transactions contemplated thereby.

*Section 13.24. USA Patriot Act*Section 13.24. USA Patriot Act. Each Lender and L/C Issuer that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”) hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or L/C Issuer to identify the Borrower in accordance with the Act.

*Section 13.25. Confidentiality*Section 13.25. Confidentiality. Each of the Administrative Agent, the Lenders, and the L/C Issuer severally agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates’ directors, officers, employees and agents, including accountants, legal counsel and other advisors to the extent any such Person has a need to know such Information (it being understood that the Persons to whom such disclosure is made will first be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower or any Borrower Subsidiary and its obligations, (g) with the prior written consent of the Borrower, (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, any Lender or the L/C Issuer on a non-confidential basis from a source other than Holdings, the Borrower or any Borrower Subsidiary or any of their directors, officers, employees or agents, including accountants, legal counsel and other advisors, (i) to rating agencies if requested or required by such agencies in connection with a rating relating to the Loans or Commitments hereunder, or (j) to entities which compile and publish information about the syndicated loan market, *provided* that only basic information about the pricing and structure of the transaction evidenced hereby may be disclosed pursuant to this subsection (j). For purposes of this Section, “*Information*” means all information received from Holdings, the Borrower or any of the Borrower Subsidiaries or from any other Person on behalf of Holdings, the Borrower or any Borrower Subsidiary relating to Holdings, the Borrower or any Borrower Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by Holdings, the Borrower or any Borrower Subsidiary or from any other Person on behalf of Holdings, the Borrower or any Borrower Subsidiary.

*Section 13.26. Amendment and Restatement*Section 13.26. Amendment and Restatement. This Agreement amends and restates the Original Credit Agreement and is not intended to be or operate as a novation or an accord and satisfaction of the Original Credit Agreement or the indebtedness, obligations and liabilities of the Borrower and the Guarantors evidenced or provided for thereunder. Without limiting the generality of the foregoing, the Borrower and each Guarantor agrees that notwithstanding the execution and delivery of this Agreement and the Collateral, the Liens previously granted to the Administrative Agent pursuant to the Collateral Documents shall be and remain in full force and effect and that any rights and remedies of the Administrative Agent thereunder and obligations of the Credit Parties thereunder shall be and remain in full force and effect, shall not be affected, impaired or discharged thereby and shall secure all of the Credit Parties’ indebtedness, obligations and liabilities to the Administrative Agent and the Lenders under the Original Credit Agreement as amended and restated hereby. Nothing herein contained shall in any manner affect or impair

the priority of the Liens created and provided for by the Collateral Documents as to the indebtedness which would be secured thereby prior to giving effect hereto.

*Section 13.27. Equalization of Loans*Section 13.27. Equalization of Loans. Upon the satisfaction of the conditions precedent set forth in Section 7.2 hereof, all loans outstanding under the Original Credit Agreement shall remain outstanding as the initial Borrowing of Loans under this Agreement and, in connection therewith, the Borrower shall be deemed to have prepaid all outstanding Eurodollar Loans on the Closing Date. On the Closing Date, the Lenders each agree to make such purchases and sales of interests in the outstanding Loans between themselves so that each Lender is then holding its relevant Percentage of outstanding Loans. Such purchases and sales shall be arranged through the Administrative Agent and each Lender hereby agrees to execute such further instruments and documents, if any, as the Administrative Agent may reasonably request in connection therewith.

[Signature Pages to Follow]



This Amended and Restated Credit Agreement is entered into between us for the uses and purposes hereinabove set forth as of the date first above written.

*“Borrower”*

FCStone Merchant Services, LLC

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title TREASURER

By: /s/ BRUCE FIELDS  
Name BRUCE FIELDS  
Title GROUP TREASURER of INTL FCSTONE INC.

*“Guarantor”*

INTL FCStone Inc.

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title CFO

By: /s/ BRUCE FIELDS  
Name BRUCE FIELDS  
Title GROUP TREASURER

*“Administrative Agent and Lenders ”*

Bank of Montreal, Chicago Branch, as Administrative Agent, L/C Issuer, and a Lender

By: /s/ KRUPA TANTUWAYA  
Name KRUPA TANTUWAYA  
Title VICE PRESIDENT

CoBank, ACB, as a Lender

By: /s/ DEINO SATHER  
Name DEINO SATHER  
Title REGIONAL VICE PRESIDENT

The Huntington National Bank, as a Lender

By: /s/ KAREN WHEATLEY  
Name KAREN WHEATLEY  
Title VICE PRESIDENT

**First Amendment To  
Amended and Restated Credit Agreement**

This First Amendment to Amended and Restated Credit Agreement (herein, the “*Amendment*”) is entered into as of April 29, 2016, by and among FCStone Merchant Services, LLC, a Delaware limited liability company (the “*Borrower*”), INTL FCStone Inc., as Guarantor, the financial institutions party to this Amendment, as lenders (the “*Lenders*”), and Bank of Montreal, Chicago Branch, as administrative agent (the “*Administrative Agent*”).

**Preliminary Statements**

A. The Borrower, the Guarantor, the Lenders and the Administrative Agent entered into a certain Amended and Restated Credit Agreement dated as of March 15, 2016 (the “*Credit Agreement*”). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement.

B. The Borrower has requested that the Lenders make certain amendments to the Credit Agreement, and the Lenders are willing to do so under the terms and conditions set forth in this Amendment.

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended as follows:

1.1. The defined term “*Commitment*” appearing in Section 5.1 of the Credit Agreement shall be amended and restated to read in its entirety as follows:

“*Commitment*” means, as to any Lender, the obligation of such Lender to make Loans and to participate in Letters of Credit issued for the account of the Borrower hereunder in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 5.1 attached hereto and made a part hereof, as the same may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrower and the Lenders acknowledge and agree that the Commitments of the Lenders aggregate \$65,000,000.

1.2. Schedule 1 to the Credit Agreement shall be amended and restated in the form of Schedule 1 attached hereto.

## Section 2. Conditions Precedent.

This Amendment shall become effective upon satisfaction of all of the following conditions precedent:

2.1. The Borrower, the Guarantor, the Lenders and the Administrative Agent shall have executed and delivered this Amendment.

2.2. Legal matters incident to the execution and delivery of this Amendment shall be satisfactory to the Administrative Agent and its counsel.

## Section 3. Representations.

In order to induce the Administrative Agent and the Lenders to execute and deliver this Amendment, the Borrower hereby represents to the Administrative Agent and the Lenders that as of the date hereof (a) the representations and warranties set forth in Section 6 of the Credit Agreement are and shall be and remain true and correct in all material respects (except to the extent that such representations and warranties relate to an earlier date) and (b) it is in compliance with the terms and conditions of the Credit Agreement and no Default or Event of Default has occurred and is continuing under the Credit Agreement or shall result after giving effect to this Amendment.

## Section 4. Miscellaneous.

4.1. The Borrower heretofore executed and delivered to the Administrative Agent the Security Agreement and certain other Collateral Documents. The Borrower hereby acknowledges and agrees that the Liens created and provided for by the Collateral Documents continue to secure, among other things, the Obligations arising under the Credit Agreement as amended hereby; and the Collateral Documents and the rights and remedies of the Administrative Agent thereunder, the obligations of the Borrower thereunder, and the Liens created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby. Nothing herein contained shall in any manner affect or impair the priority of the liens and security interests created and provided for by the Collateral Documents as to the indebtedness which would be secured thereby prior to giving effect to this Amendment.

4.2. Except as specifically amended herein, the Credit Agreement, including without limitation the Guarantees set forth in Section 12 thereof, shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Credit Agreement, the Notes, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Credit Agreement, any reference in any of such items to the Credit Agreement being sufficient to refer to the Credit Agreement as amended hereby.

4.3. The Borrower agrees to pay on demand all out of pocket costs and expenses of or incurred by the Administrative Agent in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Administrative Agent.

4.4. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of executed counterparts o

f this Amendment by telecopy or by e-mail transmission of an Adobe portable document format file (also known as a “PDF” file) shall be effective as an original. This Amendment shall be governed by the internal laws of the State of Illinois.

[Remainder Left Intentionally Omitted]

This First Amendment to Amended and Restated Credit Agreement is entered into as of the date and year first above written.

*“Borrower”*

FCStone Merchant Services, LLC

By: /s/ BRENT GRECIAN  
Name BRENT GRECIAN  
Title PRESIDENT

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title CFO

*“Guarantor”*

INTL FCStone Inc.

By: /s/ SEAN O'CONNOR  
Name SEAN O'CONNOR  
Title CEO

By: /s/ BRUCE FIELDS  
Name BRUCE FIELDS  
Title GROUP TREASURER

Accepted and agreed to.

Bank of Montreal, Chicago Branch, as Administrative Agent and a Lender

By: /s/ KRUPA TANTUWAYA  
Name KRUPA TANTUWAYA  
Title VICE PRESIDENT

CoBank, ACB, as a Lender

By: /s/ DEINO SATHER  
Name DEINO SATHER  
Title REGIONAL VICE PRESIDENT

The Huntington National Bank, as a Lender

By: /s/ KAREN WHEATLEY  
Name KAREN WHEATLEY  
Title VICE PRESIDENT

## Second Amendment To Amended and Restated Credit Agreement

This Second Amendment to Amended and Restated Credit Agreement (herein, the “*Amendment*”), dated as of November 14, 2016 among FCStone Merchant Services, LLC, a Delaware limited liability company (the “*Borrower*”), INTL FCStone Inc., a Delaware corporation (the “*Guarantor*”), the financial institutions party hereto, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent for the Lenders (the “*Administrative Agent*”).

### Preliminary Statements

A. The Borrower, the Guarantor, the Lenders and the Administrative Agent entered into an Amended and Restated Credit Agreement dated as of March 15, 2016, as amended (the “*Credit Agreement*”). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Credit Agreement.

B. The Borrower has requested that the Lenders make certain amendments to the Credit Agreement, and the Lenders are willing to do so under the terms and conditions set forth in this Amendment.

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

#### Section 1. Amendment.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement shall be and hereby is amended to incorporate the changes reflected on Exhibit A hereto.

#### Section 2. Conditions Precedent.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. Receipt by the Administrative Agent this Amendment duly executed by the Borrower, the Guarantors, and the Lenders;

2.2. if requested by any Lender, receipt by the Administrative Agent of Notes for such Lender duly executed by the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 1.8 of the Credit Agreement;

2.3. receipt by the Administrative Agent of an amendment to the Security Agreement duly executed by the Borrower, together with one or more amendments to the UCC financing statements filed against the Borrower, as debtor, in favor of the Administrative Agent, as secured party;

2.4. receipt by the Administrative Agent of resolutions of the Borrower’s Board of Directors (or similar governing body) authorizing the execution, delivery and performance of this Amendment and the consummation of the transactions contemplated hereby, together with specimen signatures of the persons



authorized to execute such documents on the behalf, all certified in each instance by its Secretary or Assistant Secretary;

2.5. receipt by the Administrative Agent of copies of the certificates of good standing for the Borrower and each Guarantor (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state of its incorporation or organization and of each state in which it is qualified to do business as a foreign corporation or organization;

2.6. receipt by the Administrative Agent of financing statement, tax, and judgment lien search results against the Property of the Borrower and each Guarantor evidencing the absence of Liens on its Property except as permitted by the Credit Agreement;

2.7. receipt by the Administrative Agent of the favorable written opinion of counsel to the Borrower and each Guarantor, in form and substance satisfactory to the Administrative Agent;

2.8. no material adverse change in the business, condition (financial or otherwise), operations, performance, or Properties of the Borrower or any Guarantor shall have occurred since September 30, 2016;

2.9. receipt by the Administrative Agent of a subordination agreement duly executed by the Guarantor, in form and substance satisfactory to the Administrative Agent; and

2.10. receipt by the Administrative Agent of such other agreements, instruments, documents, certificates, and opinions as the Administrative Agent may reasonably request.

### Section 3. Representations.

3.1. In order to induce the Administrative Agent and the Lenders to execute and deliver this Amendment, the Borrower and the Guarantor hereby represents to the Administrative Agent and to the Lenders that as of the date hereof (a) the representations and warranties set forth in Section 6 of the Credit Agreement are and shall be and remain true and correct in all material respects (except to the extent that such representations and warranties relate to an earlier date) and (b) they are in compliance with the terms and conditions of the Credit Agreement and no Default or Event of Default has occurred and is continuing under the Credit Agreement or shall result after giving effect to this Amendment.

3.2. Since March 15, 2016, there has been no amendment, modification, supplement or restatement to the organizational documents (*e.g.*, charter, certificate or articles of incorporation and by-laws, certificate or articles of association and operating agreement, partnership agreement, or other similar organizational documents) of the Borrower and Holdings, and such organizational documents are in full force and effect as of the date hereof.

3.2. The resolutions adopted by the Board of Director of Holdings by unanimous written consent effective as of February 8, 2016 in connection with the Credit Agreement has not been amended, modified, supplemented or revoked, and such consent remains in full force and effect on the date hereof.

### Section 4. Miscellaneous.

4.1. Except as specifically amended herein, the Credit Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Credit Agreement, the Notes, or any other instrument or document executed in connection therewith, or in

any certificate, letter or communication issued or made pursuant to or with respect to the Credit Agreement, any reference in any of such items to the Credit Agreement being sufficient to refer to the Credit Agreement, as amended by this Amendment.

4.2. The Borrower agrees to pay on demand all costs and expenses of or incurred by the Administrative Agent in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for the Administrative Agent.

4.3. The Guarantor hereby agrees and confirms that its guaranty set forth in Section 11 of the Credit Agreement, and all obligations of the Guarantor thereunder, remains in full force and effect.

4.4. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of a counterpart hereof by facsimile transmission or by e-mail transmission of an Adobe portable document format file (also known as a "PDF" file) shall be effective as delivery of a manually executed counterpart hereof. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

[Signature Page to Follow]

This Amendment to Credit Agreement is entered into as of the date and year first above written.

*“Borrower”*

FCStone Merchant Services, LLC

By: /s/ BRENT GRECIAN  
Name BRENT GRECIAN  
Title PRESIDENT

FCStone Merchant Services, LLC

By: /s/ WILLIAM J. DUNAWAY  
Name WILLIAM J. DUNAWAY  
Title TREASURER

*“Guarantor”*

INTL FCStone, Inc.

By: /s/ SEAN O'CONNOR  
Name SEAN O'CONNOR  
Title CEO

By: /s/ BRUCE FIELDS  
Name BRUCE FIELDS  
Title GROUP TREASURER

Accepted and agreed to.

Bank of Montreal, Chicago Branch, as Administrative Agent, L/C Issuer and a Lender

By: /s/ NICHOLAS BUCKINGHAM  
Name NICHOLAS BUCKINGHAM  
Title VICE PRESIDENT

CoBank, ACB, as a Lender

By: /s/ BERT D. JOHNSON  
Name BERT D. JOHNSON  
Title VICE PRESIDENT

The Huntington National Bank, as a Lender

By: /s/ JOHN WEATHERS  
Name JOHN WEATHERS  
Title SENIOR VICE PRESIDENT

Amended and Restated  
Credit Agreement

Dated as of March 15, 2016,

among

FCStone Merchant Services, LLC,

The Guarantors from time to time parties hereto,

the Lenders from time to time parties hereto,

and

Bank of Montreal,  
as Administrative Agent

BMO Capital Markets, as Sole Lead Arranger and Sole Book Runner

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### **Amended and Restated Credit Agreement**

This Amended and Restated Credit Agreement is entered into as of March 15, 2016 by and among FCStone Merchant Services, LLC, a Delaware limited liability company (the "*Borrower*"), INTL FCStone

Inc., a Delaware corporation (“*Holdings*”), the Borrower Subsidiaries (as hereinafter defined), as Guarantors, the several financial institutions from time to time party to this Agreement, as Lenders, and Bank of Montreal, a Canadian chartered bank acting through its Chicago branch, as Administrative Agent as provided herein. All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in Section 5.1 hereof.

### Preliminary Statement

The Borrower, the Guarantors, the Lenders and the Administrative Agent are currently party to that certain Credit Agreement dated as of August 10, 2012, as amended (the “*Original Credit Agreement*”). The Borrower hereby requests that certain amendments be made to the Original Credit Agreement and, for the sake of clarity and convenience, that the Original Credit Agreement be restated as so amended.

Now, Therefore, in consideration of the recital set forth above, which by this reference is incorporated into this Agreement set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and subject to the terms and conditions hereof and on the basis of the representations and warranties herein set forth, the Borrower, the Guarantors, the Lenders and the Administrative Agent hereby agree that upon satisfaction or waiver of the conditions precedent to the initial Credit Event hereinafter set forth, the Original Credit Agreement and all of the Exhibits and Schedules thereto shall be amended and as so amended shall be restated in their entirety to read as follows:

#### Section 1. The Credit Facilities.

##### Section 1.1. Commitments.

(a) *Revolving A Loans*. Subject to the terms and conditions hereof, each *Revolving A* Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually a “*Revolving A Loan*” and collectively for all ~~thesuch~~ Lenders the “*Revolving A Loans*”) in U.S. Dollars to the Borrower from time to time on a revolving basis up to the amount of such Lender’s *Revolving A* Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of *Revolving A* Loans and L/C Obligations at any time outstanding shall not exceed the lesser of (i) the *Revolving A* Commitments in effect at such time and (ii) the Borrowing Base (*Revolving A*) as then determined and computed. Each Borrowing of *Revolving A* Loans shall be made ratably by the Lenders in proportion to their respective *Revolver A* Percentages. As provided in Section 1.4(a) hereof, the Borrower may elect that each Borrowing of *Revolving A* Loans be either Base Rate Loans or Eurodollar Loans. *Revolving A* Loans may be repaid and the principal amount thereof reborrowed before the ~~Revolving Credit~~ Termination Date, subject to the terms and conditions hereof.

(b) *Revolving B Loans*. Subject to the terms and conditions hereof, each *Revolving B* Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually a “*Revolving B Loan*” and collectively for all such Lenders the “*Revolving B Loans*”) in U.S. Dollars to the Borrower from time to time on a revolving basis up to the amount of such Lender’s *Revolving B* Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of *Revolving B* Loans at any time outstanding shall not exceed the lesser of (i) the *Revolving B* Commitments in effect at such time and (ii) the Borrowing Base (*Revolving B*) as then determined and computed. Each Borrowing of *Revolving B* Loans shall be made ratably by the Lenders in proportion to their respective *Revolver B* Percentages. As provided in Section 1.4(a) hereof, the Borrower may elect that each Borrowing of *Revolving B* Loans be either Base Rate Loans or Eurodollar Loans. *Revolving B* Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms

and conditions hereof.

(c) *Letters of Credit.* (i) *General Terms.* Subject to the terms and conditions hereof, as part of the ~~Credit~~ **Revolving A Commitment**, the L/C Issuer shall issue standby and commercial letters of credit (each a “*Letter of Credit*”) for the account of Borrower in an aggregate undrawn face amount up to the L/C Sublimit. Each Letter of Credit shall be issued by the L/C Issuer, but each Lender **with a Revolving A Commitment** shall be obligated to reimburse the L/C Issuer for such Lender’s **Revolver A Percentage** of the amount of each drawing thereunder and, accordingly, Letters of Credit shall constitute usage of the Commitment of each Lender pro rata in an amount equal to its **Revolver A Percentage** of the L/C Obligations then outstanding.

(ii) *Applications.* At any time before the Termination Date, the L/C Issuer shall, at the request of the Borrower, issue one or more Letters of Credit in U.S. Dollars, in a form satisfactory to the L/C Issuer, with expiration dates no later than the earlier of 12 months from the date of issuance (or which are cancelable not later than 12 months from the date of issuance and each renewal) or thirty (30) days prior to the Termination Date, in an aggregate face amount as set forth above, upon the receipt of an application duly executed by the Borrower for the relevant Letter of Credit in the form then customarily prescribed by the L/C Issuer for the Letter of Credit requested (each an “*Application*”). Notwithstanding anything contained in any Application to the contrary: (A) the Borrower shall pay fees in connection with each Letter of Credit as set forth in Section 2.1 hereof, (B) except as otherwise provided herein or in Section 1.6 or Section 1.13 hereof, unless an Event of Default exists, the L/C Issuer will not call for the funding by the Borrower of any amount under a Letter of Credit before being presented with a drawing thereunder, and (C) if the L/C Issuer is not timely reimbursed for the amount of any drawing under a Letter of Credit on the date such drawing is paid, except as otherwise provided for in Section 1.4(c) hereof, the Borrower’s obligation to reimburse the L/C Issuer for the amount of such drawing shall bear interest (which the Borrower hereby promises to pay) from and after the date such drawing is paid at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect (computed on the basis of a year of 360 days and the actual number of days elapsed). If the L/C Issuer issues any Letter of Credit with an expiration date that is automatically extended unless the L/C Issuer gives notice that the expiration date will not so extend beyond its then scheduled expiration date, unless the Administrative Agent or the Required Lenders instruct the L/C Issuer otherwise, the L/C Issuer will give such notice of non-renewal before the time necessary to prevent such automatic extension if before such required notice date: (A) the expiration date of such Letter of Credit if so extended would be after the Termination Date, (B) the **Revolving A Commitments** have been terminated, or (C) a Default or an Event of Default exists and either the Administrative Agent or the Required Lenders (with notice to the Administrative Agent) have given the L/C Issuer instructions not to so permit the extension of the expiration date of such Letter of Credit. The L/C Issuer agrees to issue amendments to the Letter(s) of Credit increasing the amount, or extending the expiration date, thereof at the request of the Borrower subject to the conditions of Section 7 hereof and the other terms of this Section 1.1(b)(c).

(iii) *The Reimbursement Obligations.* Subject to Section 1.1(b)(c)(ii) hereof, the obligation of the Borrower to reimburse the L/C Issuer for all drawings under a Letter of Credit (a “*Reimbursement Obligation*”) shall be governed by the Application related to such Letter of Credit, except that reimbursement shall be made by no later than 12:00 Noon (Chicago time) on the date when each drawing is to be paid if the Borrower has been informed of such drawing by the L/C Issuer on or before 11:00 a.m. (Chicago time) on the date when such drawing is to be paid or, if notice of such drawing is given to the Borrower after 11:00 a.m. (Chicago time) on the date when such drawing is to be paid, by no later than 12:00 Noon (Chicago time) on the following Business Day, in immediately available funds at the Administrative Agent’s principal office in Chicago, Illinois, or such other office as the Administrative Agent may designate in writing to the Borrower (who shall thereafter cause to be distributed to the L/C Issuer such amount(s) in like funds). If the Borrower does not make any such reimbursement payment on the date due and the Participating Lenders fund their

participations therein in the manner set forth in Section 1.3(e) below, then all payments thereafter received by the Administrative Agent in discharge of any of the relevant Reimbursement Obligations shall be distributed in accordance with Section 1.3(e) below.

(iv) *Obligations Absolute.* The Borrower's obligation to reimburse L/C Obligations as provided in subsection (iii) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the relevant Application under any and all circumstances whatsoever and irrespective of (A) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (B) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (C) payment by the L/C Issuer under a Letter of Credit against presentation of a draft or other document that does not strictly comply with the terms of such Letter of Credit, or (D) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. None of the Administrative Agent, the Lenders, or the L/C Issuer shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the L/C Issuer ; *provided* that the foregoing shall not be construed to excuse the L/C Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the L/C Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the L/C Issuer (as determined by a court of competent jurisdiction by final and nonappealable judgment), the L/C Issuer shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the L/C Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(v) *The Participating Interests.* Each **Revolving A** Lender (other than the **Revolving A** Lender acting as L/C Issuer in issuing the relevant Letter of Credit), by its acceptance hereof, severally agrees to purchase from the L/C Issuer, and the L/C Issuer hereby agrees to sell to each such Lender (a "*Participating Lender*"), an undivided percentage participating interest (a "*Participating Interest*"), to the extent of its Percentage, in each Letter of Credit issued by, and each Reimbursement Obligation owed to, the L/C Issuer. Upon any failure by the Borrower to pay any Reimbursement Obligation at the time required on the date the related drawing is to be paid, as set forth in Section 1.1(~~bc~~)(iii) above, or if the L/C Issuer is required at any time to return to the Borrower or to a trustee, receiver, liquidator, custodian or other Person any portion of any payment of any Reimbursement Obligation, each Participating Lender shall, not later than the Business Day it receives a request from the L/C Issuer (with a copy to the Administrative Agent) to such effect, if such request is received before 1:00 p.m. (Chicago time), or not later than 1:00 p.m. (Chicago time) the following Business Day, if such request is received after such time, pay to the Administrative Agent for the account of the L/C Issuer an amount equal to such Participating Lender's **Revolver A** Percentage of such unpaid or recaptured Reimbursement Obligation together with interest on such amount accrued from the date the related

payment was made by the L/C Issuer to the date of such payment by such Participating Lender at a rate per annum equal to: (A) from the date the related payment was made by the L/C Issuer to the date two (2) Business Days after payment by such Participating Lender is due hereunder, the Federal Funds Rate for each such day and (B) from the date two (2) Business Days after the date such payment is due from such Participating Lender to the date such payment is made by such Participating Lender, the Base Rate in effect for each such day. Each such Participating Lender shall thereafter be entitled to receive its **Revolver A** Percentage of each payment received in respect of the relevant Reimbursement Obligation and of interest paid thereon, with the L/C Issuer retaining its **Revolver A** Percentage thereof as a **Revolving A** Lender hereunder. The several obligations of the Participating Lenders to the L/C Issuer under this Section 1.1(**bc**) shall be absolute, irrevocable, and unconditional under any and all circumstances whatsoever and shall not be subject to any set-off, counterclaim or defense to payment which any Participating Lender may have or have had against the Borrower, the L/C Issuer, the Administrative Agent, any Lender or any other Person whatsoever. Without limiting the generality of the foregoing, such obligations shall not be affected by any Default or Event of Default or by any reduction or termination of any **Revolving A** Commitment of any **Revolving A** Lender, and each payment by a Participating Lender under this Section 1.1(**bc**) shall be made without any offset, abatement, withholding or reduction whatsoever.

(vi) *Indemnification.* The Participating Lenders shall, to the extent of their respective Percentages, indemnify the L/C Issuer (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such L/C Issuer's gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment) that the L/C Issuer may suffer or incur in connection with any Letter of Credit issued by it. The obligations of the Participating Lenders under this Section 1.1(**bc**) (vi) and all other parts of this Section 1.1(**bc**) shall survive termination of this Agreement and of all Applications, Letters of Credit, and all drafts and other documents presented in connection with drawings thereunder.

(vii) *Manner of Requesting a Letter of Credit.* The Borrower shall provide at least five (5) Business Days' advance written notice (or such longer period if required by the Administrative Agent) to the Administrative Agent of each request for the issuance of a Letter of Credit, such notice in each case to be accompanied by an Application for such Letter of Credit properly completed and executed by the Borrower and, in the case of an extension or amendment or an increase in the amount of a Letter of Credit, a written request therefor, in a form acceptable to the Administrative Agent and the L/C Issuer, in each case, together with the fees called for by this Agreement. The Administrative Agent shall promptly notify the L/C Issuer of the Administrative Agent's receipt of each such notice (and the L/C Issuer shall be entitled to assume that the conditions precedent to any such issuance, extension, amendment or increase have been satisfied unless notified to the contrary by the Administrative Agent or the Required Lenders) and the L/C Issuer shall promptly notify the Administrative Agent and the Lenders of the issuance of the Letter of Credit so requested.

(viii) *Replacement of the L/C Issuer.* The L/C Issuer may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced L/C Issuer and the successor L/C Issuer. The Administrative Agent shall notify the Lenders of any such replacement of the L/C Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced L/C Issuer. From and after the effective date of any such replacement (A) the successor L/C Issuer shall have all the rights and obligations of the L/C Issuer under this Agreement with respect to Letters of Credit to be issued thereafter and (B) references herein to the term "L/C Issuer" shall be deemed to refer to such successor or to any previous L/C Issuer, or to such successor and all previous L/C Issuers, as the context shall require. After the replacement of a L/C Issuer hereunder, the replaced L/C Issuer shall remain a party hereto and shall continue to have all the rights and obligations of a L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required

to issue additional Letters of Credit.

*Section 1.2. Applicable Interest Rates.* (a) *Base Rate Loans.* Each Base Rate Loan made or maintained by a Lender shall bear interest (computed on the basis of a year of 365 or 366 days, as the case may be, and the actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, or created by conversion from a Eurodollar Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect, payable by the Borrower on each Interest Payment Date and at maturity (whether by acceleration or otherwise).

“*Base Rate*” means, for any day, the rate per annum equal to the greatest of: (a) the rate of interest announced or otherwise established by the Administrative Agent from time to time as its prime commercial rate, or its equivalent, for U.S. Dollar loans to borrowers located in the United States as in effect on such day, with any change in the Base Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Administrative Agent’s best or lowest rate), (b) the sum of (i) the rate determined by the Administrative Agent to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Administrative Agent at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Administrative Agent for sale to the Administrative Agent at face value of Federal funds in the secondary market in an amount equal or comparable to the principal amount for which such rate is being determined, plus (ii) 1/2 of 1%, and (c) the LIBOR Quoted Rate for such day plus 1.00%. As used herein, the term “*LIBOR Quoted Rate*” means, for any day, the rate per annum equal to the quotient of (i) the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a one-month interest period as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) as of 11:00 a.m. (London, England time) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) divided by (ii) one (1) minus the Eurodollar Reserve Percentage, provided that in no event shall the “*LIBOR Quoted Rate*” be less than 0.00%.

(b) *Eurodollar Loans.* Each Eurodollar Loan made or maintained by a Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced or continued, or created by conversion from a Base Rate Loan, until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Adjusted LIBOR applicable for such Interest Period, payable by the Borrower on each Interest Payment Date and at maturity (whether by acceleration or otherwise).

“*Adjusted LIBOR*” means, for any Borrowing of Eurodollar Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Eurodollar Reserve Percentage}}$$

“*Eurodollar Reserve Percentage*” means the maximum reserve percentage, expressed as a decimal, at which reserves (including, without limitation, any emergency, marginal, special, and supplemental reserves) are imposed by the Board of Governors of the Federal Reserve System (or any successor) on “*eurocurrency liabilities*”, as defined in such Board’s Regulation D (or any successor thereto), subject to

any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the relevant Loans shall be deemed to be “*eurocurrency liabilities*” as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any such reserve percentage.

“*LIBOR*” means, for an Interest Period for a Borrowing of Eurodollar Loans, (a) the LIBOR Index Rate for such Interest Period, if such rate is available, and (b) if the LIBOR Index Rate cannot be determined, the arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which deposits in U.S. Dollars in immediately available funds are offered to the Administrative Agent at 11:00 a.m. (London, England time) two (2) Business Days before the beginning of such Interest Period by three (3) or more major banks in the interbank eurodollar market selected by the Administrative Agent for delivery on the first day of and for a period equal to such Interest Period and in an amount equal or comparable to the principal amount of the Eurodollar Loan scheduled to be made as part of such Borrowing, provided that in no event shall “*LIBOR*” be less than 0.00%.

“*LIBOR Index Rate*” means, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one hundred-thousandth of a percentage point) for deposits in U.S. Dollars for a period equal to such Interest Period, as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) as of 11:00 a.m. (London, England time) on the day two (2) Business Days before the commencement of such Interest Period.

(c) *Rate Determinations.* The Administrative Agent shall determine each interest rate applicable to the Loans and the Reimbursement Obligations hereunder, and its determination thereof shall be conclusive and binding except in the case of manifest error.

*Section 1.3. Minimum Borrowing Amounts; Maximum Eurodollar Loans.* Each Borrowing of Base Rate Loans shall be in an amount not less than \$200,000. Each Borrowing of Eurodollar Loans advanced, continued or converted shall be in an amount equal to \$500,000 or such greater amount which is an integral multiple of \$100,000. Without the Administrative Agent’s consent, there shall not be more than ten (10) Borrowings of Eurodollar Loans outstanding hereunder at any one time.

*Section 1.4. Manner of Borrowing Loans and Designating Applicable Interest Rates.* (a) *Notice to the Administrative Agent.* The Borrower shall give notice to the Administrative Agent by no later than 10:00 a.m. (Chicago time): (i) at least three (3) Business Days before the date on which the Borrower requests the Lenders to advance a Borrowing of Eurodollar Loans and (ii) on the date the Borrower requests the Lenders to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, subject to the terms and conditions hereof, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to the minimum amount requirement for each outstanding Borrowing set forth in Section 1.3 hereof, a portion thereof, as follows: (i) if such Borrowing is of Eurodollar Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurodollar Loans or convert part or all of such Borrowing into Base Rate Loans or (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurodollar Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation or conversion of a Borrowing to the Administrative Agent by telephone, telecopy, or other telecommunication device acceptable to the Administrative Agent (which notice shall be irrevocable once given and, if by telephone, shall be promptly

confirmed in writing), substantially in the form attached hereto as Exhibit A (Notice of Borrowing) or Exhibit B (Notice of Continuation/Conversion), as applicable, or in such other form acceptable to the Administrative Agent. Notice of the continuation of a Borrowing of Eurodollar Loans for an additional Interest Period or of the conversion of part or all of a Borrowing of Base Rate Loans into Eurodollar Loans must be given by no later than 10:00 a.m. (Chicago time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued or converted, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurodollar Loans, the Interest Period applicable thereto. Upon notice to the Borrower by the Administrative Agent or the Required Lenders (or, in the case of an Event of Default under Section 9.1(j) or 9.1(k) hereof with respect to the Borrower, without notice), no Borrowing of Eurodollar Loans shall be advanced, continued, or created by conversion if any Default or Event of Default then exists. The Borrower agrees that the Administrative Agent may rely on any such telephonic, teletype or other telecommunication notice given by any person the Administrative Agent in good faith believes is an Authorized Representative without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation such telephonic notice shall govern if the Administrative Agent has acted in reliance thereon.

(b) *Notice to the Lenders.* The Administrative Agent shall give prompt telephonic, teletype or other telecommunication notice to each applicable Lender of any notice from the Borrower received pursuant to Section 1.4(a) above and, if such notice requests the applicable Lenders to make Eurodollar Loans, the Administrative Agent shall give notice to the Borrower and each Lender by like means of the interest rate applicable thereto promptly after the Administrative Agent has made such determination.

(c) *Borrower's Failure to Notify.* If the Borrower fails to give notice pursuant to Section 1.4(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurodollar Loans before the last day of its then current Interest Period within the period required by Section 1.4(a) and such Borrowing is not prepaid in accordance with Section 1.6(a), such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans. In the event the Borrower fails to give notice pursuant to Section 1.4(a) above of a Borrowing equal to the amount of a Reimbursement Obligation and has not notified the Administrative Agent by 12:00 noon (Chicago time) on the day such Reimbursement Obligation becomes due that it intends to repay such Reimbursement Obligation through funds not borrowed under this Agreement, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans under the Revolving Credit Commitment on such day in the amount of the Reimbursement Obligation then due, which Borrowing shall be applied to pay the Reimbursement Obligation then due.

(d) *Disbursement of Loans.* Not later than 1:00 p.m. (Chicago time) on the date of any requested advance of a new Borrowing, subject to Section 7 hereof, each applicable Lender shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Administrative Agent in Chicago, Illinois (or at such other location as the Administrative Agent shall designate). The Administrative Agent shall make the proceeds of each new Borrowing available to the Borrower at the Administrative Agent's principal office in Chicago, Illinois (or at such other location as the Administrative Agent shall designate), by depositing or wire transferring such proceeds to the credit of the Borrower's Designated Disbursement Account or as the Borrower and the Administrative Agent may otherwise agree.

(e) *Administrative Agent Reliance on Lender Funding.* Unless the Administrative Agent shall have been notified by a Lender prior to (or, in the case of a Borrowing of Base Rate Loans, by 1:00 p.m.



(Chicago time) on) the date on which such Lender is scheduled to make payment to the Administrative Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Lender does not intend to make such payment, the Administrative Agent may assume that such Lender has made such payment when due and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Lender and, if any Lender has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, pay to the Administrative Agent the amount made available to the Borrower attributable to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Lender pays such amount to the Administrative Agent at a rate per annum equal to: (i) from the date the related advance was made by the Administrative Agent to the date two (2) Business Days after payment by such Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day. If such amount is not received from such Lender by the Administrative Agent immediately upon demand, the Borrower will, on demand, repay to the Administrative Agent the proceeds of the Loan attributable to such Lender with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan, but without such payment being considered a payment or prepayment of a Loan under Section 1.9 hereof so that the Borrower will have no liability under such Section with respect to such payment.

*Section 1.5. Maturity of Loans.* Each Loan, both for principal and interest not sooner paid, shall mature and be due and payable by the Borrower on the Termination Date.

*Section 1.6. Prepayments.* (a) *Optional.* The Borrower may prepay in whole or in part (but, if in part, then: (i) if such Borrowing is of Base Rate Loans, in an amount not less than \$200,000, (ii) if such Borrowing is of Eurodollar Loans, in an amount not less than \$500,000, and (iii) in each case, in an amount such that the minimum amount required for a Borrowing pursuant to Section 1.3 hereof remains outstanding) any Borrowing of Eurodollar Loans at any time upon three (3) Business Days prior notice by the Borrower to the Administrative Agent or, in the case of a Borrowing of Base Rate Loans, notice delivered by the Borrower to the Administrative Agent no later than 10:00 a.m. (Chicago time) on the date of prepayment (or, in any case, such shorter period of time then agreed to by the Administrative Agent), such prepayment to be made by the payment of the principal amount to be prepaid and, in the case of any Eurodollar Loans, accrued interest thereon to the date fixed for prepayment plus any amounts due the Lenders under Section 1.9 hereof.

(b) *Mandatory.* (i) The Borrower shall, on each date the [Revolving A](#) Commitments are reduced pursuant to Section 1.10 hereof, prepay the [Revolving A](#) Loans and, if necessary, prefund the L/C Obligations by the amount, if any, necessary to reduce the sum of the aggregate principal amount of [Revolving A](#) Loans and L/C Obligations then outstanding to the amount to which the [Revolving A](#) Commitments have been so reduced.

(ii) The Borrower shall, on each date the [Revolving B](#) Commitments are reduced pursuant to Section 1.10 hereof, prepay the [Revolving B](#) Loans by the amount, if any, necessary to reduce the aggregate principal amount of [Revolving B](#) Loans then outstanding to the amount to which the [Revolving B](#) Commitments have been so reduced.

(iii) If at any time the sum of the unpaid principal balance of the [Revolving A](#) Loans, and the L/C Obligations then outstanding shall be in excess of the Borrowing Base ([Revolving A](#)) as then determined and computed (including, at the option of the Administrative Agent, daily computations of the Borrowing Base ([Revolving A](#)) based upon mark-to market value of Eligible Commodities and the Hedging Value of Hedging Agreements), the Borrower shall immediately and without notice or demand pay over the amount

of the excess to the Administrative Agent for the account of the [Revolving A](#) Lenders as and for a mandatory prepayment on such Obligations, with each such prepayment first to be applied to the [Revolving A](#) Loans until paid in full with any remaining balance to be held by the Administrative Agent in the Collateral Account as security for the Obligations owing with respect to the Letters of Credit.

(iiiiv) If at any time the sum of the unpaid principal balance of the [Revolving B](#) Loans then outstanding shall be in excess of the Borrowing Base ([Revolving B](#)) as then determined and computed, the Borrower shall immediately and without notice or demand pay over the amount of the excess to the Administrative Agent for the account of the [Revolving B](#) Lenders as and for a mandatory prepayment on such Obligations, with each such prepayment to be applied to the [Revolving B](#) Loans until paid in full.

(v) Unless the Borrower otherwise directs, prepayments of Loans under this Section 1.6(b) shall be applied first to Borrowings of Base Rate Loans until payment in full thereof with any balance applied to Borrowings of Eurodollar Loans in the order in which their Interest Periods expire. Each prepayment of Loans under this Section 1.6(b) shall be made by the payment of the principal amount to be prepaid and, in the case of any Eurodollar Loans, accrued interest thereon to the date of prepayment together with any amounts due the Lenders under Section 1.9 hereof. Each prefunding of L/C Obligations shall be made in accordance with Section 9.4.

(c) Any amount of Loans paid or prepaid before the Termination Date may, subject to the terms and conditions of this Agreement, be borrowed, repaid and borrowed again.

*Section 1.7. Default Rate.* Notwithstanding anything to the contrary contained herein, while any Event of Default exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all Loans and Reimbursement Obligations, letter of credit fees and other amounts at a rate per annum equal to:

(a) for any Base Rate Loan, the sum of 2.0% *plus* the Applicable Margin *plus* the Base Rate from time to time in effect; and

(b) for any Eurodollar Loan, the sum of 2.0% *plus* the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of 2.0% *plus* the Applicable Margin for Base Rate Loans *plus* the Base Rate from time to time in effect;

(c) for any Reimbursement Obligation, the sum of 2.0% *plus* the amounts due under Section 1.1(~~bc~~) with respect to such Reimbursement Obligation;

(d) for any Letter of Credit, the sum of 2.0% *plus* the L/C Participation Fee due under Section 2.1(b) with respect to such Letter of Credit; and

(e) for any other amount owing hereunder not covered by clauses (a) through (d) above, the sum of 2% *plus* the Applicable Margin *plus* the Base Rate from time to time in effect;

*provided, however,* that in the absence of acceleration, any adjustments pursuant to this Section shall be made at the election of the Administrative Agent, acting at the request or with the consent of the Required Lenders, with written notice to the Borrower. While any Event of Default exists or after acceleration, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Required Lenders.

*Section 1.8. Evidence of Indebtedness.* (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, the type thereof and the Interest Period with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries maintained in the accounts maintained pursuant to subsections (a) and (b) above shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note or notes in the form of Exhibit C ~~-1~~ (in the case of its Revolving A Loan and referred to herein as a "*Revolving A Note*") and C-2 (in the case of its Revolving B Loan and referred to herein as a "*Revolving B Note*"; each promissory note being hereinafter referred to collectively as the "*Notes*" and individually as a "*Note*"). In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to such Lender or its registered assigns in the amount of the relevant Commitment. Thereafter, the Loans evidenced by such Note or Notes and interest thereon shall at all times (including after any assignment pursuant to Section 13.12) be represented by one or more Notes payable to the order of the payee named therein or any assignee pursuant to Section 13.12, except to the extent that any such Lender or assignee subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in subsections (a) and (b) above.

*Section 1.9. Funding Indemnity.* If any Lender shall incur any loss, cost or expense (including, without limitation, any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Lender to fund or maintain any Eurodollar Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to such Lender) as a result of:

(a) any payment, prepayment or conversion of a Eurodollar Loan on a date other than the last day of its Interest Period,

(b) any failure (because of a failure to meet the conditions of Section 7 or otherwise) by the Borrower to borrow or continue a Eurodollar Loan, or to convert a Base Rate Loan into a Eurodollar Loan on the date specified in a notice given pursuant to Section 1.4(a) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurodollar Loan when due (whether by acceleration or otherwise), or

(d) any acceleration of the maturity of a Eurodollar Loan as a result of the occurrence of any Event of Default hereunder,

then, upon the demand of such Lender, the Borrower shall pay to such Lender such amount as will reimburse such Lender for such loss, cost or expense. If any Lender makes such a claim for compensation, it shall

provide to the Borrower, with a copy to the Administrative Agent, a certificate setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such certificate shall be conclusive if reasonably determined.

*Section 1.10. Commitment Terminations.* (a) *Optional Terminations.* The Borrower shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Administrative Agent (or such shorter period of time agreed to by the Administrative Agent), to terminate the Commitments without premium or penalty and in whole or in part, any partial termination to be (i) in an amount not less than \$5,000,000 or such greater amount that is an integral multiple of \$1,000,000 ~~and (ii)~~ with respect to the Revolving A Commitments, (ii) in an amount not less than \$1,000,000 with respect to the Revolving B Commitments, and (iii) allocated ratably among the Lenders in proportion to their respective Percentages, provided that the (x) the Revolving A Commitments may not be reduced to an amount less than the sum of the aggregate principal amount of Revolving A Loans and L/C Obligations then outstanding and (y) the Revolving B Commitments may not be reduced to any amount less than the amount of Revolving B Loans then outstanding. Any termination of the Revolving A Commitments below the L/C Sublimit then in effect shall reduce the L/C Sublimit by a like amount. The Administrative Agent shall give prompt notice to each applicable Lender of any such termination of the Commitments.

(b) Any termination of the Commitments pursuant to this Section 1.10 may not be reinstated.

*Section 1.11. Substitution of Lenders.* In the event (a) the Borrower receives a claim from any Lender for compensation under Section 10.3 or 13.1 hereof, (b) the Borrower receives notice from any Lender of any illegality pursuant to Section 10.1 hereof, (c) any Lender is then a Defaulting Lender, or (d) a Lender fails to consent to an amendment or waiver requested under Section 13.13 hereof at a time when the Required Lenders have approved such amendment or waiver (any such Lender referred to in clause (a), (b), (c), or (d) above being hereinafter referred to as an "Affected Lender"), the Borrower may, in addition to any other rights the Borrower may have hereunder or under applicable law, require, at its expense, any such Affected Lender to assign, at par, without recourse, all of its interest, rights, and obligations hereunder (including all of its Commitments and the Loans and participation interests in Letters of Credit and other amounts at any time owing to it hereunder and the other Loan Documents) to an Eligible Assignee specified by the Borrower, *provided that*

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 13.12;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in L/C Obligations, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 1.9 as if the Loans owing to it were prepaid rather than assigned) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 10.3 or payments required to be made pursuant to Section 13.1, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender failing to consent to an amendment, waiver or consent, the applicable assignee shall have consented to the such amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

*Section 1.12. Defaulting Lenders.* (a) *Defaulting Lender Adjustments.* Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 9 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 13.7 hereto shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any L/C Issuer hereunder; *third*, to Cash Collateralize the L/C Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 1.13; *fourth*, as the Borrower may request (so long as no Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 1.13; *sixth*, to the payment of any amounts owing to the Lenders or the L/C Issuer as a result of any judgment of a court of competent jurisdiction obtained by any Lender or the L/C Issuer against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or L/C Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 7.1 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations are held by the Lenders pro rata in accordance with their Percentages of the Commitments without giving effect to Section 1.12(a)(iv) below. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section

1.12(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.*

(A) No Defaulting Lender shall be entitled to receive any commitment fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 1.13.

(C) With respect to any L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each L/C Issuer, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) *Reallocation of Participations to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in L/C Obligations shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Percentages (calculated without regard to such Defaulting Lender's Commitments) but only to the extent that (x) the conditions set forth in Section 7.1 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Loans and interests in L/C Obligations of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) *Cash Collateral.* If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to them hereunder or under law, Cash Collateralize the L/C Issuer's Fronting Exposure in accordance with the procedures set forth in Section 1.13.

(b) *Defaulting Lender Cure.* If the Borrower, the Administrative Agent and each L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held pro rata by the Lenders in accordance with their respective

Percentages (without giving effect to Section 1.12(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) *Letters of Credit*. So long as any Lender is a Defaulting Lender, no L/C Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

*Section 1.13. Cash Collateral for Fronting Exposure* At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or any L/C Issuer (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the L/C Issuers' Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 1.12(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) *Grant of Security Interest*. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the L/C Issuers, and agree to maintain, a first priority security interest in all such Cash Collateral as security for such Defaulting Lender's obligation to fund participations in respect of L/C Obligations, to be applied pursuant to clause (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the L/C Issuers as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower shall, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) *Application*. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 1.13 or Section 1.12 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) *Termination of Requirement*. Cash Collateral (or the appropriate portion thereof) provided to reduce any L/C Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 1.13(c) following (A) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (B) the determination by the Administrative Agent and each L/C Issuer that there exists excess Cash Collateral; *provided* that, subject to Section 1.13, the Person providing Cash Collateral and each L/C Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations; and *provided further* that to the extent that such Cash Collateral was provided by the Borrower or any other Loan Party, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

## Section 2. Fees.

*Section 2.1. Fees*. (a) *Commitment FeeFees*. The Borrower shall pay to the Administrative Agent

for the ratable account of the **Revolving A** Lenders in accordance with their **Revolving A Percentages** a commitment fee at the rate per annum equal to the **Applicable Margin** (computed on the basis of a year of 360 days and the actual number of days elapsed) on the average daily Unused Commitments. The Borrower shall pay to the Administrative Agent for the ratable account of the **Revolving B** Lenders in accordance with their **Revolving B Percentages** a commitment fee at the rate per annum equal to the **Applicable Margin** (computed on the basis of a year of 360 days and the actual number of days elapsed) on the average daily Unused Commitments. Such commitment ~~fees~~ shall be payable quarterly in arrears on the last day of each March, June, September, and December in each year (commencing on the first such date occurring after the date hereof) and on the Termination Date, unless the **applicable** Commitments are terminated in whole on an earlier date, in which event the commitment fee for the period to the date of such termination in whole shall be paid on the date of such termination.

(b) *Letter of Credit Fees.* On the date of issuance or extension, or increase in the amount, of any Letter of Credit pursuant to Section 1.1(b)(c), the Borrower shall pay to the L/C Issuer for its own account a fronting fee equal to 0.25% of the face amount of (or of the increase in the face amount of) such Letter of Credit. Quarterly in arrears, on the last day of each March, June, September, and December, commencing on the first such date occurring after the Closing Date, the Borrower shall pay to the Administrative Agent, for the ratable benefit of the Lenders in accordance with their Percentages, a letter of credit fee (the “*L/C Participation Fee*”) at a rate per annum equal to 2.50% (computed on the basis of a year of 360 days and the actual number of days elapsed) of the daily average face amount of Letters of Credit outstanding during such quarter. In addition, the Borrower shall pay to the L/C Issuer for its own account the L/C Issuer’s standard issuance, drawing, negotiation, amendment, assignment, and other administrative fees for each Letter of Credit as established by the L/C Issuer from time to time.

(c) *Administrative Agent Fees.* The Borrower shall pay to the Administrative Agent, for its own use and benefit, the fees agreed to in writing from time to time between the Administrative Agent and the Borrower.

(d) *Audit Fees.* The Borrower shall pay to the Administrative Agent for its own use and benefit charges for audits of the Collateral performed by the Administrative Agent or its agents or representatives in such amounts as the Administrative Agent may from time to time request (the Administrative Agent acknowledging and agreeing that such charges shall be computed in the same manner as it at the time customarily uses for the assessment of charges for similar collateral audits); *provided, however*, that in the absence of any Default and Event of Default, the Borrower shall not be required to pay the Administrative Agent for more than two (2) such audits per calendar year.

### Section 3. Place and Application of Payments.

*Section 3.1. Place ~~and Application~~ of Payments.* All payments of principal of and interest on the Loans and the Reimbursement Obligations, and all other Obligations payable by the Borrower under this Agreement and the other Loan Documents, shall be made by the Borrower to the Administrative Agent by no later than 3:00 p.m. (Chicago time) on the due date thereof at the office of the Administrative Agent in Chicago, Illinois (or such other location as the Administrative Agent may designate to the Borrower), for the benefit of the Lender(s) or the L/C Issuer entitled thereto. Any payments received after such time shall be deemed to have been received by the Administrative Agent on the next Business Day. All such payments shall be made in U.S. Dollars, in immediately available funds at the place of payment, in each case without set-off or counterclaim. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans and on Reimbursement Obligations in which the Lenders have purchased Participating Interests ratably to the Lenders and like funds relating to the payment



of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement. If the Administrative Agent causes amounts to be distributed to the Lenders in reliance upon the assumption that the Borrower will make a scheduled payment and such scheduled payment is not so made, each Lender shall, on demand, repay to the Administrative Agent the amount distributed to such Lender together with interest thereon in respect of each day during the period commencing on the date such amount was distributed to such Lender and ending on (but excluding) the date such Lender repays such amount to the Administrative Agent, at a rate per annum equal to: (i) from the date the distribution was made to the date two (2) Business Days after payment by such Lender is due hereunder, the Federal Funds Rate for each such day and (ii) from the date two (2) Business Days after the date such payment is due from such Lender to the date such payment is made by such Lender, the Base Rate in effect for each such day.

### *Section 3.2. Application of Payments*

(a) Anything contained herein to the contrary notwithstanding (including, without limitation, Section ~~4.9~~1.6(b) hereof), all payments and collections received in ~~respect of~~connection with the Obligations relating to the Revolving B Loans and all proceeds of the Revolving B Collateral received, in each instance, by the Administrative Agent or any of the Revolving B Lenders after acceleration or the final maturity of the ~~Obligations~~Revolving B Loans or termination of the Revolving B Commitments as a result of an Event of Default shall be remitted to the Administrative Agent and distributed as follows:

(~~ai~~) first, to the payment of any outstanding costs and expenses incurred by the Administrative Agent, and any security trustee therefor, in monitoring, verifying, protecting, preserving or enforcing the Liens on the Revolving B Collateral, in protecting, preserving or enforcing rights under the Loan Documents with respect to the Revolving B Loans and Revolving B Collateral, and in any event including all costs and expenses of a character which the Borrower and the Guarantors have agreed to pay the Administrative Agent under Section 13.15 (such funds to be retained by the Administrative Agent for its own account unless it has previously been reimbursed for such costs and expenses by the Lenders, in which event such amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Administrative Agent);

(~~bi~~) second, to the payment of any outstanding interest owing on the Revolving B Loans and fees due under the Loan Documents with respect to the Revolving B Loans to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(~~eiii~~) third, to the payment of principal on the ~~Loans~~Revolving B Loans and Hedging Liability in connection with any Revolving B Loan, the aggregate amount paid to the Revolving B Lenders and, in the case of Hedging Liability, their Affiliates to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(iv) fourth, to the payment of any outstanding interest and fees due under the Loan Documents (other than interest or fees in connection with the Revolving B Loans) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(v) fifth, to the payment of principal on the Loans (other than Revolving B Loans), unpaid Reimbursement Obligations, together with amounts to be held by the Administrative Agent as collateral security for any outstanding L/C Obligations pursuant to Section 9.4 (until the Administrative Agent is holding the Minimum Collateral Amount of the then outstanding amount of all such L/C Obligations), and Hedging Liability (other than Hedging Liability with respect to the Revolving B Loans), the aggregate amount paid to, or held as collateral security for, the Lenders and

L/C Issuer and, in the case of Hedging Liability, their Affiliates to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

~~(d) fourth, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of the Borrower and the Guarantors secured by the Loan Documents (including, without limitation, Funds Transfer and Deposit Account Liability) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof; and~~ vi) sixth, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of the Borrower and the Guarantors secured by the Loan Documents (including, without limitation, Funds Transfer and Deposit Account Liability) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof; and

(vii) finally, to the Borrower or whoever else may be lawfully entitled thereto.

(b) Anything contained herein to the contrary notwithstanding (including, without limitation, Section 1.6(b) hereof), all payments and collections received in respect of the Obligations (other than Obligations with respect to the Revolving B Loans) and all proceeds of the Collateral received (other than proceeds from the Revolving B Collateral), in each instance, by the Administrative Agent or any of the Lenders after acceleration or the final maturity of the Obligations (other than Obligations with respect to the Revolving B Loans) or termination of the Commitments (other than the Revolving B Commitments) as a result of an Event of Default shall be remitted to the Administrative Agent and distributed as follows:

(i) first, to the payment of any outstanding costs and expenses incurred by the Administrative Agent, and any security trustee therefor, in monitoring, verifying, protecting, preserving or enforcing the Liens on the Collateral (other than the Revolving B Collateral), in protecting, preserving or enforcing rights under the Loan Documents (other than in respect of the Revolving B Obligations), and in any event including all costs and expenses of a character which the Borrower and the Guarantors have agreed to pay the Administrative Agent under Section 13.15 (such funds to be retained by the Administrative Agent for its own account unless it has previously been reimbursed for such costs and expenses by the Lenders, in which event such amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Administrative Agent);

(ii) second, to the payment of any outstanding interest and fees due under the Loan Documents (other than interest and fees in connection with the Revolving B Loans) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(iii) third, to the payment of principal on the Loans (other than the Revolving B Loans), unpaid Reimbursement Obligations, together with amounts to be held by the Administrative Agent as collateral security for any outstanding L/C Obligations pursuant to Section 9.4 (until the Administrative Agent is holding the Minimum Collateral Amount of the then outstanding amount of all such L/C Obligations), and Hedging Liability (other than Hedging Liability with respect to the Revolving B Loans), the aggregate amount paid to, or held as collateral security for, the Lenders (other than the Revolving B Lenders) and L/C Issuer and, in the case of Hedging Liability, their Affiliates to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(iv) fourth, to the payment of any outstanding interest and fees due under the Loan Documents in connection with the Revolving B Loans to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(v) fifth, to the payment of principal on the Revolving B Loans and Hedging Liability with respect to the Revolving B Loans, the aggregate amount paid to the Revolving B Lenders and, in the case of Hedging Liability, their Affiliates to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof;

(vi) sixth, to the payment of all other unpaid Obligations and all other indebtedness, obligations, and liabilities of the Borrower and the Guarantors secured by the Loan Documents (including, without limitation, Funds Transfer and Deposit Account Liability) to be allocated pro rata in accordance with the aggregate unpaid amounts owing to each holder thereof; and

(evii) finally, to the Borrower or whoever else may be lawfully entitled thereto.

*Section 3.2.3.3. Account Debit.* The Borrower hereby irrevocably authorizes the Administrative Agent to charge any of the Borrower's deposit accounts maintained with the Administrative Agent for the amounts from time to time necessary to pay any then due Obligations; *provided* that the Borrower acknowledges and agrees that the Administrative Agent shall not be under an obligation to do so and the Administrative Agent shall not incur any liability to the Borrower or any other Person for the Administrative Agent's failure to do so.

#### Section 4. Guaranties and Collateral.

*Section 4.1. Guaranties.* The payment and performance of the Secured Obligations ~~and Funds Transfer and Deposit Account Liability~~ shall at all times be guaranteed by Holdings and each direct and indirect Domestic Borrower Subsidiary pursuant to Section 12 hereof or pursuant to one or more guaranty agreements in form and substance acceptable to the Administrative Agent, as the same may be amended, modified or supplemented from time to time (individually a "Guaranty" and collectively the "Guaranties" and each of Holdings and each such Borrower Subsidiary executing and delivering this Agreement as a Guarantor (including any Borrower Subsidiary hereafter executing and delivering an Additional Guarantor Supplement in the form called for by Section 12 hereof) or a separate Guaranty being referred to herein as a "Guarantor" and collectively the "Guarantors").

*Section 4.2. Collateral.* The Secured Obligations shall be secured by valid, perfected, and enforceable Liens on all right, title, and interest of the Borrower in the following personal property: Receivables and all Letter of Credit Rights and insurance relating to such Receivables; Repurchase Agreements; documents of title with respect to any Qualified Commodity including, without limitation, warehouse receipts (both tangible and electronic); Hedging Accounts and Hedging Agreements; investment property; Qualified Commodities; Revolving B Collateral, general intangibles relating to the foregoing; rights to merchandise and other goods which is represented by, arises from, or relates to any of the foregoing; supporting obligations and security interests relating to the foregoing; monies, personal property, and interests in personal property of the Borrower of any kind or description held by any Lender, and all dividends and distributions on or other rights in connection with any such property; supporting evidence and documents relating to any of the above-described property; and accessions and additions to, and substitutions and replacements of, any and all of the foregoing, in each case whether now owned or hereafter acquired or arising, and all proceeds thereof. The Borrower acknowledges and agrees that the Liens on the Collateral shall be granted to the Administrative Agent for the benefit of the holders of the Obligations and the Funds Transfer and Deposit Account Liability, and shall be valid and perfected first priority Liens subject, however, to Liens permitted by Section 8.8 hereof, in each case pursuant to one or more Collateral Documents from the Borrower in form and substance satisfactory to the Administrative Agent.

*Section 4.3. Further Assurances.* The Borrower agrees that it shall, and shall cause each Guarantor to, from time to time at the request of the Administrative Agent or the Required Lenders, execute and deliver such documents and do such acts and things as the Administrative Agent or the Required Lenders may reasonably request in order to provide for or perfect or protect such Liens on the Collateral. In the event the Borrower or any Guarantor forms or acquires any other Domestic Borrower Subsidiary after the date hereof, except as otherwise provided in Sections 4.1 and 4.2 above, the Borrower shall promptly upon such formation or acquisition cause such newly formed or acquired Domestic Borrower Subsidiary to execute a Guaranty and such Collateral Documents as the Administrative Agent may then require, and the Borrower shall also deliver to the Administrative Agent, or cause such Domestic Borrower Subsidiary to deliver to the Administrative Agent, at the Borrower's cost and expense, such other instruments, documents, certificates, and opinions reasonably required by the Administrative Agent in connection therewith.

Section 5. Definitions; Interpretation.

*Section 5.1. Definitions.* The following terms when used herein shall have the following meanings:

“*Account Debtor*” means any Person obligated to make payment on any Receivable.

“*Adjusted LIBOR*” is defined in Section 1.2(b) hereof.

“*Administrative Agent*” means Bank of Montreal, Chicago Branch, in its capacity as Administrative Agent hereunder, and any successor in such capacity pursuant to Section 11.7 hereof.

“*Administrative Questionnaire*” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“*Affiliate*” means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise; *provided that*, in any event for purposes of this definition, any Person that owns, directly or indirectly, 5% or more of the securities having the ordinary voting power for the election of directors or governing body of a corporation or 5% or more of the partnership or other ownership interest of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person.

“*Agreement*” means this Credit Agreement, as the same may be amended, modified, restated or supplemented from time to time pursuant to the terms hereof.

“*Agreement to Pledge*” means tangible negotiable document of title in the possession of the Borrower, copies of which are included in the Borrowing Notice attached hereto as Exhibit A, and the Borrower has agreed to deliver originals of such document of title with all necessary endorsements within one (1) Business Day of any Loan advance in reliance upon such document of title.

“*Anti-Corruption Laws*” means all laws, rules, and regulations of any jurisdiction applicable to Holdings, the Borrower or the Borrower Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

“*Applicable Margin*” means (i) with respect to Base Rate Loans, zero percent (0.0%) (ii) with respect to Eurodollar Loans, two and one half of one percent (2.50%), and (iii) with respect to the commitment fees set forth in Section 2.1(a) hereof, one half of one percent (0.50%).

“*Application*” is defined in Section 1.1(b)(ii) hereof.

“*Approved Fund*” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“*Approved Provider*” means any Person that: (i) maintains secure electronic systems for the recording, holding and transferring of electronic warehouse receipts and other electronic documents and information regarding ownership, transfers and pledges of the same that are fully compliant with applicable law, the agreement pursuant to which the Administrative Agent maintains its account with such Person, and the Administrative Agent’s standards for electronic security of assets and information, in each case as determined by the Administrative Agent in its sole discretion from time to time; (ii) is an authorized “provider” of a “central filing system” for the maintenance of electronic warehouse receipts or other electronic documents in good standing with and in full compliance with all requirements of 7 C.F.R. Part 735, including all requirements applicable under the provider agreement between such Person and the US Farm Services Agency (or its designee under applicable regulations); (iii) has entered into an agreement allowing the Administrative Agent to hold an account for the crediting of electronic warehouse receipts or other electronic documents, and to participate in such central filing system on terms and conditions satisfactory to the Administrative Agent in its sole discretion, (iv) at all times maintain in full force and effect any and all necessary insurance, sureties and bonds required by applicable law or the agreement pursuant to which the Administrative Agent maintains its account with such Person, and (v) that is otherwise satisfactory to the Administrative Agent in its sole discretion.

“*Assignment and Acceptance*” means an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 13.12 hereof), and accepted by the Administrative Agent, in substantially the form of Exhibit F or any other form approved by the Administrative Agent.

“*Authorized Representative*” means those persons shown on the list of officers provided by the Borrower pursuant to Section 7.2 hereof or on any update of any such list provided by the Borrower to the Administrative Agent, or any further or different officers of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Administrative Agent.

“*Base Rate*” is defined in Section 1.2(a) hereof.

“*Base Rate Loan*” means a Loan bearing interest at a rate specified in Section 1.2(a) hereof.

“*Borrower*” is defined in the introductory paragraph of this Agreement.

“*Borrower Subsidiary*” means a Subsidiary of the Borrower or of any of its direct or indirect Subsidiaries.

“*Borrowing*” means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Lenders on a single date and, in the case of Eurodollar Loans, for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Lenders according to their Percentages. A Borrowing is “*advanced*” on the day Lenders advance

funds comprising such Borrowing to the Borrower, is “*continued*” on the date a new Interest Period for the same type of Loans commences for such Borrowing, and is “*converted*” when such Borrowing is changed from one type of Loans to the other, all as determined pursuant to Section 1.4 hereof.

“*Borrowing Base (Revolving A)*” means, as of any time it is to be determined, the sum of:

(a) the lesser of:

(i) 95% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower all Eligible Commodities consisting of Eligible Tier I Commodities sold by the Sellers to the Borrower under Eligible Repurchase Agreements, *minus* the aggregate amount of the applicable Concentration Limit; and

(ii) 85% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier I Commodities purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (a)(i) above, *plus*

(b) the lesser of:

(i) 90% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower all Eligible Commodities consisting of Eligible Tier II Commodities sold by the Sellers to the Borrower under the Eligible Repurchase Agreements, *minus* the applicable Concentration Limit, and

(ii) 80% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier II Commodities purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (b)(i) above; *plus*

(c) the lesser of:

(i) an amount equal to (A) 90% of the then outstanding unpaid amount of Eligible Receivables (Insured), *plus* (B) 80% of the then outstanding unpaid amount of Eligible Receivables (Uninsured); and

(ii) ~~\$10,000,000~~, \$15,000,000, *plus*

(d) 90% of the Hedging Value of all Hedging Agreements maintained in an Eligible Hedging Account with respect to Eligible Commodities; *plus*

(e) 90% of the sum of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier I Commodities owned by the Borrower that are evidenced by documents of title that are subject to Hedging Agreements maintained in an Eligible Hedging Account; *plus*

(f) 80% of the sum of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier II Commodities owned by the Borrower that are evidenced by documents of title that are subject to Hedging Agreements maintained in an Eligible Hedging Account; *plus*

(~~f~~g) 90% of OTC Commodity Contract Equity of the Borrower with respect to OTC Commodity Contracts for Qualified Commodities, if positive, or 100% of OTC Commodity Contract

Equity with respect to OTC Commodity Contracts for Qualified Commodities, if negative (in which case such amount shall operate as a deduction from the Borrowing Base); *plus*

(h) 65% of Forward Contract Equity, if positive, with respect to Qualified Commodities; *minus* Forward Contract Exclusions; *plus*

(i) 70% of the sum of the Market Value at such time of all Unhedged Eligible Commodities; *minus*

(~~k~~) Eligible Tier II Commodity Cap;

*provided further*, that (i) the Administrative Agent shall have the right upon five (5) Business Days' notice to the Borrower to reduce the foregoing advance rates in its reasonable discretion based on results from any field audit or appraisal of the Collateral and (ii) the Borrowing Base shall be computed only as against and on so much of such Collateral as is included on a Borrowing Base Certificate furnished from time to time by the Borrower pursuant to this Agreement and, if required by the Administrative Agent pursuant to any of the terms hereof or any Collateral Document, as verified by such other evidence reasonably required to be furnished to the Administrative Agent pursuant hereto or pursuant to any such Collateral Document.

*“Borrowing Base (Revolving B)”* means, as of any time it is to be determined, an amount equal to 70% of (i) Forward Contract Equity with respect to the Merchants Plus Program plus (ii) Merchants Plus Swap Contract Equity.

*“Borrowing Base Certificate”* means a certificate evidencing the Borrowing Base in the form of Exhibit G attached hereto or such other form acceptable to the Administrative Agent.

*“Business Day”* means any day (other than a Saturday or Sunday) on which banks are not authorized or required to close in Chicago, Illinois and, if the applicable Business Day relates to the advance or continuation of, or conversion into, or payment of a Eurodollar Loan, on which banks are dealing in U.S. Dollar deposits in the interbank eurodollar market in London, England and Nassau, Bahamas.

*“Capital Lease”* means any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

*“Capitalized Lease Obligation”* means, for any Person, the amount of the liability shown on the balance sheet of such Person in respect of a Capital Lease determined in accordance with GAAP.

*“Cash Collateralize”* means, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuer or Lenders, as collateral for L/C Obligations or obligations of Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances subject to a first priority perfected security interest in favor of the Administrative Agent or, if the Administrative Agent and each applicable L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable L/C Issuer. *“Cash Collateral”* shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

*“Certified Merchant”* means a Person that ~~(a) is an elevator that is licensed and registered with the United States of America or any agency thereof or with the state where such Person elevator is located;~~ (b) is located within a region set forth on Schedule 5.1(b) attached hereto; ~~(c)~~ is not the subject of dissolution,

liquidation, reorganization, receivership or bankruptcy proceedings or has not gone out of business; and ~~(d)~~ satisfies the ~~requirement to qualify as a certified merchant~~ procedures and requirements set forth in the Credit and Collection Policy (including the approved credit limits set forth therein) and is in compliance with ~~all~~ applicable “know your customer” and anti-money laundering rules and regulations, including without limitation, the United States Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“*Change in Law*” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“*Change of Control*” means any of (a) the acquisition by any “*person*” or “*group*” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) at any time of beneficial ownership of 30% or more of the outstanding capital stock or other equity interests of Holdings on a fully-diluted basis, other than acquisitions of such interests by the Permitted Holders, (b) Holdings ceases to own, directly or indirectly, 100% of the Voting Stock of the Borrower, (c) Holdings fails to have the right to appoint a majority of the board of directors (or similar governing body) of the Borrower, (d) any “Change of Control” (or words of like import), as defined in any agreement or indenture relating to any issue of Indebtedness for Borrowed Money of Holdings in excess of \$10,000,000, shall occur, or (e) any “Change of Control” (or words of like import), as defined in any agreement or indenture relating to any issue of Indebtedness for Borrowed Money of the Borrower or any Borrower Subsidiary in excess of \$500,000, shall occur.

“*Closing Date*” means the date of this Agreement or such later Business Day upon which each condition described in Section 7.2 shall be satisfied or waived in a manner acceptable to the Administrative Agent in its discretion.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*Collateral*” means all properties, rights, interests, and privileges from time to time subject to the Liens granted to the Administrative Agent, or any security trustee therefor, by the Collateral Documents.

“*Collateral Account*” is defined in Section 9.4 hereof.

“*Collateral Documents*” means the Security Agreement, and all other mortgages, deeds of trust, security agreements, pledge agreements, assignments, financing statements and other documents as shall from time to time secure or relate to the Obligations, and the Funds Transfer and Deposit Account Liability or any part thereof.

“*Commitment*” means, ~~as to any Lender, the obligation of such Lender to make Loans and to participate in Letters of Credit issued for the account of the Borrower hereunder in an aggregate principal~~



~~or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 5.1 attached hereto and made a part hereof, as the same may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrower and the Lenders acknowledge and agree that the Commitments of the Lenders aggregate (i) \$40,000,000 for the period commencing May 1, 2016 through and including September 30, 2016 and (ii) \$65,000,000 for all other periods.~~ collectively the Revolving A Commitment and the Revolving B Commitment.

“*Commodity Exchange Act*” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“*Concentration Limit*” means, for any Seller at any date of determination,

(a) (i) with respect to the initial transaction under an Eligible Repurchase Agreement for Eligible Tier I Commodities, the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Qualified Commodities pursuant to such Eligible Repurchase Agreement exceeds ~~\$30,000,000~~, ~~37,000,000~~, and (ii) with respect to all Eligible Repurchase Agreements (including Eligible Repurchase Agreements set forth in clause (b) above), the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Eligible Tier I Commodities pursuant to Eligible Repurchase Agreements exceeds ~~\$32,000,000~~, ~~39,000,000~~.

(b) (i) with respect to the initial transaction under an Eligible Repurchase Agreement for Eligible Tier II Commodities, the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Qualified Commodities pursuant to such Eligible Repurchase Agreement exceeds ~~\$5,000,000~~, ~~8,000,000~~, and (ii) with respect to all Eligible Repurchase Agreements (including Eligible Repurchase Agreements set forth in clause (b) above), the aggregate amount by which the obligations (determined on a mark-to-market basis on such date of determination) of such Seller to repurchase Eligible Tier II Commodities pursuant to Eligible Repurchase Agreements exceeds ~~\$6,000,000~~, ~~9,000,000~~.

For purpose hereof, the obligations of a Seller's Subsidiaries and Affiliates shall also be included in determining the Concentration Limit for such Seller.

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profit Taxes.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“*Credit*” means the credit facility for making Loans and issuing Letters of Credit described in Section 1.1 hereof.

“*Credit and Collection Policy*” means the credit and collection policy of Holdings and its Subsidiaries dated as of February 18, 2015 heretofore delivered to the Administrative Agent, as such policy may hereafter be amended, modified or supplemented from time to time in accordance with this Agreement.

“*Credit Event*” means the advancing of any Loan, or the issuance of, or extension of the expiration date or increase in the amount of, any Letter of Credit.

“*Crop Year*” means, with respect to any Qualified Commodity at any time, the time period (not to exceed twelve (12) consecutive months) from the planting of such Qualified Commodity to the time such Qualified Commodity is harvested.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“*Default*” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“*Defaulting Lender*” means, subject to Section 1.12(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 1.12(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

“*Designated Disbursement Account*” means the account of the Borrower maintained with the Administrative Agent or its Affiliate and designated in writing to the Administrative Agent as the Borrower’s Designated Disbursement Account (or such other account as the Borrower and the Administrative Agent may

otherwise agree).

“*Domestic Borrower Subsidiary*” means a Borrower Subsidiary that is not a Foreign Borrower Subsidiary.

“*Eligible Assignee*” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) the L/C Issuer as provided for in Section 13.12 hereof, and (iii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided* that notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower or any Guarantor or any of the Borrower’s or such Guarantor’s Affiliates or Subsidiaries (including Borrower Subsidiaries).

“*Eligible Commodities*” means any Qualified Commodity which:

(a) is an asset of the Borrower to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens;

(b) (i) is covered by a negotiable tangible document of title (including a tangible warehouse receipt) in the Administrative Agent’s possession with all necessary endorsements, (ii) is an Eligible Electronic Warehouse Receipt, or (iii) is subject to an Agreement to Pledge or a Trust Receipt;

(d) if such Qualified Commodity is subject to an Agreement to Pledge, then the Borrower shall have delivered an original tangible document of title with all necessary endorsements no later than one (1) Business Day after the Administrative Agent has advanced a Loan in reliance upon such Agreement to Pledge;

(e) if such Qualified Commodity is subject to a Trust Receipt, then no more than 20 days have elapsed since the tangible warehouse receipts or such other document of title subject to such Trust Receipt was sent by the Administrative Agent; *provided*, that the market value of Qualified Commodities subject to Trust Receipts shall not exceed 25% of the market value of such Qualified Commodities;

(f) is delivered to the Borrower pursuant to an Eligible Repurchase Agreement or is owned by the Borrower free and clear of any Liens or other adverse interests;

(g) is subject to a Hedging Agreement in an equal amount to such Qualified Commodity and such Hedging Agreement is maintained in an Eligible Hedging Account; and

(h) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice to the Borrower or any Subsidiary any such commodity may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

“*Eligible Electronic Warehouse Receipt*” means either (a) a warehouse receipt that satisfies all of the following conditions: (i) is an “electronic warehouse receipt” within the meaning of 7 C.F.R. Sec. 735.3, (ii) is issued and maintained through an Approved Provider at which Administrative Agent maintains an account for delivery of electronic warehouse receipts, and (iii) has been credited to the Administrative Agent’s account and Administrative Agent has the right to cause a further transfer of such electronic warehouse receipt

within the central filing system of the Approved Provider without further action or consent by the Borrower and (b) any other electronic document of title provided by an Approved Provider that has been approved by the Administrative Agent.

“*Eligible Hedging Account*” means a Hedging Account which:

(a) is an asset of the Borrower or Seller to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens;

(b) is maintained with an intermediary (as defined in the UCC) that is acceptable to the Administrative Agent in its sole discretion, it being understood that the Administrative Agent may, at any time and for any reason, require that such Hedging Account be moved from one intermediary to another intermediary that is acceptable to the Administrative Agent in its sole discretion;

(c) is subject to an account control agreement among the Borrower or Seller (as applicable), the Administrative Agent and the intermediary satisfactory in form and substance to the Administrative Agent; and

(d) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice any such commodity account of the Borrower may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

“*Eligible OTC Counterparty*” means, with respect to any OTC Commodity Contract, (i) INTL FCStone Markets, LLC, (ii) a Person that is a Lender or an Affiliate of a Lender, or (iii) a Person that has a minimum rating from a nationally recognized credit agency of BBB+ that is acceptable to the Administrative Agent.

“*Eligible Receivable*” means any Receivable of the Borrower that:

(a) (i) arises out of the sale of ~~Qualified Commodities~~ commodities and is not contingent upon the completion of any further performance by the Borrower or any other Person on its/their behalf, (ii) does not represent a pre-billed Receivable or a progress billing or retainage amount, (iii) does not relate to the payment of interest, and (iv) is net of any deposits made by or for the account of the relevant Account Debtor;

(b) is payable in U.S. Dollars or Canadian Dollars and the Account Debtor on such Receivable is located within the United States of America;

(c) is the valid, binding and legally enforceable obligation of the Account Debtor obligated thereon and such Account Debtor (i) is not a Subsidiary or an Affiliate of the Borrower or any Guarantor, (ii) is not a shareholder, director, officer, or employee of the Borrower, any Guarantor or of any of their Subsidiaries, (iii) is not the United States of America or any state or political subdivision thereof, or any department, agency or instrumentality of any of the foregoing, unless the Assignment of Claims Act or any similar state or local statute, as the case may be, is complied with to the satisfaction of the Administrative Agent, (iv) is not a debtor under any proceeding under any Debtor Relief Law, (v) is not an assignor for the benefit of creditors, or (vi) has not sold all or substantially all of its assets

or has otherwise ceased its operations;

(d) is not evidenced by an instrument or chattel paper unless the same has been endorsed and delivered to the Administrative Agent;

(e) is an asset of the Borrower to which it has good and marketable title, is freely assignable, and is subject to a perfected, first priority Lien in favor of the Administrative Agent free and clear of any other Liens (other than Liens permitted by Section 8.8(a) or (b) arising by operation of law which are subordinate to the Liens in favor of the Administrative Agent);

(f) is not subject to any counterclaim or defense asserted by the Account Debtor or subject to any offset or contra account payable to the Account Debtor (unless the amount of such Receivable is net of such contra account established to the reasonable satisfaction of the Administrative Agent);

(g) no surety bond was required or given in connection with said Receivable or the contract or purchase order out of which the same arose;

(h) it is evidenced by an invoice to the Account Debtor dated not more than five (5) Business Days subsequent to the shipment date of the relevant inventory or completion of performance of the relevant services and is issued on ordinary trade terms requiring payment within 30 days of invoice date, and has not been invoiced more than once;

(i) is not unpaid more than sixty (60) days after the original due date, and which has not been written off the books of the Borrower or such Guarantor or otherwise designated as uncollectible;

(j) would not cause the total Receivables owing from any one Account Debtor and its Affiliates to exceed ~~\$1,500,000~~ \$2,300,000 or, \$3,500,000 if such Receivables constitute Eligible Receivables (Insured); *provided*, that only the amounts in excess of ~~\$1,500,000~~ \$2,300,000 or \$3,500,000 (as applicable) shall be deemed ineligible under this clause (j);

(k) is not owed by an Account Debtor located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit the Borrower to seek judicial enforcement in such jurisdiction of payment of such Receivable, unless the Borrower has filed such report or qualified to do business in such jurisdiction;

(l) complies in all material respects with the requirements of all applicable laws and regulations, whether Federal, state or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;

(m) all representations and warranties set forth in this Agreement and the Collateral Documents are true and correct with respect thereto;

(n) does not arise from a sale on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval, consignment, or any other repurchase or return basis; ~~and~~

(o) is not a Factored Receivable; and

(p) is not otherwise deemed to be ineligible in the sole judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice any

Receivable of the Borrower may be deemed ineligible by the Administrative Agent acting in its sole judgment).

“*Eligible Receivable (Insured)*” means all Eligible Receivables (i) where the Account Debtor has a long-term rating of BBB or better by Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc., Baa or better by Moody’s Investors Service, Inc., or BBB or better by Fitch, Inc. (*provided* that if more than one long-term rating applies to such security, then the lowest rating shall apply), or (ii) that are secured by an insurance policy in an amount and on such terms, and issued by an insurer, satisfactory to the Administrative Agent in its discretion which has been assigned or transferred to the Administrative Agent in a manner acceptable to the Administrative Agent.

“*Eligible Receivable (Uninsured)*” means all Eligible Receivables that do not qualify as Eligible Receivables (Insured).

“*Eligible Repurchase Agreement*” means any Repurchase Agreement which:

(a) is the valid, binding and legally enforceable obligation of the Borrower and the Seller and such Seller is not (i) a Subsidiary or an Affiliate of the Borrower, (ii) a shareholder, director, officer or employee of Holdings, the Borrower or any Subsidiary, (iii) the United States of America, or any state or political subdivision thereof, or any department, agency or instrumentality of any of the foregoing, unless the Assignment of Claims Act or any similar state or local statute, as the case may be, is complied with to the satisfaction of the Administrative Agent, (iv) a debtor under any proceeding under the United States Bankruptcy Code, as amended, or any other comparable bankruptcy or insolvency law, or (v) an assignor for the benefit of creditors;

(b) provides that the Seller must repurchase the commodities within a determined amount of time in accordance with such Repurchase Agreement;

(c) no default or event of default exists under such Repurchase Agreement and the representations and warranties made therein by the Borrower and the Seller are true and correct in all material respects;

(d) the Borrower has full and unqualified right to assign and grant a Lien in such Repurchase Agreement to the Administrative Agent for the benefit of the Lenders;

(e) is not subject to any dispute, setoff, counterclaim, deductions or other claims or defense with respect thereto by the Seller;

(f) is not due from an Seller located in a state in which Borrower is not able to bring suit or otherwise enforce its remedies against an Seller through judicial process;

(g) is in compliance in all respects with the requirements of the Credit and Collection Policy; and

(h) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with five (5) Business Days prior written notice to the Borrower or any Subsidiary any such commodity may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

“*Eligible Tier I Commodities*” means those Qualified Commodities set forth on Schedule 5.1(a) attached hereto under the heading “*Eligible Tier I Commodity*” as such schedule may be updated from time to time with the consent of the Lenders.

“*Eligible Tier II Commodities*” means those Qualified Commodities set forth on Schedule 5.1(a) attached hereto under the heading “*Eligible Tier II Commodity*” as such schedule may be updated from time to time with the consent of the Lenders.

“*Eligible Tier II Commodity Cap*” means, with respect to each Eligible Tier II Commodity at any time the same is to be determined:

(i) if the amount set forth in clause (b)(i) of the Borrowing Base is less than the amount set forth in clause (b)(ii), then an amount by which (a) the sum of (1) 90% of the aggregate amount of all obligations of all Sellers under Eligible Repurchase Agreements to repurchase from the Borrower such Eligible Tier II Commodity sold by the Sellers to the Borrower under the Eligible Repurchase Agreements, *minus* the Concentration Limit applicable to such Eligible Tier II Commodity, plus (2) 80% of the Market Value of such Eligible Tier II Commodity owned by the Borrower that is evidenced by documents of title subject to Hedging Agreements maintained in an Eligible Hedging Account exceeds (b) ~~\$15,000,000~~ 20,000,000.

(ii) if the amount set forth in clause (b)(ii) of the Borrowing Base is less than the amount set forth in clause (b)(i), then an amount by which (a) sum of (1) 80% of the Market Value of such Eligible Tier II Commodity purchased by the Borrower under the Eligible Repurchase Agreements referred to in clause (b)(i) of the Borrowing Base, plus (2) 80% of the Market Value of such Eligible Tier II Commodity owned by the Borrower that is evidenced by documents of title subject to Hedging Agreements maintained in an Eligible Hedging Account, exceeds (B) ~~\$15,000,000~~ 20,000,000.

“*Environmental Law*” means any current or future Legal Requirement pertaining to (a) the protection of health, safety and the indoor or outdoor environment, (b) the conservation, management or use of natural resources and wildlife, (c) the protection or use of surface water or groundwater, (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, Release, threatened Release, abatement, removal, remediation or handling of, or exposure to, any hazardous material or (e) pollution (including any Release to air, land, surface water or groundwater), and any amendment, rule, regulation, order or directive issued thereunder.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Eurodollar Loan*” means a Loan bearing interest at the rate specified in Section 1.2(b) hereof.

“*Eurodollar Reserve Percentage*” is defined in Section 1.2(b) hereof.

“*Event of Default*” means any event or condition identified as such in Section 9.1 hereof.

“*Excluded Swap Obligation*” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any

reason not to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“*Excluded Taxes*” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 1.11) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 13.1 amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 13.1(g), and (d) any U.S. federal withholding Taxes imposed under FATCA.

“*FATCA*” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“*Federal Funds Rate*” means the fluctuating interest rate per annum described in part (i) of clause (b) of the definition of Base Rate appearing in Section 1.2(a) hereof.

“*Foreign Borrower Subsidiary*” means each Borrower Subsidiary which (a) is organized under the laws of a jurisdiction other than the United States of America or any state thereof or the District of Columbia, (b) conducts substantially all of its business outside of the United States of America, and (c) has substantially all of its assets outside of the United States of America.

“*Foreign Lender*” means a Lender that is not a U.S. Person.

“*Forward Contract*” means (i) with respect to the Merchants Plus Program, a forward contract between Borrower and a seller of physical commodities who commits to sell a predetermined quantity of the commodity to be delivered to Borrower by a certain date, and a sale contract between Borrower and a different party who is a buyer of the commodity, and (ii) with respect to Qualified Commodities, any contract between the Borrower and one or more other Certified Merchants whereby the Borrower agrees to purchase Qualified Commodities from such Certified Merchants in a fixed price forward basis or no basis established contract on a specific date in the future, which will be delivered at a future date and later repurchased by the Certified Merchants.

“*Forward Contract Equity*” means, as of any date of determination and with respect to any Forward Contract, the difference between (a) the market value on a delivery date for the Qualified Commodities under such Forward Contract if entered into as of such date of determination, and (b) the price payable on the same delivery date for such Qualified Commodities under such Forward Contract outstanding as of such date of



determination (or such difference, in the aggregate, measured on such other basis as may be reasonably determined from time to time by the Administrative Agent); *provided, however*, that the value of any outstanding Forward Contract shall be excluded from “Forward Contract Equity” to the extent that such outstanding Forward Contract (i) is not a validly-executed contract that is in full force and effect; (ii) is a contract pursuant to which delivery is to be made after the current Crop Year; (iii) is subject to any condition (other than the passage of time and tender of payment or goods) or dispute or with respect to which a known claim of offset or a contra account, or a defense or counterclaim, has been asserted by the Certified Merchant; (iv) is not subject to a duly perfected first priority Lien in favor of the Administrative Agent or is subject to any Lien; (v) is a contract that has been rolled, for a period of thirty (30) days or more, restructured, extended, amended or modified as a result of the inability of any party thereto (including the Borrower) to perform thereunder or (vi) has a negative value from the Borrower’s perspective.

“*Forward Contract Exclusion*” means the following amounts shall be excluded in determining Forward Contract Equity: (i) the amount by which any advance from the Borrower to a Certified Merchant exceeds ~~\$5,000,000~~, ~~7,500,000~~, (ii) the aggregate amount by which Forward Contract Equity exceeds ~~\$10,000,000~~, ~~15,000,000~~, and (iii) the amount by which all advances from the Borrower to Certified Merchants in a single region set forth on Schedule 5.1(b) attached hereto exceeds ~~\$5,000,000~~. ~~10,000,000~~.

“*Fronting Exposure*” means, at any time there is a Defaulting Lender, such Defaulting Lender’s Percentage of the outstanding L/C Obligations with respect to Letters of Credit issued by such L/C Issuer other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“*Fund*” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“*Funds Transfer and Deposit Account Liability*” means the liability of the Borrower or any Guarantor owing to any of the Lenders, or any Affiliates of such Lenders, arising out of (a) the execution or processing of electronic transfers of funds by automatic clearing house transfer, wire transfer or otherwise to or from deposit accounts of the Borrower and/or any Guarantor now or hereafter maintained with any of the Lenders or their Affiliates, (b) the acceptance for deposit or the honoring for payment of any check, draft or other item with respect to any such deposit accounts, and (c) any other deposit, disbursement, and cash management services afforded to the Borrower or any Guarantor by any of such Lenders or their Affiliates.

“*GAAP*” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“*Governmental Authority*” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantor*” and “*Guarantors*” each is defined in Section 4.1 hereof.

“*Guaranty*” and “*Guaranties*” each is defined in Section 4.1 hereof.

“*Hedging Account*” means ~~any~~ commodity account, deposit account or securities account (as such terms are defined in the UCC) ~~maintained by~~of the Borrower, ~~a Certified Merchant or a Seller with an intermediary.~~

“*Hedging Agreements*” means any arrangement entered into by the Borrower or a Seller with a counterparty to protect against fluctuations in raw materials values or commodity prices (including without limitation a commodity swap transaction, commodity collar transaction, commodity floor transaction, commodity cap transaction, commodity purchase transaction or commodity option transaction, or any combination of the foregoing (including any options to enter into the foregoing)) that permits financial (rather than physical) settlement of such arrangement.

“*Hedging Liability*” means the liability of the Borrower or any Guarantor to any of the Lenders, or any Affiliates of such Lenders in respect of any Hedging Agreement of the type permitted under Section 8.7(c) as the Borrower or such Guarantor may from time to time enter into with any one or more of the Lenders party to this Agreement or their Affiliates, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor); *provided, however*, that, with respect to any Guarantor, Hedging Liability Guaranteed by such Guarantor shall exclude all Excluded Swap Obligations.

“*Hedging Value*” means, at any time the same is to be determined, the aggregate mark-to-market value of all Hedging Agreements as determined in accordance with the terms and conditions set forth in such Hedging Agreements after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, in each case determined without the addition of any asset value with respect thereto. For purposes hereof and as of any date of determination, the Hedging Value of Borrower’s Hedging Agreements for canola shall only include Hedging Agreements for the next two delivery months from the date of such determination.

“*Holdings*” is defined in the introductory paragraph hereof.

“*Indebtedness for Borrowed Money*” means for any Person (without duplication) (a) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (b) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business which are not more than ninety (90) days past due), (c) all indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (d) all Capitalized Lease Obligations of such Person, and (e) all obligations of such Person on or with respect to letters of credit, bankers’ acceptances and other extensions of credit whether or not representing obligations for borrowed money.

“*Indemnified Taxes*” means (a) all Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“*Interest Payment Date*” means (a) with respect to any Eurodollar Loan, the last day of each Interest Period with respect to such Eurodollar Loan and on the Termination Date and, if the applicable Interest Period is longer than (3) three months, on each day occurring every three (3) months after the commencement of such Interest Period, and (b) with respect to any Base Rate Loan, the last day of every calendar month and

on the Termination Date.

“*Interest Period*” means the period commencing on the date a Borrowing of Eurodollar Loans is advanced, continued, or created by conversion and ending in the case of Eurodollar Loans, 2 weeks or 1, 2, 3, or 6 months thereafter, *provided, however*, that:

(i) no Interest Period shall extend beyond the final maturity date of the relevant Loans;

(ii) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, *provided* that, if such extension would cause the last day of an Interest Period for a Borrowing of Eurodollar Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(iii) for purposes of determining an Interest Period for a Borrowing of Eurodollar Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; *provided, however*, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

“*INTL BOA Facility*” means that certain Credit Agreement, dated as of October 1, 2010, among Holdings and INTL Global Currencies Limited, as Borrowers, the Guarantors (as defined therein), the Lenders (as defined therein) and Bank of America, N.A., as Administrative Agent, as the same may be amended from time to time.

“*L/C Issuer*” means Bank of Montreal, Chicago Branch, in each case in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 1.1(bc)(viii) hereof.

“*L/C Obligations*” means the aggregate undrawn face amounts of all outstanding Letters of Credit and all unpaid Reimbursement Obligations.

“*L/C Participation Fee*” is defined in Section 2.1(b) hereof.

“*L/C Sublimit*” means \$5,000,000, as reduced pursuant to the terms hereof.

“*Legal Requirement*” means any treaty, convention, statute, law, common law, rule regulation, ordinance, license, permit, governmental approval, injunction, judgment, order, consent decree or other requirement of any governmental authority, whether federal, state, or local.

“*Lenders*” means and includes Bank of Montreal, Chicago Branch and the other financial institutions from time to time party to this Agreement, including each assignee Lender pursuant to Section 13.12 hereof.

“*Lending Office*” is defined in Section 10.4 hereof.

“*Letter of Credit*” is defined in Section 1.1(bc) hereof.

“*LIBOR*” is defined in Section 1.2(b) hereof.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“*Loan*” ~~is defined in Section 1.1 hereof and, as so defined, includes~~ means any Revolving A Loan or Revolving B Loan, whether outstanding as a Base Rate Loan or a Eurodollar Loan or otherwise, each of which is a “type” of Loan hereunder.

“*Loan Documents*” means this Agreement, the Notes (if any), the Applications, the Collateral Documents, the Guaranties, and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

“*Management Fees*” means all fees, charges and other amounts (including without limitation salaries and any other compensation such as bonuses, pensions and profit sharing payments) due and to become due to Holdings or any of its Affiliates in consideration for, directly or indirectly, management, consulting or similar services.

“*Material Adverse Effect*” means (a) a material adverse change in, or material adverse effect upon, the operations, business, Property or condition (financial or otherwise) of the Borrower or of Holdings, the Borrower and the Borrower Subsidiaries taken as a whole, (b) a material impairment of the ability of Holdings, the Borrower or any Borrower Subsidiary to perform its material obligations under any Loan Document or (c) a material adverse effect upon (i) the legality, validity, binding effect or enforceability against Holdings, the Borrower or any Borrower Subsidiary of any Loan Document or the rights and remedies of the Administrative Agent and the Lenders thereunder or (ii) the perfection or priority of any Lien granted under any Collateral Document.

“*Material Contract*” means each Hedging Agreement, Repurchase Agreement and any other agreement entered into by the Borrower with respect or in connection with the foregoing, in each case that is included in determining eligibility requirements for purposes of the Borrowing Base.

“*Merchants Plus Program*” ~~means a program where farms commit to sell a predetermined quantity of grain to a grain elevator at a price to be determined by the Borrower. The farmer is required to commit the quantity of grain to the program by a set cut-off date. Once the cut-off date is reached, Borrower manages the aggregate quantity of grain in the program and attempts to maximize the value of the grain during a timeframe referred to as the pricing period. The Borrower is permitted to utilize a pricing strategy that it determines appropriate. At the end of the pricing period, the value of the grain is set and the farmer is committed to deliver the grain to the local elevator at the set value.~~ refers to a program utilizing either (i) Merchants Plus Swap Contract; or (ii) a Forward Contract. Each Merchants Plus Program will have a defined pricing period, over which Borrower will enter into exchange traded futures and options, and OTC swaps and options, collectively “trades”, in an effort to achieve the pricing goals of the program strategy. Price adjustments will be made to the purchase price through reference to gains or losses recognized on these trades. The final price of the committed quantity of the commodity is established at the end of this period. Pricing based upon any trade is based upon the same or a highly correlated commodity as that which will be physically delivered and correlates in terms of volume.

“*Merchants Plus Swap Contract*” means one or more swap transactions entered into between the Borrower and an unaffiliated counterparty that is a qualified eligible contract participant.

“*Merchants Plus Swap Contract Equity*” means, as of any date of determination and with respect to

any Merchants Plus Swap Contract, the difference between (a) the floating price payable by counterparty under such Merchants Plus Swap Contract if settled on such date of determination, and (b) the Merchants Plus Program price payable by Borrower on the same settlement date under such Merchants Plus Swap Contract outstanding as of such date of determination (or such difference, in the aggregate, measured on such other basis as may be reasonably determined from time to time by the Borrower); *provided, however*, that the value of any outstanding Merchants Plus Swap Contract shall be excluded from “*Merchants Plus Swap Contract Equity*” to the extent that such outstanding Merchants Plus Swap Contract (i) is not a validly-executed contract that is in full force and effect; (ii) is a contract pursuant to which settlement is to be made after the current Crop Year; (iii) is subject to any condition (other than the passage of time and tender of payment or goods) or dispute or with respect to which a known claim of offset or a contra account, or a defense or counterclaim, has been asserted by the counterparty; (iv) is subject to any Lien other than a Lien in favor of the Administrative Agent; (v) is a contract that has been rolled, for a period of thirty (30) days or more, restructured, extended, amended or modified as a result of the inability of any party thereto (including the Borrower) to perform thereunder or (vi) has a negative value from the Borrower’s perspective.

“*Minimum Collateral Amount*” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of all L/C Issuers with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the L/C Issuer in their sole discretion

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Non-Defaulting Lender*” means, at any time, each Lender that is not a Defaulting Lender at such time.

“*Note*” and “*Notes*” each is defined in Section 1.8 hereof.

“*Obligations*” means all obligations of the Borrower to pay principal and interest on the Loans, all Reimbursement Obligations owing under the Applications, all fees and charges payable hereunder, and all other payment obligations of the Borrower or any of the Guarantors arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” means the United States Department of Treasury Office of Foreign Assets Control.

“*OFAC Event*” means the event specified in Section 8.23 hereof.

“*OTC Commodity Contract*” means any Hedge Agreement (excluding any exchange-traded or exchange-cleared contract) with respect to any Qualified Commodity to which the Borrower is a party.

“*OTC Commodity Contract Equity*” means, as of any date of determination, the net liquidation value (positive or negative) to the Borrower of all OTC Commodity Contracts to which the Borrower is a party, calculated on the basis of the most recently available account statements prepared by the counterparties thereto or such other basis as may be reasonably determined from time to time by the Administrative Agent (and, to the extent that such other basis would increase the amount thereof, consented to by the Lenders); *provided, however*, that the positive value of any OTC Commodity Contract that is in the money from the Borrower’s perspective shall be excluded from “*OTC Commodity Contract Equity*” to the extent that (a) such OTC Commodity Contract is (i) not a validly-executed contract that is in full force and effect; (ii) subject to any condition (other than the passage of time, tender of payment or changes in prices or values

with respect to the reference assets) or dispute or with respect which a known claim of offset or a contra account, or a defense or counterclaim, has been asserted by the counterparty with respect thereto; (iii) with a Person that is the subject of dissolution, liquidation, reorganization, receivership or bankruptcy proceedings or has gone out of business; (iv) with a Person (other than an Eligible OTC Counterparty) whose principal office is located outside the United States or with an Eligible OTC Counterparty who does not have an office within the United States; (v) the counterparty with respect thereto is not an Eligible OTC Counterparty; (vi) not subject to a duly perfected first priority Lien in favor of the Administrative Agent or is subject to any Liens (other than Liens in favor of the Administrative Agent) in favor of any Person other than the Administrative Agent; or (vii) a contract that has been rolled, restructured, extended, amended or modified as a result of the inability of any party thereto to perform thereunder or (b) the Eligible OTC Counterparty has not executed and delivered to the Administrative Agent such acknowledgments with respect to such OTC Commodity Contract which the Administrative Agent determines are necessary or desirable.

“*Other Connection Taxes*” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 1.14).

“*Participating Interest*” is defined in Section 1.1(b)(v) hereof.

“*Participating Lender*” is defined in Section 1.1(b)(v) hereof.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

“*Percentage*” means, ~~for each Lender, the percentage of the Commitments represented by such Lender’s Commitment or, if the Commitments have been terminated, the percentage held by such Lender of the aggregate principal amount of all Loans then outstanding.~~ for any Lender its Revolver A Percentage or Revolver B Percentage, as applicable; and where the term “*Percentage*” is applied on an aggregate basis (including, without limitation, Section 11.6), such aggregate percentage shall be calculated by aggregating the separate components of the Revolver A Percentage and Revolver B Percentage, and expressing such components on a single percentage basis.

“*Permitted Holders*” means (a) Leucadia National Corporation and (b) (i) Sean M. O’Connor, Scott J. Branch, John Radziwill or any of their respective spouses or lineal descendants; (ii) the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any of the foregoing; and (iii) any trust, the beneficiaries of which only include any of the foregoing or their respective spouses or lineal descendants.

“*Person*” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

“Plan” means any employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (a) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group or (b) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Property” means, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

“Qualified Commodity” means any physical commodity of the type described on Schedule 5.1(a) attached hereto (as such schedule may be modified or supplemented in the Administrative Agent’s reasonable discretion) that is (or with respect to a physical commodity subject to a Forward Contract, will be upon delivery of such physical commodity) (a) either covered by a tangible document of title issued or negotiated to the Borrower or is an Eligible Electronic Warehouse Receipt; (b) on site and in storage within a storage facility operated by a Seller; and (c) fully insured against casualty loss while in storage with such Seller, and such Seller or the Borrower has delivered to the Administrative Agent an insurance certificate naming the Administrative Agent as lender’s loss payee with respect to such Qualified Commodity. The foregoing notwithstanding, if any physical commodity ~~consisting of canola or cotton~~ is not on site and in storage within a storage facility operated by such Seller, such physical commodity shall be a Qualified Commodity if such physical commodity is stored at a storage facility acceptable to the Administrative Agent (in its sole discretion), and the Borrower, ~~or~~ such Seller, or storage operator provides an insurance certificate to the Administrative Agent evidencing that such physical commodity is fully insured against casualty loss while in storage and naming the Administrative Agent as loss payee.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Receivables” means all rights to the payment of a monetary obligation, now or hereafter owing, whether evidenced by accounts, instruments, chattel paper, or general intangibles.

“Recipient” means (a) the Administrative Agent, (b) any Lender, and (c) any L/C Issuer, as applicable.

“Reimbursement Obligation” is defined in Section 1.1(~~bc~~)(iii) hereof.

“Repurchase Agreement” means a master commodities sale/repurchase agreement between the Borrower and a Seller, pursuant to which the Seller party thereto agrees to sell certain commodities to the Borrower and the Borrower agrees to purchase such commodities and then the Seller agrees to repurchase such commodities at a later date, together with all agreements, documents and instruments related thereto, as such agreements, documents and instruments may be amended from time to time in accordance with the Credit and Collection Policy and in accordance with this Agreement.

“Required Lenders” means, as of the date of determination thereof, (i) in the event there are two (2) Lenders, 100%, and (ii) in the event there are more than two (2) Lenders, Lenders whose outstanding Loans

and Unused Commitments constitute more than 50% of the sum of the total outstanding Loans and Unused Commitments of the Lenders.

“*Revolver A Percentage*” means, for each Lender with a Revolving A Commitment, the percentage of the Revolving A Commitments represented by such Lender’s Revolving A Commitment or, if the Revolving A Commitments have been terminated, the percentage held by such Lender of the aggregate principal amount of all Revolving A Loans then outstanding.

“*Revolver B Percentage*” means, for each Lender with a Revolving B Commitment, the percentage of the Revolving B Commitments represented by such Lender’s Revolving B Commitment or, if the Revolving B Commitments have been terminated, the percentage held by such Lender of the aggregate principal amount of all Revolving B Loans then outstanding.

“*Revolving A Commitment*” means, as to any Lender, the obligation of such Lender to make Revolving A Loans and to participate in Letters of Credit issued for the account of the Borrower hereunder in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 5.1 attached hereto and made a part hereof, as the same may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrower and the Lenders acknowledge and agree that the Revolving A Commitments of the Lenders as of the Second Amendment Effective Date aggregate \$95,000,000.

“*Revolving A Lenders*” means, collectively, all of the Lenders with a Revolving A Commitment.

“*Revolving A Loan*” is defined in Section 1.1(a) and, as so defined, includes a Base Rate Loan or a Eurodollar Loan, each of which is a “*type*” of Revolving A Loan hereunder.

“*Revolving A Note*” is defined in Section 1.8 hereof.

“*Revolving B Collateral*” means collectively (i) the Borrower’s instruments, documents, contracts and other agreements evidencing the Merchants Plus Program, (ii) the Borrower’s Forward Contracts with respect to the Merchants Plus Program, (iii) the Borrower’s Merchants Plus Swap Contracts, (iv) Hedging Accounts established in connection with the Merchants Plus Program as set forth on Schedule C to the Security Agreement (as such Schedule may be updated from time to time in accordance with the Security Agreement); and (v) all proceeds of the foregoing.

“*Revolving B Commitment*” means, as to any Lender, the obligation of such Lender to make Revolving B Loans in an aggregate principal or face amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 5.1 attached hereto and made a part hereof, as the same may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Borrower and the Lenders acknowledge and agree that the Revolving B Commitments of the Lenders as of the Second Amendment Effective Date aggregate \$5,000,000.

“*Revolving B Lenders*” means, collectively, all of the Lenders with a Revolving B Commitment.

“*Revolving B Loan*” is defined in Section 1.1(b) and, as so defined, includes a Base Rate Loan or a Eurodollar Loan, each of which is a “*type*” of Revolving B Loan hereunder.

“*Revolving B Note*” is defined in Section 1.8 hereof.



“S&P” means Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC), the European Union, Her Majesty’s Treasury, or other relevant sanctions authority.

“Sanctioned Country” means at any time, a country or territory which is itself the subject or target of any Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

“Second Amendment” means that certain Second Amendment to Amended and Restated Credit Agreement dated as of November 14, 2016, by and among the Borrower, the Guarantors, the Lenders and the Administrative Agent.

“Second Amendment Effective Date” means that date upon which the Second Amendment becomes effective pursuant to its terms.

“Secured Obligations” means the Obligations, Hedging Liability, and Funds Transfer and Deposit Account Liability, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired (including all interest, costs, fees, and charges after the entry of an order for relief against the Borrower or any Guarantor in a case under the United States Bankruptcy Code or any similar proceeding, whether or not such interest, costs, fees and charges would be an allowed claim against such Loan Party in any such proceeding); *provided, however*, that, with respect to any Guarantor, Secured Obligations Guaranteed by such Guarantor shall exclude all Excluded Swap Obligations.

“Security Agreement” means that certain Amended and Restated Security Agreement dated as of the date of this Agreement between the Borrower and the Administrative Agent, as the same may be amended, modified, supplemented or restated from time to time.

“Seller” means each Person obligated to repurchase commodities previously sold to the Borrower under such Repurchase Agreement.

“Subordinated Debt” means Indebtedness for Borrowed Money which is subordinated in right of payment to the prior payment of the Secured Obligations pursuant to subordination provisions approved in writing by the Administrative Agent and is otherwise pursuant to documentation that is, which is in an amount that is, and which contains interest rates, payment terms, maturities, amortization schedules, covenants, defaults, remedies and other material terms that are in form and substance, in each case satisfactory to the Administrative Agent.

“Subsidiary” means, as to any particular parent corporation or organization, any other corporation or organization more than 50% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one or more other entities which are themselves

subsidiaries of such parent corporation or organization.

“*Swap Obligation*” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“*Tangible Net Worth*” means, for any Person and at any time the same is to be determined, the excess of such Person’s assets over all its liabilities and reserves as determined in accordance with GAAP, but excluding as assets (i) goodwill and other intangible items and (ii) advances and loans to and investments in such Person’s Affiliates and Subsidiaries. For avoidance of doubt, the investments in and loans to the joint venture permitted by Section 8.9(j) hereof shall be excluded as assets for purposes of determining Tangible Net Worth.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Termination Date*” means May 1, ~~2017~~,2018, or such earlier date on which the Commitments are terminated in whole pursuant to Section 1.10, 9.2 or 9.3 hereof.

“*Total Adjusted Liabilities*” means, at any time the same is to be determined, an amount equal to (i) the aggregate of all indebtedness, obligations, liabilities, reserves and any other items which would be listed as a liability on a balance sheet of the Borrower determined in accordance with GAAP, less (ii) the aggregate principal amount of Subordinated Debt of the Borrower owing to Holdings, less (iii) the unrealized losses (determined on a netting basis) relating to the Borrower’s Hedging Agreements.

“*Trust Receipt*” means tangible negotiable documents of title covering Qualified Commodities delivered by the Administrative Agent to the Borrower or any other Person for the purpose of (a) the ultimate sale or exchange of such Qualified Commodity, or (b) the loading, unloading, storing, shipping, transshipping, manufacturing, or otherwise dealing with such Qualified Commodities in a manner preliminary to their sale or exchange.

“*UCC*” means Uniform Commercial Code of the State of Illinois as in effect from time to time.

“*Unfunded Vested Liabilities*” means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

“*Unhedged Eligible Commodities*” means all Qualified Commodities owned by the Borrower that are (i) evidenced by a document of title and (ii) not subject to a Hedging Agreement but otherwise satisfy the requirements set forth in the defined term “*Eligible Commodities*”.

“*Unused Commitments*” means, at any time, (a) with respect to the Revolving A Commitments, the difference between the Revolving A Commitments then in effect and the aggregate outstanding principal amount of Revolving A Loans and L/C Obligations, and (b) with respect to the Revolving B Commitments, the difference between the Revolving B Commitments then in effect and the aggregate outstanding principal amount of Revolving B Loans.

“U.S. Dollars” and “\$” each means the lawful currency of the United States of America.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in subsection (f) of Section 13.1.

“Voting Stock” of any Person means capital stock or other equity interests of any class or classes (however designated) having ordinary power for the election of directors or other similar governing body of such Person, other than stock or other equity interests having such power only by reason of the happening of a contingency.

“Welfare Plan” means a “welfare plan” as defined in Section 3(1) of ERISA.

“Withholding Agent” means the Borrower, any Guarantor and the Administrative Agent.

“Wholly-owned Subsidiary” means a Subsidiary of which all of the issued and outstanding shares of capital stock (other than directors’ qualifying shares as required by law) or other equity interests are owned by the Borrower and/or one or more Wholly-owned Subsidiaries within the meaning of this definition.

*Section 5.2. Interpretation.* The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references to time of day herein are references to Chicago, Illinois, time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

*Section 5.3. Change in Accounting Principles.* If, after the date of this Agreement, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.5 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Borrower or the Required Lenders may by notice to the Lenders and the Borrower, respectively, require that the Lenders and the Borrower negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles,

with the desired result being that the criteria for evaluating the financial condition of Holdings, the Borrower and the Borrower Subsidiaries shall be the same as if such change had not been made. No delay by the Borrower or the Required Lenders in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 5.3, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Borrower shall neither be deemed to be in compliance with any financial covenant hereunder nor out of compliance with any financial covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof.

## Section 6. Representations and Warranties.

The Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

*Section 6.1. Organization and Qualification.* The Borrower is duly organized, validly existing, and in good standing as a limited liability company under the laws of the State of Delaware, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying, except where the failure to do so would not have a Material Adverse Effect.

*Section 6.2. Holdings and Borrower Subsidiaries.* Holdings and each Borrower Subsidiary is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying, except where the failure to do so would not have a Material Adverse Effect. Schedule 6.2 hereto identifies the Borrower and each Borrower Subsidiary, the jurisdiction of its organization, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by Holdings, the Borrower and the Borrower Subsidiaries (for Holdings, solely with respect to the Borrower and Borrower Subsidiaries) and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class of its authorized capital stock and other equity interests and the number of shares of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of the Borrower and each Borrower Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests indicated on Schedule 6.2 as owned by Holdings, the Borrower or the Borrower Subsidiaries are owned, beneficially and of record, by Holdings, the Borrower or the applicable Borrower Subsidiary free and clear of all Liens other than Liens permitted by Section 8.8 hereof. There are no outstanding commitments or other obligations of the Borrower or any Borrower Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of the Borrower or any Borrower Subsidiary.

*Section 6.3. Authority and Validity of Obligations.* The Borrower has full right and authority to enter into this Agreement and the other Loan Documents executed by it, to make the borrowings herein provided for, to grant to the Administrative Agent the Liens described in the Collateral Documents executed by the Borrower, and to perform all of its obligations hereunder and under the other Loan Documents executed by it. Holdings and each Borrower Subsidiary has full right and authority to enter into the Loan Documents executed by it, to guarantee the Obligations and Funds Transfer and Deposit Account Liability, to grant to the Administrative Agent the Liens described in the Collateral Documents executed by such Person (if any),

and to perform all of its obligations under the Loan Documents executed by it. The Loan Documents delivered by Holdings, the Borrower and the Borrower Subsidiaries have been duly authorized, executed, and delivered by such Persons and constitute valid and binding obligations of Holdings, the Borrower and the Borrower Subsidiaries enforceable against them in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by Holdings, the Borrower or any Borrower Subsidiary of any of the matters and things herein or therein provided for, (a) contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon Holdings, the Borrower or any Borrower Subsidiary or any provision of the organizational documents (*e.g.*, charter, certificate or articles of incorporation and by-laws, certificate or articles of association and operating agreement, partnership agreement, or other similar organizational documents) of Holdings, the Borrower or any Borrower Subsidiary, (b) contravene or constitute a default under any covenant, indenture or agreement of or affecting Holdings, the Borrower or any Borrower Subsidiary or any of their Property, in each case where such contravention or default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (c) result in the creation or imposition of any Lien on any Property of Holdings, the Borrower or any Borrower Subsidiary other than the Liens granted in favor of the Administrative Agent pursuant to the Collateral Documents.

*Section 6.4. Use of Proceeds; Margin Stock.* The Borrower shall use the proceeds of the [Revolving A Loans](#) (i) to finance traditional commodity financing arrangements or the Borrower's purchase of Eligible Commodities from the Sellers who have agreed to sell Eligible Commodities to (and to later repurchase such Eligible Commodities from) the Borrower, (ii) to finance the Borrower's purchase of Forward Contracts, (iii) to finance Eligible Accounts Receivable arising from the sale of Eligible Commodities, and (iv) for general working capital purposes; *provided*, that Borrower shall not use such proceeds to do any of the foregoing relating to Qualified Commodities consisting of metals if the use of such proceeds would cause the daily average amount of [Revolving A Loans](#) used to finance metals in the preceding 12 months to exceed 50% of daily average amount of [Revolving A Loans](#) during such period. [The Borrower shall use the proceeds of the Revolving B Loans to finance Forward Contracts under the Merchant Plus Program and for general working capital purposes.](#) None of Holdings, the Borrower or any Borrower Subsidiary is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan or any other extension of credit made hereunder will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock. Margin stock (as hereinabove defined) constitutes less than 25% of the assets of Holdings, the Borrower and the Borrower Subsidiaries which are subject to any limitation on sale, pledge or other restriction hereunder.

*Section 6.5. Financial Reports.* (i) The unaudited balance sheet of the Borrower as at September 30, 2015, and the related income statement of the Borrower for the fiscal year then ended, and the unaudited interim balance sheet of the Borrower as at June 30, 2015, and the related income statement of the Borrower and for the 9 months then ended, heretofore furnished to the Administrative Agent and the Lenders fairly present the financial condition of the Borrower as at said dates and the results of its operations and cash flows for the periods then ended in conformity with GAAP applied on a consistent basis (except that interim statements omit any footnotes to the information contained therein and do not reflect certain adjustments which would be reflected on the annual certified financial statements). Except as disclosed on Schedule 6.5 hereto, the Borrower has no contingent liabilities which are material to it other than as indicated on such financial statements or, with respect to future periods, on the financial statements furnished pursuant to Section 8.5 hereof.

(ii) The Annual Report on Form 10-K for the fiscal year ended September 30, 2015 has been prepared in accordance with GAAP on a basis consistent, except as otherwise noted therein, with that of the previous fiscal year or period and fairly reflect the financial position of Holdings as of the dates thereof, and the results of operations for the periods covered thereby. Except as disclosed on Schedule 6.5 hereto, Holdings does not have contingent liabilities which are material to it other than as indicated on such financial statements or, with respect to future periods, on the financial statements furnished pursuant to Section 8.5 hereof.

*Section 6.6. No Material Adverse Change.* Since September 30, 2015, there has been no change in the condition (financial or otherwise) or business prospects of Holdings, the Borrower or any Borrower Subsidiary except those occurring in the ordinary course of business or disclosed in the financial reports identified in Section 6.5(ii) hereof or another form of written disclosure to the Lenders prior to the date of this Agreement, none of which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

*Section 6.7. Full Disclosure.* The statements and information furnished to the Administrative Agent and the Lenders in connection with the negotiation of this Agreement and the other Loan Documents and the commitments by the Lenders to provide all or part of the financing contemplated hereby do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading, the Administrative Agent and the Lenders acknowledging that as to any projections furnished to the Administrative Agent and the Lenders, the Borrower only represents that the same were prepared on the basis of information and estimates the Borrower believed to be reasonable.

*Section 6.8. Trademarks, Franchises, and Licenses.* Holdings, the Borrower and the Borrower Subsidiaries own, possess, or have the right to use all material patents, licenses, franchises, trademarks, trade names, trade styles, copyrights, trade secrets, know how, and confidential commercial and proprietary information necessary to conduct their businesses as now conducted, without known conflict with any patent, license, franchise, trademark, trade name, trade style, copyright or other proprietary right of any other Person.

*Section 6.9. Governmental Authority and Licensing.* Holdings, the Borrower and the Borrower Subsidiaries have received all licenses, permits, and approvals of all federal, state, and local governmental authorities, if any, necessary to conduct their businesses, in each case where the failure to obtain or maintain the same could reasonably be expected to have a Material Adverse Effect. No investigation or proceeding which, if adversely determined, could reasonably be expected to result in revocation or denial of any material license, permit or approval is pending or, to the knowledge of the Borrower, threatened.

*Section 6.10. Good Title.* Holdings, the Borrower and the Borrower Subsidiaries have good and defensible title (or valid leasehold interests) to their assets as reflected on the most recent consolidated balance sheet of Holdings, the Borrower and the Borrower Subsidiaries furnished to the Administrative Agent and the Lenders (except for sales of assets in the ordinary course of business), subject to no Liens other than such thereof as are permitted by Section 8.8 hereof.

*Section 6.11. Litigation and Other Controversies.* There is no litigation or governmental or arbitration proceeding or labor controversy pending, nor to the knowledge of the Borrower threatened, against Holdings, the Borrower or any Borrower Subsidiary or any of their Property which if adversely determined, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Items disclosed in the financial reports identified in Section 6.5(ii) and in Holdings' Annual Report on Form 10-K for the fiscal year ended September 30, 2015 are not reasonably expected to have a Material Adverse Effect.

*Section 6.12. Taxes.* All material tax returns required to be filed by Holdings, the Borrower or any Borrower Subsidiary in any jurisdiction have, in fact, been filed, and all material taxes, assessments, fees, and other governmental charges upon Holdings, the Borrower or any Borrower Subsidiary or upon any of its Property, income or franchises, which are shown to be due and payable in such returns, have been paid, except such taxes, assessments, fees and governmental charges, if any, as are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and as to which adequate reserves established in accordance with GAAP have been provided. Neither Holdings nor the Borrower knows of any proposed additional tax assessment against Holdings, the Borrower or the Borrower Subsidiaries for which adequate provisions in accordance with GAAP have not been made on their accounts. Adequate provisions in accordance with GAAP for taxes on the books of Holdings, the Borrower and each Borrower Subsidiary have been made for all open years, and for its current fiscal period.

*Section 6.13. Approvals.* No authorization, consent, license or exemption from, or filing or registration with, any court or governmental department, agency or instrumentality, nor any approval or consent of any other Person, is or will be necessary to the valid execution, delivery or performance by Holdings, the Borrower or any Borrower Subsidiary of any Loan Document, except for (i) such approvals which have been obtained prior to the date of this Agreement and remain in full force and effect and (ii) the filing of all financing statements, mortgages, and other documents necessary to perfect the Administrative Agent's Lien in the Collateral.

*Section 6.14. Affiliate Transactions.* None of Holdings, the Borrower or Borrower Subsidiary is a party to any contracts or agreements with any of its Affiliates (other than with Wholly-owned Borrower Subsidiaries) on terms and conditions which are less favorable to Holdings, the Borrower or such Borrower Subsidiary than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other.

*Section 6.15. Investment Company.* None of Holdings, the Borrower or any Borrower Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

*Section 6.16. ERISA.* Each of Holdings, the Borrower and each other member of its respective Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with ERISA and the Code to the extent applicable to it and has not incurred any liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. None of Holdings, the Borrower or any Borrower Subsidiary has any contingent liabilities with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in article 6 of Title I of ERISA.

*Section 6.17. Compliance with Laws.* Holdings, the Borrower and the Borrower Subsidiaries are in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to their Property or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), where any such non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. None of Holdings, the Borrower or any Borrower Subsidiary has received written notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health, and safety statutes and regulations or is the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where any such non-compliance or remedial action, individually

or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

*Section 6.18. Anti-Corruption Laws and Sanctions.* None of (a) Holdings, the Borrower or any Borrower Subsidiary or, to the knowledge of Holdings or the Borrower, any of their respective directors, officers, employees or affiliates, or (b) to the knowledge of Holdings or the Borrower, any agent or representative of Holdings, the Borrower or any Borrower Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person or currently the subject or target of any Sanctions. Holdings, the Borrower or any Borrower Subsidiary and, to the knowledge of Holdings or the Borrower, any of their respective directors, officers, employees or affiliates, are in compliance with all applicable (i) Anti-Corruption Laws in all material respects and (ii) Sanctions.

*Section 6.19. Other Agreements.* None of Holdings, the Borrower or any Borrower Subsidiary is in default under the terms of any covenant, indenture or agreement of or affecting such Person or any of its Property, which default if uncured could reasonably be expected to have a Material Adverse Effect.

*Section 6.20. Solvency.* Holdings, Borrower and the Borrower Subsidiaries are solvent, able to pay their debts as they become due, and have sufficient capital to carry on their business and all businesses in which they are about to engage.

*Section 6.21. No Default.* No Default or Event of Default has occurred and is continuing.

*Section 6.22. No Broker Fees.* No broker's or finder's fee or commission will be payable with respect hereto or any of the transactions contemplated thereby; and the Borrower hereby agrees to indemnify the Administrative Agent and the Lenders against, and agree that they will hold the Administrative Agent and the Lenders harmless from, any claim, demand, or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable attorneys' fees) arising in connection with any such claim, demand, or liability.

*Section 6.23. Material Contracts.* Each of the Borrower and each Borrower Subsidiary has entered into and is performing its duties under each Material Contract in accordance with the Credit and Collection Policies.

## Section 7. Conditions Precedent.

*Section 7.1. All Credit Events.* At the time of each Credit Event hereunder (including any Credit Event on the Closing Date):

(a) each of the representations and warranties set forth herein and in the other Loan Documents shall be and remain true and correct as of said time, except to the extent the same expressly relate to an earlier date;

(b) no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

(c) in the case of a Borrowing the Administrative Agent shall have received the notice required by Section 1.4 hereof;

(d) after giving effect to such Credit Event, the aggregate principal amount of all Loans and the L/C Obligations then outstanding does not exceed the lesser of (i) the Commitment and (ii)



the Borrowing Base, and the Borrower shall have delivered to the Administrative Agent a certificate in the form attached hereto as Exhibit A in evidence thereof;

(e) ~~after giving effect to such Credit Event, the Borrower's Tangible Net Worth shall be the greater of (i) \$8,000,000 and (ii) 7.5% of the aggregate principal amount of all Loans outstanding; and~~ prior to the initial Borrowing of a Revolving B Loan, the Revolving B Lenders shall have approved the form of the agreements relating to the Merchants Plus Program, which such form shall be in form and substance reasonably acceptable to the Revolving B Lenders; and

(f) such Credit Event shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Administrative Agent, the L/C Issuer, or any Lender (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System) as then in effect.

Each request for a Borrowing hereunder and each request for the issuance of, increase in the amount of, or extension of the expiration date of, a Letter of Credit shall be deemed to be a representation and warranty by the Borrower on the date on such Credit Event as to the facts specified in subsections (a) through (f), both inclusive, of this Section.

*Section 7.2. Conditions to the Effectiveness of this Agreement.* This Agreement shall become effective upon satisfaction of the following conditions:

(a) the Administrative Agent shall have received this Agreement duly executed by the Borrower, the Guarantors, and the Lenders;

(b) if requested by any Lender, the Administrative Agent shall have received for such Lender such Lender's duly executed Notes of the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 1.8 hereof;

(c) the Administrative Agent shall have received the Security Agreement duly executed by the Borrower, together with (i) UCC financing statements to be filed against the Borrower, as debtor, in favor of the Administrative Agent, as secured party and (ii) to the extent a Borrowing is requested on the Closing Date, (A) documents of title together with all necessary endorsements with respect to the Eligible Commodities, and (B) all commodity account control agreements for all Eligible Hedging Accounts;

(d) the Administrative Agent shall have received evidence of insurance insuring the Eligible Commodities and naming the Administrative Agent as lender's loss payee;

(e) the Administrative Agent shall have received copies of the Borrower's and each Guarantor's articles of incorporation and bylaws (or comparable organizational documents) and any amendments thereto, certified in each instance by its Secretary or Assistant Secretary;

(f) the Administrative Agent shall have received copies of resolutions of the Borrower's and each Guarantor's Board of Directors (or similar governing body) authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, together with specimen signatures of the persons authorized to execute such documents on the Borrower's and each Guarantor's behalf, all certified in each instance by its Secretary or Assistant Secretary;

(g) the Administrative Agent shall have received copies of the certificates of good standing for the Borrower and each Guarantor (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state of its incorporation or organization and of each state in which it is qualified to do business as a foreign corporation or organization;

(h) the Administrative Agent shall have received a list of the Borrower's Authorized Representatives;

(i) each Lender and L/C Issuer shall have received such evaluations and certifications as it may reasonably require in order to satisfy itself as to the value of the Collateral, the financial condition of the Borrower and the Guarantors, and the lack of material contingent liabilities of the Borrower and the Guarantors;

(j) the Administrative Agent shall have received financing statement, tax, and judgment lien search results against the Property of the Borrower and each Guarantor evidencing the absence of Liens on its Property except as permitted by Section 8.8 hereof;

(k) the Administrative Agent shall have received the favorable written opinion of counsel to the Borrower and each Guarantor, in form and substance satisfactory to the Administrative Agent;

(l) to the extent not on file with the Administrative Agent, the Administrative Agent shall have received a fully executed Internal Revenue Service Form W-9 for the Borrower and each Guarantor;

(m) no material adverse change in the business, condition (financial or otherwise), operations, performance, or Properties of the Borrower or any Guarantor shall have occurred since September 30, 2015;

(n) the Administrative Agent shall have received copies of all Material Contracts (or the Borrower's standard form of such contracts), which shall be in form and substance satisfactory to the Administrative Agent;

(o) the Administrative Agent shall have received copies of the Credit and Collection Policy, which shall be in form and substance satisfactory to the Administrative Agent;

(p) to the extent such secured Indebtedness for Borrowed Money is not permitted hereunder, the Administrative Agent shall have received pay-off and lien release letters from secured creditors of the Borrower setting forth, among other things, the total amount of indebtedness outstanding and owing to them (or outstanding letters of credit issued for the account of the Borrower) and containing an undertaking to cause to be delivered to the Administrative Agent UCC termination statements and any other lien release instruments necessary to release their Liens on the assets of the Borrower, which pay-off and lien release letters shall be in form and substance acceptable to the Administrative Agent;

(q) the Administrative Agent shall have received the fees required by the fee letter referenced in Section 2.1(c) hereof; and

(r) the Administrative Agent shall have received such other agreements, instruments, documents, certificates, and opinions as the Administrative Agent may reasonably request.

## Section 8. Covenants.

The Borrower agrees that, so long as any credit is available to or in use by the Borrower hereunder, except to the extent compliance in any case or cases is waived in writing pursuant to the terms of Section 13.13 hereof:

*Section 8.1. Maintenance of Business.* Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, preserve and maintain its existence, except as otherwise provided in Section 8.10(c) hereof. Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights, and other proprietary rights necessary to the proper conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect.

*Section 8.2. Maintenance of Properties.* Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, maintain, preserve, and keep its property, plant, and equipment in good repair, working order and condition (ordinary wear and tear excepted), and shall from time to time make all needful and proper repairs, renewals, replacements, additions, and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained, except (i) to the extent that, in the reasonable business judgment of such Person, any such Property is no longer necessary for the proper conduct of the business of such Person or (ii) where failure to do so could reasonably be expected to have a Material Adverse Effect.

*Section 8.3. Taxes and Assessments.* Each of Holdings and the Borrower shall duly pay and discharge, and shall cause each Borrower Subsidiary to duly pay and discharge, all taxes, rates, assessments, fees, and governmental charges upon or against it or its Property, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.

*Section 8.4. Insurance.* Each of Holdings and the Borrower shall insure and keep insured, and shall cause each Borrower Subsidiary to insure and keep insured, with good and responsible insurance companies, all insurable Property owned by it which is of a character usually insured by Persons similarly situated and operating like Properties against loss or damage from such hazards and risks, and in such amounts, as are insured by Persons similarly situated and operating like Properties; and each of Holdings and the Borrower shall insure, and shall cause each Borrower Subsidiary to insure, such other hazards and risks (including, without limitation, business interruption, employers' and public liability risks) with good and responsible insurance companies as and to the extent usually insured by Persons similarly situated and conducting similar businesses. The Borrower shall in any event maintain, and cause each Subsidiary to maintain, insurance on the Collateral to the extent required by the Collateral Documents. The Borrower shall, upon the request of the Administrative Agent, furnish to the Administrative Agent and the Lenders a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section.

*Section 8.5. Financial Reports.* Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, maintain a standard system of accounting in accordance with GAAP and shall furnish to the Administrative Agent, each Lender, and each of their duly authorized representatives such information respecting the business and financial condition of Holdings, the Borrower and each Borrower Subsidiary as the Administrative Agent or such Lender may reasonably request; and without any request, shall furnish to the Administrative Agent and the Lenders:

(a) (i) at the time of each Credit Event hereunder or upon the release of any Collateral, (ii) each Monday to the that there are Loans or Letters of Credit outstanding as of close of business on the immediately preceding Friday, and (iii) upon the request by the Administrative Agent (on behalf of any Lender), a Borrowing Base Certificate showing the computation of the Borrowing Base in reasonable detail, together with a list of (A) counterparties indicating the amount of any outstanding transactions and the credit ratings of such credit party and (B) Eligible Accounts Receivable indicating the amount of such Eligible Accounts Receivable, the credit rating of the account debtor and the aging the Eligible Account Receivable, in each case prepared by the Borrower and certified to by a Financial Officer of the Borrower;

(b) as soon as available, and in any event no later than 45 days after the last day of each fiscal quarter of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower and the Borrower Subsidiaries as of the last day of such fiscal quarter and the consolidated statements of income of the Borrower and the Borrower Subsidiaries for the fiscal quarter and for the fiscal year-to-date period then ended, each in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous fiscal year, prepared by the Borrower in accordance with GAAP (subject to the absence of footnote disclosures and year-end audit adjustments) and certified to by its chief financial officer or another officer of the Borrower acceptable to the Administrative Agent;

(c) as soon as available, and in any event no later than 45 days after the last day of each fiscal quarter of each fiscal year of Holdings, a copy of the consolidated balance sheet of Holdings and its Subsidiaries as of the last day of such fiscal quarter and the consolidated statements of income, retained earnings, and cash flows of Holdings and its Subsidiaries for the fiscal quarter and for the fiscal year-to-date period then ended, each in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous fiscal year, prepared by Holdings in accordance with GAAP (subject to the absence of footnote disclosures and year-end audit adjustments) and certified to by its chief financial officer or another officer of Holdings acceptable to the Administrative Agent;

(d) as soon as available, and in any event no later than 90 days after the last day of each fiscal year of Holdings, a copy of the consolidated balance sheet of Holdings and its Subsidiaries as of the last day of the fiscal year then ended and the consolidated statements of income, retained earnings, and cash flows of Holdings and its Subsidiaries for the fiscal year then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion of a firm of independent public accountants of recognized national standing, selected by Holdings and reasonably satisfactory to the Administrative Agent and the Required Lenders, to the effect that the consolidated financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial condition of Holdings and its Subsidiaries as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with

generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(e) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Holdings, the Borrower's or any Borrower Subsidiary's operations and financial affairs given to it by its independent public accountants;

(f) if requested by the Administrative Agent or any Lender, promptly after the sending or filing thereof, copies of each financial statement, report, notice or proxy statement sent by Holdings, the Borrower or any Borrower Subsidiary to its stockholders or other equity holders, and copies of each regular, periodic or special report, registration statement or prospectus (including all Form 10-K, Form 10-Q and Form 8-K reports) filed by Holdings, the Borrower or any Borrower Subsidiary with any securities exchange or the Securities and Exchange Commission or any successor agency;

(g) promptly after receipt thereof, a copy of each audit made by any regulatory agency of the books and records of Holdings, the Borrower or any Subsidiary or of notice of any material noncompliance with any applicable law, regulation or guideline relating to Holdings, the Borrower or any Borrower Subsidiary, or its business;

(h) at the end of each Business Day during which any Obligations are outstanding hereunder, the Borrower shall, and shall cause its Affiliates, to deliver to the Administrative Agent daily mark-to-market reports of the Hedging Value of all Hedging Agreements in the Eligible Hedge Accounts;

(i) notice of any Change of Control;

(j) promptly after knowledge thereof shall have come to the attention of any responsible officer of Holdings, or the Borrower, written notice of (i) any threatened or pending litigation or governmental or arbitration proceeding or labor controversy against Holdings, the Borrower or any Borrower Subsidiary or any of their Property which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; (ii) the occurrence of any Default or Event of Default hereunder; or (iii) the occurrence of any event or the existence of any condition that could reasonably be expected to have a Material Adverse Effect;

(k) promptly after any change or other modification of the Borrower's internal risk rating on any Seller, the Borrower shall deliver to the Administrative Agent notice of any such change or modification of the change in such Seller's internal risk rating; and

(l) ~~with each of the financial statements delivered pursuant to subsection (b) above~~ as soon as available, and in any event not later than 30 days after the end of each month, a written certificate in the form attached hereto as Exhibit D signed by the chief financial officer of the Borrower or another officer of the Borrower acceptable to the Administrative Agent to the effect that to the best of such officer's knowledge and belief no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by Holdings, the Borrower or any Borrower Subsidiary to remedy the same. Such certificate shall also set forth the calculations supporting such statements in respect of Section 8.22 hereof.

*Section 8.6. Inspection.* Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, permit the Administrative Agent, each Lender and each of their duly authorized representatives and agents to visit and inspect any of its Property, corporate books, and financial records, to examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers, employees and independent public accountants (and by this provision the Borrower hereby authorizes such accountants to discuss with the Administrative Agent, and such Lenders the finances and affairs of Holdings, the Borrower and the Borrower Subsidiaries) at such reasonable times and intervals as the Administrative Agent or any such Lender may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to the Borrower.

*Section 8.7. Borrowings and Guaranties.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, issue, incur, assume, create or have outstanding any Indebtedness for Borrowed Money, or incur liabilities for interest rate, currency, or commodity cap, collar, swap, or similar hedging arrangements, or be or become liable as endorser, guarantor, surety or otherwise for any debt, obligation or undertaking of any other Person, or otherwise agree to provide funds for payment of the obligations of another, or supply funds thereto or invest therein or otherwise assure a creditor of another against loss, or apply for or become liable to the issuer of a letter of credit which supports an obligation of another, or subordinate any claim or demand it may have to the claim or demand of any other Person; *provided, however,* that the foregoing shall not restrict nor operate to prevent:

(a) the Obligations and Funds Transfer and Deposit Account Liability of the Borrower and the Borrower Subsidiaries owing to the Administrative Agent and the Lenders (and their Affiliates);

(b) purchase money indebtedness and Capitalized Lease Obligations of the Borrower and the Borrower Subsidiaries in an amount not to exceed \$100,000 in the aggregate at any one time outstanding;

(c) obligations of the Borrower or any Borrower Subsidiary arising out of Hedging Agreements in connection with bona fide hedging activities in the ordinary course of business and not for speculative purposes; *provided,* that the Borrower's obligation to repurchase commodities previously sold to the Subsidiaries of Holdings pursuant to any hedging activities permitted hereby shall not exceed \$10,000,000 in the aggregate at any one time;

(d) endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;

(e) intercompany advances from time to time (i) owing by any Borrower Subsidiary to the Borrower or another Borrower Subsidiary or by the Borrower to a Borrower Subsidiary (ii) from the Borrower to Holdings or owing by the Borrower to Holdings, in each under this clause (e) in the ordinary course of business to finance working capital needs;

(f) unsecured ~~indebtedness~~ **Subordinated Debt** owing by the Borrower or any Borrower Subsidiary to Holdings ~~so long as such indebtedness is subordinated in right of payment to the prior payment of the Obligations and Funds Transfer and Deposit Account Liability;~~

(g) the guaranty by the Borrower and the Borrower Subsidiaries of the obligations of Holdings and its Subsidiaries under the INTL BOA Facility in an aggregate principal amount not to exceed \$255,000,000 at any one time (and renewals, refinancings and extensions thereof);

(h) indebtedness arising under that certain Master Commodity Transaction Agreement dated December 20, 2011 by and among the Borrower, INTL Commodities, Inc., and VMF Special Purpose Vehicle SPC on behalf of M1 Segregated Portfolio, and any other indebtedness arising under repurchase agreements approved by the Administrative Agent in its sole discretion;

(i) unsecured indebtedness of the Borrower and the Borrower Subsidiaries not otherwise permitted by this Section in an amount not to exceed \$100,000 in the aggregate at any one time outstanding; and

(j) obligations or indebtedness of the Borrower or the Borrower Subsidiaries arising out of the Merchants Plus Program.

*Section 8.8. Liens.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, create, incur or permit to exist any Lien of any kind on any Property owned by any such Person; *provided, however,* that the foregoing shall not apply to nor operate to prevent:

(a) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges (other than Liens arising under ERISA), good faith cash deposits in connection with tenders, contracts or leases to which the Borrower or any Borrower Subsidiary is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics', workmen's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) judgment liens and judicial attachment liens not constituting an Event of Default under Section 9.1(g) hereof and the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of such judgment liens and attachments and liabilities of the Borrower and the Borrower Subsidiaries secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$100,000 at any one time outstanding;

(d) Liens on the interest of lessors under Capital Leases or operating leases;

(e) Liens on equipment of the Borrower or any Borrower Subsidiary created solely for the purpose of securing indebtedness permitted by Section 8.7(b) hereof, representing or incurred to finance the purchase price of such Property, *provided* that no such Lien shall extend to or cover other Property of the Borrower or such Borrower Subsidiary other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the purchase price of such Property, as reduced by repayments of principal thereon;

(f) Liens on Hedging Accounts in favor of an intermediary to secure payment of customary fees and commissions and for payment or delivery of Hedging Agreements purchased or sold from such Hedging Accounts;

(g) Liens granted in favor of the Administrative Agent pursuant to the Collateral Documents;

(h) Liens securing the guaranty permitted by Section 8.7(g) hereof; *provided*, such Liens are limited to the Borrower's equity interests in the Borrower Subsidiaries;

(i) Liens securing indebtedness permitted by Section 8.7(h) hereof; *provided*, that such Liens do not cover the Collateral including any proceeds thereof;

(j) Liens securing indebtedness permitted by Section 8.7(j) hereof; *provided* that such Liens do not cover the Collateral including any proceeds thereof; and

~~(j) Liens securing indebtedness permitted by Section 8.7(j) hereof; provided that such Liens do not cover the Collateral including any proceeds thereof.~~ (k) Liens in favor of the purchaser of Factored Receivables so long as such Lien attaches only to the Factored Receivable and no other property of the Borrower.

*Section 8.9. Investments, Acquisitions, Loans and Advances.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances to (other than for travel advances and other similar cash advances made to employees in the ordinary course of business), any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof; *provided, however*, that the foregoing shall not apply to nor operate to prevent:

(a) investments in direct obligations of the United States of America or of any agency or instrumentality thereof whose obligations constitute full faith and credit obligations of the United States of America, provided that any such obligations shall mature within one year of the date of issuance thereof;

(b) investments in commercial paper rated at least P-1 by Moody's and at least A-1 by S&P maturing within one year of the date of issuance thereof;

(c) investments in certificates of deposit issued by any Lender or by any United States commercial bank having capital and surplus of not less than \$100,000,000 which have a maturity of one year or less;

(d) investments in repurchase obligations with a term of not more than 7 days for underlying securities of the types described in subsection (a) above entered into with any bank meeting the qualifications specified in subsection (c) above, provided all such agreements require physical delivery of the securities securing such repurchase agreement, except those delivered through the Federal Reserve Book Entry System;

(e) investments in money market funds that invest solely, and which are restricted by their respective charters to invest solely, in investments of the type described in the immediately preceding subsections (a), (b), (c), and (d) above;

(f) the Borrower's investments in the Domestic Borrower Subsidiaries;

(g) the Borrower's loans and advances to Sellers pursuant to Repurchase Agreements;



(h) the Borrower's or any Borrower Subsidiary's loans and advances to Holdings so long as (i) no Default or Event of Default has occurred and is continuing or would result from such loan or advance, and (ii) the Borrower is in compliance with Section 8.22 hereof after giving effect to any such loan or advance;

(i) intercompany loans and advances from Holdings to the Borrower or to a Borrower Subsidiary in the ordinary course of business to finance working capital needs;

(j) investments in and loans to a joint venture, partnership or other such Person in connection with Borrower's business activities so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such investment or loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, and (iii) the aggregate amount of such investments in and loans to such joint venture, partnership or other Person shall not exceed \$2,500,000 in the aggregate at any one time;

(k) investments in and loans to the Borrower's customers in connection with the purchase of such customer's accounts receivable so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such investment or loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, (iii) the aggregate amount of such investments in and loans to any such customer and its Affiliates shall not exceed \$300,000 in the aggregate at any one time, and (iv) the aggregate amount of such investments in and loans to all such customers shall not exceed \$5,000,000 in the aggregate at any one time; and

(l) secured loans to the Borrower's customers to prevent or limit customer losses so long as (i) no Default or Event of Default has occurred and is continuing immediately before and after giving effect to such loan, (ii) the Borrower is in compliance on a pro forma basis with the financial covenants set forth in Section 8.22 hereof, and (iii) the aggregate amount of such loans shall not exceed \$2,000,000 in the aggregate at any one time.

In determining the amount of investments, acquisitions, loans, and advances permitted under this Section, investments and acquisitions shall always be taken at the original cost thereof (regardless of any subsequent appreciation or depreciation therein), and loans and advances shall be taken at the principal amount thereof then remaining unpaid.

*Section 8.10. Mergers, Consolidations and Sales.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, be a party to any merger or consolidation, or sell, transfer, lease or otherwise dispose of all or any part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided, however,* that this Section shall not apply to nor operate to prevent:

(a) the sale of inventory in the ordinary course of business;

(b) the sale, transfer, lease or other disposition of Property of the Borrower and the Borrower Subsidiaries to one another in the ordinary course of its business;

(c) the merger of any Borrower Subsidiary with and into the Borrower or any other Borrower Subsidiary, provided that, in the case of any merger involving the Borrower, the Borrower is the corporation surviving the merger;

(d) the sale of delinquent notes or accounts receivable in the ordinary course of business for purposes of collection only (and not for the purpose of any bulk sale or securitization transaction);

(e) the sale, transfer or other disposition of any tangible personal property that, in the reasonable business judgment of the Borrower or the Borrower Subsidiary, has become obsolete or worn out, and which is disposed of in the ordinary course of business; ~~and~~

(f) the sale of Factored Receivables so long as such sale is non-recourse to the Borrower and is otherwise sold pursuant to a factoring arrangement acceptable to the Administrative Agent; and

(g) the sale, transfer, lease or other disposition of Property of the Borrower or any Borrower Subsidiary (including any disposition of Property as part of a sale and leaseback transaction) aggregating for the Borrower and the Borrower Subsidiaries not more than \$100,000 during any fiscal year of the Borrower.

*Section 8.11. Maintenance of Borrower Subsidiaries.* Holdings or the Borrower shall not assign, sell or transfer, nor shall they permit any Borrower Subsidiary to issue, assign, sell or transfer, any shares of capital stock or other equity interests of the Borrower or a Borrower Subsidiary; *provided, however,* that the foregoing shall not operate to prevent (a) the issuance, sale, and transfer to any person of any shares of capital stock of the Borrower or a Borrower Subsidiary solely for the purpose of qualifying, and to the extent legally necessary to qualify, such person as a director of such Borrower Subsidiary, and (b) any transaction permitted by Section 8.8(h) or Section 8.10(c) above.

*Section 8.12. Dividends and Certain Other Restricted Payments.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, (a) declare or pay any dividends on or make any other distributions in respect of any class or series of its capital stock or other equity interests (other than dividends or distributions payable solely in its capital stock or other equity interests), (b) directly or indirectly purchase, redeem, or otherwise acquire or retire any of its capital stock or other equity interests or any warrants, options, or similar instruments to acquire the same, or (c) directly or indirectly pay Management Fees (collectively referred to herein as “*Restricted Payments*”); *provided, however,* that the foregoing shall not operate to prevent (a) the making of dividends or distributions by any Borrower Subsidiary to the Borrower and (b) the Borrower may make dividends and distributions during any fiscal year so long as (i) no Default or Event of Default has occurred and is continuing or would result from such dividend or other distribution, and (ii) the Borrower is in compliance with Section 8.22 hereof after giving effect to any such dividend or other distribution.

*Section 8.13. ERISA.* Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed could reasonably be expected to result in the imposition of a Lien against any of its Property. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, promptly notify the Administrative Agent and each Lender of: (a) the occurrence of any reportable event (as defined in ERISA) with respect to a Plan, (b) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (c) its intention to terminate or withdraw from any Plan, and (d) the occurrence of any event with respect to any Plan which would result in the incurrence by Holdings, the Borrower or any Borrower Subsidiary of any material liability, fine or penalty, or any material increase in the contingent liability of Holdings, the Borrower or any Borrower Subsidiary with respect to any post-retirement Welfare Plan benefit.

*Section 8.14. Compliance with Laws.* Each of Holdings and the Borrower shall, and shall cause

each Borrower Subsidiary to, comply in all respects with the requirements of all federal, state, and local laws, rules, regulations, ordinances and orders (including but not limited to all Environmental Laws) applicable to or pertaining to its Property or business operations, where any such non-compliance, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or result in a Lien upon any of its Property.

*Section 8.15. Burdensome Contracts with Affiliates.* The Borrower shall not, nor shall it permit any Borrower Subsidiary to, enter into any contract, agreement or business arrangement with any of its Affiliates (other than with Wholly-owned Subsidiaries) on terms and conditions which are less favorable to the Borrower or such Borrower Subsidiary than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

*Section 8.16. No Changes in Fiscal Year.* The fiscal year of Holdings, the Borrower and the Borrower Subsidiaries ends on September 30 of each year; and neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, change its fiscal year from its present basis.

*Section 8.17. Formation of Borrower Subsidiaries.* Promptly upon the formation or acquisition of any Domestic Borrower Subsidiary, the Borrower shall provide the Administrative Agent and the Lenders notice thereof and timely comply with the requirements of Section 4 hereof (at which time Schedule 6.2 shall be deemed amended to include reference to such Borrower Subsidiary). The Borrower shall not, nor shall it permit any Borrower Subsidiary to, form or acquire any Foreign Borrower Subsidiary.

*Section 8.18. Change in the Nature of Business.* Neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, engage in any business or activity if as a result the general nature of the business of Holdings, the Borrower or any Borrower Subsidiary would be changed in any material respect from the general nature of the business engaged in by it as of the Closing Date.

*Section 8.19. Use of Proceeds.* The Borrower shall use the credit extended under this Agreement solely for the purposes set forth in, or otherwise permitted by, Section 6.4 hereof. The Borrower will not request any Borrowing, and the Borrower shall not directly or, to the Borrower's knowledge indirectly, use the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

*Section 8.20. No Restrictions.* Except as disclosed to the Lenders or as otherwise provided herein, neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, directly or indirectly create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of Holdings, the Borrower or any Borrower Subsidiary to: (a) pay dividends or make any other distribution on the Borrower's or any Borrower Subsidiary's capital stock or other equity interests owned (directly or indirectly) by Holdings, the Borrower or any other Borrower Subsidiary, (b) pay any indebtedness owed to Holdings, the Borrower or any other Borrower Subsidiary, (c) make loans or advances to Holdings, the Borrower or any other Borrower Subsidiary, (d) transfer any of its Property to Holdings, the Borrower or any other Borrower Subsidiary, or (e) guarantee the Obligations and Funds Transfer and Deposit Account Liability and/or grant Liens on its assets to the Administrative Agent as required by the Loan Documents.

*Section 8.21. Performance of Duties; Amendment of Material Contracts.* (a) Each of Holdings and

the Borrower shall, and shall cause each Borrower Subsidiary to, (i) fully and timely perform in all material respects all agreements required to be observed by it in connection with each Material Contract, (ii) comply in all material respects with the Credit and Collection Policy, and (iii) refrain from taking any action (including waiving any default or event of default under a Material Contract) that may materially impair the rights of the Administrative Agent or the Lenders in any Material Contract or any Collateral.

(b) Neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, make any change to the Credit and Collection Policy or their method for computing internal risk ratings for the Sellers if such change would have a material adverse effect on any Material Contract.

(c) The Borrower shall not amend the form of the agreements relating to the Merchants Plus Program from the forms delivered pursuant to Section 7.1(e) hereof without the prior consent of the Revolving B Lenders (which consent shall not be unreasonably withheld).

*Section 8.22. Tangible Net Worth .* ~~(a) The Borrower shall at all times maintain a Tangible Net Worth of not less than the greater of (i) \$8,000,000 and (ii) 5.0% of the aggregate principal amount of all Loans outstanding.~~ (b) ~~At no time shall the Receivables and obligations under any Forward Contract owing from a Certified Merchant to the Borrower exceed 10% of such Certified Merchant's Tangible Net Worth.~~ 8.75% of Total Adjusted Liabilities at such time.

*Section 8.23. Compliance with Sanctions .* (a) Holdings and the Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Holdings, the Borrower, the Borrower Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) If any of Holdings or the Borrower obtains actual knowledge or receives any written notice that any of Holdings or the Borrower, any Affiliate of the Borrower or any Borrower Subsidiary is a Sanctioned Person (“OFAC Event”), the Borrower shall promptly (i) give written notice to the Administrative Agent and the Lenders of such OFAC Event, and (ii) comply with all applicable laws with respect to such OFAC Event (regardless of whether the party included as a Sanctioned Person is located within the jurisdiction of the United States of America), and Holdings and the Borrower hereby authorize and consent to the Administrative Agent and the Lenders taking any and all steps the Administrative Agent or the Lenders deem necessary, in their sole but reasonable discretion, to avoid violation of all applicable laws with respect to any such OFAC Event, including the requirements of the Sanctions (including the freezing and/or blocking of assets and reporting such action to OFAC).

*Section 8.24. Deposit Accounts.* The Borrower shall, and shall cause each Borrower Subsidiary to, maintain all deposit accounts with the Administrative Agent or with other financial institutions selected by the Borrower and reasonably acceptable to the Administrative Agent (which financial institutions have entered into account control agreements with the Administrative Agent relating to such accounts on terms reasonably acceptable to the Administrative Agent).

*Section 8.25. Material Contracts.* Promptly upon entering into any Material Contract, the Borrower shall deliver a copy thereof to the Administrative Agent.

*Section 8.26. Most Favored Lenders.* In the event that the Borrower or any of the Borrower Subsidiaries shall, directly or indirectly, be a party to or enter into or otherwise consent to any agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons undertakes to make or provide credit or loans to the Borrower or any of the Borrower

Subsidiaries (including, without limitation, any instrument, document or indenture relating to any Indebtedness and any Material Contract), which agreement (or amendment thereto) provides such Person with more restrictive covenants or borrowing base provisions than are provided to the Administrative Agent and/or the Lenders in this Agreement, the Borrower shall provide the Administrative Agent and the Lenders with a copy of each such agreement (or amendment thereto) and such more restrictive covenants or borrowing base provisions shall automatically be deemed to be incorporated into this Agreement, and the Administrative Agent and the Lenders shall have the benefits of such more restrictive covenants or borrowing base provisions as if specifically set forth herein and applied for the benefit of the holders of the Obligations and the interest of the Administrative Agent and/or the Lenders in the Collateral (and no amendment, modification, or waiver of any such more restrictive covenants or borrowing base provisions incorporated herein by reference shall be effective against the Administrative Agent or the Lenders unless consented to by the Required Lenders). Upon the written request of the Administrative Agent or the Required Lenders, the Borrower shall promptly enter into an amendment to this Agreement to include such more restrictive covenants or borrowing base provisions (provided that the Administrative Agent and the Lenders shall maintain the benefit of such more restrictive covenants or borrowing base provisions even if the Administrative Agent or Required Lenders fail to make such request or the Borrower fails to provide such amendment).

## Section 9. Events of Default and Remedies.

*Section 9.1. Events of Default.* Any one or more of the following shall constitute an “Event of Default” hereunder:

(a) default in the payment when due of all or any part of the principal of or interest on any Loan (whether at the stated maturity thereof or at any other time provided for in this Agreement) or of any Reimbursement Obligation, or default for a period of three (3) days in the payment when due any interest, fee or other Obligation payable hereunder or under any other Loan Document;

(b) default in the observance or performance of any covenant set forth in Sections 8.1, 8.5, 8.7, 8.8, 8.9, 8.10, 8.11, 8.12, 8.15, 8.16, 8.18, 8.19, 8.20, 8.21, 8.22, 8.23 or 8.24 hereof or of any provision in any Loan Document dealing with the use, disposition or remittance of the proceeds of Collateral or requiring the maintenance of insurance thereon;

(c) default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within 30 days after the earlier of (i) the date on which such failure shall first become known to any officer of Holdings or the Borrower or (ii) written notice thereof is given to the Borrower by the Administrative Agent;

(d) any representation or warranty made herein or in any other Loan Document or in any certificate furnished to the Administrative Agent or the Lenders pursuant hereto or thereto or in connection with any transaction contemplated hereby or thereby proves untrue in any material respect as of the date of the issuance or making or deemed making thereof;

(e) any event occurs or condition exists (other than those described in subsections (a) through (d) above) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or any of the Collateral Documents shall for any reason fail to create a valid and perfected first priority Lien in favor of the Administrative Agent in any Collateral purported to be covered thereby except as expressly permitted by the terms thereof, or any Guarantor takes any action for the purpose of terminating, repudiating or rescinding any Loan Document

executed by it or any of its obligations thereunder;

(f) (i) default shall occur under any Indebtedness for Borrowed Money issued, assumed or guaranteed by the Borrower or any Borrower Subsidiary aggregating in excess of \$500,000, or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for Borrowed Money (whether or not such maturity is in fact accelerated), or any such Indebtedness for Borrowed Money shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);

(ii) default shall occur under any Indebtedness for Borrowed Money issued, assumed or guaranteed by Holdings aggregating in excess of \$10,000,000 (including any default under the INTL BOA Facility), or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for Borrowed Money (whether or not such maturity is in fact accelerated), or any such Indebtedness for Borrowed Money shall not be paid when due (whether by demand, lapse of time, acceleration or otherwise);

(g) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, shall be entered or filed against Holdings, the Borrower or any Borrower Subsidiary, or against any of its Property, in an aggregate amount in excess of \$500,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded or unstayed for a period of 30 days;

(h) Holdings, the Borrower or any Borrower Subsidiary, or any member of its Controlled Group, shall fail to pay when due an amount or amounts aggregating in excess of \$500,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$500,000 (collectively, a "*Material Plan*") shall be filed under Title IV of ERISA by Holdings, the Borrower or any Borrower Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against Holdings, the Borrower or any Borrower Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(i) any Change of Control shall occur;

(j) Holdings, the Borrower or any Borrower Subsidiary shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer

or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 9.1(k) hereof; or

(k) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for any of Holdings, the Borrower or any Borrower Subsidiary, or any substantial part of any of its Property, or a proceeding described in Section 9.1(j)(v) shall be instituted against Holdings, the Borrower or any Borrower Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 days.

*Section 9.2. Non-Bankruptcy Defaults.* When any Event of Default (other than those described in subsection (j) or (k) of Section 9.1 hereof with respect to the Borrower) has occurred and is continuing, the Administrative Agent shall, by written notice to the Borrower: (a) if so directed by the Required Lenders, terminate the remaining Commitments and all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Lenders, declare the principal of and the accrued interest on all outstanding Loans to be forthwith due and payable and thereupon all outstanding Loans, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Loan Documents without further demand, presentment, protest or notice of any kind; and (c) if so directed by the Required Lenders, demand that the Borrower immediately deliver to the Administrative Agent Cash Collateral in the Minimum Collateral Amount of the aggregate amount of each Letter of Credit then outstanding, and the Borrower agrees to immediately make such payment and acknowledges and agrees that the Lenders would not have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Administrative Agent, for the benefit of the Lenders, shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any Letter of Credit. The Administrative Agent, after giving notice to the Borrower pursuant to Section 9.1(c) or this Section 9.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

*Section 9.3. Bankruptcy Defaults.* When any Event of Default described in subsections (j) or (k) of Section 9.1 hereof with respect to the Borrower has occurred and is continuing, then all outstanding Loans shall immediately become due and payable together with all other amounts payable under the Loan Documents without presentment, demand, protest or notice of any kind and the obligation of the Lenders to extend further credit pursuant to any of the terms hereof shall immediately terminate and the Borrower shall immediately deliver to the Administrative Agent Cash Collateral in the Minimum Collateral Amount of the aggregate amount of each Letter of Credit then outstanding, the Borrower acknowledging and agreeing that the Lenders would not have an adequate remedy at law for failure by the Borrower to honor any such demand and that the Lenders, and the Administrative Agent on their behalf, shall have the right to require the Borrower to specifically perform such undertaking whether or not any draws or other demands for payment have been made under any of the Letters of Credit.

*Section 9.4 Collateral for Undrawn Letters of Credit.* (a) If the prepayment of the amount available for drawing under any or all outstanding Letters of Credit is required under Section 1.13, Section 9.2 or Section 9.3 above, the Borrower shall forthwith pay the amount required to be so prepaid, to be held by the Administrative Agent as provided in subsection (b) below.

(b) All amounts prepaid pursuant to subsection (a) above shall be held by the Administrative Agent in one or more separate collateral accounts (each such account, and the credit balances, properties, and any investments from time to time held therein, and any substitutions for such account, any certificate

of deposit or other instrument evidencing any of the foregoing and all proceeds of and earnings on any of the foregoing being collectively called the “*Collateral Account*”) as security for, and for application by the Administrative Agent (to the extent available) to, the reimbursement of any payment under any Letter of Credit then or thereafter made by the L/C Issuer, and to the payment of the unpaid balance of all other Obligations and Funds Transfer and Deposit Account Liability. The Collateral Account shall be held in the name of and subject to the exclusive dominion and control of the Administrative Agent for the benefit of the Administrative Agent, the Lenders, and the L/C Issuer. If and when requested by the Borrower, the Administrative Agent shall invest funds held in the Collateral Account from time to time in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America with a remaining maturity of one year or less, *provided* that the Administrative Agent is irrevocably authorized to sell investments held in the Collateral Account when and as required to make payments out of the Collateral Account for application to amounts due and owing from the Borrower to the L/C Issuer, the Administrative Agent or the Lenders. If the Borrower shall have made payment of all obligations referred to in subsection (a) above required under Section 1.13 hereof, at the request of the Borrower the Administrative Agent shall release to the Borrower amounts held in the Collateral Account so long as at the time of the release and after giving effect thereto no Default or Event of Default exists. If the Borrower shall have made payment of all obligations referred to in subsection (a) above required under Section 9.2 or 9.3 hereof, so long as no Letters of Credit, Commitments, Loans or other Obligations and Funds Transfer and Deposit Account Liability remain outstanding, at the request of the Borrower the Administrative Agent shall release to the Borrower any remaining amounts held in the Collateral Account.

(c) At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent or any L/C Issuer (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the L/C Issuers’ Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 1.12(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) *Grant of Security Interest.* The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for the benefit of the L/C Issuers, and agree to maintain, a first priority security interest in all such Cash Collateral as security for such Defaulting Lender’s obligation to fund participations in respect of L/C Obligations, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower shall, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(ii) *Application.* Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 9.4 or Section 1.12 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender’s obligation to fund participations in respect of L/C Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) *Termination of Requirement.* Cash Collateral (or the appropriate portion thereof) provided to reduce any L/C Issuer’s Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 9.4(c) following (A) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (B) the determination by the



Administrative Agent and the L/C Issuer that there exists excess Cash Collateral; *provided* that, subject to Section 1.12 the Person providing Cash Collateral and the L/C Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and *provided further* that to the extent that such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

*Section 9.5 Notice of Default.* The Administrative Agent shall give notice to the Borrower under Section 9.1(c) hereof promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

#### Section 10. Change in Circumstances.

*Section 10.1. Change of Law.* Notwithstanding any other provisions of this Agreement or any other Loan Document, if at any time any Change in Law makes it unlawful for any Lender to make or continue to maintain any Eurodollar Loans or to perform its obligations as contemplated hereby, such Lender shall promptly give notice thereof to the Borrower and such Lender's obligations to make or maintain Eurodollar Loans under this Agreement shall be suspended until it is no longer unlawful for such Lender to make or maintain Eurodollar Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected Eurodollar Loans, together with all interest accrued thereon and all other amounts then due and payable to such Lender under this Agreement; *provided, however*, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected Eurodollar Loans from such Lender by means of Base Rate Loans from such Lender, which Base Rate Loans shall not be made ratably by the Lenders but only from such affected Lender.

*Section 10.2. Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR.* If on or prior to the first day of any Interest Period for any Borrowing of Eurodollar Loans:

(a) the Administrative Agent determines that deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the interbank eurodollar market for such Interest Period, or that by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable LIBOR, or

(b) the Required Lenders advise the Administrative Agent that (i) LIBOR as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding their Eurodollar Loans for such Interest Period or (ii) that the making or funding of Eurodollar Loans become impracticable,

then the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, whereupon until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make Eurodollar Loans shall be suspended.

*Section 10.3. Increased Cost and Reduced Return.* (a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBOR) or any L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any L/C Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such L/C Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, L/C Issuer or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, L/C Issuer or other Recipient, the Borrower will pay to such Lender, L/C Issuer or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, L/C Issuer or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If any Lender or L/C Issuer determines that any Change in Law affecting such Lender or L/C Issuer or any lending office of such Lender or such Lender's or L/C Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or L/C Issuer's capital or on the capital of such Lender's or L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by any L/C Issuer, to a level below that which such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or L/C Issuer's policies and the policies of such Lender's or L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of a Lender or L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender or L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of any Lender or L/C Issuer to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or L/C Issuer's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender or L/C Issuer pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or L/C Issuer, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

*Section 10.4. Lending Offices.* Each Lender may, at its option, elect to make its Loans hereunder

at the branch, office or affiliate specified in its Administrative Questionnaire (each a “*Lending Office*”) for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Administrative Agent. If any Lender requests compensation under Section 10.3, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 13.1, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 10.3 or 13.1, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

*Section 10.5. Discretion of Lender as to Manner of Funding.* Notwithstanding any other provision of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder with respect to Eurodollar Loans shall be made as if each Lender had actually funded and maintained each Eurodollar Loan through the purchase of deposits in the interbank eurodollar market having a maturity corresponding to such Loan’s Interest Period, and bearing an interest rate equal to LIBOR for such Interest Period.

## Section 11. The Administrative Agent.

*Section 11.1. Appointment and Authorization of Administrative Agent.* Each of the Lenders and the L/C Issuers hereby irrevocably appoints Bank of Montreal to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 11 are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and neither the Borrower nor any other Loan Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

*Section 11.2. Administrative Agent and its Affiliates.* The Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise or refrain from exercising such rights and power as though it were not the Administrative Agent, and the Administrative Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if it were not the Administrative Agent under the Loan Documents. The term “*Lender*” as used herein and in all other Loan Documents, unless the context otherwise clearly requires, includes the Administrative Agent in its individual capacity as a Lender (if applicable).

*Section 11.3. Action by Administrative Agent.* If the Administrative Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 8.5 hereof, the Administrative Agent shall promptly give each of the Lenders and the L/C Issuer written notice thereof. The obligations of the Administrative Agent under the Loan Documents are only those expressly set forth therein. Without limiting

the generality of the foregoing, the Administrative Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in Sections 9.2 and 9.5. Upon the occurrence of an Event of Default, the Administrative Agent shall take such action to enforce its Lien on the Collateral and to preserve and protect the Collateral as may be directed by the Required Lenders. Unless and until the Required Lenders give such direction, the Administrative Agent may (but shall not be obligated to) take or refrain from taking such actions as it deems appropriate and in the best interest of all the Lenders and the L/C Issuer. In no event, however, shall the Administrative Agent be required to take any action in violation of applicable law or of any provision of any Loan Document, and the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Loan Document unless it first receives any further assurances of its indemnification from the Lenders that it may require, including prepayment of any related expenses and any other protection it requires against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall be entitled to assume that no Default or Event of Default exists unless notified in writing to the contrary by a Lender, the L/C Issuer or the Borrower. In all cases in which the Loan Documents do not require the Administrative Agent to take specific action, the Administrative Agent shall be fully justified in using its discretion in failing to take or in taking any action thereunder. Any instructions of the Required Lenders, or of any other group of Lenders called for under the specific provisions of the Loan Documents, shall be binding upon all the Lenders and the holders of the Obligations.

*Section 11.4. Consultation with Experts.* The Administrative Agent may consult with legal counsel, independent public accountants, and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

*Section 11.5. Liability of Administrative Agent; Credit Decision.* Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection with the Loan Documents: (i) with the consent or at the request of the Required Lenders or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in connection with this Agreement, any other Loan Document or any Credit Event; (ii) the performance or observance of any of the covenants or agreements of Holdings, the Borrower or any Borrower Subsidiary contained herein or in any other Loan Document; (iii) the satisfaction of any condition specified in Section 7 hereof, except receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectibility hereof or of any other Loan Document or of any other documents or writing furnished in connection with any Loan Document or of any Collateral; and the Administrative Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Administrative Agent may execute any of its duties under any of the Loan Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, the L/C Issuer, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Administrative Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Administrative Agent shall have no responsibility for confirming the accuracy of any compliance certificate or other document or instrument received by it under the Loan Documents. The Administrative Agent may treat the payee of any Obligation as the holder thereof until written notice of transfer shall have been filed with the Administrative Agent signed by such payee in form satisfactory to the Administrative Agent. Each Lender and L/C Issuer acknowledges that it has independently and without reliance on the Administrative Agent or any other Lender or L/C Issuer, and based upon such information, investigations

and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Loan Documents. It shall be the responsibility of each Lender and L/C Issuer to keep itself informed as to the creditworthiness of Holdings, the Borrower and the Borrower Subsidiaries, and the Administrative Agent shall have no liability to any Lender or L/C Issuer with respect thereto.

*Section 11.6. Indemnity.* The Lenders shall ratably, in accordance with their respective Percentages, indemnify and hold the Administrative Agent, and its directors, officers, employees, agents, and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Loan Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified as determined by a court of competent jurisdiction by final and nonappealable judgment. The obligations of the Lenders under this Section shall survive termination of this Agreement. The Administrative Agent shall be entitled to offset amounts received for the account of a Lender under this Agreement against unpaid amounts due from such Lender to the Administrative Agent or any L/C Issuer hereunder (whether as fundings of participations, indemnities or otherwise, and with any amounts offset for the benefit of the Administrative Agent to be held by it for its own account and with any amounts offset for the benefit of a L/C Issuer to be remitted by the Administrative Agent to of for the account of such L/C Issuer), but shall not be entitled to offset against amounts owed to the Administrative Agent or any L/C Issuer by any Lender arising outside of this Agreement and the other Loan Documents.

*Section 11.7. Resignation of Administrative Agent and Successor Administrative Agent.* The Administrative Agent may resign at any time by giving written notice thereof to the Lenders, the L/C Issuer and the Borrower. Upon any such resignation of the Administrative Agent, the Required Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which may be any Lender hereunder or any commercial bank, or an Affiliate of a commercial bank, having an office in the United States of America and having a combined capital and surplus of at least \$200,000,000. Upon the acceptance of its appointment as the Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent under the Loan Documents, and the retiring Administrative Agent shall be discharged from its duties and obligations thereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 11 and all protective provisions of the other Loan Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent, but no successor Administrative Agent shall in any event be liable or responsible for any actions of its predecessor. If the Administrative Agent resigns and no successor is appointed, the rights and obligations of such Administrative Agent shall be automatically assumed by the Required Lenders and (i) the Borrower shall be directed to make all payments due each Lender and L/C Issuer hereunder directly to such Lender or L/C Issuer and (ii) the Administrative Agent's rights in the Collateral Documents shall be assigned without representation, recourse or warranty to the Lenders and L/C Issuer as their interests may appear.

*Section 11.8. Hedging Liability; Funds Transfer and Deposit Account Liability Arrangements.* By virtue of a Lender's execution of this Agreement or an assignment agreement pursuant to Section 13.10, as the case may be, any Affiliate of such Lender with whom the Borrower or any Guarantor has entered into an agreement creating Hedging Liability or Funds Transfer and Deposit Account Liability shall be deemed a Lender party hereto for purposes of any reference in a Loan Document to the parties for whom the

Administrative Agent is acting, it being understood and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Collateral and the Guaranty Agreements as more fully set forth in Section 3.1. In connection with any such distribution of payments and collections, or any request for the release of the Guaranty Agreements and the Administrative Agent's Liens in connection with the termination of the Commitments and the payment in full of the Obligations, the Administrative Agent shall be entitled to assume no amounts are due to any Lender or its Affiliate with respect to Hedging Liability or Funds Transfer and Deposit Account Liability unless such Lender has notified the Administrative Agent in writing of the amount of any such liability owed to it or its Affiliate prior to such distribution or payment or release of Guaranty Agreements and Liens.

*Section 11.9. Designation of Additional Agents.* The Administrative Agent shall have the continuing right, for purposes hereof, at any time and from time to time to designate one or more of the Lenders (and/or its or their Affiliates) as "syndication agents," "documentation agents," "book runners," "lead arrangers," "arrangers," or other designations for purposes hereto, but such designation shall have no substantive effect, and such Lenders and their Affiliates shall have no additional powers, duties or responsibilities as a result thereof.

*Section 11.10. Authorization to Release or Subordinate or Limit Liens.* The Administrative Agent is hereby irrevocably authorized by each of the Lenders and L/C Issuer to (a) release any Lien covering any Collateral that is sold, transferred, or otherwise disposed of in accordance with the terms and conditions of this Agreement and the relevant Collateral Documents (including a sale, transfer, or disposition permitted by the terms of Section 8.10 hereof or which has otherwise been consented to in accordance with Section 13.13 hereof), (b) release or subordinate any Lien on Collateral consisting of goods financed with purchase money indebtedness or under a Capital Lease to the extent such purchase money indebtedness or Capitalized Lease Obligation, and the Lien securing the same, are permitted by Sections 8.7(b) and 8.8(d) hereof, (c) reduce or limit the amount of the indebtedness secured by any particular item of Collateral to an amount not less than the estimated value thereof to the extent necessary to reduce mortgage registry, filing and similar tax, and (d) release Liens on the Collateral following termination or expiration of the Commitments and payment in full in cash of the Obligations and, if then due, Funds Transfer and Deposit Account Liability and Hedging Liability.

*Section 11.11. Authorization to Enter into, and Enforcement of, the Collateral Documents.* The Administrative Agent is hereby irrevocably authorized by each of the Lenders and the L/C Issuer to execute and deliver the Collateral Documents on behalf of each of the Lenders and their Affiliates and the L/C Issuer, and to take such action and exercise such powers under the Collateral Documents as the Administrative Agent considers appropriate, *provided* the Administrative Agent shall not amend the Collateral Documents unless such amendment is agreed to in writing by the Required Lenders. Each Lender and L/C Issuer acknowledges and agrees that it will be bound by the terms and conditions of the Collateral Documents upon the execution and delivery thereof by the Administrative Agent. The Lenders and L/C Issuer(s) hereby irrevocably authorize the Administrative Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by the Administrative Agent (or any security trustee therefore) under the provisions of the Uniform Commercial Code, including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 of the United States Bankruptcy Code, or at any sale or foreclosure conducted by the Administrative Agent or any security trustee therefore (whether by judicial action or otherwise) in accordance with applicable law. Except as otherwise specifically provided for herein, no Lender (or its Affiliates) or L/C Issuer, other than the Administrative Agent, shall have the right to institute any suit, action or proceeding in equity or at law for the foreclosure or other realization upon any Collateral or for the execution of any trust or power in

respect of the Collateral or for the appointment of a receiver or for the enforcement of any other remedy under the Collateral Documents; it being understood and intended that no one or more of the Lenders (or their Affiliates) or L/C Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the Lien of the Administrative Agent (or any security trustee therefor) under the Collateral Documents by its or their action or to enforce any right thereunder, and that all proceedings at law or in equity shall be instituted, had, and maintained by the Administrative Agent (or its security trustee) in the manner provided for in the relevant Collateral Documents for the benefit of the Lenders, the L/C Issuer, and their Affiliates. Each Lender and L/C Issuer is hereby appointed agent for the purpose of perfecting the Administrative Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code or other applicable law can be perfected only by possession. Should any Lender or L/C Issuer (other than the Administrative Agent) obtain possession of any Collateral, such Lender or L/C Issuer shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or in accordance with the Administrative Agent's instructions.

*Section 11.12. Authorization of Administrative Agent to File Proofs of Claim.* In case of the pendency of any proceeding under any Debtor Relief Law described in subsection (j) or (k) of Section 9.1 or any other judicial proceeding relative to the Borrower or any Guarantor, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, the L/C Issuer(s) and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuer(s) and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuer(s) and the Administrative Agent under including, but not limited to, Sections 1.9, 2.1, 10.3, and 13.15 hereof) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuer(s), to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.1 and 13.15 hereof. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or L/C Issuer or to authorize the Administrative Agent to vote in respect of the claim of any Lender or L/C Issuer in any such proceeding.

*Section 11.13. L/C Issuer.* The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith. The L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Section 11 with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the Applications pertaining to such Letters of Credit as fully as if the term "Administrative

Agent”, as used in this Section 11, included the L/C Issuer with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to such L/C Issuer.

## Section 12. The Guarantees.

*Section 12.1. The Guarantees.* To induce the Lenders and L/C Issuer to provide the credits described herein and in consideration of benefits expected to accrue to the Borrower by reason of the Commitments and for other good and valuable consideration, receipt of which is hereby acknowledged, Holdings and each Borrower Subsidiary party hereto (including any Borrower Subsidiary executing an Additional Guarantor Supplement in the form attached hereto as Exhibit E or such other form acceptable to the Administrative Agent) and the Borrower (as to the Secured Obligations of a Guarantor) hereby unconditionally and irrevocably guarantees jointly and severally to the Administrative Agent, the Lenders, and the L/C Issuer and their Affiliates, the due and punctual payment of all present and future Secured Obligations, including, but not limited to, the due and punctual payment of principal of and interest on the Loans, the Reimbursement Obligations, and the due and punctual payment of all other Obligations now or hereafter owed by the Borrower under the Loan Documents and the due and punctual payment of all Hedging Liability and Funds Transfer and Deposit Account Liability, in each case as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, according to the terms hereof and thereof (including all interest, costs, fees, and charges after the entry of an order for relief against the Borrower or such other obligor in a case under the United States Bankruptcy Code or any similar proceeding, whether or not such interest, costs, fees and charges would be an allowed claim against the Borrower or any such obligor in any such proceeding); *provided, however*, that, with respect to any Guarantor, Hedging Liability guaranteed by such Guarantor shall exclude all Excluded Swap Obligations. In case of failure by the Borrower or other obligor punctually to pay any Secured Obligations guaranteed hereby, each Guarantor hereby unconditionally agrees to make such payment or to cause such payment to be made punctually as and when the same shall become due and payable, whether at stated maturity, by acceleration, or otherwise, and as if such payment were made by the Borrower or such obligor.

*Section 12.2. Guarantee Unconditional.* The obligations of each Guarantor under this Section 12 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged, or otherwise affected by:

- (a) any extension, renewal, settlement, compromise, waiver, or release in respect of any obligation of any Loan Party or other obligor or of any other guarantor under this Agreement or any other Loan Document or by operation of law or otherwise;
- (b) any modification or amendment of or supplement to this Agreement or any other Loan Document or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability;
- (c) any change in the corporate existence, structure, or ownership of, or any insolvency, bankruptcy, reorganization, or other similar proceeding affecting, the Borrower or any Guarantor or other obligor, any other guarantor, or any of their respective assets, or any resulting release or discharge of any obligation of any the Borrower or any Guarantor or other obligor or of any other guarantor contained in any Loan Document;
- (d) the existence of any claim, set-off, or other rights which the Borrower, any Guarantor or other obligor or any other guarantor may have at any time against the Administrative Agent, any Lender, the L/C Issuer or any other Person, whether or not arising in connection herewith;



(e) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Borrower, any Guarantor or other obligor, any other guarantor, or any other Person or Property;

(f) any application of any sums by whomsoever paid or howsoever realized to any obligation of the Borrower, any Guarantor or other obligor, regardless of what obligations of the Borrower, any Guarantor or other obligor remain unpaid;

(g) any invalidity or unenforceability relating to or against the Borrower, any Guarantor or other obligor or any other guarantor for any reason of this Agreement or of any other Loan Document or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower, any Guarantor or other obligor or any other guarantor of the principal of or interest on any Loan or any Reimbursement Obligation or any other amount payable under the Loan Documents or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability; or

(h) any other act or omission to act or delay of any kind by the Administrative Agent, any Lender, the L/C Issuer, or any other Person or any other circumstance whatsoever that might, but for the provisions of this subsection, constitute a legal or equitable discharge of the obligations of any Guarantor under this Section 12.

*Section 12.3. Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances.* Each Guarantor's obligations under this Section 12 shall remain in full force and effect until the Commitments are terminated, all Letters of Credit have expired, and the principal of and interest on the Loans and all other amounts payable by the Borrower and the Guarantors under this Agreement and all other Loan Documents and, if then outstanding and unpaid, all Hedging Liability and Funds Transfer and Deposit Account Liability shall have been paid in full. If at any time any payment of the principal of or interest on any Loan or any Reimbursement Obligation or any other amount payable by the Borrower, any Guarantor or other obligor or any guarantor under the Loan Documents or any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower, such Guarantor or other obligor or of any guarantor, or otherwise, each Guarantor's obligations under this Section 12 with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.

*Section 12.4. Subrogation.* Each Guarantor agrees it will not exercise any rights which it may acquire by way of subrogation by any payment made hereunder, or otherwise, until all the Secured Obligations shall have been paid in full subsequent to the termination of all the Commitments and expiration of all Letters of Credit. If any amount shall be paid to a Guarantor on account of such subrogation rights at any time prior to the later of (x) the payment in full of the Secured Obligations and all other amounts payable by the Borrower and the Guarantors hereunder and the other Loan Documents and (y) the termination of the Commitments and expiration of all Letters of Credit, such amount shall be held in trust for the benefit of the Administrative Agent, the Lenders, and the L/C Issuer (and their Affiliates) and shall forthwith be paid to the Administrative Agent for the benefit of the Lenders and L/C Issuer (and their Affiliates) or be credited and applied upon the Secured Obligations, whether matured or unmatured, in accordance with the terms of this Agreement.

*Section 12.5. Subordination.* Each Guarantor (each referred to herein as a "Subordinated Creditor") hereby subordinates the payment of all indebtedness, obligations, and liabilities of the Borrower or another Guarantor owing to such Subordinated Creditor, whether now existing or hereafter arising, to the indefeasible payment in full in cash of all Secured Obligations. During the existence of any Event of Default, subject to

Section 12.4, any such indebtedness, obligation, or liability of the Borrower or another Guarantor owing to such Subordinated Creditor shall be enforced and performance received by such Subordinated Creditor as trustee for the benefit of the holders of the Secured Obligations and the proceeds thereof shall be paid over to the Administrative Agent for application to the Secured Obligations (whether or not then due), but without reducing or affecting in any manner the liability of such Guarantor under this Section 12.

*Section 12.6. Waivers.* Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest, and any notice not provided for herein, as well as any requirement that at any time any action be taken by the Administrative Agent, any Lender, the L/C Issuer, or any other Person against the Borrower or any Guarantor or other obligor, another guarantor, or any other Person.

*Section 12.7. Limit on Recovery.* Notwithstanding any other provision hereof, the right of recovery against each Guarantor under this Section 12 shall not exceed \$1.00 less than the lowest amount which would render such Guarantor's obligations under this Section 12 void or voidable under applicable law, including, without limitation, fraudulent conveyance law.

*Section 12.8. Stay of Acceleration.* If acceleration of the time for payment of any amount payable by the Borrower, any Guarantor or other obligor under this Agreement or any other Loan Document, or under any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability, is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or Guarantor or obligor, all such amounts otherwise subject to acceleration under the terms of this Agreement or the other Loan Documents, or under any agreement relating to Hedging Liability or Funds Transfer and Deposit Account Liability, shall nonetheless be payable by the Guarantors hereunder forthwith on demand by the Administrative Agent made at the request or otherwise with the consent of the Required Lenders.

*Section 12.9. Benefit to Guarantors.* The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of the Borrower and the Guarantors has a direct impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit hereunder, and each Guarantor acknowledges that this guarantee is necessary or convenient to the conduct, promotion and attainment of its business.

*Section 12.10. Keepwell.* Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each the Borrower and other Guarantors to honor all of its obligations under this Guaranty in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Guaranty, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until discharged in accordance with Section 12.3. Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of the Borrower and each Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 13.           Miscellaneous.

*Section 13.1. Withholding Taxes.*

(a) *Certain Defined Terms.* For purposes of this Section, the term "Lender" includes any L/C Issuer and the term "applicable law" includes FATCA.

(b) *Payments Free of Taxes.* Any and all payments by or on account of any obligation of the Borrower or any Guarantor under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower or the applicable Guarantor shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payment of Other Taxes by the Borrower and the Guarantors.* The Borrower and the Guarantors shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by the Borrower and the Guarantors.* The Borrower and the Guarantors shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes or Other Taxes attributable to such Lender (but only to the extent that the Borrower or any Guarantor has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Borrower and the Guarantors to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 13.12(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this subsection (e).

(f) *Evidence of Payments.* As soon as practicable after any payment of Taxes by the Borrower or any Guarantor to a Governmental Authority pursuant to this Section, the Borrower or such Guarantor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower

and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 13.1(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "*U.S. Tax Compliance Certificate*") and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate in the form acceptable to the Administrative Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such

Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate in the form acceptable to the Administrative Agent on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds.* If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) *Survival.* Each party's obligations under this Section shall survive the resignation or

replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

*Section 13.2. No Waiver, Cumulative Remedies.* No delay or failure on the part of the Administrative Agent or any Lender, or on the part of the holder or holders of any of the Obligations, in the exercise of any power or right under any Loan Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Administrative Agent, the Lenders, and of the holder or holders of any of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

*Section 13.3. Non-Business Days.* If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which date such payment shall be due and payable. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate per annum then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

*Section 13.4. Intentionally Omitted.*

*Section 13.5. Survival of Representations.* All representations and warranties made herein or in any other Loan Document or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

*Section 13.6. Survival of Indemnities.* All indemnities and other provisions relative to reimbursement to the Lenders and L/C Issuer of amounts sufficient to protect the yield of the Lenders and L/C Issuer with respect to the Loans and Letters of Credit, including, but not limited to, Sections 1.9, 10.3, and 13.15 hereof, shall survive the termination of this Agreement and the other Loan Documents and the payment of the Obligations.

*Section 13.7. Sharing of Set-Off.* Each Lender agrees with each other Lender a party hereto that if such Lender shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise, on any of the Loans or Reimbursement Obligations in excess of its ratable share of payments on all such Obligations then outstanding to the Lenders, then such Lender shall purchase for cash at face value, but without recourse, ratably from each of the other Lenders such amount of the Loans or Reimbursement Obligations, or participations therein, held by each such other Lenders (or interest therein) as shall be necessary to cause such Lender to share such excess payment ratably with all the other Lenders; *provided, however*, that if any such purchase is made by any Lender, and if such excess payment or part thereof is thereafter recovered from such purchasing Lender, the related purchases from the other Lenders shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest. For purposes of this Section, amounts owed to or recovered by the L/C Issuer in connection with Reimbursement Obligations in which Lenders have been required to fund their participation shall be treated as amounts owed to or recovered by the L/C Issuer as a Lender hereunder.

*Section 13.8. Notices.* Except as otherwise specified herein, all notices hereunder and under the other Loan Documents shall be in writing (including, without limitation, notice by telecopy) and shall be given to the relevant party at its address or telecopier number set forth below, or such other address or

telecopier number as such party may hereafter specify by notice to the Administrative Agent and the Borrower given by courier, by United States certified or registered mail, by telecopy or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Loan Documents to any Lender shall be addressed to its address or telecopier number set forth on its Administrative Questionnaire; and notices under the Loan Documents to the Borrower, any Guarantor, the Administrative Agent or L/C Issuer shall be addressed to its respective address or telecopier number set forth below:

to the Borrower or any Guarantor (other than Holdings):

FCStone Merchant Services, LLC  
1251 NW Briarcliff Parkway, Suite 800  
Kansas City, MO 64116  
Attention: Brent Grecian  
Telephone: 816-410-7123  
Telecopy: 816-741-2904

to the Administrative Agent and L/C Issuer:

Bank of Montreal  
115 South LaSalle Street  
Chicago, Illinois 60603  
Attention: Futures and Securities Division  
Telephone: (312) 461-6751  
Telecopy: (312) 765-8353

to Holdings:

INTL FCStone Inc.

708 Third Avenue, Suite 1500

New York, NY 10017

Attention: Bruce Fields  
Telephone: (212) 485-3518  
Fax: (212) 485-3505

~~with a copy to:~~

~~1251 NW Briarcliff Parkway, Suite 800  
Kansas City, MO 64116  
Attention: Bill Dunaway  
Telephone: (816) 410-7129  
Fax: (816) 410-7450~~

with a copy to:

1251 NW Briarcliff Parkway, Suite 800  
Kansas City, MO 64116  
Attention: Bill Dunaway  
Telephone: (816) 410-7129  
Fax: (816) 410-7450

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section or in the relevant Administrative Questionnaire and a confirmation of such telecopy has been received by the sender, (ii) if given by mail, 5 days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section or in the relevant Administrative Questionnaire; *provided* that any notice given pursuant to Section

1 hereof shall be effective only upon receipt.

*Section 13.9. Counterparts; Integration; Effectiveness.* (a) *Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 7.2, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement. For purposes of determining compliance with the conditions specified in Section 7.2 hereof, each Lender and L/C Issuer that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender and L/C Issuer unless the Administrative Agent shall have received notice from such Lender and L/C Issuer prior to the Closing Date specifying its objection thereto.

(b) *Electronic Execution of Assignments.* The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Illinois State Electronic Commerce Security Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

*Section 13.10. Successors and Assigns.* This Agreement shall be binding upon the Borrower and the Guarantors and their successors and assigns, and shall inure to the benefit of the Administrative Agent, the L/C Issuer, and each of the Lenders, and the benefit of their respective successors and assigns, including any subsequent holder of any of the Obligations. The Borrower and the Guarantors may not assign any of their rights or obligations under any Loan Document without the written consent of all of the Lenders and, with respect to any Letter of Credit or the Application therefor, the L/C Issuer.

*Section 13.11. Participants.* Each Lender shall have the right at its own cost to grant participations (to be evidenced by one or more agreements or certificates of participation) in the Loans made and Reimbursement Obligations and/or Commitments held by such Lender at any time and from time to time to one or more other Persons (other than a natural Person, the Borrower or any Guarantor or any Affiliate or Subsidiary of the Borrower or any Guarantor); *provided* that no such participation shall relieve any Lender of any of its obligations under this Agreement, and, *provided*, further that no such participant shall have any rights under this Agreement except as provided in this Section, and the Administrative Agent shall have no obligation or responsibility to such participant. Any agreement pursuant to which such participation is granted shall provide that the granting Lender shall retain the sole right and responsibility to enforce the obligations of the Borrower under this Agreement and the other Loan Documents including, without limitation, the right to approve any amendment, modification or waiver of any provision of the Loan Documents, except that such agreement may provide that such Lender will not agree to any modification, amendment or waiver of the Loan Documents that would reduce the amount of or postpone any fixed date for payment of any Obligation in which such participant has an interest. Any party to which such a participation has been granted shall



have the benefits of Section 1.9 and Section 10.3 hereof. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "*Participant Register*"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

*Section 13.12. Assignments.* (a) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts.* (A) In the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans and participation interest in L/C Obligations at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (B) in any case not described in subsection (a)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and participation interest in L/C Obligations outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and participation interest in L/C Obligations of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Effective Date" is specified in the Assignment and Acceptance, as of the Effective Date) shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed);

(ii) *Proportionate Amounts.* Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) *Required Consents.* No consent shall be required for any assignment except to the extent required by Section 13.12(a)(i)(B) and, in addition:

(a) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(b) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that

is not a Lender with a Commitment in respect of such facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(c) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding)

(iv) *Assignment and Acceptance.* The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and the assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) *No Assignment to Holdings, Borrower or Borrower Subsidiary.* No such assignment shall be made to Holdings, the Borrower or any of their Affiliates or Borrower Subsidiaries.

(vi) *No Assignment to Natural Persons.* No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 13.12(b) hereof, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 13.6 and 13.15 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.11 hereof.

(b) *Register.* The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Chicago, Illinois, a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(c) Any Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or grant to a Federal Reserve Bank, and this Section shall not apply to any such pledge or grant of a security interest; *provided* that no such pledge or grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or secured party for such Lender as a party hereto; *provided further, however*, the right of any such pledgee or grantee (other than any Federal Reserve Bank) to further transfer all or any portion of the rights pledged or granted to it, whether by means of foreclosure or otherwise, shall be at all times subject to the terms of this Agreement.

*Section 13.13. Amendments.* Any provision of this Agreement or the other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Required Lenders, and (c) if the rights or duties of the Administrative Agent, the L/C Issuer, are affected thereby, the Administrative Agent, the L/C Issuer; *provided that:*

(i) no amendment or waiver pursuant to this Section 13.13 shall (A) increase any Commitment of any Lender without the consent of such Lender or (B) reduce the amount of or postpone the date for any scheduled payment of any principal of or interest on any Loan of any fee payable hereunder without the consent of the Lender to which such payment is owing or which has committed to make such Loan hereunder;

(ii) no amendment or waiver pursuant to this Section 13.13 shall, unless signed by each Lender, change the definition of Required Lenders, change the provisions of this Section 13.13, change Section 13.7 in a manner that would affect the ratable sharing of setoffs required thereby, change the application of payments contained in Section 3.1, release any material guarantor or all or substantially all of the Collateral (except as otherwise provided for in the Loan Documents), or affect the number of Lenders required to take any action hereunder or under any other Loan Document; and

(iii) no amendment or waiver pursuant to this Section 13.13 shall, unless signed by each Lender affected thereby, extend the Termination Date, or extend the stated expiration date of any Letter of Credit beyond the Termination Date;

(iv) no amendment to Section 12 hereof shall be made without the consent of the Guarantor(s) affected thereby; or

(v) increase the advance rates set forth in the definition of "Borrowing Base", amend any definition used in the definition of "Borrowing Base" if the effect of such amendment would be to increase the amount of available credit or add a new category of eligible assets to the Borrowing Base without the written consent of all the Lenders.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

*Section 13.14. Headings.* Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

*Section 13.15. Costs and Expenses; Indemnification.* The Borrower agrees to pay all out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, negotiation, syndication, and administration of the Loan Documents, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, in connection with the preparation and execution of the Loan Documents, and any amendment, waiver or consent related thereto, whether or not the transactions contemplated herein are consummated, together with any fees and charges suffered or incurred by the Administrative Agent in connection with collateral filing fees and lien searches. The Borrower agrees to

pay to the Administrative Agent, the L/C Issuer and each Lender, and any other holder of any Obligations outstanding hereunder, all out-of-pocket costs and expenses reasonably incurred or paid by the Administrative Agent, the L/C Issuer, such Lender, or any such holder, including reasonable attorneys' fees and disbursements and court costs, in connection with any Default or Event of Default hereunder or in connection with the enforcement of any of the Loan Documents (including all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Borrower or any Guarantor as a debtor thereunder). The Borrower further agrees to indemnify the Administrative Agent, the L/C Issuer, each Lender, and any security trustee therefor, and their respective directors, officers, employees, agents, financial advisors, and consultants (each such Person being called an "Indemnitee") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all reasonable fees and disbursements of counsel for any such Indemnitee and all reasonable expenses of litigation or preparation therefor, whether or not the Indemnitee is a party thereto, or any settlement arrangement arising from or relating to any such litigation) which any of them may pay or incur arising out of or relating to any Loan Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any Loan or Letter of Credit, other than those which arise from the gross negligence or willful misconduct of the party claiming indemnification as determined by a court of competent jurisdiction by final and nonappealable judgment. The Borrower, upon demand by the Administrative Agent, the L/C Issuer or a Lender at any time, shall reimburse the Administrative Agent, the L/C Issuer or such Lender for any legal or other expenses (including, without limitation, all reasonable fees and disbursements of counsel for any such Indemnitee) incurred in connection with investigating or defending against any of the foregoing (including any settlement costs relating to the foregoing) except if the same is directly due to the gross negligence or willful misconduct of the party to be indemnified as determined by a court of competent jurisdiction by final and nonappealable judgment. To the extent permitted by applicable law, neither the Borrower nor any Guarantor shall assert, and each such Person hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or the other Loan Documents or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. The obligations of the Borrower under this Section shall survive the termination of this Agreement.

*Section 13.16. Set-off.* In addition to any rights now or hereafter granted under the Loan Documents or applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, each Lender, the L/C Issuer, each subsequent holder of any Obligation, and each of their respective affiliates, is hereby authorized by the Borrower and each Guarantor at any time or from time to time, without notice to the Borrower, any Guarantor or to any other Person, any such notice being hereby expressly waived, to set-off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, indebtedness evidenced by certificates of deposit, whether matured or unmatured, and in whatever currency denominated, but not including trust accounts) and any other indebtedness at any time held or owing by that Lender, the L/C Issuer, subsequent holder, or affiliate, to or for the credit or the account of the Borrower or such Guarantor, whether or not matured, against and on account of the Obligations of the Borrower or such Guarantor to that Lender, L/C Issuer, or subsequent holder under the Loan Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Loan Documents, irrespective of whether or not (a) that Lender, L/C Issuer, or subsequent holder shall have made any demand hereunder or (b) the principal of or the interest on the Loans and other amounts due hereunder shall have become due and payable pursuant to Section 9 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

*Section 13.17. Entire Agreement.* The Loan Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior agreements, whether written or oral,

with respect thereto are superseded hereby.

*Section 13.18. Governing Law.* This Agreement and the other Loan Documents (except as otherwise specified therein), and the rights and duties of the parties hereto, shall be construed and determined in accordance with the internal laws of the State of Illinois.

*Section 13.19. Severability of Provisions.* Any provision of any Loan Document which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and the other Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and other Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or the other Loan Documents invalid or unenforceable.

*Section 13.20. Excess Interest.* Notwithstanding any provision to the contrary contained herein or in any other Loan Document, no such provision shall require the payment or permit the collection of any amount of interest in excess of the maximum amount of interest permitted by applicable law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Loans or other obligations outstanding under this Agreement or any other Loan Document (“*Excess Interest*”). If any Excess Interest is provided for, or is adjudicated to be provided for, herein or in any other Loan Document, then in such event (a) the provisions of this Section shall govern and control, (b) neither the Borrower nor any guarantor or endorser shall be obligated to pay any Excess Interest, (c) any Excess Interest that the Administrative Agent or any Lender may have received hereunder shall, at the option of the Administrative Agent, be (i) applied as a credit against the then outstanding principal amount of Obligations hereunder and accrued and unpaid interest thereon (not to exceed the maximum amount permitted by applicable law), (ii) refunded to the Borrower, or (iii) any combination of the foregoing, (d) the interest rate payable hereunder or under any other Loan Document shall be automatically subject to reduction to the maximum lawful contract rate allowed under applicable usury laws (the “*Maximum Rate*”), and this Agreement and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the relevant interest rate, and (e) neither the Borrower nor any guarantor or endorser shall have any action against the Administrative Agent or any Lender for any damages whatsoever arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any of Borrower’s Obligations is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on the Borrower’s Obligations shall remain at the Maximum Rate until the Lenders have received the amount of interest which such Lenders would have received during such period on the Borrower’s Obligations had the rate of interest not been limited to the Maximum Rate during such period.

*Section 13.21. Construction.* The parties acknowledge and agree that the Loan Documents shall not be construed more favorably in favor of any party hereto based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of the Loan Documents. The provisions of this Agreement relating to Borrower Subsidiaries shall only apply during such times as the Borrower has one or more Borrower Subsidiaries. Nothing contained herein shall be deemed or construed to permit any act or omission which is prohibited by the terms of any Collateral Document, the covenants and agreements contained herein being in addition to and not in substitution for the covenants and agreements contained in the Collateral Documents.

*Section 13.22. Lender's and L/C Issuer's Obligations Several.* The obligations of the Lenders and L/C Issuer hereunder are several and not joint. Nothing contained in this Agreement and no action taken by the Lenders pursuant hereto shall be deemed to constitute the Lenders and L/C Issuer a partnership, association, joint venture or other entity.

*Section 13.23. Submission to Jurisdiction; Waiver of Jury Trial.* The Borrower and the Guarantors hereby submit to the nonexclusive jurisdiction of the United States District Court for the Northern District of Illinois and of any Illinois State court sitting in the City of Chicago for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. The Borrower and the Guarantors irrevocably waive, to the fullest extent permitted by law, any objection which they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. The Borrower, the Guarantors, the Administrative Agent and the Lenders hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or the transactions contemplated thereby.

*Section 13.24. USA Patriot Act.* Each Lender and L/C Issuer that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or L/C Issuer to identify the Borrower in accordance with the Act.

*Section 13.25. Confidentiality.* Each of the Administrative Agent, the Lenders, and the L/C Issuer severally agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors to the extent any such Person has a need to know such Information (it being understood that the Persons to whom such disclosure is made will first be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower or any Borrower Subsidiary and its obligations, (g) with the prior written consent of the Borrower, (h) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, any Lender or the L/C Issuer on a non-confidential basis from a source other than Holdings, the Borrower or any Borrower Subsidiary or any of their directors, officers, employees or agents, including accountants, legal counsel and other advisors, (i) to rating agencies if requested or required by such agencies in connection with a rating relating to the Loans or Commitments hereunder, or (j) to entities which compile and publish information about the syndicated loan market, *provided* that only basic information about the pricing and structure of the transaction evidenced hereby may be disclosed pursuant to this subsection (j). For purposes of this Section, "*Information*" means all information received from Holdings, the Borrower or any of the Borrower Subsidiaries or from any other Person on behalf of Holdings, the Borrower or any Borrower Subsidiary relating to Holdings, the Borrower or any Borrower Subsidiary or any of their respective businesses, other than any such information that is

available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by Holdings, the Borrower or any Borrower Subsidiary or from any other Person on behalf of Holdings, the Borrower or any Borrower Subsidiary.

*Section 13.26. Amendment and Restatement.* This Agreement amends and restates the Original Credit Agreement and is not intended to be or operate as a novation or an accord and satisfaction of the Original Credit Agreement or the indebtedness, obligations and liabilities of the Borrower and the Guarantors evidenced or provided for thereunder. Without limiting the generality of the foregoing, the Borrower and each Guarantor agrees that notwithstanding the execution and delivery of this Agreement and the Collateral, the Liens previously granted to the Administrative Agent pursuant to the Collateral Documents shall be and remain in full force and effect and that any rights and remedies of the Administrative Agent thereunder and obligations of the Credit Parties thereunder shall be and remain in full force and effect, shall not be affected, impaired or discharged thereby and shall secure all of the Credit Parties' indebtedness, obligations and liabilities to the Administrative Agent and the Lenders under the Original Credit Agreement as amended and restated hereby. Nothing herein contained shall in any manner affect or impair the priority of the Liens created and provided for by the Collateral Documents as to the indebtedness which would be secured thereby prior to giving effect hereto.

*Section 13.27. Equalization of Loans.* Upon the satisfaction of the conditions precedent set forth in Section 7.2 hereof, all loans outstanding under the Original Credit Agreement shall remain outstanding as the initial Borrowing of Loans under this Agreement and, in connection therewith, the Borrower shall be deemed to have prepaid all outstanding Eurodollar Loans on the Closing Date. On the Closing Date, the Lenders each agree to make such purchases and sales of interests in the outstanding Loans between themselves so that each Lender is then holding its relevant Percentage of outstanding Loans. Such purchases and sales shall be arranged through the Administrative Agent and each Lender hereby agrees to execute such further instruments and documents, if any, as the Administrative Agent may reasonably request in connection therewith.

[Signature Pages to Follow]

This Amended and Restated Credit Agreement is entered into between us for the uses and purposes hereinabove set forth as of the date first above written.

*“Borrower”*

FCStone Merchant Services, LLC

By

Name

Title

By

Name

Title

*“Guarantor”*

INTL FCStone Inc.

By

Name

Title

By

Name

Title



*“Administrative Agent and Lenders ”*

Bank of Montreal, Chicago Branch, as Administrative Agent, L/C Issuer, and a Lender

By

Name

Title

CoBank, ACB, as a Lender

By

Name

Title

The Huntington National Bank, as a Lender

By

Name

Title

THIRD AMENDMENT TO CREDIT AGREEMENT

This **THIRD AMENDMENT TO CREDIT AGREEMENT** (this “Amendment”), dated as of April 14, 2016 is by and among **INTL FCSTONE LTD.**, a company formed under the laws of England and Wales with a registration number of 5616586 (the “Borrower”), the Guarantors party hereto, the Lenders party hereto and **BANK OF AMERICA, N.A.**, as administrative agent (in such capacity, the “Administrative Agent”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

W I T N E S S E T H

**WHEREAS**, the Borrower, the Subsidiary Guarantors of the Borrower from time to time party thereto, certain banks and financial institutions from time to time party thereto (the “Lenders”) and the Administrative Agent are parties to that certain Credit Agreement dated as of November 15, 2013 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the “Credit Agreement”);

**WHEREAS**, the Borrower has requested that the Lenders amend a certain provision of the Credit Agreement; and

**WHEREAS**, the Lenders are willing to make such amendment to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I  
AMENDMENT TO CREDIT AGREEMENT**

**1.3 Amendment to Section 7.02(d) (Indebtedness).** Section 7.02(d) (Indebtedness) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(d) (i) to the extent constituting Indebtedness, obligations of the Borrower and its Subsidiaries in respect of leases of precious metals, and (ii) other Indebtedness incurred in the ordinary course of the business of the Borrower and its Subsidiaries, including, without limitation, their trading and market making business; provided that such Indebtedness does not have a stated maturity that extends beyond one (1) year and each draw (if any) under any such Indebtedness shall be due and payable at the earlier of (A) 180 days after any such draw and (B) the length of the underlying trading transaction necessitating such draw; and

**ARTICLE II  
CONDITIONS TO EFFECTIVENESS**

**2.1 Closing Conditions.** This Amendment shall become effective on the date hereof upon the Administrative Agent receiving a copy of this Amendment duly executed by each of the Loan Parties and the Parent, the Lenders and the Administrative Agent.

**ARTICLE III  
MISCELLANEOUS**

**3.1 Amended Terms.** On and after the Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

**3.2 Representations and Warranties of Loan Parties.** Each of the Loan Parties and the Parent represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties set forth in Article V of the Credit Agreement and in any other Loan Document are true and correct as of the date hereof (with all applicable materiality standards and except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

**3.3 Reaffirmation of Obligations.** Each Loan Party and the Parent hereby ratifies the Credit Agreement and each other Loan Document to which they are party and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and the other Loan Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

**3.4 Loan Document.** This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

**3.5 Expenses.** The Borrower agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

**3.6 Further Assurances.** The Loan Parties and the Parent agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

**3.7 Entirety.** This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

**3.8 Counterparts; Telecopy.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

**3.9 No Actions, Claims, Etc.** As of the date hereof, each of the Loan Parties and the Parent hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent’s or the Lenders’ respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

**3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

**3.11 Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**3.12 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.** The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

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IN WITNESS WHEREOF the parties hereto have caused this Third Amendment to Credit Agreement to be duly executed on the date first above written.

**BORROWER:**      **INTL FCSTONE LTD.**

By:    /s/ STEPHEN BAILEY  
      Name    STEPHEN BAILEY  
      Title    DIRECTOR

By:    /s/ PHILIP SMITH  
      Name    PHILIP SMITH  
      Title    DIRECTOR

**GUARANTORS:**

**INTL FCSTONE INC.,** a Delaware corporation

By:    /s/ SEAN O'CONNOR  
      Name    SEAN O'CONNOR  
      Title    CEO

By:    /s/ BRUCE FIELDS  
      Name    BRUCE FIELDS  
      Title    GROUP TREASURER

**ADMINISTRATIVE AGENT:** BANK OF AMERICA, N.A., in its capacity as Administrative Agent

By: /s/ MICHAEL D. BRANNAN  
Name MICHAEL D. BRANNAN  
Title SR. VICE PRESIDENT

**LENDERS:** BANK OF AMERICA, N.A., in its capacity as Lender

By: /s/ MICHAEL D. BRANNAN  
Name MICHAEL D. BRANNAN  
Title SR. VICE PRESIDENT

## FOURTH AMENDMENT TO CREDIT AGREEMENT

This **FOURTH AMENDMENT TO CREDIT AGREEMENT** (this "Amendment"), dated as of October 27, 2016, is by and among **INTL FCSTONE LTD.**, a company formed under the laws of England and Wales with a registration number of 5616586 (the "Borrower"), the Guarantors party hereto, the Lenders party hereto and **BANK OF AMERICA, N.A.**, as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

## WITNESSETH

**WHEREAS**, the Borrower, the Subsidiary Guarantors of the Borrower from time to time party thereto, certain banks and financial institutions from time to time party thereto (the "Lenders") and the Administrative Agent are parties to that certain Credit Agreement dated as of November 15, 2013 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement");

**WHEREAS**, the Borrower has requested that the Lenders amend certain provisions of and grant certain consents under the Credit Agreement; and

**WHEREAS**, the Lenders are willing to make such amendments to and grant such consents under the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I

## AMENDMENTS TO AND CONSENTS UNDER CREDIT AGREEMENT

**1.1 Amendment to Definition of Maturity Date.** The definition of "Maturity Date" set forth in Section 1.01 of the Credit Agreement is hereby amended to change the date referenced therein from "October 31, 2016" to "October 27, 2017".

**1.2 Amendment to Section 2.07(a) (Fees - Upfront Fee).** Section 2.07(a) (Fees - Upfront Fees) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(a) Upfront Fee. The Borrower shall pay to the Arranger and/or the Administrative Agent, for the account of the Lenders, an upfront fee equal to 0.30% per annum of the Aggregate Commitments (the "Upfront Fee"). The Upfront Fee shall be payable in full (i) upon any extension of the Maturity Date as provided herein, and (ii) upon the making of any Incremental Commitments by any Lenders or New Lenders pursuant to Section 2.13 hereof. The payment of any such Upfront Fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

**ARTICLE II**  
**CONDITIONS TO EFFECTIVENESS**

**2.1 Closing Conditions.** This Amendment shall become effective on the date hereof upon the Administrative Agent receiving the following:

- (a) a copy of this Amendment duly executed by each of the Loan Parties and the Parent, the Lenders and the Administrative Agent; and
- (b) for the account of the Lenders, the upfront fee equal to 0.30% per annum of the Aggregate Commitments as required by Section 2.07(a) of the Credit Agreement.

**ARTICLE III**  
**MISCELLANEOUS**

**3.1 Amended Terms.** On and after the Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

**3.2 Representations and Warranties of Loan Parties.** Each of the Loan Parties and the Parent represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties set forth in Article V of the Credit Agreement and in any other Loan Document are true and correct as of the date hereof (with all applicable materiality standards and except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

**3.3 Reaffirmation of Obligations.** Each Loan Party and the Parent hereby ratifies the Credit Agreement and each other Loan Document to which they are party and acknowledges and reaffirms (a) that



it is bound by all terms of the Credit Agreement and the other Loan Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

**3.4 Loan Document.** This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

**3.5 Expenses.** The Borrower agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent's legal counsel.

**3.6 Further Assurances.** The Loan Parties and the Parent agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

**3.7 Entirety.** This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

**3.8 Counterparts; Telecopy.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

**3.9 No Actions, Claims, Etc.** As of the date hereof, each of the Loan Parties and the Parent hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent's or the Lenders' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

**3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

**3.11 Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**3.12 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.** The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Fourth Amendment to Credit Agreement to be duly executed on the date first above written.

**BORROWER:**      **INTL FCSTONE LTD.**

By:    /s/ PHILIP SMITH  
         Name   PHILIP SMITH  
         Title   DIRECTOR

By:    /s/ CATHERINE ODIGIE  
         Name   CATHERINE ODIGIE  
         Title   HEAD OF LEGAL & GOVERNANCE  
                 EMEA & ASIA

**GUARANTORS:**

**INTL FCSTONE INC., a Delaware corporation**

By:    /s/ BRIAN SEPHTON  
         Name   BRIAN SEPHTON  
         Title   CHIEF LEGAL & GOVERNANCE OFFICER

By:    /s/ BRUCE FIELDS  
         Name   BRUCE FIELDS  
         Title   GROUP TREASURER

**ADMINISTRATIVE AGENT:**      BANK OF AMERICA, N.A., in its capacity as Administrative Agent

By:    /s/ MICHAEL D. BRANNAN  
       Name   MICHAEL D. BRANNAN  
       Title   SR. VICE PRESIDENT

**LENDER:**                      BANK OF AMERICA, N.A., in its capacity as Lender

By:    /s/ MICHAEL D. BRANNAN  
       Name   MICHAEL D. BRANNAN  
       Title   SR. VICE PRESIDENT

## SUBSIDIARIES OF THE REGISTRANT

Name	Place of Incorporation
FCC Futures, Inc.	Iowa, US
FCStone Canada ULC	Nova Scotia, Canada
FCStone do Brazil Ltda.	Brazil
FCStone Group, Inc.	Delaware
FCStone Merchant Services, LLC	Delaware, US
FCStone Paraguay S.R.L.	Paraguay
Gainvest Asset Management Ltd.	British Virgin Islands
INTL Gainvest S.A.	Argentina
Gainvest Uruguay Asset Management S.A.	Uruguay
INTL Asia Pte. Ltd.	Singapore
INTL FCStone Nigeria Ltd	Nigeria
INTL Capital S.A.	Argentina
INTL CIBSA S.A.	Argentina
INTL FCStone Commodities DMCC	Dubai, United Arab Emirates
INTL Commodities, Inc.	Delaware, US
INTL FCStone Capital Assessoria Financeira Ltda.	Brazil
INTL FCStone DTVM Ltda.	Brazil
INTL FCStone Financial Inc.	Florida, US
INTL FCStone (HK) Ltd.	Hong Kong
INTL FCStone Ltd	United Kingdom
INTL FCStone (Netherlands) B.V.	The Netherlands
INTL FCStone Pte. Ltd.	Singapore
INTL FCStone Pty Ltd	Australia
INTL FCStone S.A.	Argentina
INTL FCStone (Shanghai) Trading Co., Ltd	China
INTL FCStone Markets, LLC	Iowa, US
INTL Korea Limited	Republic of Korea
INTL Participacoes Ltda.	Brazil
INTL FCStone Assets, Inc.	Florida, US
INTL Netherlands B.V.	The Netherlands
IFCS de Mexico Asesores Independientes	Mexico
Sterne Agee Clearing, Inc.	Delaware, US
Sterne, Agee & Leach, Inc.	Delaware, US
Sterne Agee Financial Services, Inc.	Delaware, US
Sterne Agee Asset Management, Inc.	Delaware, US
Sterne Agee Investment Advisor Services, Inc.	Delaware, US
Westown Commodities, LLC	Iowa, US

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
INTL FCStone Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-117544, 333-137992, 333-144719, 333-152461, 333-186704, and 333-209912 on Form S-3 and Nos. 333-108332, 333-142262, 333-196413, 333-160832, 333-197773, and 333-10727 on Form S-8) of INTL FCStone Inc. (the Company) of our reports dated December 14, 2016, with respect to the consolidated balance sheets of the Company as of September 30, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended September 30, 2016, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2016, which reports appear in the September 30, 2016 annual report on Form 10-K of the Company.

Our report dated December 14, 2016, on the effectiveness of internal control over financial reporting as of September 30, 2016, contains an explanatory paragraph that states management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2016 excluded Sterne Agee & Leach, Inc., Sterne Agee Clearing, Inc. and Sterne Agee Financial Services, Inc., acquired with effect from July 1, 2016, and Sterne Agee Asset Management, Inc. and Sterne Agee Investment Advisor Services, Inc., acquired with effect from August 1, 2016. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the aforementioned legal entities.

*/s/ KPMG LLP*

Kansas City, Missouri  
December 14, 2016

**SECTION 302 CERTIFICATION**

I, Sean M. O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K of INTL FCStone Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2016

/s/ SEAN M. O'CONNOR

Sean M. O'Connor

Chief Executive Officer

**SECTION 302 CERTIFICATION**

I, William J. Dunaway certify that:

1. I have reviewed this Annual Report on Form 10-K of INTL FCStone Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2016

/s/ WILLIAM J. DUNAWAY

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William J. Dunaway  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of INTL FCStone Inc. (the Company) on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Sean M. O'Connor, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 14, 2016

/s/ SEAN M. O'CONNOR

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Sean M. O'Connor

Chief Executive Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to INTL FCStone Inc. and will be retained by INTL FCStone Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of INTL FCStone Inc. (the Company) on Form 10-K for the period ended September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, William J. Dunaway, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 14, 2016

/s/ WILLIAM J. DUNAWAY

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William J. Dunaway

Chief Financial Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to INTL FCStone Inc. and will be retained by INTL FCStone Inc. and furnished to the Securities and Exchange Commission or its staff upon request.