

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, 2020

**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

**StoneX Group 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.)

155 East 44th Street, Suite 900  
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:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	SNEX	The Nasdaq Stock Market LLC

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, every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of March 31, 2020, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$429.6 million.

As of December 10, 2020, there were 19,434,929 shares of the registrant's common stock outstanding.

**Document Incorporated by Reference**

Certain portions of the definitive Proxy Statement for the Registrant's Annual Meeting of Stockholders to be held on February 24, 2021 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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**StoneX Group Inc.**  
**Annual Report on Form 10-K for the Fiscal Year Ended September 30, 2020**  
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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 operate a global financial services network that connects companies, organizations, traders and investors to the global market ecosystem through a unique blend of digital platforms, end-to-end clearing and execution services, high touch service and deep expertise. We strive to be the one trusted partner to our clients, providing our network, product and services to allow them to pursue trading opportunities, manage their market risks, make investments and improve their business performance. Our businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platforms and our team of more than 2,950 employees as of September 30, 2020. We believe our client-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 offer a vertically integrated product suite, beginning with high-touch and electronic access to nearly all major financial markets worldwide, as well as numerous liquidity venues. We deliver this access through the entire lifecycle of a trade, from deep market expertise and on-the-ground intelligence, to best execution and finally post-trade clearing, custody and settlement services. We believe this is a unique product offering outside of the bulge bracket banks, which creates long-term relationships with our clients. Our business model has created a revenue stream that is diversified by asset class, client type and geography, earning commissions and spreads as clients execute transactions across our financial network, monetizing non-trading client activity including interest and fee earnings on client balances as well as earning consulting and fees for our market intelligence and risk management services.

We currently serve more than 32,000 commercial and institutional clients, and over 330,000 retail accounts located in more than 130 countries. We believe we are the third largest independent, non-bank futures commission merchant (“FCM”) in the United States (“U.S.”) as measured by our \$3.0 billion in required client segregated assets at our U.S. FCM as of September 30, 2020, and one of the leading market makers in foreign securities, making markets in approximately 5,000 different foreign securities. We are one of only nine Category One ring dealing members of the London Metals Exchange (the “LME”). Our clients include commercial entities, regional, national and introducing broker-dealers, asset managers, insurance companies, brokers, institutional and individual investors, professional traders, commercial and investment banks as well as government and non-governmental organizations (“NGOs”). We believe our clients value us for our attention to 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.

We engage in direct sales efforts to seek new clients, with a strategy of extending our services to potential clients that are similar in size and operations to our existing client base. In executing this strategy, we intend to both target new geographic locations and expand the services offered in geographic locations in which we currently operate where there is an unmet demand for our services. In addition, we seek to attract new clients through our Internet websites including StoneX.com, FOREX.com and Cityindex.com. We also pursue new clients through indirect channels including our relationships with introducing brokers, who solicit clients on our behalf, and white label partners, who offer our services to their customers under their own brand. In addition, we selectively pursue small- to medium-sized acquisitions, focusing primarily on targets that satisfy specified criteria, including client-centric organizations that may help us expand into new asset classes, client segments and geographies where we currently have a small or limited market presence.

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 our daily operations and making non-interest expenses variable, to the greatest extent possible. 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 more scalable and significantly larger organization that embraces an entrepreneurial approach to business, supported and underpinned by strong centralized financial and compliance controls.

#### ***Available Information***

Our internet address is [www.stonex.com](http://www.stonex.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. The content of our website is not incorporated by reference into this report or any other filings with the SEC.

#### ***Capabilities***

We provide our clients access to financial markets and liquidity sources globally to enable them to efficiently hedge their risk and/or gain exposure. Our financial network connects over 32,000 commercial and institutional clients and over 330,000 retail clients to 36 derivatives exchanges, most global securities exchanges and over 15,000 over-the-counter markets.

#### ***Execution***

We provide trade execution services to our clients via both high-touch service and electronically through a wide variety of technology platforms that connects them to markets across the globe. Asset and product types include listed futures and options on futures, equities, mutual funds, equity options, foreign currencies, corporate, government and municipal bonds and unit investment trusts.

#### ***Clearing***

We provide competitive and efficient clearing on all major futures exchanges globally. In addition, we act as an independent full-service provider of clearing, custody, research and security-based lending products in the global securities markets. We provide multi-asset prime brokerage, outsourced trading and custody, as well as self-clearing and introduced clearing services for hedge funds, mutual funds and family offices. We provide prime brokerage services in major foreign currency pairs and swap transactions to institutional clients. Additionally, we provide clearing of foreign exchange transactions, in addition to clearing of a wide range of over-the-counter (“OTC”) products.

#### ***Global Payments***

We have built a scalable platform to provide end-to-end global payment solutions to banks and commercial businesses, as well as charities, NGOs and government organizations. We offer payments services in approximately 140 currencies. In this business, we primarily act as a principal in buying and selling foreign currencies on a spot basis deriving revenue from the difference between the purchase and sale prices. Through our comprehensive platform and our commitment to client service, we provide simple and fast execution, delivering funds in any of these countries quickly through our global network of more than 325 correspondent banking relationships.

#### ***Advisory Services***

We provide value-added advisory services and high-touch trade execution across a variety of financial markets, including commodities, foreign currencies, interest rates, institutional asset management and independent wealth management. For commercial clients 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 Argentinian operations. Through our asset management activities, we leverage our specialist expertise in niche markets to provide institutional investors with tailored investment products. Through our independent wealth management business, we provide advisory services to the growing retail investor market.

#### ***Market Intelligence***

Our Market Intelligence platform provides our clients with access to deep data and incisive commentary from our expert traders and analysts from across our global network. This platform focuses on providing local, actionable insights and detailed intelligence from every market we trade, through the lens of our professionals, who leverage first-hand knowledge and personal connections to deliver a unique advantage for our clients.

### *Physical Trading*

We act as a principal to support the needs of our clients in a variety of physical commodities, primarily precious metals, as well as across the commodity complex, including energy commodities, grains, oil seeds, cotton, coffee, cocoa, edible oils and feed products. Through these activities, we have the ability to offer a simplified risk management approach to our commercial clients by embedding more complex hedging structures as part of each physical contract to provide clients with enhanced price risk mitigation. We also offer clients efficient off-take or supply services, as well as logistics management.

### *OTC / Market-Making*

We offer clients access to the OTC markets for a broad range of traded commodities, foreign currencies, contracts for difference (“CFDs”) and interest rates, as well as to global securities markets. For clients with commodity price and financial risk, our customized and tailored 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.

We provide market-making and execution in a variety of financial products including commodity derivatives, unlisted American Depository Receipts (“ADRs”) and Global Depository Receipts (“GDRs”), foreign ordinary shares, and foreign currencies. In addition, we are an institutional dealer in fixed income securities including U.S. Treasury, U.S. government agency, agency mortgage-backed, asset-backed, corporate, emerging market, and high-yield securities.

### ***Operating Segments***

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

#### **Commercial**

We offer our commercial clients a comprehensive array of products and services, including risk management and hedging services, execution and clearing of exchange-traded and OTC products, voice brokerage, market intelligence and physical trading as well as commodity financing and logistics services. We believe our ability to provide these high-value-added products and services, differentiates us from our competitors and maximizes the opportunity to retain our clients.

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 client objectives. Our clients 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 execution and clearing 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) as well as precious and base metals 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 clients who are seeking cost-effective hedging strategies. Generally, our clients direct their own trading activity, and our risk management consultants do not have discretionary authority to transact trades on behalf of our clients.

We provide a full range of physical trading capabilities in precious metals markets providing our clients the ability to purchase physical gold and other precious metals, in multiple forms, and in denominations of their choice. In our precious metals trading activities, we act as a principal, committing our own capital to buy and sell precious metals on a spot and forward basis.

In addition, we act as a principal to facilitate financing, structured pricing and logistics services to clients across the commodity complex, including energy commodities, grains, oil seeds, cotton, coffee, cocoa, edible oils and feed products. We provide financing to commercial commodity-related companies against physical inventories.

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.

Within this segment we organize our marketing efforts into client industry product lines including agricultural, energy and renewable fuels, metals and various other commodities servicing commercial producers, end users and intermediaries around the world.

#### *Competitive Environment - Commercial Segment*

The Commercial industry comprises the activities associated with the identification, management, hedging and monitoring of various commodity and financial risks faced by commercial entities in their business cycles, including risks related to interest rates, foreign exchange, agricultural commodities, energy and renewable fuels, industrial metals, precious metals, and other physical commodities.

Industry participants include producers/end-users, wholesalers and merchants, corporations, introducing brokers, grain elevators, merchandisers, importer/exporter and market intermediaries such as FCMs and swaps dealers, and liquidity venues such as commodity exchanges, financial exchanges and OTC markets. Commercial entities face a variety of risks, including risks related to commodity input pricing, supply chain management and inventory financing, interest rate changes, exchange rate changes, and price and quantity volatility in their outputs. Market intermediaries facilitate the identification, management and hedging of commodity and financial risks on behalf of commercial entities by designing and executing hedging programs through the use of various hedging instruments, including futures and options traded on exchanges or plain vanilla and more complex structured products traded bi-laterally on the OTC markets. Commercial entities occasionally prefer to manage exposure to physical commodities through direct purchase and sale agreements for which they may utilize the services of physical commodity merchants.

The need for, and volume of, client hedging activity is driven by commodity supply and demand dynamics, quantity and quality of commodity production and consumption, both locally and globally, trading of various commodities, and economic and geopolitical factors. In addition, the price levels and price volatility of various commodities generally increase the need of commercial clients to hedge. FCMs, swaps dealers, physical commodity merchants and other intermediaries and service providers create value for commercial clients by managing risks across the clients' operations, allowing them to focus on their core expertise. In addition, commercial clients often face financial risks such as interest rate and exchange rate volatility, which these intermediaries help to mitigate. Physical commodity merchants serve clients by providing trading, hedging, inventory financing and logistics services.

Competitors in the Commercial segment include independent (non-bank) FCMs, FCMs affiliated with large commodity producers, global banks and independent and bank-owned swaps dealers. Although global banks represent the vast majority of client segregated assets, they tend to focus on larger clients. Independent, non-bank FCMs tend to focus on serving small- to mid-sized commercial clients where they face less competition from the global banks. Over the last 11 years since the financial crisis, the global banks have increased the minimum size of clients they are willing to serve, in part due to decreasing profit margins often driven by regulation, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") in the United States and the revised Markets in Financial Instruments Directive ("MiFID II") and accompanying regulation, Markets in Financial Instruments Regulation ("MiFIR") in Europe. This has presented an opportunity for smaller players in this industry, such as us, to acquire small and mid-sized clients and take market share.

We strive to increase market share and attract new clients that are underserved by the global banks, capitalizing on our position as one of few publicly listed mid-sized financial services companies offering our clients futures and options products through our well-capitalized independent FCM, structured OTC products through our swaps dealer as well as our physical commodity offerings. We have also taken advantage of opportunities to consolidate sub-scale competitors into our Commercial businesses.

#### **Institutional**

We provide institutional clients with a complete suite of equity trading services to help them find liquidity with best execution, consistent liquidity across a robust array of fixed income products, competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in equities and major foreign currency pairs and swap transactions. In addition, we originate, structure and place debt instruments in the international and domestic capital markets. These instruments include asset-backed securities (primarily in Argentina) and domestic municipal securities.

#### *Securities*

We provide value-added solutions that facilitate cross-border trading in equity securities and believe our clients 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 clients include U.S.-based regional and national broker-dealers and institutions investing or executing client 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, making markets in more than 5,000 ADRs, GDRs and foreign ordinary shares, of which over 3,600 trade in the OTC market. In addition, we will, on request, make prices in more than 10,000 unlisted foreign securities. We are also a broker-dealer in Argentina and Brazil, 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 as well as investment grade, high yield, convertible and emerging market debt to a client base including asset managers, commercial bank trust and investment departments, broker-dealers and insurance companies.

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 client experience through the clearing and settlement process. We believe we are one of the

leading mid-market clearers in the securities industry, with approximately 70 correspondent clearing relationships with over \$18 billion in assets under management or administration as of September 30, 2020.

We 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.

#### *Listed Derivatives*

We provide competitive and efficient clearing and execution in all major futures exchanges globally. Through our platforms, client orders are accepted and directed to the appropriate exchange for execution. We then facilitate the clearing of clients' transactions. Clearing involves the matching of clients' trades with the exchange, the collection and management of client margin deposits to support the transactions, and the accounting and reporting of the transactions to clients.

As of September 30, 2020, our U.S. FCM held \$3.0 billion in required client segregated assets, which we believe makes us the third largest independent, non-bank FCM in the U.S., as measured by required client segregated assets. We seek to leverage our capabilities and capacity in clearing to financial institutions, institutional trading firms, professional traders and introducing brokers as well as offering facilities management or outsourcing solutions to other FCM's. Through our London-based Europe, Middle East and Africa ("EMEA") oil voice brokerage business, we provide brokerage services across the fuel, crude and middle distillates markets to clients throughout EMEA.

#### *Foreign Exchange*

We provide prime brokerage foreign exchange ("FX") services to financial institutions and professional traders. We provide our clients 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.

#### *Competitive Environment - Institutional Segment*

The industry in which we provide services within our Institutional segment comprises activities associated with the trading of, and investment in, various financial assets, including equity and debt securities, commodities, foreign currencies, interest rates, and derivatives, both exchange-traded and OTC. This industry also includes various services provided to participants in the financial markets, which allow participants access to liquidity and execution venues, as well as clearing and settlement of transactions. Industry participants include institutional and retail investors, banks, insurance companies, fund managers, hedge funds, investment advisers, proprietary trading firms, commodity trading advisors and commodity pool operators, and foreign institutions and investors seeking access to U.S. markets, as well as various market intermediaries such as market makers, regional and national broker-dealers, independent broker-dealers, FCMs, and investment banks and liquidity venues, such as securities and derivatives exchanges and OTC marketplaces.

Trading and investing activity across asset classes is driven by growth in wealth and savings, investors' asset allocation and diversification needs, including across geographies, and return objectives, risk management needs and the availability of speculative arbitrage opportunities. Volatility in asset prices generally drives increased trading activity and increased demand for execution and clearing services.

Broker-dealers, FCMs, investment banks and other intermediaries create value for institutional clients by facilitating client access to various financial markets, including securities and derivatives exchanges, proprietary sources of liquidity, OTC markets, other institutions and international markets. Market intermediaries can act as market-makers or principal traders that facilitate client trading activity by matching orders internally. Market intermediaries can also act as agents that accept orders, direct them to the appropriate market and facilitate the clearing of client transactions, which involves matching client trades with the exchange, collecting and managing client margin deposits to support the transactions, and accounting and reporting these transactions to clients.

Certain market intermediaries, predominantly investment banks, also provide advisory services, securities underwriting, loan syndications, security-based lending products and services, custodial services, investment research products, asset management services and technology platforms for client connectivity.

Competitors in the securities and clearing and execution segments include global banks, institutional broker-dealers, correspondent clearers, independent broker-dealers, clearing FCMs and market-makers. We compete to secure clients based on quality of execution and client service, global access and local market expertise, and the breadth of our product offerings.

Regulatory burdens for FCMs and broker-dealers have increased since the financial crisis, which has led to increased complexity and capital requirements that have disproportionately affected smaller firms, driving consolidation. We have benefited from these trends and expect them to continue, and we seek opportunities to participate in further industry consolidation.



## **Retail**

We provide our retail clients around the world access to over 15,000 global financial markets, including spot foreign exchange, both financial trading and physical investment in precious metals, as well as CFDs, which are investment products with returns linked to the performance of underlying assets. In addition, our independent wealth management business offers a comprehensive product suite to retail investors in the United States.

### *Retail Forex*

We are a global provider of trading services and solutions in the global financial markets, including spot foreign exchange (“forex”), precious metals trading, as well as CFDs, which are investment products with returns linked to the performance of underlying assets. We offer CFDs on currencies, commodities, indices, individual equities, cryptocurrencies, bonds, options and interest rate products.

We seek to attract and support our customers through direct and indirect channels. Our primary direct channels for our retail segment are our Internet websites, FOREX.com and Cityindex.com, which are available in multiple languages, including English, Chinese, Japanese and Arabic. Our indirect channels include our relationships with introducing brokers, who solicit customers on our behalf, and white label partners, who offer our trading services to their customers under their own brand.

Our award-winning proprietary trading technology provides our customers with an enhanced customer experience and multiple ways to trade and manage their accounts, tailored to their level of experience and preferred mode of access. In addition, we selectively offer third party trading tools that we believe complement our proprietary offerings. We believe that our proprietary trading technology is a significant competitive advantage because we have the ability to adapt quickly to our customers’ changing needs.

We have longstanding relationships with a large number of institutional liquidity providers, as well as access to multiple liquidity venues. They allow us to offer our customers superior liquidity and more competitive pricing with tighter bid/offer spreads than many of our competitors. In addition, we have developed a proprietary pricing engine that aggregates quotes from our liquidity sources to ensure that our prices accurately reflect current market price levels and allow us to provide our customers with fast, accurate trade execution.

We have proprietary technology to handle numerous aspects of account onboarding and customer service including the account opening and customer verification process, fast online account funding and withdrawals with a wide variety of automated payment methods, and on-demand delivery of customer information, such as account statements and other account-related reporting. We also offer account opening and funding functions on our mobile trading applications in order to provide a superior experience to the large number of customers who trade primarily through their mobile devices. Given the highly regulated and global nature of our business, these processes are customized to each regulatory jurisdiction in which we operate, and are further tailored to customer needs and preferences in specific countries in order to make it easier for clients in these countries to open accounts with us and then to fund and trade in those accounts.

In connection with our retail business, we look to acquire new customers as cost-efficiently as possible, primarily through online marketing efforts such as advertising on third-party websites, search engine marketing and affiliate marketing. Our experienced in-house marketing team creates highly targeted online campaigns tailored to experienced traders, as well as marketing programs and materials designed to support and educate newer traders. We use sophisticated tracking and measurement techniques to monitor the results of individual campaigns and continually work to optimize our overall marketing results.

We also work with introducing brokers in order to expand our customer base. We work with a variety of different types of introducing brokers, ranging from small, specialized firms that specifically identify and solicit customers interested in forex and CFD trading, to larger, more established financial services firms.

### *Independent Wealth Management*

Our independent broker/dealer, SA Stone Wealth Management Inc. (“SA Stone”), member FINRA/SIPC, together with its affiliated SEC-registered investment advisor, SA Stone Investment Advisors Inc., provides an integrated platform of technology, comprehensive wealth management and investment services to registered representatives, investment advisor representatives and registered investment advisors nationwide. The firm supports more than 650 independent professionals with best-in-class service and products.

### *Retail Precious Metals*

Our physical retail precious metals business is comprised of the acquisition of CoinInvest GmbH and European Precious Metal Trading GmbH, which was completed in April 2019. Through our websites coininvest.com and silver-to-go.com we offer clients the ability to purchase physical gold and other precious metals, in multiple forms, including coins and bars, in denominations of their choice, to add to their investment portfolios.

### *Competitive Environment - Retail*

The market for our retail services is rapidly evolving and highly competitive. Our competitors vary by region in terms of regulatory status, breadth of product offering, size and geographic scope of operations. In the retail forex industry, we compete with both regulated forex firms as well as with global multi-asset trading firms. In wealth management, our competitors vary from large integrated banks and on-line brokerage firms to smaller regional registered investment advisory firms, where competition is driven by reduced commission rates, continue development of online trading platforms and applications as well as customer service.

### **Global Payments**

We provide customized foreign exchange and treasury services to banks and commercial businesses as well as charities and non-governmental and government organizations. We provide transparent pricing and offer payments services in more than 170 countries and 140 currencies, which we believe is more than any other payments solutions provider.

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 clients 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 the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”), we are able to offer our services to large money center and global banks seeking more competitive international payments services. In addition, we operate a fully accredited SWIFT Service Bureau which facilitates cross-border payments and acceptance transactions for financial institutions, trade networks and corporations.

Through this single comprehensive platform and our commitment to client service, we believe we are able to provide simple and fast execution, ensuring delivery of funds in local currency to any of these countries quickly through our global network of approximately 325 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 clients 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.

### *Competitive Environment - Global Payments*

Increasing globalization and growth of international trade, as well as the need of corporations, institutions and individuals to move money across borders efficiently, have driven growing activity in the global payments industry. As the world becomes increasingly interconnected, corporations require the ability to cost-effectively exchange foreign currencies and to send and receive payments from clients and suppliers. NGOs also demand cross-border payment services as they attempt to bring funding, goods and services to their target geographies and recipients at the lowest possible cost. Even banks require lower cost implementation of foreign exchange transactions, as they are otherwise dependent on correspondent banks, which may subject such transactions to expensive and opaque pricing.

Volume growth in the global payments market has been steady, driving revenue growth for cross-border payments providers. Increasingly, this volume growth comes from transactions to emerging economies, benefiting those few providers such as us who have a strong competitive position in those emerging economies and an extensive correspondent bank network that would be difficult to replicate. As reported in the Boston Consulting Group 2019 Global Payments Report, by 2028, emerging economies are expected to provide over 55% of total payments revenue.

The global payments market has historically been dominated by large Organization for Economic Co-operation and Development (“OECD”) banks that provide G20 to non-G20 foreign exchange rates to clients. Such banks, however, are reliant on their correspondent banking network for foreign exchange rates, which often results in uncompetitive rates and a lack of transparency. These issues are further exacerbated by a lack of uniform regulation in the B2B global payments sector, with no coordinated regulatory framework, even among significant OECD countries.

We believe that the general lack of transparency in bank offerings in the global payments market with regard to fees and exchange rates, the banks’ often more expensive services, as well as the lack of systematic regulation, have opened opportunities for competitors in this market. As a result, the fast-growing space has attracted significant investor interest. Independent providers have entered the market, leveraging technology to lower client acquisition costs and providing an enhanced client experience through online platforms. In the global payments market, we believe we are one of those independent providers and disrupters offering significant value to our bank, corporate and NGO/charities clients, providing competitive and transparent payments solutions in particular for non-G20 currencies.

## *Acquisitions during Fiscal Year 2020*

### **Gain Capital Holdings, Inc.**

On July 31, 2020, the Company acquired Gain Capital Holdings, Inc. (“Gain”). Gain is a global provider of trading services and solutions to institutional and retail investors, specializing in both OTC products and exchange-traded futures and options on futures. Gain provides its clients with access to a diverse range of global OTC financial markets, including spot foreign exchange, precious metals, and contracts for a difference (where permitted). As a result of the acquisition, the Company added a new digital platform to its global financial network, significantly expanded its offerings to retail clients, as well as added a complementary exchange-traded futures and options on futures business. The acquisition of Gain is also expected to accelerate the digitization of the Company’s trading platforms.

### **Regulation**

#### *Overview*

Our business and the industries in which we operate are highly regulated. Our operating subsidiaries are regulated in a number of jurisdictions including the U.S., the U.K., Luxembourg, Germany, Argentina, Brazil, Dubai, Nigeria, Hong Kong, Singapore, Japan, Australia, Canada and the Cayman Islands. Government regulators and self-regulatory organizations oversee the conduct of our business in many ways, and a number perform regular examinations to monitor our compliance with applicable statutes, regulations and rules. These statutes, regulations and rules cover all aspects of our business, including:

- maintaining specified minimum amounts of capital and limiting withdrawals of funds from our regulated operating subsidiaries;
- the treatment of customer assets, including custody, control, safekeeping and, in certain countries, segregation of our customer funds and securities;
- the methods by which customers can fund accounts with us;
- sales and marketing activities, including our interaction with, and solicitation of, customers;
- disclosures to customers, including those related to product risks, self-dealing and material conflicts of interest;
- the safeguarding of customer personal information;
- anti-money laundering practices;
- recordkeeping and reporting requirements; and
- continuing education and licensing requirements for our employees, and supervision of the conduct of directors, officers and employees.

In some jurisdictions in which we offer our products and services, we are not subject to regulation because there is no established regulatory regime that covers our products and services or due to the manner in which we offer our products and service. From time to time, we consult with legal counsel in jurisdictions in which we operate on a regular basis, or where we have a material concentration of customers, as to whether we have the required authorizations, licenses or approvals or whether we may conduct our business cross-border with residents in that jurisdiction without obtaining local regulatory authorization, approval or consent. To the extent that we wish to serve customers in a jurisdiction in which we determine licensing or registration is required, we may also elect to direct such customers to a licensed white label or other partner, rather than pursuing licensing or registration ourselves.

Though we conduct our business in a manner which we believe complies with applicable local law, regulators may assert authority over activities that they deem to take place within the jurisdiction they regulate, and new laws, rules or regulations may be enacted that change the regulatory landscape and result in new, or clarify preexisting, registration or licensing requirements.

The primary responsibility for ensuring that we maintain compliance with all applicable regulatory requirements is vested in our legal and compliance departments. In addition, our legal and compliance departments are responsible for our ongoing training and education programs, supervision of our personnel required to be licensed by one or more of our regulators, review of sales, marketing and other communications and other related functions. In addition, our sales employees are licensed pursuant to applicable regulation.

Failure to comply with our regulatory requirements could result in a variety of sanctions, including, but not limited to, revocation of applicable licenses and registrations, restrictions or limitations on our ability to carry on our business, suspensions of individual employees and significant fines.

#### *U.S. Regulation*

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”) and the National Futures Association (the “NFA”). Similarly, 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 SEC, state securities commissions, the Municipal Securities Rulemaking Board (“MSRB”) and the Financial Industry Regulatory Authority (“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.

In connection with our wealth management business, one of our subsidiaries, SA Stone Investment Advisors Inc., is registered with, and subject to oversight by, the SEC as an investment adviser. As such, in its relations with its advisory clients, SA Stone Investment Advisors Inc. is subject to the fiduciary and other obligations imposed on investment advisers under the Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder, as well as various state securities laws. These laws and regulations include obligations relating to, among other things, custody and management of client assets, marketing activities, self-dealing and full disclosure of material conflicts of interest, and generally grant the SEC and other supervisory bodies administrative powers to address non-compliance.

The CFTC and NFA also regulate our forex and futures trading activities. Historically, the principal legislation covering our U.S. forex business was the Commodity Exchange Act, which provides for federal regulation of all commodities and futures trading activities. In recent years, as is the case of other companies in the financial services industry, our forex business has been subject to increasing regulatory oversight. The CFTC Reauthorization Act of 2019, which grants the CFTC express authority to regulate the retail forex industry, includes a series of additional rules which regulate various aspects of our business, including additional risk disclosures to retail forex customers, further limitations on sales and marketing materials and additional rules and interpretive notices regarding NFA mandated Information Systems Security Programs, including training and notification requirements for cybersecurity incidents.

#### *Net Capital Requirements*

Many of our subsidiaries are regulated and subject to minimum and/or net capital requirements. All of our subsidiaries are in compliance with their capital regulatory requirements as of September 30, 2020. Additional information on our subsidiaries subject to significant net capital and minimum net capital requirements can be found in Note 14 to the Consolidated Financial Statements.

#### *Segregated Client Assets*

We maintain client segregated deposits from our clients relating to their trading of futures and options on futures on U.S. commodities exchanges, 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. We maintain acknowledgment letters from each depository at which we maintain client 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 clients segregated depositories (“segregated assets”) to the firm’s total segregated assets held on deposit from clients (“segregated liabilities”). The amount of client segregated assets must be in excess of the segregated liabilities owed to clients and any shortfall in such assets must be immediately communicated to the CFTC.

In addition, we are subject to CFTC regulation 1.25, which governs the acceptable investment of client segregated assets. This regulation allows for the investment of client 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. We predominately invest our client segregated assets in U.S. Treasury securities and interest-bearing bank deposits.

In addition, in our capacity as a securities clearing broker-dealer, we clear transactions for clients and certain proprietary accounts of broker-dealers (“PABs”). In accordance with Rule 15c3-3 of the Securities Exchange Act of 1934 (“Rule 15c3-3”), we maintain special reserve bank accounts (“SRBAs”) for the exclusive benefit of securities clients and PABs.

In addition, several of our foreign subsidiaries are subject to certain business rules, including those that govern the treatment of client money and other assets which under certain circumstances for certain classes of client must be segregated from the firm’s own assets.

#### *Secured Client Assets*

We maintain client secured deposits from its clients relating to their trading of futures and options on futures traded on, or subject to the rules of, a foreign board of trade, 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 our current obligations to clients trading foreign futures and foreign options on foreign commodity exchanges or boards of trade, which are designated as secured clients’ accounts.

### *Retail Forex Client Assets*

As a Retail Foreign Exchange dealer (“RFED”) registered with the CFTC and member of NFA, we maintain deposits from clients relating to their trading of OTC foreign exchange contracts whereby we act as counterparty to client trading activity making it subject to CFTC regulation 5.8, which specifies that such funds must be held in designated accounts at qualifying institutions in the United States or money center countries as defined by CFTC regulation 1.49. In addition, CFTC regulations require filing of a daily retail forex obligation calculation which compares the assets held for clients with qualifying institutions (“retail forex assets”) to the firm’s total obligation to retail forex customers, also known as net liquidating value (“retail forex liabilities”). The amount of retail forex assets must be in excess of the retail forex liabilities owed to clients and any shortfall in such assets must be immediately communicated to the CFTC.

### *Dodd-Frank*

Like other companies in the financial services industry, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) provides for a number of significant provisions affecting our business. Notably, the Dodd-Frank Act requires the registration of swap dealers with the CFTC and provides framework for:

- swap data reporting and record keeping on counterparties and data repositories;
- centralized clearing for swaps, with limited exceptions for end-users;
- the requirement to execute swaps on regulated swap execution facilities;
- the imposition on swap dealers to exchange margin on uncleared swaps with counterparties; and
- the requirement to comply with new capital rules.

We are a CFTC provisionally registered swap dealer, whose business is overseen by the NFA. During 2016, CFTC 23.154, Calculation of Initial Margin rules came into effect, imposing new requirements on registered swap dealers and certain counterparties to exchange initial margin, with phased-in compliance dates, under which we fall in the final compliance date tier initially identified as September 2021 and recently extended to September 2022. Additionally, the CFTC finalized the proposed net capital rules applicable to swap dealers on July 22, 2020. We will need to be in compliance with the new rules effective October 6, 2021.

With respect to our retail OTC business, the Dodd-Frank Act includes:

- rules that require us to ensure that our customers residing in the United States have accounts open only with our U.S. registered NFA-member operating entity; and
- rules that essentially require all retail transactions in any commodity product other than a retail foreign currency transaction that is traded on a leveraged basis to be executed on an exchange, rather than OTC.

Certain provisions of the Dodd-Frank Act have yet to be implemented and 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 clients and counterparties.

### *OFAC*

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 believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with applicable OFAC requirements.

### *U.S. Patriot Act*

We are subject to a variety of statutory and regulatory requirements concerning our relationships with customers and the review and monitoring of their transactions. Specifically, we are subject to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “USA PATRIOT Act”), which requires that we maintain a comprehensive anti-money laundering (AML) program, a customer identification program (CIP), designate an AML compliance officer, provide specified employee training and conduct an annual independent audit of our AML program. 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.

### ***European and United Kingdom Regulation***

The Financial Conduct Authority (“FCA”), the regulator of the financial services industry in the U.K., regulates several of our subsidiaries as Markets in Financial Instruments Directive (“MiFID”) investment firms under part IV of the Financial Services and Markets Act 2000. Applicable regulations impose regulatory capital, as well as conduct of business, governance, and other requirements on these entities. The conduct of business rules include those that govern the handling of client money and other assets which, under certain circumstances must be segregated from the firm’s own assets.

#### *ESMA Intervention Measures*

In March 2018, the European Securities and Markets Authority (“ESMA”) announced product intervention measures to further regulate the marketing, distribution or sale of CFDs to retail investors in the E.U. These measures required firms to lower leverage, implement stricter margin requirements, provide negative balance protection that guarantees that a client cannot lose more than the total funds in their CFD account, stop offering monetary and non-monetary inducements to encourage trading and provide a standardized risk warning, which includes the percentage of the firm’s retail client accounts that have lost money.

In August 2019, the FCA implemented permanent regulations similar to ESMA’s regulations and extended the restrictions to closely substitutable products, including knock-out products and turbo certificates. Since then almost all EU countries have introduced permanent national measures that are similar to the ESMA measures.

The FCA has separately adopted rules to ban the sale of CFDs referencing cryptocurrencies to retail consumers, which will become effective in January 2021.

#### *Client Money Rules*

We are subject to the FCA’s Client Money rules, under which we are required to:

- maintain adequate segregation of client funds;
- maintain adequate records in order to identify appropriate client details;
- have adequate organizational arrangements in place to minimize the risk that client money may be paid for by the account of a client whose money has not yet been received by us;
- undertake daily internal and external client money reconciliations within an appropriate risk and control framework; and
- appoint an individual who is responsible for Client Asset Sourcebook (CASS) oversight.

#### *Anti-Money Laundering and Sanctions*

As in the U.S., we are subject to statutory and regulatory requirements concerning our relationships with customers and the review and monitoring of their transactions. Specifically, we are subject to ongoing customer due diligence (“CDD”) obligations under the Money Laundering Regulations 2017, as supplemented and amended, and the FCA Handbook. The prescribed CDD measures require the U.K. Entities to verify customer identity and understand the nature and purpose of the proposed relationship on the basis of documents, data or information obtained from a reliable and independent source; and review and monitor their customer’s transactions and activities.

Our U.K. entities are required to determine the extent of CDD measures required for each customer on a risk-based basis depending on the type of customer, business relationship, product or transaction and we must be able to demonstrate that such measures are appropriate in view of the risks of money laundering and terrorist financing. Our procedures are based on the Joint Money Laundering Steering Group’s Guidance for the U.K. Financial Sector, which provides guidance to firms for the determination of appropriate CDD measures.

The FCA requires our U.K. entities to have systems and controls in place to enable them to identify, assess, monitor and manage money laundering risk. Accordingly, we have implemented appropriate systems and controls which are proportionate to the nature, scale and complexity of our activities. We provide relevant training to our employees in relation to money laundering. As required, our Money Laundering Reporting Officer provides regular reports on the operation and effectiveness of these systems and controls, including details of our regular assessments of the adequacy of these systems and controls to ensure their compliance with FCA requirements.

Our systems and controls also include CDD and other measures to identify where customers and others with whom we transact may be subject to financial sanctions, including measures initiated or adopted by the U.K. Treasury or the E.U.

### *EMIR*

The E.U. European Market Infrastructure Regulation (Regulation (EU) 648/2012) (“EMIR”) imposes requirements on entities that enter into any form of derivative contract, and applies directly to firms in the E.U. that trade derivatives and indirectly to non-E.U. firms that trade derivatives with E.U. firms. Accordingly, under these rules, we are required to:

- report all derivative contracts and their lifecycle events (concluded, modified and terminated) to which we are a party to a trade repository either by ourselves or through a third party;
- keep all records relating to concluding of derivative contracts and any subsequent modification for 5 years;
- comply with the risk management requirements for OTC bilateral derivatives, including portfolio reconciliation, portfolio compression, record keeping, dispute resolution and margining; and
- clear through central counterparties all OTC derivatives which will be subject to the mandatory clearing obligation.

### *MiFID*

Where firms offer “execution only” services for certain financial instruments which are deemed “complex”, E.U. Markets in Financial Instruments Directive (Directive 2004/39/EC) (“MiFID I”) required firms to assess the appropriateness of those investments for retail clients. For this assessment, we are required to collect information about our existing and potential clients’ knowledge and experience with regard to specific products and services, including:

- the types of services, transactions and financial instruments with which the retail client is familiar;
- the nature, volume, and frequency of the retail client’s transactions in financial instruments and the period over which they have been carried out; and
- the level of education, and profession or relevant former profession of the retail client or potential retail client.

We are required to offer to a retail client or transact for them only those products that are deemed appropriate for their knowledge, experience and other circumstances. If the retail client demands a product that has been assessed as inappropriate for the retail client’s circumstances by us, we may either refuse to offer the product to the client or allow them access to the product but we are required to give the retail client a warning that the product may be inappropriate to its circumstances. We are not required to undertake this analysis for professional clients as we are entitled to assume that a professional client has the necessary knowledge and experience in order to understand the risks involved in relation to the particular products or services for which they have been classified as a professional client.

MiFID I applied in the U.K. from November 2007 and was recast into the Markets in Financial Instruments Directive II (Directive 2014/65/EU) (“MiFID II”) in January 2018. In addition to the requirements described above, MiFID II:

- expands the number of financial instruments for which firms are required to carry out an appropriateness assessment before providing an execution only service to retail clients;
- extends the pre- and post-trade transparency regime to derivatives traded on regulated markets, multi-lateral trading facilities (“MTFs”), and organized trading facilities (“OTFs”);
- expands transaction reporting to those financial instruments traded on MTFs, OTFs, and those financial instruments where the underlying instrument is traded on a Trading Venue; and
- gives E.U. Member State regulators the new power to ban or restrict the marketing, distribution or sale of a financial instrument or types of financial practice where there is a threat to investor protection, the orderly functioning and integrity of markets or to financial stability. The European Banking Authority and the European Securities and Markets Authority have similar powers to impose a ban on an E.U.-wide basis or in relation to a particular E.U. Member State.

### *Packaged Retail and Insurance-based Investment Products*

Regulation 1286/486 on key information documents for packaged retail and insurance-based investment products (“PRIIPs Regulation”), took effect in the U.K. from January 1, 2018. Our U.K. entities are required to comply with the PRIIPs Regulation in relation to packaged retail and insurance-based investment products (“PRIIPs”) that they manufacture, advise on or sell to retail clients. The FCA regards derivatives (including options, futures, and contracts for differences) as falling within the definition of a PRIIP. The new regime requires us to provide retail clients with a standardized key information document (“KID”) in good time before any transaction in derivatives is concluded or for transactions concluded by distance communications, after the transaction has taken place, but only if it is not possible to provide the KID in advance and the client consents.

### *Payments Services Regulations 2017*

The Payments Services Regulations 2017 (“PSRs”) implemented the second Payments Services Directive (“PSD II”) in the U.K. The most significant development contained in the PSD II is the requirement for payment services firms to introduce strong customer authentication (“SCA”) on the payment platforms. Firms providing business via e-commerce methods have until September 2021 to fully implement SCA on their platforms.

### *Brexit*

The U.K. left the E.U. in January 2020 pursuant to a Withdrawal Agreement. It has entered into a transition period which is due to operate until December 31, 2020. At the end of the transition period, British investment and payment firms will lose the right to conduct business within European Economic Area (“E.E.A”) states based on their ‘home’ state authorization. Without appropriate authorization, British firms will largely be restricted to providing business to clients that are domiciled in the EEA on a ‘reverse solicitation’ basis. Furthermore, British investment firms will lose certain rights with respect to access to, or providing their clients with a connection to, certain infrastructural assets that are necessary for the provision of certain services. Examples include the provision of direct electronic access to trading venues authorized in the E.U. and the maintenance of a Target 2 bank account to make or receive margin payments to central counterparties authorized in the E.U.

StoneX Financial Ltd has put in place a comprehensive Brexit contingency plan to mitigate the risks associated with Brexit. This includes the transfer of assets, services and clients to StoneX Financial Ltd’s subsidiary (StoneX Financial Germany GmbH) and sister company (StoneX Financial Europe S.A). However, StoneX Financial Ltd anticipates challenges associated with the timing of StoneX Financial Europe S.A. obtaining access to a Target 2 account to continue clearing the StoneX group’s Euronext business through LCH S.A. This may necessitate that StoneX Financial Ltd and StoneX Financial Inc. route this business through another clearing member of LCH S.A. on an indirect clearing basis.

Similarly, GAIN Capital UK Limited has adopted a contingency plan to mitigate the risks associated with Brexit. This includes GAIN Capital UK Limited’s affiliate company, GAIN Capital Europe Limited, applying for a financial services license in Cyprus to enable the GAIN Capital group to expand its business in the EEA and continue benefiting from MiFID passporting rights after the end of the Brexit transition period on 31 December 2020. The license application is currently under consideration by the Cyprus Securities and Exchange Commission.

### *U.K. Investment Firm Prudential Regime*

The U.K. is due to implement a new prudential regime that will replace the existing Capital Requirements Regulation (“CRR”) and fourth Capital Requirements Directive (“CRD IV”) in January 2022. The U.K. Investment Firm Prudential Regime (“IFPR”) is intended to introduce a more proportionate regime for non-systemic investment firms, which are currently regulated under rules designed for banks. StoneX Financial Ltd is not currently expecting that the IFPR will require significant changes to be made to its prudential requirements.

### *E.U. Conflict Minerals Regulation*

The E.U. Conflict Minerals Regulation (“CMR”) is due to enter into force in January 2021. The U.K. is due to adopt the CMR as it entered the U.K. statute book before the expiry the Brexit transition period. The CMR requires importers to conduct due diligence on their gold, tantalum, tin, and tungsten supply chains to identify minerals that may have originated from conflict zones. The new requirements are largely based on existing guidance issued by the Organisation for Cooperation and Development (OECD) which StoneX Financial Ltd has already been applying. Accordingly, a major overhaul of StoneX Financial Limited’s processes are not anticipated. However, the firm has made some amendments to its policies and procedures in anticipation of the regulation.

### *Other International Regulation*

Our operating subsidiaries in jurisdictions outside of the U.S. U.K. and E.U. are registered with, or obtained a license from, local regulatory bodies that seek to protect clients by imposing requirements relating to capital adequacy and other matters.

### *Exchange Memberships*

Through our various operating subsidiaries, we are member of a number of exchanges, including the Chicago Mercantile Exchange, the Chicago Board of Trade, the New York Mercantile Exchange, COMEX, InterContinental Exchange, Inc., the New Zealand Exchange, the Minneapolis Grain Exchange, the London Metal Exchange, ICE Europe Ltd, Euronext Amsterdam, Euronext Paris, European Energy Exchange, Norexco ASA, the Rosario Futures Exchange and the Singapore Exchange. These exchanges impose their own requirements on a variety of matters, in some cases addressing capital adequacy, protection of client assets, record-keeping and reporting.

Failure to comply with our exchange membership requirements could result in a variety of consequence, including, but not limited to fines and revocation of memberships, which would limit on our ability to carry on our business with these exchanges.



## ***Human Capital Management***

We believe that our success is determined in large part by the quality and dedication of our people and by the empowerment of our employees to serve and engage our clients globally. At the direction of our Executive Committee and in furtherance of our strategies as a whole, our worldwide human resources officers are responsible for developing and executing our human capital strategy. This includes the attraction, acquisition, development and engagement of talent to deliver on our strategy and the design of employee compensation, incentive, welfare and benefits programs. We focus on the following factors in order to implement and develop our human capital strategy:

- Employee Compensation and Incentives
- Evaluation of Employee Performance, Training and Talent Development
- Employee Health and Welfare
- Diversity and Inclusion

### *Employee Compensation and Incentives*

Ensuring that our employees are well-compensated and have the appropriate incentives in place to meet and exceed their potential is a central part of our human capital strategy. Our entrepreneurial culture ties pay to performance in a variety of ways, including incentive compensation, merit-based bonus programs and variable compensation. We also encourage our employees to acquire an ownership stake in our business by sponsoring stock option and restricted stock plans for directors, officers and employees. Furthermore, our Nominating & Governance Committee imposes requirements that our directors and executive officers maintain a financial interest in our stock by owning vested Company stock, fostering an additional sense of ownership and alignment of interests.

### *Evaluation of Employee Performance, Training and Talent Development*

We commit to our employees by encouraging their growth and professional development through performance management, training and talent development, including:

- *Performance evaluations.* Employee performance is evaluated annually through written self-assessments which are reviewed in discussions with supervisors and managers. Employee performance is assessed based on a variety of key performance indicators, including achievement of objectives specific to the employee's department or role, feedback from peers and subordinate employees and managers in other departments and an assessment conducted by the employee's direct manager.
- *Business Unit Training.* Business units provide hands-on training to their employees to equip them for success in their roles and provide increased opportunities to develop their careers.
- *Manager Training.* Management training is provided to senior leaders and mid-level managers. This training covers, among other topics, talent review, development of underperforming employees, handling employee misconduct and coaching and success workshops.
- *Know-Your-Business Programs.* We make available to employees a monthly "Know-Your-Business" program led by senior managers, including our CEO, to provide our employees with the opportunity to learn about our diverse product and service offerings, as well as familiarize themselves with the various operational and administrative support areas.
- *Virtual Networking and Mentoring Programs.* We have established virtual networking and mentoring programs to provide an additional means for employees to connect with each other, learn about different parts of our business and to help each other further develop their careers.

### *Employee Health and Welfare*

We believe that doing our part to maintain the health and welfare of our employees is a critical element for achieving commercial success. As such, we provide our employees with comprehensive health benefits and offer a wellness program which focuses on employee health strategies and includes a discount to employee medical premiums for the completion of wellness initiatives. We have taken a proactive approach to addressing the Covid-19 pandemic's impact on our employees, implementing a mitigation and response program, which includes a Covid-19 Response Task Force, in order to protect the health of our employees, encouraging and in some instances requiring working from home, and balancing these steps with a carefully considered return to office policy that complies with local guidelines for each of our offices. We promote a culture of hard work and achievement that also strives to provide an appropriate work-life balance for our employees. We conduct employee surveys from time-to-time to collect feedback and incorporate into our planning. In addition, we offer employee assistance programs, including confidential assistance for financial, mental and physical well-being. Finally, we believe that the well-being of our employees is enhanced when they can give back to their local communities or charities and have

established the “StoneX Cares” program to facilitate participation by our employees in these initiatives and provide a company match for charitable contributions.

#### *Diversity and Inclusion*

We believe that we are more successful commercially with a diverse employee population and encourage hiring and promotion practices that focus on the best talent and the most effective performers, regardless of gender, national origin, ethnicity or other protected class. We have adopted an Affinity Group Policy which provides a framework for groups of employees to interact over areas of common interest, an example being the Women of StoneX program which focuses on supporting and developing our female employees. In addition, our Board includes two female directors and our Nominating and Governance Committee is actively focused on issues of diversity and inclusion as part of its overall mandate. Because we operate a global business across multiple business segments, products and service areas, we believe it is especially important that we attract employees with diverse backgrounds and the capability to address client needs across the numerous cultures in the countries in which we operate.

#### *Foreign Operations*

We operate in a number of foreign jurisdictions, including Canada, Ireland, the United Kingdom, Luxembourg, Germany, Spain, Argentina, Brazil, Colombia, Uruguay, Paraguay, Mexico, Nigeria, Dubai, China, India, Hong Kong, Australia, Singapore, Japan, Cayman Islands, Bermuda and Poland. We established wholly owned subsidiaries in the Cayman Islands and Bermuda but do not have offices or employees in those countries

#### *Intellectual Property*

We rely on a combination of trademark, copyright, trade secret and unfair competition laws in the United States and other jurisdictions to protect our proprietary technology, intellectual property rights and our brands (e.g., StoneX, IRMP, FOREX.com, GAIN Capital, and City Index). We also enter into confidentiality and invention assignment agreements with our employees and consultants, and confidentiality agreements with other third parties. We rigorously control access to our proprietary technology. Currently, we do not have any pending or issued patents.

We use a variety of service marks that have been registered with the U.S. Patent and Trademark Office, including: StoneX, IRMP, FCStone, FC Stone, CommodityNetwork, CoffeeNetwork, GAIN Capital, FOREX.com, It's Your World. Trade It., GAIN Capital Futures, and GAIN Futures. We also have registered trademarks covering our City Index brand name and logo in a variety of jurisdictions, including Australia, the U.K., European Union ("E.U."), Singapore and China. We also have pursued trademark protection through the Madrid Protocol covering our StoneX brand name in a variety of jurisdictions. To date, we have received preliminary approvals in Australia, the U.K., the E.U. and Singapore, and are awaiting approvals from other jurisdictions.

#### *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, and 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.

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

We face a variety of risks that could adversely impact our financial condition and results of operations, set forth below.

#### **Macroeconomic Risks**

***Our ability to achieve consistent profitability is subject to uncertainty due to the nature of our businesses and the markets in which we operate.*** Our revenues and operating results may fluctuate significantly 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; and

- the level and volatility of interest rates.

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.

***Our net operating revenues may decrease due to changes in client trading volumes which are dependent in large part on commodity prices and commodity price volatility.*** Client 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 client balances held on deposit, which in turn may reduce the amount of interest revenue and account fees 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.

***Low short-term interest rates negatively impact our profitability.*** We have generated significant interest-related revenue in prior periods and the current significant lowering of short-term interest rates will materially adversely affect our future profitability. For example, for the fiscal year ended on September 30, 2020, our interest related income was \$130.9 million and we expect our interest-related revenue to be materially lower in the current and future years unless market interest rates increase significantly.

Short-term interest rates are highly sensitive to factors that are beyond our control and we can provide no assurance as to when short-term interest rates will increase.

***The COVID-19 pandemic could have a material adverse effect on our business.*** The COVID-19 pandemic has created significant volatility, uncertainty and economic disruption and while increased volatility is typically a driver of increased customer activity and growth in our operating revenues, longer periods of extreme volatility and dislocation in global securities, foreign exchange and commodity markets may affect our ability to establish effective offsetting positions in our principal trading and market-making activities which may expose us to trading losses. In addition, in the event that the COVID-19 pandemic results in a global recession or slowdown, extended periods of low short term interest rates and volatility could affect our profitability. We also may be exposed to increased counterparty default risk, liquidity and credit risk with respect to our client accounts; if our clients experience losses in excess of the funds they have deposited with us, we may not be able to recover the negative client equity from our clients. We may nonetheless be required to fund positions with counterparties which case, we may be required to incur charges. If any of these risks materialize, we may experience adverse consequences to our operating results or ability to conduct our business.

The extent to which the COVID-19 pandemic impacts our business, financial condition, liquidity or results of operations will depend on future developments, which are uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic, the length of time government commercial and travel limitations are in place, the effectiveness of our work from home arrangements, the successful execution of plans in connection with our eventual return to our offices, actions taken by governmental authorities in response to the pandemic, as well as other direct and indirect impacts on us, our customers, our vendors and other stakeholders. To the extent the COVID-19 pandemic adversely affects our business, financial condition, liquidity or results of operations, it may also have the effect of heightening many of the other risks described herein and in any subsequent Quarterly Reports on Form 10-Q.

## **Business Risks**

***We face risks associated with our market-making and trading activities.*** A significant portion of our operating revenues are generated through our market making and trading activities. The success of our market-making and trading activities principally depends on:

- the price volatility of specific financial instruments, currencies and commodities;
- our ability to attract order flow and our competitiveness;
- the skill of our personnel, including the efficiency of our order execution, quality of our client service and the sophistication of our trading technology;
- the availability of capital, in order to provide enhanced liquidity to our clients; and

- general market conditions.

We conduct our market-making and trading activities predominantly as a principal and therefore hold positions that bear the risk of significant price fluctuations, rapid changes in the liquidity of markets, deterioration in the creditworthiness of our counterparties and other risks that may cause the value of our positions to decline, which would lead to lower operating revenues.

In addition, as a market maker, while we seek to hedge our exposure to market risk relating to the positions we hold, at any given moment, our unhedged exposure subjects us to market risk, including the risk of significant losses. Principal gains and losses resulting from our positions could on occasion have a disproportionate effect, positive or negative, on our financial condition and results of operations for any particular reporting period. These risks are increased when we have large position concentrations in securities of a single issuer or issuers in specific countries and markets, which is the case from time-to-time.

Declines in the volume of securities, commodities and derivative 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 other assets, and interest 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, commodities and other assets held in inventory. Sudden sharp changes in fair values of securities, commodities and other assets can result in a number of adverse conditions for our business, including illiquid markets, fair value losses arising from positions held by us, and the failure of buyers and sellers of securities, commodities and other assets to fulfill their settlement obligations. 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.

***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 clients in which we act as a principal counterparty. We endeavor to simultaneously offset the underlying risk of the instruments, such as commodity price risk, 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 effective to fully eliminate the 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 reference assets or rates 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 our or 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 generally only be modified or terminated only by mutual consent of the parties to any such transaction (other than in certain limited default and other specified situations (e.g., market disruption events)) 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.

In addition, we note that as a result of rules recently adopted by U.S. and foreign regulators concerning certain financial contracts (including OTC derivatives) entered into with our counterparties that have been designated as global systemically important banking organizations, we may be restricted in our ability to terminate such contracts following the occurrence of certain insolvency-related default events. In the U.S., the rules have been progressively implemented between January 1, 2019 and January 1, 2020. We have modified our affected contracts in accordance with these new regulations as requested by impacted counterparties either through bilateral negotiation or adherence to certain “Resolution Stay Protocols” developed by the International Swaps and Derivatives Association.

***We are subject to margin funding requirements on short notice.*** Our business involves establishment and carrying of substantial open positions for clients 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 clients 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 clients. 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 clients on a same-day basis; however, 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 clients. Generally, if a client is unable to meet its margin call, we promptly liquidate the client'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.

***We are exposed to counterparty credit risk whereby the failure by persons with whom we do business to meet their financial obligations could adversely affect our business, financial condition and results of operations.*** We are exposed to the risk that our counterparties fail to meet their obligations to us or to other parties, resulting in significant financial loss to us. These risks include:

- failure by our clients and counterparties to fulfill contractual obligations and honor commitments to us;
- failure by clients to deposit additional collateral for their margin loans during periods of significant price declines;
- failure by our clients to meet their margin obligations;
- failure by our hedge counterparties to meet their obligations to us;
- failure by our clearing brokers and banks to adequately discharge their obligations on a timely basis or remain solvent; and
- default by clearing members in the clearing houses in the U.S. and abroad of which we are members which could cause us to absorb shortfalls pro rata with other clearing members.

The above listed events could materially affect our business, financial condition and results of operations.

***We are subject to risk of default by financial institutions that hold our funds and our customers' funds.*** We have significant deposits of our own funds and our customers' funds with banks and other financial institutions, including liquidity providers. In the event of the insolvency of one of these financial institutions, we might not be able to fully recover the assets we have deposited since, in certain cases, we will be among the institution's unsecured creditors. As a result, our business could be materially adversely affected by the loss of these funds.

***We rely on relationships with introducing brokers for obtaining some of our clients and our business or reputation could be harmed by such introducing broker misconduct or errors.*** We have relationships with introducing brokers who assist us in establishing new client relationships and provide marketing and client service functions for some of our clients. 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 client relationships or minimum levels of transaction volume. To the extent any of our competitors offers more attractive compensation terms to one or more of our introducing brokers, we could lose the brokers' services or be required to increase the compensation we pay to retain the brokers. Further, we may agree to set the compensation for one or more introducing brokers at a level where, based on the transaction volume generated by customers directed to us by such brokers, it would have been more economically attractive to seek to acquire the customers directly rather than through the introducing broker. Our failure to maintain these relationships with these introducing brokers, to develop new relationships with introducing brokers or the failure of these introducing brokers to establish and maintain client relationships would result in a loss of revenues, which could adversely affect our business.

We may be held responsible by regulators or third-party plaintiffs for any improper conduct by our introducing brokers, even though we do not control their activities. This may be the case even when the introducing brokers are separately regulated. Many of our introducing brokers operate websites, which they use to advertise our services or direct customers to us. It is difficult for us to closely monitor the contents of their websites to ensure that the statements they make in relation to our services are accurate and comply with applicable rules and regulations. Any disciplinary action taken against us relating to the activities of our introducing brokers, or directly against any of our introducing brokers could have a material adverse effect on our reputation, damage our brand name and adversely affect our business, financial condition and operating results.

***Products linked to cryptocurrencies could expose us to technology, regulatory and financial risks.*** We offer derivative products linked to Bitcoin and other cryptocurrencies in certain jurisdictions, and may expand the types of these products offered, the associated types of cryptocurrencies and the jurisdictions in which the products are offered. The distributed ledger technology underlying cryptocurrencies and other similar financial assets is evolving at a rapid pace and may be vulnerable to cyberattacks or have other inherent weaknesses that are not yet apparent. We may be, or may become, exposed to risks related to cryptocurrencies or other financial products that rely on distributed ledger technology through our facilitation of clients' activities involving such financial products linked to distributed ledger technology.

There is currently no broadly accepted regulatory framework for Bitcoin or other cryptocurrencies, and the regulation of cryptocurrencies is developing and changing rapidly in the U.S. and other countries around the world. For example, in the U.S., it is unclear whether many cryptocurrencies are “securities” under federal securities laws, and the implications for us if any of our products linked to cryptocurrencies are determined to be securities could be significant and adverse. In addition, some market observers have asserted that historical material price fluctuations in many cryptocurrency markets, such as that for Bitcoin, may indicate the propensity for cryptocurrency markets to “bubble,” and if markets for any cryptocurrencies linked to our products suffer severe fluctuations, our customers could experience significant losses and we could lose their business.

***The manner in which we account for certain of our precious metals and energy 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 and energy commodities inventory held by subsidiaries that are not broker-dealers. Our precious metals and energy inventory held in subsidiaries which are not broker-dealers is stated at the lower of cost or net realizable 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 and energy 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 risk management policies and procedures may leave us exposed to unidentified or unanticipated risk, which could harm our business.*** 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 record and monitor thousands of transactions each day and we face the significant risk that we are not able to appropriately manage the risk associated with the large volume of transactions.

Our risk management policies and procedures rely on a combination of technical and human controls and supervision that are subject to error and failure. 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. In addition, 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. To the extent that we elect to adjust our risk management policies and procedures to allow for an increase in risk tolerance, we will be exposed to the risk of greater losses. Even if we our risk management procedures are effective in mitigating known risks, new unanticipated risks may arise and we may not be protected against significant financial loss. These new risks may emerge if, among other reasons, regulators adopt new interpretations of existing laws, new laws are adopted or third-parties initiate litigation against us based on new, novel or unanticipated legal theories. Our risk management policies and procedures may not prevent us from experiencing a material adverse effect on our financial condition and results of operations and cash flows.

#### **Technology and Cybersecurity Risks**

***Internal or third-party computer and communications 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 clients.*** 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 client’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, client error or misuse, lack of proper maintenance or monitoring and similar events. While we currently maintain business continuity and disaster recovery plans (the “BCPs”), which are intended to minimize service interruptions and secure data integrity, our BCPs may not work effectively during an emergency.

Our inability to avoid system failures exposes us to significant risks, including:

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

***We hold a significant amount of personally identifiable information relating to our customers and other counterparties, which exposes us to significant regulatory and financial risks if such information is inadvertently disclosed to the public.***

In connection with our business, we collect and retain personally identifiable information of our clients. The continued occurrence of high-profile data breaches provides evidence of the serious threats to information security. Our clients expect that we will adequately protect their personal information, and the regulatory environment surrounding information security and privacy is increasingly demanding. Protecting against security breaches, including cybersecurity attacks, is an increasing challenge, and penetrated or compromised data systems or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss or fraudulent or unlawful use of client or company data. It is possible that our security controls over personally identifiable information, our training of employees on data security and other practices we follow may not prevent the improper disclosure of personally identifiable information that we store and manage.

***We are exposed to significant risks relating to cybersecurity attacks against our trading platforms, internal databases and other technology systems.***

Cybersecurity attacks across industries, including ours, are increasing in sophistication and frequency and may range from uncoordinated individual attempts to measures targeted specifically at us. These attacks include but are not limited to, malicious software or viruses, attempts to gain unauthorized access to, or otherwise disrupt, our information systems, attempts to gain unauthorized access to proprietary information, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Cybersecurity failures may be caused by employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, and their products. We have been subject to cybersecurity attacks in the past, including breaches of our information technology systems, and may experience them in the future, potentially with more frequency or sophistication. Although we maintain cyber risk insurance, this insurance may not be sufficient to cover all of our losses from any future breaches of our systems.

***System failures, inadvertent disclosure of customer personal information and/or cybersecurity breaches expose us to financial losses, regulatory fines or sanctions and third-party litigation.*** The occurrence of degradation or failure of the communications and computer systems on which we rely, due to internal system issues, cybersecurity attacks or for other reasons, or the significant theft, loss or fraudulent use of client information, may lead to financial losses, litigation or arbitration claims filed by or on behalf of our clients, and regulatory investigations and sanctions. These events could also have a negative effect on our reputation, which in turn could cause us to lose existing clients to our competitors or make it more difficult for us to attract new clients in the future.

#### **Debt Financing and Indebtedness Risks**

***The success of our business depends on us having access to significant liquidity.*** Our business requires substantial cash to support our operating activities, including in connection with the establishment and carrying of substantial open positions for clients on futures exchanges and in the OTC derivatives markets by posting and maintaining margin or credit support for these positions. Although we collect margin or other deposits from our clients 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 clients. We have systems in place to collect margin and other deposits from clients on a same-day basis, however, there can be no assurance that these facilities and systems will be able to enable us to obtain additional cash on a timely basis. As such, the Company is highly dependent on its lines of credit and other financing facilities in order to fund margin calls and other operating activities and the loss of access to these sources of financing could have a material adverse effect on our results of operations, financial condition and cash flows.

***Our significant level of indebtedness could adversely affect our financial condition.*** As of September 30, 2020, our total consolidated indebtedness was \$783.6 million, and we may increase our indebtedness in the future as we continue to expand our business. The level of our indebtedness could have material adverse effects on our business, financial condition and results of operations, including:

- requiring that a portion of our cash flow from operations be used for the payment of interest on our indebtedness, thereby reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions, investments and general corporate requirements; and
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions, investments and general corporate requirements.

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 increase materially.

***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 \$736.6 million, consisting of:

- a \$376.6 million facility for general working capital requirements, committed until February 22, 2022;
- a \$75.0 million facility for short-term funding of margin to commodity exchanges, committed until April 2, 2021;

- a \$260.0 million committed facility for financing commodity financing arrangements and commodity repurchase agreements, committed until January 29, 2022; and
- a \$25.0 million facility for short-term funding of margin to commodity exchanges, committed until October 14, 2021.

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 on terms favorable to us or at all. If our credit facilities are unavailable or are insufficient to support future levels of business activity, we may need to raise additional debt or equity financing. 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.

***The agreements governing our notes and other debt contain financial covenants that impose restrictions on our business.*** The indenture governing our 8.625% Senior Secured Notes due 2025 and the agreements governing our above-mentioned committed credit facilities impose significant operating and financial restrictions and limit our ability and that of our restricted subsidiaries to incur and guarantee additional indebtedness, pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock and prepay, redeem or repurchase certain debt, among other restrictions.

Our failure to comply with these restrictive covenants, as well as others contained in any future debt instruments from time to time, could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations and result in our being required to repay these borrowings before their maturity. Our inability to generate sufficient cash flow to satisfy our debt obligations, to obtain additional debt or to refinance our obligations on commercially reasonable terms would have a material adverse effect on our business, financial condition and results of operations.

### **Global Regulatory Risks**

***The scope and complexity of the regulation to which we are subject creates significant risks for us.*** The securities and derivatives industries are subject to extensive regulation under federal, state and foreign laws. In addition, the SEC, the CFTC, FINRA, the MSRB, the FCA, the FSA, IROC, the OSC, MAS, ASIC, CIMA, the NFA, the CME Group, Inc. and other self-regulatory organizations (commonly referred to as SROs), state securities commissions, and foreign securities regulators require compliance with their respective rules and regulations.

These regulations govern a broad and diverse range of our activities, including, without limitation, risk management, disclosures to clients, reporting requirements, client identification and anti-money laundering requirements, safeguarding client assets and personal information and the conduct of our directors, officers and employees.

Failure to comply with any of these laws, rules or regulations could result in material adverse effects on our business, results of operations and financial condition, including as a result of regulatory investigations and enforcement proceedings, civil litigation, fines and/or other settlement payments. In addition, changes in existing rules or regulations, including the interpretation thereof, or the adoption of new rules or regulations, could subject us to increased cost and risk of regulatory investigation or civil litigation and could have a material adverse effect on our business, financial condition and operating results.

***The cost of complying with our regulatory requirements is significant and could increase materially in the future.***

We have incurred and expect to continue to incur significant costs to comply with our regulatory requirements, including with respect to the development, operation and continued enhancement of our trading platforms and technology solutions relating to trade execution, trade reporting, trade surveillance and transaction monitoring, record keeping and data reporting. New regulations, including amendments of existing rules, could result in material increases in operating costs in order to comply with additional requirements.

***We are exposed to significant risk from civil litigation and regulatory enforcement actions against us.*** Our businesses are highly regulated and we are engaged in a large number of transactions for our global client base. As a result, we are a party to a significant number of lawsuits and regulatory investigations and proceedings, which are costly and time consuming to defend or address and expose us to risk of loss and fines and penalties. Moreover, the amounts involved in the trades we execute, together with the potential for rapid price movements in the products we offer, can result in potentially large damage claims in any litigation resulting from such trades.

In addition, the volume of claims and the amount of damages and fines claimed in litigation and regulatory proceedings against financial services firms has been increasing and may continue to increase. The risks relating to litigation and regulatory investigations and enforcement actions will increase as our business expands.

For a further discussion of litigation risks, see Item 3—Legal Proceedings below and Note 13 - Commitments and Contingencies in the Consolidated Financial Statements.



***Certain of our subsidiaries are required to maintain significant levels of net capital and if our subsidiaries fail to meet these requirements, we face suspension, expulsion or limitation on our product lines.*** Our regulated subsidiaries are subject to a number of requirements to maintain specific levels of net capital. Failure to maintain the required net capital may subject our subsidiaries to suspension or revocation of their license or registration or expulsion from regulatory bodies. Any of these outcomes could have a material adverse effect on our business, results of operations and financial condition.

In addition to these net capital requirements, one of our subsidiaries is subject to the deposit and/or collateral requirements of the clearing houses in which it participates (such as The Depository Trust & Clearing Corporation and The Options Clearing Corporation). These requirements may fluctuate significantly from time to time based upon the nature and size of client trading activity. Failure to meet such requirements could result in our inability to continue to participate in the clearinghouse, which could have a material adverse effect on our business, results of operation and financial condition.

***Changes in existing net capital rules or the issuance of new rules could restrict our operations or limit our ability to issue dividends or repay debt.*** Our business depends on the use of capital, most of which is generated and held by our operating subsidiaries. If there are changes to existing net capital rules, or new rules are issued, that require us to hold additional capital at our operating subsidiaries, we may be unable to issue dividends from our subsidiaries to fund our operations or repay our debt, which could have a material adverse effect on our business, results of operations and financial condition.

## **International Operations Risks**

***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 clients in the international markets. We face certain additional risks that are inherent in doing business in international markets, particularly in the regulated industries in which we participate. These risks include an inability to manage and coordinate the various regulatory requirements of multiple jurisdictions that are constantly evolving and subject to unexpected change, difficulties of debt collection and enforcement of contract rights in foreign jurisdictions and reduced protection for intellectual property rights.

***Fluctuations in currency exchange rates could negatively impact our earnings.*** A significant portion of our international business is conducted in currencies other than the U.S. dollar, and changes in foreign exchange rates relative to the U.S. dollar can therefore affect the value of our non-U.S. dollar net assets, revenues and expenses. Although we closely monitor potential exposures as a result of these fluctuations in currencies and adopt strategies designed to reduce the impact of these fluctuations on our financial performance, there can be no assurance that we will be successful in managing our foreign exchange risk. Our exposure to currency exchange rate fluctuations will grow if the relative contribution of our operations outside the U.S. increases. Any material fluctuations in currencies could have a material effect on our financial condition, results of operations and cash flows.

***Our international 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.*** Our international operations are subject to specific risks that are more likely to arise in politically unstable and less developed regions of the world. We may conduct business in countries that are the subject of actual or threatened war, terrorist activity, outbreaks of pandemic or contagious diseases, such as the novel coronavirus (COVID-19), political instability, civil strife and other geopolitical uncertainty, economic and financial instability, highly inflationary environment, unexpected changes in regulatory requirements, tariffs and other trade barriers, exchange rate fluctuations, applicable currency controls, the imposition of restrictions on currency conversion or the transfer of funds and difficulties in staffing and managing foreign operations, including reliance on local experts. As a result of these and other factors, the currencies of these countries may be unstable. Future instability in such currencies or the imposition of governmental or regulatory restrictions on such currencies or on business in such countries could impede our foreign business.

***As we operate in certain jurisdictions without local registration, licensing or authorization, we may be subject to possible enforcement action and sanction for our operations in such jurisdictions if our operations are determined to have violated regulations in those jurisdictions. Further, we may be required to cease operations in one or more of the countries in which we operate without registration, licensing or authorization, or our growth may be limited by newly imposed regulatory or other restrictions.*** A portion of our retail trading volume was attributable to customers in jurisdictions in which we or our white label partners are not currently licensed or authorized by the local government or applicable self-regulatory organization. This includes jurisdictions, such as China, from which we derive revenue and profit and in which the local government has not adopted specific regulations governing the trading of foreign exchange and CFD products of the types we offer to retail clients. We determine the nature and extent of services we can offer and the manner in which we conduct our business in the various jurisdictions in which we serve customers based on a variety of factors, including legal advice received from local counsel, our review of applicable U.S. and local laws and regulations and, in some cases, our discussions with local regulators. In cases in which we operate in jurisdictions based on local legal advice and/or cross border in a manner that we believe does not require us to be regulated in a particular jurisdiction, we are exposed to the risk that our legal, regulatory and other analysis is subsequently determined by a local regulatory agency or other authority to be incorrect and that we have not been in

compliance with local laws or regulations, including local licensing or authorization requirements, and to the risk that the regulatory environment in a jurisdiction may change, including in a circumstance where laws or regulations or licensing or authorization requirements that previously were not enforced become subject to enforcement.

In such jurisdictions in which we are not licensed or authorized, we may be subject to a variety of restrictions regarding the manner in which we conduct our business or serve customers, including restrictions on:

- our sales and marketing activities;
- the use of a website specifically targeted to potential customers in a particular country;
- our ability to have a physical presence in a particular country; or
- the types of services we may offer customers physically present in each country.

These restrictions may have a material adverse effect on our results of operations and financial condition and/or may limit our ability to grow or continue to operate our business in any such jurisdiction or may result in increased overhead costs or degradation in our services in that jurisdiction. Consequently, we cannot assure you that our operations in jurisdictions where we are not licensed or authorized will continue uninterrupted or that our international expansion plans will be achieved.

We may be subject to possible enforcement action and penalties if we are determined to have previously offered, or currently offer, our services in violation of applicable laws and regulations in any of the markets in which we serve customers. In any such case, we may be required to cease the conduct of our business with customers in one or more jurisdictions. We may also determine that compliance with the laws or licensing, authorization or other regulatory requirements for continuing the business in one or more jurisdictions are too onerous to justify making the necessary changes. In addition, any such event could negatively impact our relationship with the regulators or self-regulatory organizations in the jurisdictions where we are subject to regulation.

***Our operations are required to comply with specific anti-corruption and record-keeping laws and regulations applicable to companies conducting business internationally, and if we violate these laws and regulations, it could adversely affect our business and subject us to broader liability.*** Our international business operations are subject to various anti-corruption laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (the “FCPA”) and trade sanctions administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”). The FCPA is intended to prohibit bribery of foreign officials and requires companies whose securities are listed in the U.S. to keep books and records that accurately and fairly reflect those companies’ transactions and to devise and maintain an adequate system of internal accounting controls. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against designated foreign states, organizations and individuals. Though we have policies in place designed to comply with applicable OFAC sanctions, rules and regulations as well as the FCPA and equivalent laws and rules of other jurisdictions, including the UK Bribery Act 2010, there can be no assurance that, in the future, the operations of our businesses will not violate these laws and regulations, and we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of employees and restrictions on our operations and cash flows.

***The U.K.’s withdrawal from the European Union could have an adverse effect on our business and financial results.*** On January 31, 2020, the U.K. withdrew from membership in the E.U., which exit (referred to as Brexit) could cause disruptions to, and create uncertainty surrounding, our business in the U.K. and E.U., including our historical right to serve customers in the E.U. on a passport basis due to the licenses we hold in the U.K. Brexit could also impact our existing and future relationships with suppliers and employees in the U.K. and E.U. by disrupting the free movement of goods, services, and people between the U.K., the E.U., and elsewhere. As a result, Brexit could have an adverse effect on our future business, financial results and operations.

The long-term nature of the U.K.’s relationship with the E.U. is unclear and subject to considerable uncertainty. The effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets during a transitional period that is set to expire on December 31, 2020, during which the British government will continue to negotiate the terms of the U.K.’s future relationship with the E.U. The outcome of these negotiations is uncertain, and Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the U.K. and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.

## **Competition Risk**

***We are subject to intense competition.*** We derive a significant portion of our revenues from market-making and trading activities involving securities, commodities and foreign exchange. 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:

- 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;
- are larger and better capitalized;
- have greater name recognition; and
- have more extensive client bases.

These competitors may be able to respond more quickly to new or evolving opportunities and client requirements. They may also be able to undertake more extensive promotional activities and offer more attractive terms to clients.

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 client 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.

### **Organizational Risks**

***Our growth has depended significantly on acquisitions.*** A large proportion of our historical growth has been due through acquisitions of complementary businesses, technologies or services. Our operating revenues grew from \$671.0 million in fiscal 2016 to \$1,308.3 million in fiscal 2020 as a result of several acquisitions and during the fiscal year ended September 30, 2020, we entered into five transactions, including the acquisition of GAIN Capital Holdings, Inc., which was material to our results of operations and financial condition. We cannot provide any assurances that we will be able to engage in additional suitable acquisitions on attractive terms or at all, or that we would be able to obtain financing for future transactions. If we are not able enter into additional transactions, our growth may be adversely affected.

***There are numerous significant risks associated with acquisitions and our failure to adequately manage these risks could lead to financial loss and a failure to realize the benefits of the transactions.*** There are a number of significant challenges that need to be overcome in order to realize the benefits of acquisitions, 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 clients of the acquired companies;
- creating uniform standards, controls, procedures, policies and information systems; and
- achieving revenue growth.

If these risks are not appropriately managed, we may fail to realize the anticipated benefits of such acquisitions or incur unanticipated liabilities, any of which could materially affect our business, financial condition and operating results. In addition, in connection with our acquisitions, we may be required to issue common stock, which would dilute our existing shareholders, or incur additional debt, which would increase our operating costs and potentially strain our liquidity. Moreover, acquisitions could lead to increases in amortization expenses, impairments of goodwill and purchased long-lived assets or restructuring charges, any of which could materially harm our financial condition or results.

***Acquisitions give rise to unforeseen issues.*** Acquisitions involve considerable risk, including the potential disruption of each company's ongoing business and the distraction of their respective management teams, unanticipated expenses and unforeseen liabilities. Our failure to address these risks or other problems encountered in connection with acquisitions could cause us to fail to realize the anticipated benefits of such acquisitions or incur unanticipated liabilities, any of which could adversely affect our business, financial condition and operating results.

***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.

***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.

**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 2020 that remain unresolved.

**Item 2. Properties**

The Company maintains offices in New York, New York; Bedminster, New Jersey; Winter Park, Florida; West Des Moines, Iowa; Chicago, Illinois; Kansas City, Missouri; Omaha, Nebraska; Bloomfield, Nebraska; Minneapolis, Minnesota; Champaign, Illinois; Miami, Florida; Indianapolis, Indiana; Lawrence, Kansas; Mobile, Alabama; Boca Raton, Florida; Fort Lauderdale, FL; Twin Falls, Idaho; Bowling Green, Ohio; Powell, Ohio; Birmingham, Alabama; Gadsden, Alabama; Charlotte, North Carolina; Atlanta, Georgia; Houston, Texas; Dallas, Texas; Los Angeles, California; Park City, Utah; Seattle, Washington; Stamford, Connecticut; Mexico City, Mexico; Buenos Aires, Argentina; Campinas, Brazil; Sao Paulo, Brazil; Maringa, Brazil; Passo Fundo, Brazil; Goiania, Brazil; Recife, Brazil; Sorriso, Brazil; Patrocinio, Brazil; Campo Grande, Brazil; Primavera do Leste, 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; Tokyo, Japan; Bangalore, India; Krakow, Poland; Toronto, Canada; Montreal, Canada; Sydney, Australia; Luxembourg, Luxembourg; and Frankfurt, Germany.

Our corporate headquarters is located in New York, New York. All of our offices and other principal business properties are leased, except for a portion of our 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**

For information regarding certain legal proceedings to which we are currently a party, see Note 13, "Commitments and Contingencies - Legal and Regulatory Proceedings" in the notes to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

**Item 4. Mine Safety Disclosures**

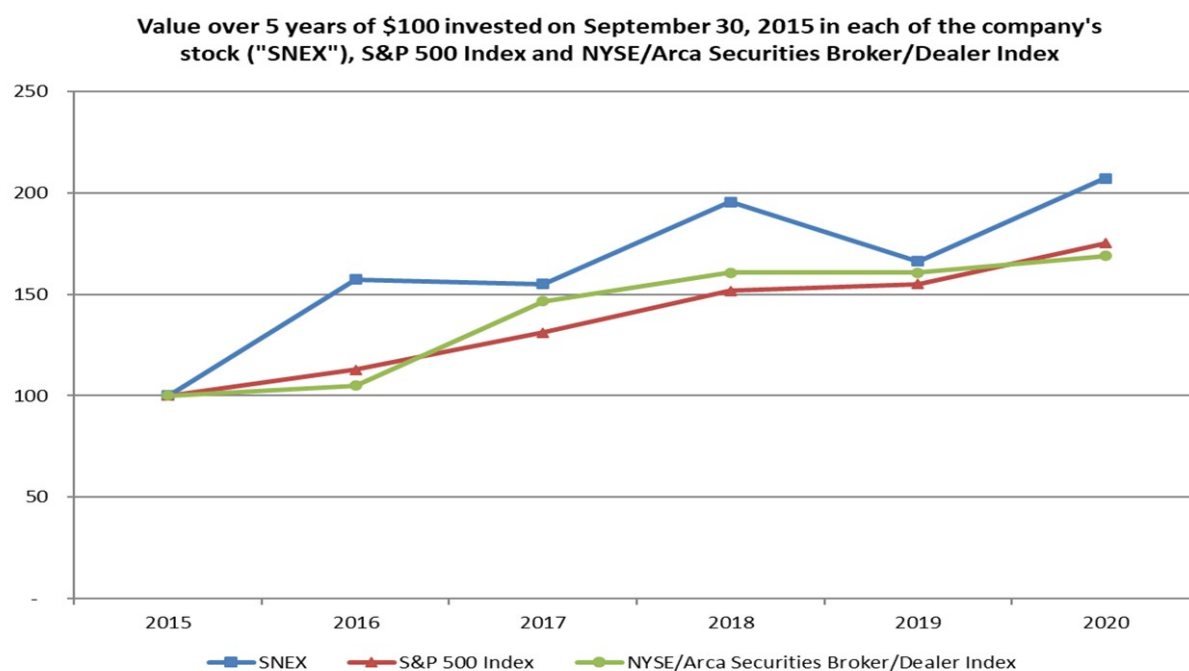
Not applicable.

**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 ‘SNEX’. Our common stock trades on the NASDAQ Global Select Market. As of September 30, 2020, there were approximately 336 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 2020 and 2019 were as follows:

	Price Range	
	High	Low
2020:		
Fourth Quarter	\$ 60.40	\$ 48.29
Third Quarter	\$ 57.98	\$ 32.00
Second Quarter	\$ 52.23	\$ 28.01
First Quarter	\$ 50.76	\$ 38.04
2019:		
Fourth Quarter	\$ 45.02	\$ 35.02
Third Quarter	\$ 42.39	\$ 34.10
Second Quarter	\$ 44.57	\$ 35.73
First Quarter	\$ 49.74	\$ 35.07



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 our 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 13, 2019, our Board of Directors authorized the repurchase of up to 1.5 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on August 14, 2019 and ending on September 30, 2020. The repurchases are 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. As of the date of this filing, there has been no subsequent authorization by our Board of Directors to repurchase shares of our common stock.

Our common stock repurchase program activity for the three months ended September 30, 2020 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, 2020 to July 31, 2020	—	\$ —	—	1,200,000
August 1, 2020 to August 31, 2020	—	—	—	1,200,000
September 1, 2020 to September 30, 2020	—	—	—	—
Total	—	\$ —	—	—

<sup>(1)</sup> The authorized repurchase of our common stock in place during fiscal 2020 ended on September 30, 2020.

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,				
	2020	2019	2018	2017	2016
<b>Revenues:</b>					
Sales of physical commodities	\$ 52,899.2	\$ 31,830.3	\$ 26,682.4	\$ 28,673.3	\$ 14,112.0
Principal gains, net	622.2	415.8	354.1	297.0	312.2
Commissions and clearing fees	403.6	372.4	391.8	318.6	233.3
Consulting, management and account fees	83.7	79.6	71.1	65.0	42.2
Interest income	130.9	198.9	123.3	69.7	55.2
<b>Total revenues</b>	<b>54,139.6</b>	<b>32,897.0</b>	<b>27,622.7</b>	<b>29,423.6</b>	<b>14,754.9</b>
Cost of sales of physical commodities	52,831.3	31,790.9	26,646.9	28,639.6	14,083.9
<b>Operating revenues</b>	<b>1,308.3</b>	<b>1,106.1</b>	<b>975.8</b>	<b>784.0</b>	<b>671.0</b>
Transaction-based clearing expenses	222.5	183.5	179.7	136.3	129.9
Introducing broker commissions	113.8	114.7	133.8	113.0	68.9
Interest expense	80.4	142.0	70.5	32.7	19.5
Interest expense on corporate funding	23.6	12.7	10.2	9.4	8.8
<b>Net operating revenues</b>	<b>868.0</b>	<b>653.2</b>	<b>581.6</b>	<b>492.6</b>	<b>443.9</b>
<b>Compensation and other expenses:</b>					
Compensation and benefits	518.7	393.1	337.7	295.7	263.9
Trading systems and market information	46.3	38.8	34.7	34.4	28.0
Professional fees	30.2	21.0	18.1	15.2	14.0
Non-trading technology and support	28.4	20.1	13.9	11.6	7.1
Occupancy and equipment rental	23.5	19.4	16.5	15.2	13.3
Selling and marketing	12.2	5.2	6.2	4.0	5.1
Travel and business development	8.9	16.2	13.8	13.3	11.5
Communications	7.0	6.6	5.4	5.0	4.7
Depreciation and amortization	19.7	14.0	11.6	9.8	8.2
Bad debts, net of recoveries and impairment	18.7	2.5	3.1	4.3	4.4
(Recovery) bad debt on physical coal	—	(12.4)	1.0	47.0	—
Other	29.6	23.2	20.1	21.9	17.2
<b>Total compensation and other expenses</b>	<b>743.2</b>	<b>547.7</b>	<b>482.1</b>	<b>477.4</b>	<b>377.4</b>
Gain on acquisitions and other gains	81.9	5.5	2.0	—	6.2
<b>Income from continuing operations, before tax</b>	<b>206.7</b>	<b>111.0</b>	<b>101.5</b>	<b>15.2</b>	<b>72.7</b>
Income tax expense	37.1	25.9	46.0	8.8	18.0
<b>Net income</b>	<b>\$ 169.6</b>	<b>\$ 85.1</b>	<b>\$ 55.5</b>	<b>\$ 6.4</b>	<b>\$ 54.7</b>
<b>Earnings per share:</b>					
Basic	\$ 8.78	\$ 4.46	\$ 2.93	\$ 0.32	\$ 2.94
Diluted	\$ 8.61	\$ 4.39	\$ 2.87	\$ 0.31	\$ 2.90
<b>Number of shares:</b>					
Basic	18,824,328	18,738,905	18,549,011	18,395,987	18,410,561
Diluted	19,180,479	19,014,395	18,934,830	18,687,354	18,625,372
<b>Other Data:</b>					
Return on average stockholders' equity	24.9 %	15.5 %	11.6 %	1.5 %	13.2 %
Employees, end of period	2,950	2,012	1,701	1,607	1,464
Compensation and benefits as a percentage of operating revenues	39.6 %	35.5 %	34.6 %	37.7 %	39.3 %
<b>Selected Balance Sheet Information:</b>					
	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Total assets</b>	\$ 13,474.9	\$ 9,936.1	\$ 7,824.7	\$ 6,243.4	\$ 5,950.3
Lenders under loans	\$ 268.1	\$ 202.3	\$ 355.2	\$ 230.2	\$ 182.8
Senior secured borrowings, net	\$ 515.5	\$ 167.6	\$ —	\$ —	\$ —
Senior unsecured notes, net	\$ —	\$ —	\$ —	\$ —	\$ 44.5
Stockholders' equity	\$ 767.5	\$ 594.2	\$ 505.3	\$ 449.9	\$ 433.8

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

Throughout this document, unless the context otherwise requires, the terms "Company", "we", "us" and "our" refer to StoneX Group Inc. and its consolidated subsidiaries. StoneX Group Inc. was formerly INTL FCStone Inc.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company, including adverse changes in economic, political and market conditions, losses from our market-making and trading activities arising from counterparty failures and changes in market conditions, the possible loss of key personnel, the impact of increasing competition, the impact of changes in government regulation, the possibility of liabilities arising from violations of foreign, U.S. federal and U.S. state securities laws, the impact of changes in technology in the securities and commodities trading industries, the failure to successfully integrate the operations of businesses acquired and the potential impact of the COVID-19 pandemic on our business, operations, results of operations, financial condition, workforce or the operations or decisions of our customers, suppliers or business customers. Although we believe that our forward-looking statements are based upon reasonable assumptions regarding our business and future market conditions, there can be no assurances that our actual results will not differ materially from any results expressed or implied by our 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 undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. We caution readers that any forward-looking statements are not guarantees of future performance.

### Overview

We operate a global financial services network that connects companies, organizations, traders and investors to the global market ecosystem through a unique blend of digital platforms, end-to-end clearing and execution services, high touch service and deep expertise. We strive to be the one trusted partner to our clients, providing our network, product and services to allow them to pursue trading opportunities, manage their market risks, make investments and improve their business performance. Our businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platform and our team of more than 2,900 employees as of September 30, 2020. We believe our client-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. For additional information, see *Overview of Business and Strategy* within Item 1. Business section of this Annual Report on Form 10-K.

On July 31, 2020, we completed the acquisition of Gain Capital Group Inc. ("Gain"), an online provider of retail foreign exchange trading and related services. Gain is a provider of innovative trading technology and execution services to retail and institutional investors worldwide, with multiple access points to OTC markets and global exchanges across a wide range of asset classes, including foreign exchange, commodities and global equities. We view this as a significant acquisition, which triggered a reassessment of the financial information reviewed by our executive management team, which is considered our Chief Operating Decision Maker, on a regular basis, and which is used to make resource allocation decisions. The acquisition of Gain added a significant amount of incremental business from a new client type – retail. Prior to the acquisition, Gain was a publicly traded corporation in the United States, and reported its performance along two reportable segments: retail and futures, in its periodic reporting with the SEC. We have existing businesses with activities similar to Gain's futures business. Gain's retail business however, represents a fundamental change in our business strategy.

In light of this fundamental change and reassessment described above, we have modified the operating segments we use to evaluate our performance. Accordingly, our operating segments are now based primarily on the nature of the client we serve (commercial, institutional, and retail), and a fourth operating segment, our global payments business. We manage our business in this manner due to our large global footprint, in which we have more than 2,900 employees allowing us to serve clients in more than 180 countries.

As noted, our four reportable segments consist of Commercial, Institutional, Retail, and Global Payments. See Segment Information for a listing of business activities performed within our reportable segments.

In June 2020, we announced the rebranding of our firm as StoneX Group Inc., following approval by an overwhelming majority of our shareholders during a shareholder meeting held the same day. The name change was effective July 6, 2020, and additionally our common stock is now traded under the symbol SNEX.

The StoneX Group Inc. name and its trade name "StoneX" carry forward the foundation established by Saul Stone in 1924 to today's modern financial services firm. Today, we provide an institutional-grade financial services ecosystem connecting our



clients to 36 derivatives exchanges, 175 foreign exchange markets, nearly every global securities marketplace, and a number of bi-lateral liquidity venues via our network of highly integrated digital platforms and experienced professionals. Our platform delivers support throughout the entire lifecycle of a transaction, from consulting and boots-on-the-ground intelligence, to efficient execution, to post-trade clearing, custody and settlement.

### ***COVID Impact***

Beginning in the second quarter of fiscal 2020 and continuing through the end of fiscal 2020, worldwide social and economic activity became severely impacted by the spread and threat of coronavirus (“COVID-19”). In March 2020, COVID-19 was recognized as a global pandemic and has spread to many regions of the world, including all countries in which we have operations. The response by governments and societies to the COVID-19 pandemic, which include temporary closures of businesses, social distancing, travel restrictions, “shelter in place” and other governmental regulations, has significantly impacted market volatility and general economic conditions. We are closely tracking the evolving impact of COVID-19 and are focused on helping our customers and employees through these difficult times.

### ***Current Results of Operations***

The COVID-19 pandemic has resulted in significant market volatility and unprecedented market conditions. Our fourth quarter results continue to reflect revenue growth in Equity and Debt Capital Markets over the prior year primarily related to increased customer flow to our equity market making desk and a widening of spreads in fixed income products, albeit to a lesser extent than the third quarter of fiscal 2020, as a result of periods of higher volatility in the global markets due to economic concerns related to the COVID-19 pandemic. We have also seen a significant increase in customer demand for precious metals in light of the COVID-19 global pandemic and the resulting effect on the global economy. This revenue growth has been partially offset by the effect of the actions of the Federal Open Market Committee (“FOMC”) to immediately reduce short term interest rates by 100 basis points in March 2020 in response to the economic effect of the pandemic and the resulting effect on our interest and fee income earned on client balances as well as increases in bad debt expense, reflective of the effect of the global pandemic on our client base.

### ***Impact on Current Balance Sheet and Liquidity***

We currently have a strong balance sheet and liquidity profile. In addition to our cash and cash equivalents as of September 30, 2020, we had \$173.5 million of committed funds available under our credit facility for general working capital requirements. We believe we have sufficient liquidity and have preserved financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 pandemic.

### ***Impact on Clients***

Our top priority is to service and care for our current clients. During this period of highly volatile markets, we have worked to prudently manage or reduce market risk exposures.

### ***Employees***

We have taken actions to minimize risk to our employees, including restricting travel and providing secure and efficient remote work options for our team members. This leveraged our existing operational contingency plans at every level of the organization which ensured business process and control continuity. These actions have helped prevent major disruption to our clients and operations.

### ***Business Continuity Plans***

We deployed business continuity plans to ensure operational flexibility through any environment, including the ability to work remotely. We continue to serve our customers while maintaining social distancing and other safety protocols to keep our employees and customers safe.

The full extent to which the COVID-19 pandemic will impact our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19 and the mitigation efforts by government entities, as well as our own immediate and continuing COVID-19 operational response. We have and will continue to take active and decisive steps in this time of uncertainty and remain committed to the safety of our employees, while also continuing to serve our customers.

### ***Closing of \$350 Million of Senior Secured Notes Due 2025 and Closing of Gain Acquisition***

On June 11, 2020, we closed on the offering of \$350 million in aggregate principal amount of 8.625% Senior Secured Notes due 2025 (the “Notes”) at the offering price of 98.5% of the aggregate principal amount thereof. We used the net proceeds from the sale of the Notes to fund the cash consideration for the acquisition of Gain, to pay certain related transaction-related fees and expenses, and together with cash on hand, to fund the September 2020 repayment of \$91.5 million of Gain’s 5.00% Convertible Senior Notes due 2022.

### ***Fiscal 2020 Highlights***

- Realized records in operating revenues of \$1,308.3 million, net operating revenues of \$868.0 million, and net income of \$169.6 million.
- Achieved a return on average stockholders' equity of 24.9%, exceeding our internal target of 15%.
- Rebranded the Company to StoneX Group Inc. and changed the NASDAQ ticker symbol to SNEX.
- Closed on the issuance of \$350 million Senior Secured Notes due 2025 to fund the purchase of Gain Capital Holding, Inc.
- Completed the acquisition of Gain Capital Holdings, Inc., a global provider of trading services and solutions in spot foreign exchange, precious metals and CFDs in an all-cash transaction.
- Completed the acquisition of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited.
- Completed the acquisitions of the brokerage business of Tellimer Group, commodity risk manager IFCM Commodities GmbH, and online payment and foreign exchange service provider GIROXX GmbH.

### ***Executive Summary***

Fiscal 2020 was a period marked with the global social and economic effects of the COVID-19 pandemic as well as two significant transactions for the Company, the acquisition of Gain Capital Holding, Inc. and the related \$350 million Senior Secured Note offering. Beginning in the second quarter of fiscal 2020, we saw the effect of the COVID-19 pandemic on the global economy with heightened volatility and customer demand driving improved performance in our equity, fixed income and precious metals businesses which was partially offset by the effect of the actions of the Federal Open Market Committee ("FOMC") to immediately reduce short term interest rates by 100 basis points in March 2020 in response to the economic effect of the pandemic as well as an increase in bad debt expense.

While this reduction of interest rates combined with FOMC actions in the first and second quarters of fiscal 2020 will result in a significant decline in interest income for the Company in the near future, we have been successful in continuing to grow our client balances, as average client equity increased 33% to \$2.8 billion and average money-market/FDIC sweep balances increased 43% to \$1.1 billion in fiscal 2020 as compared to the prior year.

We continued to diversify our business offering and client base with the acquisition of Gain in August of 2020. This acquisition significantly expands our retail distribution channel, adding over 130,000 new retail clients, that we had previously established with the acquisition of Sterne Agee's independent wealth management business as well as the acquisitions of CoinInvest and European Precious Metals. This acquisition broadens our product offering and adds a global digital platform which we aim to expand across our asset classes. As part of this acquisition, we issued \$350.0 million of Senior Secured Notes which was our first issuance into the institutional debt markets and we believe adds diversification to our capital structure.

In addition, following a shareholder vote, we completed a rebranding of the company, changing our name to StoneX Group Inc., and our ticker symbol to SNEX. We believe the StoneX brand signals an exciting new phase for our Company, keeping our roots in the Stone name which dates back to 1924 while continuing to pursue our goal of becoming recognized as a best in class financial services franchise.

Our net income increased \$84.5 million to a record \$169.6 million in fiscal 2020 compared to \$85.1 million in fiscal 2019. Diluted earnings per share were \$8.61 for fiscal 2020 compared to \$4.39 in fiscal 2019. The increases in net income and diluted earnings per share were significantly impacted by a gain on the acquisition of Gain Capital Holdings, Inc., discussed further below.

Overall segment income increased \$89.4 million, or 29%, versus the prior year. This growth in segment income was led by our Institutional segment, which added \$64.3 million, or 73% versus fiscal 2019. This growth was driven by a 65% increase in net operating revenues, most notably in securities products where we experienced heightened volatility in equity and fixed income markets related to COVID-19. This was partially offset by a \$26.4 million decline in interest and fee income earned on average client equity and FDIC sweep balances as well as a \$8.4 million increase in bad debts, net of recoveries and impairments.

Segment income in our Retail segment increased \$25.3 million or 395% versus fiscal 2019, primarily as a result of the acquisition of Gain as well as strong performance in retail precious metals, which benefited from increased customer demand related to an increase in volatility and precious metals prices during fiscal 2020.

Global Payments segment income increased \$2.5 million, or 4% versus fiscal 2019, as average daily volumes were relatively flat with the prior year, as the effect of COVID-19 on global economic markets drove a decline in the number of debt-capital market related payments from our large international banking clients.

Finally, segment income in our Commercial segment, declined \$2.7 million, or 2% versus fiscal 2019, as strong growth in net operating revenues from physical transactions, most notably precious metals were offset by a \$14.5 million decline in interest income earned on client balances in our listed and OTC derivative businesses. In addition, we recorded a lower of cost or net

realizable adjustment for certain physical energy inventories as well as \$7.2 million increase in bad debts, net of recoveries and impairment versus fiscal 2019. Also, fiscal 2019 included recoveries on the bad debt on physical coal of \$12.4 million.

Income before tax for fiscal 2020 was \$206.7 million, an increase of \$95.7 million, or 86% versus fiscal 2019 and includes an \$81.8 million bargain purchase gain on the acquisition of Gain included in 'Gain on acquisitions and other gains' on the Consolidated Income Statement, while fiscal 2019 includes a \$5.4 million bargain purchase on the acquisition of GMP Securities. These bargain purchase gains are non-taxable, and accordingly there is no corresponding income tax provision amount recorded related to the bargain purchase gains. When evaluating the acquisition of Gain, along with the bargain purchase amount recorded, management also considers the \$9.6 million of acquisition related investment banking and legal fees during fiscal 2020 related to the transaction, as well as an impairment charge of \$5.7 million related to capitalized software not yet placed into service, now expected to be duplicative and replaced with a system acquired as part of the Gain transaction. This impairment charge was included in the bad debts, net of recoveries and impairment expense noted above in our Commercial and Institutional segments as \$1.6 million and \$4.1 million, respectively.

### *Selected Summary Financial Information*

#### **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, 2020, 2019, and 2018.

#### **Financial Overview**

The following table shows an overview of our financial results:

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Revenues:					
Sales of physical commodities	\$ 52,899.2	66 %	\$ 31,830.3	19 %	\$ 26,682.4
Principal gains, net	622.2	50 %	415.8	17 %	354.1
Commission and clearing fees	403.6	8 %	372.4	(5)%	391.8
Consulting, management, and account fees	83.7	5 %	79.6	12 %	71.1
Interest income	130.9	(34)%	198.9	61 %	123.3
Total revenues	54,139.6	65 %	32,897.0	19 %	27,622.7
Cost of sales of physical commodities	52,831.3	66 %	31,790.9	19 %	26,646.9
Operating revenues	1,308.3	18 %	1,106.1	13 %	975.8
Transaction-based clearing expenses	222.5	21 %	183.5	2 %	179.7
Introducing broker commissions	113.8	(1)%	114.7	(14)%	133.8
Interest expense	80.4	(43)%	142.0	101 %	70.5
Interest expense on corporate funding	23.6	86 %	12.7	25 %	10.2
Net operating revenues	868.0	33 %	653.2	12 %	581.6
Compensation and benefits	518.7	32 %	393.1	16 %	337.7
Bad debts, net of recoveries and impairments	18.7	648 %	2.5	(19)%	3.1
(Recovery) bad debt on physical coal	—	(100)%	(12.4)	n/m	1.0
Other expenses	205.8	25 %	164.5	17 %	140.3
Total compensation and other expenses	743.2	36 %	547.7	14 %	482.1
Gain on acquisitions and other gains	81.9	1,389 %	5.5	175 %	2.0
Income before tax	206.7	86 %	111.0	9 %	101.5
Income tax expense	37.1	43 %	25.9	(44)%	46.0
Net income	\$ 169.6	99 %	\$ 85.1	53 %	\$ 55.5

The tables below present a disaggregation of consolidated operating revenues and select operating data and metrics used by management in evaluating our performance, for the periods indicated:

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Operating Revenues (in millions):</b>					
Listed derivatives	\$ 328.5	4 %	\$ 317.1	(7)%	\$ 339.7
OTC derivatives	111.2	13 %	98.3	3 %	95.3
Securities	458.3	39 %	329.3	33 %	248.0
FX / Contract for Difference (“CFD”) contracts	66.9	207 %	21.8	23 %	17.7
Global payments	114.6	3 %	110.8	12 %	99.0
Physical contracts	122.4	65 %	74.0	30 %	56.9
Interest / fees earned on client balances	42.7	(49)%	83.9	33 %	63.2
Other	68.4	(9)%	75.2	46 %	51.6
Corporate Unallocated	14.6	(30)%	20.8	(13)%	23.9
Eliminations	(19.3)	(23)%	(25.1)	29 %	(19.5)
	<u>\$ 1,308.3</u>	<u>18 %</u>	<u>\$ 1,106.1</u>	<u>13 %</u>	<u>\$ 975.8</u>

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Volumes and Other Select Data (all \$ amounts are U.S. dollar or U.S. dollar equivalents):</b>					
Listed derivatives (contracts, 000’s)	154,652	20 %	128,898	— %	129,487
Listed derivatives, average rate per contract <sup>(1)</sup>	\$ 1.98	(9)%	\$ 2.17	(7)%	\$ 2.34
Average client equity - listed derivatives (millions)	\$ 2,765	33 %	\$ 2,073	(5)%	\$ 2,180
Over-the-counter (“OTC”) derivatives (contracts, 000’s)	2,113	19 %	1,772	12 %	1,583
OTC derivatives, average rate per contract	\$ 52.19	(5)%	\$ 55.19	(8)%	\$ 60.08
Securities average daily volume (“ADV”) (millions)	\$ 1,729	20 %	\$ 1,440	44 %	\$ 1,003
Securities rate per million (“RPM”) <sup>(2)</sup>	\$ 845	23 %	\$ 685	(1)%	\$ 692
Average money market / FDIC sweep client balances (millions)	\$ 1,130	43 %	\$ 791	(1)%	\$ 802
FX / CFD contracts ADV (millions) <sup>(3)</sup>	\$ 9,679	611 %	\$ 1,361	(13)%	\$ 1,561
FX / CFD contracts RPM	\$ 97	70 %	\$ 57	27 %	\$ 45
Global Payments ADV (millions)	\$ 45	— %	\$ 45	7 %	\$ 42
Global Payments RPM	\$ 10,092	3 %	\$ 9,805	4 %	\$ 9,456

<sup>(1)</sup> Give-up fees as well as cash and voice brokerage revenues are excluded from the calculation of listed derivatives, average rate per contract.

<sup>(2)</sup> Interest income related to securities lending is excluded from the calculation of Securities RPM.

<sup>(3)</sup> The ADV for the year ended September 30, 2020 is reflective of the ADV of post-acquisition of Gain, and is calculated based on 43 trading days with the activities of Gain, acquired effective August 1, 2020, which is shown in our Retail segment, along with our pre-existing FX activities, which is shown in our Institutional segment, and had trading days of 260 during the current fiscal year.

## Operating Revenues

### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Operating revenues increased 18% to \$1,308.3 million in fiscal 2020 compared to \$1,106.1 million in fiscal 2019.

The table above displays operating revenues disaggregated across the products in which we conduct our business. Operating revenues in listed derivatives increased 4%, or \$11.4 million to \$328.5 million in fiscal 2020 primarily a result of a 20% increase in listed derivative volumes while the average rate per contract declined 9%.

Operating revenues in OTC derivatives increased 13% to \$111.2 million in fiscal 2020, driven by a 19% increase in OTC derivative volumes driven by heightened volatility in energy and renewable fuels markets.

Operating revenue from Securities transactions increased 39% to \$458.3 million in fiscal 2020, primarily as a result of a 20% increase in securities average daily volume (“ADV”) as well as a 23% increase in RPM, each of which were driven by heightened volatility in the global equity and fixed income markets due to economic concerns related to the COVID-19 pandemic.

Operating revenues from FX/CFD contracts increased 207% to \$66.9 million in fiscal 2020, as a result of \$42.9 million increase in retail FX/CFD contracts operating revenues driven by the acquisition of Gain in the fourth quarter fiscal 2020.

Operating revenues from global payments increased by 3% to \$114.6 million in fiscal 2020, as a result of a 3% increase in RPM as the ADV was relatively flat with the prior year at \$45 as the result global economic slowdown related to the COVID-19 pandemic.

Operating revenues from physical contracts increased 65% to \$122.4 million in fiscal 2020, primarily due to a significant increase in customer demand for precious metals as well as a widening of spreads due to market dislocations related to the COVID-19 pandemic. This was partially offset by a \$7.6 million lower of cost or net realizable value adjustment for certain physical inventories in energy commodities.

Finally, interest and fee income earned on client balances, which is associated with our listed and OTC derivative businesses, as well as our correspondent clearing and independent wealth management businesses, declined 49% as compared to the prior year as a result of a significant declines in short term interest rates related to FOMC actions to reduce the federal funds rate beginning in August 2019. Partially offsetting the decline in short term interest rates was an increase in average client equity and average FDIC sweep client balances of 33% and 43%, respectively.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Operating revenues increased 13% to \$1,106.1 million in fiscal 2019 compared to \$975.8 million in fiscal 2018.

The table above displays operating revenues disaggregated across the products in which we conduct our business. Operating revenues in listed derivatives declined 7%, or \$22.6 million to \$317.1 million in fiscal 2019 primarily a result of a 7% decline in the average rate per contract in listed derivatives as contract volumes were relatively flat as compared to fiscal 2018.

Operating revenues in OTC derivatives increased 3% to \$98.3 million in fiscal 2019, driven by a 12% increase in OTC derivative volumes as a result of an increase in agricultural and energy commodity volumes.

Operating revenue from Securities transactions increased 33% to \$329.3 million in fiscal 2019, primarily as a result of a 44% increase in securities ADV as RPM was relatively flat with fiscal 2018.

Operating revenues from FX Contracts increased 23% to \$21.8 million in fiscal 2019 as compared to fiscal 2018. This increase was the result of a 27% increase in RPM versus 2018, which was partially offset by a 13% decline in ADV. In addition, fiscal 2019 includes a \$2.7 million settlement received in the Barclays PLC 'last look' class action matter.

Operating revenues from global payments increased by 12% to \$110.8 in fiscal 2019 as a result of a 7% increase in the ADV as well as a 4% increase in RPM as compared to fiscal 2018.

Operating revenues from physical contracts increased 30% to \$74.0 million in fiscal 2019, primarily due to increased market volatility in global precious metals markets.

Finally, interest and fee income earned on client balances, which is associated with our listed and OTC derivative businesses, as well as our correspondent clearing and independent wealth management businesses, increased 33% as compared to the prior year as a result of an increase in short term interest rates as compared to fiscal 2018.

### **Interest and Transactional Expenses**

*Year Ended September 30, 2020 Compared to Year Ended September 30, 2019*

**Transaction-based clearing expenses:** Transaction-based clearing expenses increased 21% to \$222.5 million in fiscal 2020 compared to \$183.5 million in fiscal 2019, and were 17% of operating revenues in fiscal 2020 and fiscal 2019. The increase in expense primarily resulted from higher listed derivative contracts, higher clearing and exchange fees within Equity Capital Markets and incremental costs in Retail Forex related to the acquisition of Gain effective July 31, 2020.

**Introducing broker commissions:** Introducing broker commissions decreased 1% to \$113.8 million in fiscal 2020 compared to \$114.7 million in fiscal 2019, and were 9% of operating revenues in fiscal 2020 compared to 10% in fiscal 2019. The decrease in expense is primarily due to decreased activity of listed derivatives within our Institutional and Commercial segments, partially offset by expense increases in our Retail segment due to incremental expense from the Gain acquisition and increased activity in our Independent Wealth Management business as a result of higher revenues.

**Interest expense:** Interest expense directly attributable to trading activities, interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments decreased \$61.6 million, or 43%, to \$80.4 million during fiscal 2020 compared to \$142.0 million in fiscal 2019 primarily due to the impact of changes in the short-term interest rate environment. During fiscal 2020, interest expense directly associated with serving as an institutional dealer in fixed income securities decreased \$40.4 million to \$33.5 million compared to \$73.9 million in fiscal 2019. Additionally, as a result of the impact of lower short-term interest rates, during fiscal 2020 interest expense directly attributable to securities lending activities

decreased \$10.8 million to \$25.0 million compared to \$35.8 million in fiscal 2019 and interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments decreased \$10.4 million to \$21.9 million compared to \$32.3 million, primarily from the decrease in short-term interest rates along with lower average borrowings outstanding on our physical commodities financing facilities.

**Interest expense on corporate funding:** Interest expense related to corporate funding purposes was \$23.6 million in fiscal 2020 compared to \$12.7 million in fiscal 2019, primarily due to lower short-term interest rates, partially offset by incremental interest related to the issuance of senior secured notes during June 2020. On June 11, 2020, we completed the issuance and sale of \$350 million in aggregate principal amount of the Company's 8.625% Senior Secured Notes due 2025 at the offering price of 98.5% of the aggregate principal amount.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

**Transaction-based clearing expenses:** Transaction-based clearing expenses increased 2% to \$183.5 million in fiscal 2019 compared to \$179.7 million in fiscal 2018, and were 17% of operating revenues in fiscal 2019 compared to 18% in fiscal 2018. The increase in expense is primarily related to increases in ADR conversion fees and exchange fees, partially offset by lower transaction taxes, in our Equity Capital Markets component. Also, our Debt Capital Markets component had an increase in expenses related to our activities conducted as an institutional dealer in fixed income securities and from the acquisition of GMP Securities, LLC. Additionally, higher volumes in our LME component resulted in higher expenses. These increases were partially offset by a decrease in expense resulting from lower volumes in our Exchange-Traded Futures & Options component.

**Introducing broker commissions:** Introducing broker commissions decreased 14% to \$114.7 million in fiscal 2019 compared to \$133.8 million in fiscal 2018, and were 10% of operating revenues in fiscal 2019 compared to 14% in fiscal 2018. The decrease in the percentage of introducing broker commissions as a percentage of operating revenues is primarily a result of the growth in interest income. The decrease in expense is primarily due to decreased activity in our Exchange-Traded Futures & Options component and lower costs in our Argentinian Debt Capital Markets business, partially offset by expense increases in our Financial Ag & Energy and Independent Wealth Management components as a result of higher revenues.

**Interest expense:** Interest expense directly attributable to trading activities, interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments increased \$71.5 million, or 101%, to \$142.0 million in fiscal 2019 compared to \$70.5 million in fiscal 2018. As a result, during fiscal 2019, interest expense directly associated with serving as an institutional dealer in fixed income securities increased \$35.3 million to \$73.9 million compared to \$38.6 million in fiscal 2018. As a result of the expansion in securities lending during fiscal 2019, interest expense directly attributable to securities lending activities increased \$22.6 million to \$35.8 million compared to \$13.2 million in fiscal 2019. During fiscal 2019, interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments increased \$13.6 million to \$32.3 million compared to \$18.7 million, primarily related to the increase in short-term rates resulting in higher costs in our Exchange-Traded Futures & Options business, and higher short-term rates along with higher average borrowings outstanding on our physical commodities financing facilities resulted in increased expense.

**Interest expense on corporate funding:** Interest expense related to corporate funding purposes was \$12.7 million in fiscal 2019 compared to \$10.2 million, in fiscal 2018.

## **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 clients 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, including our executive management team.

The table below presents a disaggregation of consolidated net operating revenues used by management in evaluating our performance, for the periods indicated:

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Net Operating Revenues (in millions):</b>					
Listed derivatives	\$ 143.9	— %	\$ 143.4	(2)%	\$ 145.6
OTC derivatives	111.2	13 %	98.2	3 %	95.2
Securities	287.9	112 %	135.7	39 %	97.3
FX / CFD contracts	55.4	195 %	18.8	30 %	14.5
Global Payments	108.7	4 %	105.0	13 %	93.3
Physical contracts	107.1	90 %	56.5	26 %	44.9
Interest, net / fees earned on client balances	35.4	(47)%	67.3	27 %	52.8
Other	42.9	10 %	39.1	2 %	38.3
Corporate Unallocated	(24.5)	127 %	(10.8)	3,500 %	(0.3)
	<u>\$ 868.0</u>	<u>33 %</u>	<u>\$ 653.2</u>	<u>12 %</u>	<u>\$ 581.6</u>

#### *Year Ended September 30, 2020 Compared to Year Ended September 30, 2019*

Net operating revenues increased 33% to \$868.0 million in fiscal 2020 compared to \$653.2 million in fiscal 2019.

#### *Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Net operating revenues increased 12% to \$653.2 million in fiscal 2019 compared to \$581.6 million in fiscal 2018.

### Compensation and Other Expenses

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

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Compensation and benefits:</b>					
Variable compensation and benefits	\$ 296.8	40 %	\$ 211.6	22 %	\$ 174.1
Fixed compensation and benefits	221.9	22 %	181.5	11 %	163.6
	<u>518.7</u>	<u>32 %</u>	<u>393.1</u>	<u>16 %</u>	<u>337.7</u>
<b>Other expenses:</b>					
Trading systems and market information	46.3	19 %	38.8	12 %	34.7
Professional fees	30.2	44 %	21.0	16 %	18.1
Non-trading technology and support	28.4	41 %	20.1	45 %	13.9
Occupancy and equipment rental	23.5	21 %	19.4	18 %	16.5
Selling and marketing	12.2	135 %	5.2	(16)%	6.2
Travel and business development	8.9	(45)%	16.2	17 %	13.8
Communications	7.0	6 %	6.6	22 %	5.4
Depreciation and amortization	19.7	41 %	14.0	21 %	11.6
Bad debts, net of recoveries and impairment	18.7	648 %	2.5	(19)%	3.1
(Recovery) bad debt on physical coal	—	(100)%	(12.4)	(1,340)%	1.0
Other	29.6	28 %	23.2	15 %	20.1
	<u>224.5</u>	<u>45 %</u>	<u>154.6</u>	<u>7 %</u>	<u>144.4</u>
Total compensation and other expenses	<u>\$ 743.2</u>	<u>36 %</u>	<u>\$ 547.7</u>	<u>14 %</u>	<u>\$ 482.1</u>

#### *Year Ended September 30, 2020 Compared to Year Ended September 30, 2019*

**Compensation and Other Expenses:** Compensation and other expenses increased \$195.5 million, or 36%, to \$743.2 million in fiscal 2020 compared to \$547.7 million in fiscal 2019. Compensation and other expenses related to acquisitions and new business initiatives during fiscal 2020 added \$76.2 million.

**Compensation and Benefits:** Total compensation and benefits expense increased \$125.6 million, or 32%, to \$518.7 million in fiscal 2020 compared to \$393.1 million in fiscal 2019. Total compensation and benefits were 40% of operating revenues in fiscal 2020 compared to 36% in fiscal 2019. The variable portion of compensation and benefits increased \$85.2 million, or 40%, to \$296.8 million in fiscal 2020 compared to \$211.6 million in fiscal 2019. Variable compensation and benefits were 34% of net operating revenues in fiscal 2020 compared to 32% in fiscal 2019. The primary driver of the increase in variable compensation is the increased front office variable incentive compensation of \$71.5 million. Additionally, administrative,

centralized and local operations and executive incentive compensation increased \$13.7 million to \$45.8 million in fiscal 2020 compared to \$32.1 million in fiscal 2019, primarily due to increased headcount and company performance.

The fixed portion of compensation and benefits increased \$40.4 million, or 22%, to \$221.9 million in fiscal 2020 compared to \$181.5 million in fiscal 2019. Non-variable salaries increased \$30.7 million, or 24%, primarily due to our recent acquisitions and new business initiatives, which added \$17.9 million in fiscal 2020. Employee benefits, excluding share-based compensation, increased \$9.8 million in fiscal 2020, primarily related to higher payroll, health care and retirement costs from the increased headcount. Share-based compensation is a component of the fixed portion, and includes stock option and restricted stock expense. Share-based compensation was \$10.3 million in fiscal 2020 compared to \$8.1 million in fiscal 2019. The number of employees was 2,950 at the end of fiscal 2020 compared to 2,012 at the end of fiscal 2019, with the increase in headcount being primarily acquisition related.

**Other Expenses:** Other non-compensation expenses increased \$69.9 million, or 45%, to \$224.5 million in fiscal 2020 compared to \$154.6 million in fiscal 2019. Other non-compensation expenses related to acquisitions and new business initiatives began after September 2018 added \$27.7 million.

Trading systems and market information costs increased \$7.5 million, of which \$6.1 million was related to incremental costs from recent acquisitions and new business initiatives. Professional fees increased \$9.2 million, primarily related to acquisition-specific closing costs. Non-trading technology and support increased \$8.3 million, primarily due to higher costs from non-trading software as a service arrangements related to various IT, client engagement, accounting and human resources systems, higher costs from external data center services, and incremental costs due to acquisitions and new business initiatives during fiscal 2020. Occupancy and equipment rental increased \$4.1 million, primarily related to higher office lease costs of \$3.7 million, including \$1.5 million in incremental costs from recent acquisitions. Selling and marketing costs increased \$7.0 million, primarily related to incremental costs from the acquisition of Gain, effective July 31, 2020. Travel and business development decreased \$7.3 million primarily as a result of the impact of the response by governments and societies to the COVID-19 pandemic, which included social distancing; travel restrictions, “shelter in place” and other governmental regulations. Depreciation and amortization increased primarily due to higher depreciation expense of leaseholds and IT equipment, and higher amortization expense of intangible assets recorded as part of the acquisitions completed during fiscal 2020.

Excluding the recovery of bad debt on physical coal discussed below, bad debts, net of recoveries and impairment increased \$16.2 million year-over-year. During fiscal 2020, bad debts, net of recoveries were \$13.0 million, primarily related to client trading account deficits in our Commercial, Institutional, and Retail segments of \$3.5 million, \$5.7 million, and \$0.6 million, respectively. Additionally, we recorded bad debt expense of \$3.2 million related to trade receivables with physical clients. During fiscal 2019, bad debts, net of recoveries were \$2.5 million, primarily related to \$2.7 million of OTC client account deficits, partially offset by a \$1.4 million client recovery, in the Commercial segment and \$1.4 million in the Institutional segment.

In connection with the integration of Gain, the Company re-evaluated all trading systems utilized across the organization in order to identify duplicative systems. In connection with this process, the Company determined that certain legacy capitalized developed software costs within our OTC foreign exchange and physical metals business would no longer be placed into service and utilized as expected prior to the merger with Gain. As a result, the Company recorded impairment charges of \$5.7 million in fiscal 2020.

**(Recovery) Bad Debt on Physical Coal:** During fiscal 2019, we recorded recoveries on the bad debt on physical coal of \$12.4 million related to settlements reached with clients and proceeds received through an insurance policy claim related to the physical coal matter, as described in further detail below.

**Gain on Acquisitions and Other Gains:** The results of fiscal 2020 include a bargain purchase gain of \$81.8 million related to the acquisition of Gain. The results of fiscal 2019 include bargain purchase gains of \$5.5 million, primarily related to the acquisition of the former subsidiary GMP Securities LLC, which was subsequently merged into StoneX Financial Inc.

**Provision for Taxes:** The effective income tax rate was 18% in fiscal 2020 compared to 23% in fiscal 2019. The effective income tax rate for fiscal 2020 was lower than the U.S. federal statutory rate of 21% due to the non-taxable bargain purchase gain recognized upon the acquisition of Gain. State income tax, global intangible low-taxed income (“GILTI”), U.S. and foreign permanent differences, and an increase to foreign valuation allowances increased the effective income tax rate. The bargain purchase gain on acquisitions of \$81.9 million is not taxable and reduced the effective income tax rate 8%. The estimated federal expense from GILTI increased the effective income tax rate approximately 0.7%. State income tax expense increased the effective income tax rate 1.0%. U.S. and foreign permanent differences increased the effective income tax rate approximately 1.4%. The increase in foreign valuation allowances also increased the effective income tax rate 1.0%. The effective income tax rate for fiscal 2019 was 23%. It was higher than the U.S. federal statutory rate of 21% due to GILTI, earnings taxed at a higher rate, foreign permanent differences, and an increase in foreign valuation allowances. The effective



income tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

**Compensation and Other Expenses:** Compensation and other expenses increased \$65.6 million, or 14%, to \$547.7 million in fiscal 2019 compared to \$482.1 million in fiscal 2018. Compensation and other expenses related to acquisitions and new business initiatives during fiscal 2019 added \$25.3 million.

**Compensation and Benefits:** Total compensation and benefits expenses increased \$55.4 million, or 16% to \$393.1 million in fiscal 2019 compared to \$337.7 million in fiscal 2018. Total compensation and benefits were 36% of operating revenues in fiscal 2019 compared to 35% in fiscal 2018. The variable portion of compensation and benefits increased \$37.5 million, or 22%, to \$211.6 million in fiscal 2019 compared to \$174.1 million in fiscal 2018. Variable compensation and benefits were 32% of net operating revenues in fiscal 2019 compared to 30% in fiscal 2018. The primary driver of the increase in variable compensation is the increased front office variable incentive compensation of \$31.7 million. Additionally, administrative, centralized operations and executive incentive compensation increased \$5.8 million to \$30.4 million in fiscal 2019 compared to \$24.6 million in fiscal 2018, primarily due to increased headcount and company performance.

The fixed portion of compensation and benefits increased \$17.9 million, or 11% to \$181.5 million in fiscal 2019 compared to \$163.6 million in fiscal 2018. Non-variable salaries increased \$11.5 million, or 10%, primarily due to our recent acquisitions and new business initiatives, which added \$8.0 million in fiscal 2019. Employee benefits, excluding share-based compensation, increased \$7.0 million in fiscal 2019, primarily related to higher payroll, health care and retirement costs from the increased headcount. Share-based compensation is a component of the fixed portion, and includes stock option and restricted stock expense. Share-based compensation was \$8.1 million in fiscal 2019 compared to \$6.6 million in fiscal 2018. The number of employees was 2,012 at the end of fiscal 2019 compared to 1,701 at the end of fiscal 2018.

**Other Expenses:** Other non-compensation expenses \$10.2 million, or 7% to \$154.6 million in fiscal 2019 compared to \$144.4 million in fiscal 2018. Other non-compensation expenses related to acquisitions and new business initiatives during fiscal 2019 added \$7.9 million.

Trading systems and market information costs increased \$4.1 million, primarily due to higher costs in our Financial Ag & Energy, Equity Capital Markets and Debt Capital Markets businesses, including \$1.5 million in incremental costs due to acquisitions and new business initiatives during fiscal 2019. Occupancy and equipment rental increased \$2.9 million, primarily related to higher office lease costs, including \$1.1 million in incremental costs of office space from recent acquisitions during fiscal 2019. Professional fees increased \$2.9 million, primarily related to higher legal fees, including \$1.0 million of contingency-based legal fees resulting from successful outcomes of monetary collections. Non-trading technology and support increased \$6.2 million, primarily due to higher support and maintenance costs related to various IT, client engagement, accounting and human resources systems, as well as \$0.8 million in incremental costs due to acquisitions and new business initiatives during fiscal 2019. Depreciation and amortization increased primarily due to higher depreciation expense of leaseholds and IT equipment, and higher amortization expense of intangible assets recorded as part of the acquisitions completed during fiscal 2019. Communications expenses increased \$1.2 million, primarily related to incremental costs due to acquisitions during fiscal 2019.

Excluding the recovery of bad debt on physical coal discussed below, bad debts, net of recoveries decreased \$0.6 million year-over-year. During fiscal 2019, bad debts, net of recoveries were \$2.5 million, primarily related to \$2.7 million of OTC client account deficits in the Commercial segment, and \$1.4 million in the Institutional segment, partially offset by a \$1.4 million client recovery in the Commercial segment. During fiscal 2018, bad debts, net of recoveries were \$3.1 million, primarily related to \$2.8 million of agricultural OTC client account deficits in our Commercial segment and \$0.4 million of exchange-traded client account deficits in our Institutional segment.

**(Recovery) Bad Debt on Physical Coal:** During fiscal 2019, we reached settlements with clients, paying \$8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during fiscal 2017 and fiscal 2018, and accordingly we recorded a recovery on the bad debt on physical coal of \$2.4 million. Additionally, in September 2019, we received \$10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery. During fiscal 2018, we recorded additional bad debt expense of \$1.0 million related to reimbursement due to us from a coal supplier following our recorded charge of \$47.0 million during fiscal 2017.

**Gain on Acquisitions and Other Gains:** The results of fiscal 2019 included bargain purchase gains of \$5.5 million, primarily related to the acquisition of INTL FCStone Credit Trading, LLC (formerly GMP Securities LLC). The fiscal 2018 results included a gain of \$2.0 million related to a judgment received in final settlement of our claim in the Sentinel Management Group Inc. bankruptcy proceeding.

**Provision for Taxes:** The effective income tax rate was 23% in fiscal 2019 compared to 45% in fiscal 2018. The effective income tax rate for fiscal 2019 was higher than the U.S. federal statutory rate of 21% due to GILTI earnings taxed at a higher rate, foreign permanent differences and an increase to foreign valuation allowances. The estimated federal and state tax expense from GILTI increased the effective income tax rate approximately 2%. The bargain purchase gain on acquisitions of \$5.5 million was not taxable and reduced the effective income tax rate 1%. The amount of earnings taxed at higher tax rates increased the effective income tax rate 1%, and the increase in foreign valuation allowances also increased the effective income tax rate 1%. The effective income tax rate for fiscal 2018 excluding the impacts of the Tax Reform was 26%. The effective income tax rate decreased 0.5% due to excess tax benefits on share-based compensation recognized during the period related to the adoption of ASU 2016-09. The effective income tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings.

### 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,				
	2020	% Change	2019	% Change	2018
<b>Compensation and benefits:</b>					
Variable compensation and benefits	\$ 40.5	46 %	\$ 27.7	24 %	\$ 22.4
Fixed compensation and benefits	86.8	19 %	72.8	14 %	63.9
	127.3	27 %	100.5	16 %	86.3
<b>Other expenses:</b>					
Occupancy and equipment rental	23.4	21 %	19.3	17 %	16.5
Non-trading technology and support	22.2	47 %	15.1	39 %	10.9
Professional fees	22.0	65 %	13.3	27 %	10.5
Depreciation and amortization	16.5	53 %	10.8	16 %	9.3
Communications	6.2	— %	6.2	24 %	5.0
Selling and marketing	4.1	273 %	1.1	(62)%	2.9
Trading systems and market information	2.6	(4)%	2.7	(10)%	3.0
Travel and business development	2.3	(39)%	3.8	15 %	3.3
Other	19.2	16 %	16.6	14 %	14.5
	118.5	33 %	88.9	17 %	75.9
Total compensation and other expenses	\$ 245.8	30 %	\$ 189.4	17 %	\$ 162.2

#### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Total unallocated costs and other expenses increased \$56.4 million to \$245.8 million in fiscal 2020 compared to \$189.4 million in fiscal 2019. Compensation and benefits increased \$26.8 million, or 27%, to \$127.3 million in fiscal 2020 compared to \$100.5 million in fiscal 2019.

During fiscal 2020, the increase in fixed compensation and benefits was primarily related to a 35% increase in headcount across several administrative departments, including IT, compliance and accounting, of which 61% of the increase in headcount was acquisition related, adding \$5.4 million. The increase in variable compensation and benefits was primarily due to improved overall company performance, along with an incremental \$3.4 million related to recent acquisitions.

Other non-compensation expenses related to acquisitions and new business initiatives began after fiscal 2018 added \$11.0 million. During the fiscal year ended, the increase in fixed compensation and benefits and variable compensation and benefits is also related to headcount increases across several administrative departments. Additionally, non-trading technology and support increased due to higher support and maintenance costs related to various IT, client engagement, accounting and human resources systems.

### Year Ended September 30, 2019 Compared to Year Ended September 30, 2018

Total unallocated costs and other expenses increased \$27.2 million to \$189.4 million in fiscal 2019 compared to \$162.2 million in fiscal 2018. Compensation and benefits increased \$14.2 million, or 16% to \$100.5 million in fiscal 2019 compared to \$86.3 million in fiscal 2018, of which \$2.2 million relates to recent acquisitions. Other non-compensation expenses related to acquisitions and new business initiatives during fiscal 2019 added \$3.6 million.

During the fiscal year ended, the increase in fixed compensation and benefits and variable compensation and benefits is also related to headcount increases across several administrative departments. Additionally, non-trading technology and support increased due to higher support and maintenance costs related to various IT, client engagement, accounting and human resources systems.

### Variable vs. Fixed Expenses

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 below sets forth our variable expenses and non-variable expenses as a percentage of total non-interest expenses for the periods indicated.

(in millions)	Year Ended September 30,					
	2020	% of Total	2019	% of Total	2018	% of Total
Variable compensation and benefits	\$ 296.8	27 %	\$ 211.6	25 %	\$ 174.1	22 %
Transaction-based clearing expenses	222.5	21 %	183.5	22 %	179.7	23 %
Introducing broker commissions	113.8	11 %	114.7	14 %	133.8	16 %
Total variable expenses	633.1	59 %	509.8	61 %	487.6	61 %
Fixed compensation and benefits	221.9	21 %	181.5	21 %	163.6	21 %
Other fixed expenses	205.8	19 %	164.5	19 %	140.3	18 %
Bad debts, net of recoveries and impairment	18.7	2 %	2.5	— %	3.1	— %
(Recovery) bad debt on physical coal	—	— %	(12.4)	(1)%	1.0	— %
Total non-variable expenses	446.4	41 %	336.1	39 %	308.0	39 %
Total non-interest expenses	\$ 1,079.5	100 %	\$ 845.9	100 %	\$ 795.6	100 %

Our variable expenses include 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 59% in fiscal 2020, 61% in fiscal 2019 and 61% in fiscal 2018.

During fiscal 2020, non-variable expenses, excluding bad debts, net of recovery and impairment and the recovery of bad debt on physical coal, increased \$81.7 million, or 24%, compared to fiscal 2019, primarily driven by incremental costs from the acquisitions of UOB Bullion and Futures Limited, Tellimer, GIROXX, and Gain during the year, as well as certain transaction costs related to our acquisition of Gain. We view these acquisitions as long-term strategic decisions, and in aggregate, these acquisitions and expansion efforts resulted in pre-tax net income of \$13.8 million during fiscal 2020.

During fiscal 2019, non-variable expenses, excluding bad debts, net of recoveries and the recoveries and bad debt on physical coal, increased \$42.1 million, or 14%, compared to fiscal 2018, primarily driven by our acquisitions of Carl Kliem S.A., PayCommerce Financial Solutions, LLC, CoinInvest GmbH, European Precious Metal Trading GmbH and GMP Securities LLC, as well as the launch of our securities prime brokerage initiative and our expansion efforts in Canada. We viewed these acquisitions and expansion efforts as long-term strategic decisions, and in aggregate, these acquisitions and expansion efforts resulted in a pre-tax net loss of \$10.3 million during fiscal 2019.

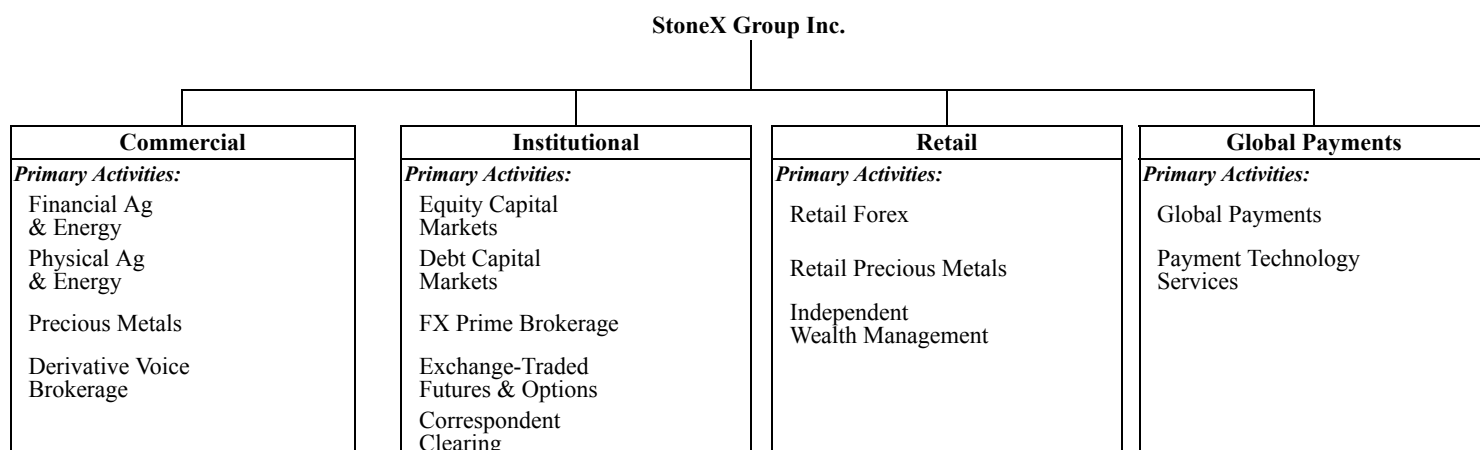
### Segment Information

During the quarter ended September 30, 2020, we completed the acquisition of Gain Capital Group Inc. (“Gain”), which we view as a significant acquisition and which triggered a reassessment of the financial information reviewed by our executive management team, which is considered our Chief Operating Decision Maker, on a regular basis, and which is used to make resource allocation decisions. The acquisition of Gain added a significant amount of incremental business from a new client type – retail. Prior to the acquisition, Gain was a publicly traded corporation in the United States, and reported its performance along two reportable segments: retail and futures, in its periodic reporting with the SEC. We have existing businesses with activities similar to Gain’s futures business. Gain’s retail business however, represents a fundamental change in our business strategy.

In light of this fundamental change and reassessment described above, we have modified the operating segments we use to evaluate our performance. Accordingly, our operating segments are now based primarily on the nature of the clients we serve

(commercial, institutional, and retail), and a fourth operating segment, our global payments business. We manage our business in this manner due to our large global footprint, in which we have more than 2,900 employees allowing us to serve clients in more than 180 countries.

Following the acquisition of Gain, our business activities are managed as operating segments and organized into reportable segments as shown below. All segment information has been revised to reflect the operating segment reorganization retroactive to October 1, 2017.



Operating revenues, net operating revenues, net contribution and segment income are some of the key measures used by management to assess the performance of each segment and for decisions regarding the allocation of our resources. Operating revenues are calculated as total revenues less cost of sales of physical commodities.

Net operating revenue is calculated as operating revenue less transaction-based clearing expenses, introducing broker commissions and interest expense.

Net contribution is calculated as net operating revenues less variable compensation. Variable compensation paid to risk management consultants and traders generally represents a fixed percentage, that can vary by revenue type, of an amount equal to revenues generated, and in some cases, revenues generated less transaction-based clearing expenses, base salaries and an overhead allocation.

Segment income is calculated as net contribution less non-variable direct segment costs. These non-variable direct expenses include trader base compensation and benefits, operational charges, trading systems and market information, professional fees, travel and business development, communications, bad debts, trade errors and direct marketing expenses.

## Total Segment Results

The following table presents summary information concerning all of our business segments on a combined basis, excluding unallocated overhead, for the periods indicated.

(in millions)	Year Ended September 30,					
	2020	% of Operating Revenues	2019	% of Operating Revenues	2018	% of Operating Revenues
Sales of physical commodities	\$ 52,899.2		\$ 31,830.3		\$ 26,682.4	
Principal gains, net	620.8		412.8		342.8	
Commission and clearing fees	405.1		373.0		392.5	
Consulting, management, and account fees	79.2		77.2		69.1	
Interest income	140.0		208.0		131.5	
Total revenues	54,144.3		32,901.3		27,618.3	
Cost of sales of physical commodities	52,831.3		31,790.9		26,646.9	
Operating revenues	1,313.0	100%	1,110.4	100%	971.4	100%
Transaction-based clearing expenses	221.0	17%	182.6	16%	178.7	18%
Introducing broker commissions	113.6	9%	114.6	10%	133.7	14%
Interest expense	85.9	7%	149.2	13%	77.1	8%
Net operating revenues	892.5		664.0		581.9	
Variable direct compensation and benefits	253.0	19%	181.2	16%	149.5	15%
Net contribution	639.5		482.8		432.4	
Fixed compensation and benefits	117.7		93.5		84.2	
Other fixed expenses	108.0		93.5		82.2	
Bad debts, net of recoveries and impairment	18.7		2.5		3.1	
(Recovery) bad debt on physical coal	—		(12.4)		1.0	
Total non-variable direct expenses	244.4	19%	177.1	16%	170.5	18%
Segment income	\$ 395.1		\$ 305.7		\$ 261.9	

### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Net contribution for all of our business segments increased 32% to \$639.5 million in fiscal 2020 compared to \$482.8 million in fiscal 2019. Segment income increased 29% to \$395.1 million in fiscal 2020 compared to \$305.7 million in fiscal 2019.

### Year Ended September 30, 2019 Compared to Year Ended September 30, 2018

Net contribution for all of our business segments increased 12% to \$482.8 million in fiscal 2019 compared to \$432.4 million in fiscal 2018. Segment income increased 17% to \$305.7 million in fiscal 2019 compared to \$261.9 million in fiscal 2018.

## Commercial

We offer our commercial clients a comprehensive array of products and services, including risk management and hedging services, execution and clearing of exchange-traded and OTC products, voice brokerage, market intelligence and physical trading as well as commodity financing and logistics services. We believe our ability to provide these high-value-added products and services, differentiates us from our competitors and maximizes the opportunity to retain our clients.

The tables below present the financial performance, a disaggregation of operating revenues, and select operating data and metrics used by management in evaluating the performance of the Commercial segment, for the periods indicated.

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Revenues:</b>					
Sales of physical commodities	\$ 52,593.9	66 %	\$ 31,759.3	19 %	\$ 26,682.4
Principal gains, net	194.1	24 %	156.7	12 %	140.2
Commission and clearing fees	140.1	(7)%	150.5	1 %	149.5
Consulting, management and account fees	18.8	1 %	18.6	11 %	16.7
Interest income	23.2	(42)%	40.3	35 %	29.9
<b>Total revenues</b>	<b>52,970.1</b>	<b>65 %</b>	<b>32,125.4</b>	<b>19 %</b>	<b>27,018.7</b>
Cost of sales of physical commodities	52,538.6	66 %	31,721.0	19 %	26,646.9
<b>Operating revenues</b>	<b>431.5</b>	<b>7 %</b>	<b>404.4</b>	<b>9 %</b>	<b>371.8</b>
Transaction-based clearing expenses	40.8	5 %	38.9	3 %	37.9
Introducing broker commissions	24.0	(10)%	26.8	24 %	21.7
Interest expense	13.3	(24)%	17.5	37 %	12.8
<b>Net operating revenues</b>	<b>353.4</b>	<b>10 %</b>	<b>321.2</b>	<b>7 %</b>	<b>299.4</b>
Variable direct compensation and benefits	111.2	15 %	96.6	8 %	89.4
<b>Net contribution</b>	<b>242.2</b>	<b>8 %</b>	<b>224.6</b>	<b>7 %</b>	<b>210.0</b>
Fixed compensation and benefits	48.5	3 %	47.0	6 %	44.4
Other fixed expenses	43.5	(2)%	44.3	2 %	43.5
Bad debts, net of recoveries and impairment	8.3	655 %	1.1	(61)%	2.8
(Recovery) bad debt on physical coal	—	(100)%	(12.4)	(1,340)%	1.0
<b>Total non-variable direct expenses</b>	<b>100.3</b>	<b>25 %</b>	<b>80.0</b>	<b>(13)%</b>	<b>91.7</b>
<b>Segment income</b>	<b>\$ 141.9</b>	<b>(2)%</b>	<b>\$ 144.6</b>	<b>22 %</b>	<b>\$ 118.3</b>

Operating Revenues (in millions):	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Listed derivatives	\$ 176.9	(4)%	\$ 184.5	4 %	\$ 178.2
OTC derivatives	111.0	13 %	98.3	3 %	95.3
Physical contracts	109.6	49 %	73.5	29 %	56.9
Interest / fees earned on client balances	14.5	(50)%	29.0	27 %	22.8
Other	19.5	2 %	19.1	3 %	18.6
	<b>\$ 431.5</b>	<b>7 %</b>	<b>\$ 404.4</b>	<b>9 %</b>	<b>\$ 371.8</b>

<b>Select data (all \$ amounts are U.S. dollar equivalent):</b>					
Listed derivatives (contracts, 000's)	29,255	5 %	27,985	1 %	27,587
Listed derivatives, average rate per contract <sup>(1)</sup>	\$ 5.48	— %	\$ 5.49	2 %	\$ 5.36
Average client equity - listed derivatives (millions)	\$ 1,019	8 %	\$ 948	1 %	\$ 938
Over-the-counter ("OTC") derivatives (contracts, 000's)	2,113	19 %	1,772	12 %	1,583
OTC derivatives, average rate per contract	\$ 52.19	(5)%	\$ 55.19	(8)%	\$ 60.08

<sup>(1)</sup> Give-up fees as well as cash and voice brokerage are excluded from the calculation of listed derivatives, average rate per contract.

For information about the assets of this segment, see Note 23 to the Consolidated Financial Statements.

#### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Operating revenues increased 7% to \$431.5 million in fiscal 2020 compared to \$404.4 million in fiscal 2019. Net operating revenues increased 10% to \$353.4 million in fiscal 2020 compared to \$321.2 million in fiscal 2019.

The increase in operating revenues derived from physical transactions led the overall increase, benefiting from a significant increase in customer demand for precious metals and a widening of spreads due to market dislocations related to the COVID-19 global pandemic and the resulting effect on the global precious metals market. Partially offsetting the increase in physical contract operating revenues, we recorded lower of cost or net realizable value adjustments for certain physical inventories of crude oil and low sulfur fuel oil primarily based on quality degradation and consideration of costs to sell of \$7.6 million. These adjustments are included in 'cost of sales of physical commodities'. We are attempting to recover this write down from our

supplier, however there is substantial uncertainty as to whether we will be successful. We continue to pursue all legal avenues available to us regarding this matter.

The increase in operating revenues derived from OTC transactions were driven by a 19% increase in OTC volumes, which was partially offset by a 5% decline in the average rate per contract. The increase in OTC revenues was primarily driven by an increase in energy and renewable fuels operating revenues as a result of increased volatility caused by economic concerns over the COVID-19 pandemic.

The decrease in operating revenues derived from listed derivatives was primarily driven by a \$13.6 million decline in derivative voice brokerage revenues. Derivative voice brokerage data is not included in the listed derivatives volume or average rate per contract in the select data table above. This decline was partially offset by a 5% increase in listed derivatives contract volumes while the average rate per contract was relatively flat with the prior year period.

Interest and fee income earned on client balances declined 50% as compared to the prior year as a result of a significant decline in short term interest rates related to FOMC actions to reduce the federal funds rate beginning in August 2019. Partially offsetting the decline in short term interest rates was an 8% increase in average client equity to \$1,019 million.

Variable expenses, excluding interest, expressed as a percentage of operating revenues were 41% in fiscal 2020 compared to 40% in fiscal 2019.

During 2020, we recorded bad debts, net of recoveries of \$6.7 million, including \$3.2 million related to trade receivables with physical clients and \$3.5 million related to client deficits in our OTC and listed derivatives businesses. Also, in fiscal 2020 we recorded an impairment charge of \$1.6 million related to capitalized development on a back-office software system not yet placed into service, that is now expected to be replaced with an alternative system we acquired as part of our acquisition of Gain.

During fiscal 2019, we recorded recoveries on the bad debt on physical coal of \$12.4 million related to settlements reached with clients and proceeds received through an insurance policy claim related to the physical coal matter, as described further detail below.

Segment income decreased 2% to \$141.9 million in fiscal 2020 compared to \$144.6 million in fiscal 2019, as growth in operating revenues were offset by the bad debts, impairment, and impact of fiscal 2019's recovery. Fixed compensation and benefits and other fixed expenses increased modestly.

#### *Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Operating revenues increased 9% to 404.4 million in fiscal 2019 compared to 371.8 million in fiscal 2018. Net operating revenues increased 7% to 321.2 in fiscal 2019 compared to 299.4 in fiscal 2018.

The increase in operating revenues derived from listed derivatives was due to a 1% increase in cleared listed derivatives contract volumes as well as a 2% increase in the average rate per contract.

Operating revenues derived from OTC transactions increased 3% to \$98.3 million in fiscal 2019 as compared to \$95.3 million in fiscal 2018. This was driven by a 12% increase in OTC volumes which was partially offset by an 8% decline in the average rate per contract compared to the prior year. The increase in OTC revenues was a result of increased activity in agricultural markets, particularly in grain and coffee markets in Brazil and Latin America as well as in energy and renewable fuels. These increases were offset by lower OTC revenues in cotton and food service and dairy markets.

Operating revenues from physical transactions increased 29% to \$73.5 million in fiscal 2019 compared to \$56.9 million in fiscal 2018. This increase was primarily driven by increased market volatility in global precious metals markets as well as increased physical volumes on our electronic platform.

Interest and fee income earned on client balances increased 27% as compared to the prior year as a result of an increase in short term interest rates as average client equity was relatively flat as compared to fiscal 2018 at \$948 million.

Variable expenses, excluding interest, expressed as a percentage of operating revenues were 40% in both fiscal 2019 and 2018.

During fiscal 2019, we reached settlements with clients, paying \$8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liability for the transactions recorded during fiscal 2017 and fiscal 2018, and accordingly we recorded a recovery on the bad debt on physical coal of \$2.4 million. In September 2019, we received \$10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery. Fiscal 2018 included \$1.0 million of bad debt on physical coal related to our exit of the physical coal business.

Segment income increased 22% to \$144.6 million in fiscal 2019 compared to \$118.3 million in fiscal 2018 driven by the increase in operating revenues as well as the recovery on the bad debt on physical coal. The increase in operating revenues was

partially offset by a \$4.7 million increase in interest expense as well as a \$2.6 million increase in non-variable compensation and benefits.

## Institutional

We provide institutional clients with a complete suite of equity trading services to help them find liquidity with best execution, consistent liquidity across a robust array of fixed income products, competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in equities and major foreign currency pairs and swap transactions. In addition, we originate, structure and place debt instruments in the international and domestic capital markets. These instruments include asset-backed securities (primarily in Argentina) and domestic municipal securities.

The tables below present the financial performance, a disaggregation of operating revenues, and select operating data and metrics used by management in evaluating the performance of the Institutional segment, for the periods indicated.

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Revenues:</b>					
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Principal gains, net	273.6	83%	149.5	39%	107.5
Commission and clearing fees	211.1	24%	170.0	(11)%	190.2
Consulting, management, and account fees	23.3	(18)%	28.3	—%	28.2
Interest income	116.1	(31)%	167.2	65%	101.2
<b>Total revenues</b>	<b>624.1</b>	<b>21%</b>	<b>515.0</b>	<b>21%</b>	<b>427.1</b>
Cost of sales of physical commodities	—	—	—	—	—
<b>Operating revenues</b>	<b>624.1</b>	<b>21%</b>	<b>515.0</b>	<b>21%</b>	<b>427.1</b>
Transaction-based clearing expenses	168.7	23%	136.7	2%	133.9
Introducing broker commissions	19.9	(25)%	26.7	(49)%	52.8
Interest expense	71.7	(45)%	131.5	105%	64.1
<b>Net operating revenues</b>	<b>363.8</b>	<b>65%</b>	<b>220.1</b>	<b>25%</b>	<b>176.3</b>
Variable compensation and benefits	114.9	82%	63.1	55%	40.7
<b>Net contribution</b>	<b>248.9</b>	<b>59%</b>	<b>157.0</b>	<b>16%</b>	<b>135.6</b>
Fixed compensation and benefits	47.2	45%	32.6	10%	29.6
Other fixed expenses	39.0	13%	34.4	25%	27.5
Bad debts, net of recoveries and impairment	9.8	600%	1.4	367%	0.3
<b>Total non-variable direct expenses</b>	<b>96.0</b>	<b>40%</b>	<b>68.4</b>	<b>19%</b>	<b>57.4</b>
<b>Segment income</b>	<b>\$ 152.9</b>	<b>73%</b>	<b>\$ 88.6</b>	<b>13%</b>	<b>\$ 78.2</b>

Operating Revenues (in millions):	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Listed derivatives	\$ 151.6	14 %	\$ 132.6	(18)%	\$ 161.5
OTC derivatives	0.2	n/m	—	n/m	—
Securities	376.1	48 %	253.6	43 %	176.9
FX contracts	24.0	10 %	21.8	23 %	17.7
Interest / fees earned on client balances	26.5	(50)%	52.9	38 %	38.2
Other	45.7	(16)%	54.1	65 %	32.8
	<b>\$ 624.1</b>	<b>21 %</b>	<b>\$ 515.0</b>	<b>21 %</b>	<b>\$ 427.1</b>

### Volumes and Other Select Data (all \$ amounts are U.S. dollar equivalents):

Listed derivatives (contracts, 000's)	125,397	24 %	100,913	(1)%	101,900
Listed derivatives, average rate per contract <sup>(1)</sup>	\$ 1.17	(6)%	\$ 1.25	(18)%	\$ 1.52
Average client equity - listed derivatives (millions)	\$ 1,746	55 %	\$ 1,125	(9)%	\$ 1,242
Securities ADV ( millions)	\$ 1,729	20 %	\$ 1,440	44 %	\$ 1,003
Securities RPM <sup>(2)</sup>	\$ 845	23 %	\$ 685	(1)%	\$ 692
Average money market / FDIC sweep client balances (millions)	\$ 1,130	43 %	\$ 791	(1)%	\$ 802
FX contracts ADV ( millions)	\$ 1,322	(3)%	\$ 1,361	(13)%	\$ 1,561
FX contracts RPM	\$ 72	26 %	\$ 57	27 %	\$ 45

<sup>(1)</sup> Give-up fee revenue are excluded from the calculation of listed derivative, average rate per contract.

<sup>(2)</sup> Interest income related to securities lending is excluded from the calculation of Securities RPM.

For information about the assets of this segment, see Note 23 to the Consolidated Financial Statements.



*Year Ended September 30, 2020 Compared to Year Ended September 30, 2019*

Operating revenues increased 21% to \$624.1 million in fiscal 2020 compared to \$515.0 million in fiscal 2019. Net operating revenues increased 65% to \$363.8 million in fiscal 2020 compared to \$220.1 million in fiscal 2019.

The increase in operating revenues was primarily driven by the growth in operating revenues from securities transactions. The average daily volume (“ADV”) of securities traded increased 20% and the rate per million (“RPM”) traded increased 23%, each of which were driven by heightened volatility in the global equity and fixed income markets due to economic concerns related to the COVID-19 pandemic.

Operating revenues derived from listed derivatives increased 14% as listed derivative contract volumes increased 24% in fiscal 2020 compared to fiscal 2019, however the average rate per contract declined 6%. The increase in derivative contract volume was primarily driven by increased market volatility as a result of the COVID-19 pandemic.

The increase in operating revenues derived from FX contracts resulted from a 26% increase in the RPM, driven by volatility in foreign exchange markets during fiscal 2020 related to the effect of COVID-19 which was partially offset by a 3% decrease in the ADV traded compared to prior year. The prior year period also includes a \$2.7 million settlement received related to the Barclays PLC ‘last look’ class action matter.

Finally, interest and fee income earned on client balances, which is associated with our listed derivative business, as well as our correspondent clearing and independent wealth management businesses, declined 50% as compared to the prior year as a result of a significant decline in short term interest rates related to FOMC actions to reduce the federal funds rate beginning in August 2019. Partially offsetting the decline in short term interest rates was an increase in average client equity and average FDIC sweep client balances of 55% and 43%, respectively.

Variable expenses, excluding interest, expressed as a percentage of operating revenues increased to 49% in fiscal 2020 compared to 44% in fiscal 2019, primarily as the result of the decline in interest income and higher variable compensation as a result of improved performance.

During 2020, we recorded bad debts of \$5.7 million, primarily related to client deficits in our listed derivatives businesses. Also, in fiscal 2020 we recorded an impairment charge of \$4.1 million related to capitalized development on a back-office software system not yet placed into service, that is now expected to be replaced with an alternative system we acquired as part of our acquisition of Gain.

Segment income increased 73% to \$152.9 million in fiscal 2020 compared to \$88.6 million in fiscal 2019, primarily as a result of the increase in operating revenues noted above, and partially offset by the increase in bad debts and impairment. Non-variable direct expenses, excluding bad debts, increased \$19.2 million, or 29% versus fiscal 2019, primarily related to fixed compensation and trade system costs associated with the continued build out of several recent acquisitions and initiatives, including equity prime brokerage.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Operating revenues increased 21% to \$515.0 million in fiscal 2019 compared to \$427.1 million in fiscal 2018. Net operating revenues increased 25% to \$220.1 million in fiscal 2019 compared to \$176.3 million in fiscal 2018.

The increase in operating revenues was primarily driven by the growth in operating revenues from securities transactions. The ADV of securities traded increased 44% while the RPM traded was relatively flat as compared to fiscal 2018. The increase in ADV was primarily as a result of increased volatility and market share and to a lesser extent the acquisition of GMP Securities.

The increase in operating revenues derived from FX contracts resulted from an 27% increase in the RPM traded, as well as a \$2.7 million settlement received in fiscal 2019 related to the Barclays PLC ‘last look’ class action matter.

The decrease in operating revenues derived from listed derivatives declined as volumes were relatively flat with the prior year period, however the average rate per contract declined 18%.

Finally, interest and fee income earned on client balances, which is associated with our listed derivative business, as well as our correspondent clearing and independent wealth management businesses, increased 38% as compared to the prior year as a result of an increase in short term interest rates while average client equity and average FDIC sweep client balances declined 9% and 1% respectively as compared to fiscal 2018.

Variable expenses, excluding interest, expressed as a percentage of operating revenues declined to 44% in fiscal 2019 as compared to 53% in fiscal 2018 primarily as the result of lower introducing broker commissions and transaction-based clearing expenses related to product mix.

Segment income increased 13% to \$88.6 million in fiscal 2019 compared to \$78.2 million in fiscal 2018, primarily as a result of the increase in net operating revenues noted above, which were tempered by higher interest expense in our institutional fixed

income dealer as well as in our conduit securities lending activities combined with a decline in profitability in our municipal securities business. Non-variable direct expenses, excluding bad debts, increased \$9.9 million, or 17% versus fiscal 2018, primarily as a result of the acquisitions of GMP Securities and Carl Kliem as well as the launch of our securities prime brokerage, institutional sales and Canadian initiatives.

## Retail

We provide our retail clients around the world access to over 15,000 global financial markets, including spot foreign exchange ("forex"), both financial trading and physical investment in precious metals, as well as contracts for difference ("CFDs"), which are investment products with returns linked to the performance of underlying assets. In addition, our independent wealth management business offers a comprehensive product suite to retail investors in the United States.

The tables below present the financial performance, a disaggregation of operating revenues, and select operating data and metrics used by management in evaluating the performance of the Retail segment, for the periods indicated.

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Sales of physical commodities	\$ 305.3	330%	\$ 71.0	—	\$ —
Principal gains, net	42.3	(8,560)%	(0.5)	(600)%	0.1
Commission and clearing fees	49.8	2%	48.7	—%	48.9
Consulting, management, and account fees	34.6	21%	28.5	19%	24.0
Interest income	0.7	75%	0.4	33%	0.3
Total revenues	432.7	192%	148.1	102%	73.3
Cost of physical commodities sold	292.7	319%	69.9	n/m	—
Operating revenues	140.0	79%	78.2	7%	73.3
Transaction-based clearing expenses	6.4	205%	2.1	(19)%	2.6
Introducing broker commissions	69.0	14%	60.3	4%	58.0
Interest expense	0.8	700%	0.1	n/m	—
Net operating revenues	63.8	306%	15.7	24%	12.7
Variable compensation and benefits	5.0	355%	1.1	22%	0.9
Net contribution	58.8	303%	14.6	24%	11.8
Fixed compensation and benefits	10.2	149%	4.1	17%	3.5
Other fixed expenses	16.3	298%	4.1	52%	2.7
Bad debts, net of recoveries	0.6	n/m	—	n/m	—
Total non-variable direct expenses	27.1	230%	8.2	32%	6.2
Segment income	\$ 31.7	395%	\$ 6.4	14%	\$ 5.6

The tables below reflect a disaggregation of operating revenues and select operating data and metrics used by management in evaluating performance of our Retail segment for the periods indicated.

Operating Revenues (in millions):	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Securities	\$ 82.2	9 %	\$ 75.7	6 %	\$ 71.1
FX / CFD contracts	42.9	n/m	—	n/m	—
Physical contracts	12.8	2,460 %	0.5	n/m	—
Interest / fees earned on client balances	1.7	(15)%	2.0	(9)%	2.2
Other	0.4	n/m	—	n/m	—
	\$ 140.0	79 %	\$ 78.2	7 %	\$ 73.3

### Select data (all \$ amounts are U.S. dollar equivalents):

FX / CFD contracts ADV (millions) <sup>(1)</sup>	\$ 8,357	n/m	\$ —	n/m	\$ —
FX / CFD contracts RPM <sup>(2)</sup>	\$ 120	n/m	\$ —	n/m	\$ —

<sup>(1)</sup> The ADV for the year ended September 30, 2020 is reflective of the ADV post-acquisition of Gain, and is calculated based on 43 trading days with the activities of Gain, acquired effective August 1, 2020.

For information about the assets of this segment, see Note 23 to the Consolidated Financial Statements.

### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Operating revenues were \$140.0 million in fiscal 2020 compared to \$78.2 million in fiscal 2019. Net operating revenues were \$63.8 million in fiscal 2020 compared to \$15.7 million in fiscal 2019.

Operating revenues derived from FX / CFD contracts represent the incremental revenues from the acquisition of Gain effective July 31, 2020.

Operating revenues from securities transactions and other primarily relate to our independent wealth management activities which increased 9% to \$82.2 million in fiscal 2020 as compared to \$75.7 million in fiscal 2019.

The increase in operating revenues derived from physical contracts was a result of the acquisition of Coininvest GmbH and European Precious Metal Trading GmbH, which was completed in April 2019, which benefited from increased customer demand for precious metals transactions through our online platform.

Interest and fee income earned on client balances declined 15% to \$1.7 million primarily as a result of the decline in short term interest rates.

Variable expenses, excluding interest, as a percentage of operating revenues were 57% in fiscal 2020 compared to 81% in fiscal 2019, with the decrease in the variable rate percentage being driven by the recent Gain acquisition that brings a large lower variable rate cost base.

Segment income increased 395% to \$31.7 million in fiscal 2020 compared to \$6.4 million in fiscal 2019, primarily as a result of the increase in net operating revenues noted above. The increase in non-variable direct expenses, was primarily a result of incremental costs from the acquisition of Gain effective July 31, 2020, which a brings a larger fixed cost base.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Operating revenues were \$78.2 million in fiscal 2019 compared to \$73.3 million in fiscal 2018. Net operating revenues were \$15.7 million in fiscal 2019 compared to \$12.7 million in fiscal 2018.

The increase in operating revenues from securities transactions and other primarily relates to increased customer activity in our independent wealth management business.

Operating revenues derived from physical contracts was primarily related to our acquisition of Coininvest GmbH and European Precious Metals GmbH, effective April 1, 2019, which allows customers to purchase precious metals through our online platforms.

Interest and fee income earned on client balances declined 9% to \$2.0 million compared to the fiscal 2018.

Variable expenses, excluding interest, as a percentage of operating revenues were 81% in fiscal 2019 compared to 84% in fiscal 2018. Segment income increased 14% to \$6.4 million in fiscal 2019 compared to \$5.6 million in fiscal 2018, primarily as a result of the increase in net operating revenues noted above. The increase in non-variable direct expenses, was primarily a result of an increase in fixed compensation and benefits, trade system costs and professional fees in our independent wealth management business.

## Global Payments

We provide customized foreign exchange and treasury services to banks and commercial businesses as well as charities and non-governmental and government organizations. We provide transparent pricing and offer payments services in more than 170 countries and 140 currencies, which we believe is more than any other payments solutions provider.

The tables below present the financial performance, a disaggregation of operating revenues, and select operating data and metrics used by management in evaluating the performance of the Global Payments segment for the periods indicated.

(in millions)	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
<b>Revenues:</b>					
Sales of physical commodities	\$ —	—	\$ —	—	\$ —
Principal gains, net	110.8	3%	107.1	13%	95.0
Commission and clearing fees	4.1	8%	3.8	(3)%	3.9
Consulting, management, account fees	2.5	39%	1.8	800%	0.2
Interest income	—	(100)%	0.1	—%	0.1
<b>Total revenues</b>	<b>117.4</b>	<b>4%</b>	<b>112.8</b>	<b>14%</b>	<b>99.2</b>
Cost of sales of physical commodities	—	—	—	—	—
<b>Operating revenues</b>	<b>117.4</b>	<b>4%</b>	<b>112.8</b>	<b>14%</b>	<b>99.2</b>
Transaction-based clearing expenses	5.1	4%	4.9	14%	4.3
Introducing broker commissions	0.7	(13)%	0.8	(33)%	1.2
Interest expense	0.1	—%	0.1	(50)%	0.2
<b>Net operating revenues</b>	<b>111.5</b>	<b>4%</b>	<b>107.0</b>	<b>14%</b>	<b>93.5</b>
Variable compensation and benefits	21.9	7%	20.4	10%	18.5
<b>Net contribution</b>	<b>89.6</b>	<b>3%</b>	<b>86.6</b>	<b>15%</b>	<b>75.0</b>
Fixed compensation and benefits	11.8	20%	9.8	46%	6.7
Other fixed expenses	9.2	(14)%	10.7	26%	8.5
Bad debts	—	—%	—	—%	—
<b>Total non-variable direct expenses</b>	<b>21.0</b>	<b>2%</b>	<b>20.5</b>	<b>35%</b>	<b>15.2</b>
<b>Segment income</b>	<b>\$ 68.6</b>	<b>4%</b>	<b>\$ 66.1</b>	<b>11%</b>	<b>\$ 59.8</b>

Operating Revenues (in millions):	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Payments	\$ 114.6	3 %	\$ 110.8	12 %	\$ 99.0
Other	2.8	40 %	2.0	900 %	0.2
	<b>\$ 117.4</b>	<b>4 %</b>	<b>\$ 112.8</b>	<b>14 %</b>	<b>\$ 99.2</b>

Select data (all \$ amounts are U.S. dollar equivalents):					
Global Payments ADV (millions)	\$ 45	— %	\$ 45	7 %	\$ 42
Global Payments RPM <sup>(1)</sup>	\$ 10,092	3 %	\$ 9,805	4 %	\$ 9,456

<sup>(1)</sup> Rate per million is based on principal gains, net and commission and clearing fees revenues and the ADV shown above.

For information about the assets of this segment, see Note 23 to the Consolidated Financial Statements.

### Year Ended September 30, 2020 Compared to Year Ended September 30, 2019

Operating revenues increased 4% to \$117.4 million in fiscal 2020 compared to \$112.8 million in fiscal 2019, Net operating revenues increased 4% to \$111.5 million in fiscal 2020 compared to \$107.0 million in fiscal 2019.

The increase in operating revenues were primarily driven by a 3% increase in the rate per million dollars traded, while the average daily notional payment volume was relatively unchanged year-over-year, as larger debt capital market transactions from our international banking clients decreased in fiscal 2020 compared to fiscal 2019 due to the global economic slowdown impact of the COVID-19 pandemic.

Variable expenses, excluding interest, expressed as a percentage of operating revenues were 24% in fiscal 2020 compared to 23% in fiscal 2019, primarily as a result of an increase in variable compensation.

Segment income increased 4% to \$68.6 million in fiscal 2020 compared to \$66.1 million in fiscal 2019. This increase primarily resulted from the increase in net operating revenues, partially offset by a \$0.5 million decrease in non-variable direct expenses versus the prior year period.

*Year Ended September 30, 2019 Compared to Year Ended September 30, 2018*

Operating revenues increased 14% to \$112.8 million in fiscal 2019 compared to \$99.2 million in fiscal 2018, driven by a 4% increase in the rate per million dollars traded, while the average daily notional payment volume increased 7% compared to fiscal 2018. This growth was driven by increased activity from our international banking clients, particularly related to capital transactions, mergers and acquisitions, and smaller recurring payments.

Segment income increased 11% to \$66.1 million in fiscal 2019 compared to \$59.8 million in fiscal 2018. This increase primarily resulted from the increase in operating revenues, partially offset by a \$5.3 million increase in non-variable direct expenses versus the prior year period, primarily driven by the acquisition of PayCommerce Financial Solutions, LLC in the fourth quarter of fiscal 2018 as well as the addition of several new front office employees. Variable expenses, excluding interest, expressed as a percentage of operating revenues decreased to 23% in fiscal 2019 compared to 24% in fiscal 2018, primarily as a result of a decrease in variable compensation.

**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. Our senior management establishes liquidity and capital policies, and monitors liquidity on a daily basis. Senior management reviews business performance relative to these policies and monitors the availability of our internal and external sources of financing. We have historically financed our liquidity and capital needs primarily with funds generated from our subsidiaries' operations, the issuance of debt and equity securities, and access to committed credit facilities. We plan to finance our future operating liquidity and regulatory capital needs in a manner consistent with our past practice. Liquidity and capital matters are reported regularly to our board of directors.

StoneX Financial Inc. is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). In addition, StoneX Financial is registered as a futures commission merchant with the CFTC and NFA, and a member of various commodities and futures exchanges in the U.S. and abroad. StoneX Financial has a responsibility to meet margin calls at all exchanges on a daily basis and intra-day basis, if necessary. We require our clients to make any required margin deposits the next business day, and we require our largest clients 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 clients and the required margin per contract. StoneX 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. StoneX Financial is also subject to the Rule 15c3-3 of the Securities Exchange Act of 1934, as amended ("Customer Protection Rule").

Gain Capital Group, LLC is registered as a futures commission merchant and forex dealer subsidiary and is also 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 NFA Financial Requirements, Sections 1 and 11.

These rules specify the minimum amount of capital that must be available to support our clients' open trading positions, including the amount of assets that StoneX Financial and Gain Capital Group, LLC must maintain in relatively liquid form, and are designed to measure general financial integrity and liquidity.

StoneX Financial Ltd (formerly INTL FCStone Ltd) is regulated by the Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the U.K. and is subject to regulations which impose regulatory capital requirements. StoneX Financial Ltd is a member of various commodities and futures exchanges in the U.K. and Europe and has the responsibility to meet margin calls at all exchanges on a daily basis and intra-day basis, if necessary. StoneX Financial Ltd 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.

GAIN Capital U.K. Ltd. is regulated by the FCA as a full scope €730k IFPRU Investment Firm, and is also subject to regulations which impose regulatory capital requirements.

These regulations discussed above limit funds available for dividends to StoneX. As a result, we may be unable to access funds which are generated by our operating subsidiaries when we need them.

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, 2020, we had total equity capital of \$767.5 million, outstanding loans under revolving credit facilities of \$268.1 million, outstanding senior secured term loan of \$179.5 million and \$336.0 million outstanding on our senior secured notes, net of deferred financing costs.

A substantial portion of our assets are liquid. As of September 30, 2020, approximately 97% of our assets consisted of cash; securities purchased under agreements to resell; securities borrowed; deposits with and receivables from exchange-clearing organizations, broker-dealers, clearing organizations and counterparties; client receivables, marketable financial instruments and investments, and physical commodities inventory. All assets that are not client and counterparty deposits are financed by our equity capital, bank loans, short-term borrowings from financial instruments sold, not yet purchased and under repurchase agreements, securities loaned and other payables.

As of September 30, 2020, we had deferred tax assets totaling \$36.9 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, 2020 and September 30, 2019 was \$12.4 million and \$8.5 million, respectively. The valuation allowances as of September 30, 2020 and September 30, 2019 were primarily related to U.S. state and local, and foreign net operating loss carryforwards and foreign tax credits acquired through the merger with Gain that, in the judgment of management, are not more likely than not to be realized.

#### *Client and Counterparty Credit and Liquidity Risk*

Our operations expose us to credit risk of default of our clients and counterparties. The risk includes liquidity risk to the extent our clients 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 clients and counterparties, including the risks that our clients and counterparties may not be able to finance their operations.

As a clearing broker, we act on behalf of our clients 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 clients. Accordingly, we are responsible for our clients' obligations with respect to these transactions, which exposes us to significant credit risk. Our clients are required to make any required margin deposits the next business day, and we require our largest clients to make intra-day margin payments during periods of significant price movement. Our clients 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 clients 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 clients and the counterparties with which we offset our client positions. As with exchange-traded transactions, our OTC transactions require that we meet initial and variation margin payments on behalf of our clients before we receive the required payment from our clients. OTC clients 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 clients are required to make any required margin deposits the next business day, and we may require our largest clients to make intra-day margin payments during periods of significant price movement. We have the ability to increase the margin requirements for clients based on their open positions, trading activity, or market conditions. On a limited basis, we provide credit thresholds to certain clients, based on internal evaluations and monitoring of client 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 client 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.

We enter into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions to, among other things, finance financial instruments, acquire securities to cover short positions, acquire securities for settlement, and to accommodate counterparties' needs. In connection with these agreements and transactions, it is our policy 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 we may require counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Excluding the bad debt and recoveries on physical coal discussed below, during the fiscal years ended September 30, 2020, 2019, and 2018, we recorded bad debts, net of recoveries of \$13.0 million, \$2.5 million, and \$3.1 million, respectively. Additional information related to bad debts, net of recoveries, for the fiscal years ended September 30, 2020, 2019, and 2018 is set forth in Note 7 of the Consolidated Financial Statements.

#### *OptionSellers*

In November 2018, balances in approximately 300 accounts of the futures commission merchant (“FCM”) division of our wholly owned subsidiary, StoneX Financial Inc. (“StoneX Financial”), declined below required maintenance margin levels, primarily as a result of significant and unexpected price fluctuations in the natural gas markets. All positions in these accounts, which were managed by OptionSellers.com Inc. (“OptionSellers”), an independent Commodity Trading Advisor (“CTA”), were liquidated in accordance with the StoneX Financial’s client agreements and obligations under market regulation standards. OptionSellers, in its role as a CTA, had been granted by each of its clients full discretionary authority to manage the trading in the client accounts, while StoneX Financial acted solely as the clearing firm in its role as the FCM.

StoneX Financial’s client agreements hold account holders liable for all losses in their accounts and obligate the account holders to reimburse StoneX Financial for any account deficits in their accounts. As of September 30, 2020, the aggregate receivable from these client accounts, net of collections and other allowable deductions, was \$29.0 million, with no individual account receivable exceeding \$1.4 million. StoneX Financial continues to pursue collection of these receivables and intends both to enforce and to defend its rights aggressively, and to claim interest and costs of collection where applicable.

We have done an assessment of the collectability of these accounts, considered the status of arbitration proceedings, and have concluded that we do not have a sufficient basis to record an allowance against these uncollected balances. As we move through the collection and arbitration processes and additional information becomes available, we will continue to consider the need for an allowance against the carrying value of these uncollected balances. Depending on future collections and arbitration proceedings, any provisions for bad debts and actual losses ultimately may or may not be material to our financial results. Currently, we do not believe that any potential losses related to this matter would impact our ability to comply with our ongoing liquidity, capital, and regulatory requirements.

#### *Bad Debt and Recoveries on Physical Coal*

During fiscal 2017 and fiscal 2018, we recorded charges to earnings of \$47.0 million and \$1.0 million, respectively, to record an allowance for doubtful accounts related to a bad debt incurred in our physical coal business, conducted solely in our Singapore subsidiary, INTL Asia Pte. Ltd., with a coal supplier. Components of the bad debt on physical coal included allowances on amounts due to us from our supplier related to: coal paid for but not delivered to clients; reimbursement of demurrage claims, dead freight and other charges paid by INTL Asia Pte. Ltd. to its clients; reimbursement due for deficiencies in the quality of coal delivered to clients; and losses incurred related to the cancellation of open sales contracts. During fiscal 2018, we completed our exit of the physical coal business.

During fiscal 2019, we reached settlements with clients, paying \$8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during fiscal 2018 and fiscal 2017, and accordingly we recorded a recovery on the bad debt on physical coal of \$2.4 million. Additionally, in September 2019, we received \$10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery.

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

Our cash and cash equivalents and customer cash and securities held for customers are held at banks, deposits at liquidity providers, investments in money market funds that invest in highly liquid investment grade securities including U.S. treasury bills, as well as investments in U.S treasury bills. In general, we believe all of our investments and deposits are of high credit quality and we have more than adequate liquidity to conduct our businesses.

Our assets and liabilities may vary significantly from period to period due to changing client requirements, economic and market conditions and our growth. Our total assets as of September 30, 2020 and September 30, 2019, were \$13.5 billion and \$9.9 billion, 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 client activity, commodities prices and changes in the balances of financial instruments and commodities inventory. StoneX Financial and StoneX Financial Ltd occasionally utilize 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 clients.

The majority of the assets of StoneX Financial, StoneX Financial Ltd, Gain Capital Group, LLC and GAIN Capital U.K. Ltd. are restricted from being transferred to its parent or other affiliates due to specific regulatory requirements. This restriction has 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, interest earning cash deposits and AA-rated money market investments.

We do not intend to distribute earnings of our foreign subsidiaries in a taxable manner, and therefore intend to limit distributions to earnings previously taxed in the U.S., or earnings that would qualify for the 100 percent dividends received deduction, and earnings that would not result in any significant foreign taxes. We repatriated \$30.0 million and \$13.0 million for the fiscal year ended September 30, 2020 and 2019, respectively, of earnings previously taxed in the U.S. resulting in no significant incremental taxes. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries.

### **Senior Secured Notes**

On June 11, 2020, we issued \$350 million in aggregate principal amount of our 8.625% Senior Secured Notes due 2025 (the “Notes”) at the offering price of 98.5% of the aggregate principal amount. We used the net proceeds from the sale of the Notes to fund the preliminary cash consideration for the merger of Gain on the closing date, to pay certain related transactions fees and expenses, and to fund the repayment of Gain’s 5.00% Convertible Senior Notes due 2022 (“the Gain Notes”) as further discussed below and in Note 18.

The Notes will mature on June 15, 2025. Interest on the Senior Secured Notes accrues at a rate of 8.625% per annum and is payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. We incurred debt issuance costs of \$9.5 million in connection with the issuance of the Senior Secured Notes, which are being amortized over the term of the Senior Secured Notes under the effective interest method.

We have the option to redeem all or a portion of the Senior Secured Notes at any time prior to June 15, 2022 at a price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus accrued and unpaid interest to the redemption date plus a “make-whole” premium. At any time on or after June 15, 2022, we may redeem the Senior Secured Notes, in whole or in part, at the redemption prices set forth in the indenture. At any time before June 15, 2022, we may also redeem up to 40% of the aggregate principal amount of the Senior Secured Notes at a redemption price of 108.625% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds of certain equity offerings. In addition, upon the earlier to occur of (x) a business combination between our subsidiaries that are registered in the UK and regulated by the Financial Conduct Authority and (y) the one year anniversary of the date of issuance of the Senior Secured Notes, we may elect to redeem up to \$100.0 million in aggregate principal amount of the Senior Secured Notes at a redemption price equal to 103% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption. If we elect not to redeem the Senior Secured Notes, the holders of the Senior Secured Notes will have the right to require us to repurchase up to \$100.0 million in aggregate principal amount of the Senior Secured Notes (or a lesser amount equal to the difference between \$100.0 million and the amounts previously redeemed by us) at a purchase price equal to 103% of the principal amount of the Senior Secured Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. On February 22, 2019, the Company amended its \$262.0 million senior secured revolving credit facility, to extend the maturity date through February 2022, and to increase the size of the facility to \$350.0 million. Subsequent to September 30, 2020, additional members were added to the syndication further increasing the committed amount to \$393.0 million.

In connection with the Gain merger, the Company assumed the Gain Notes in an aggregate principal amount of \$92.0 million, that were issued by Gain on August 22, 2017. The notes bear interest at a fixed rate of 5.00% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2018. The consummation of the merger with Gain constituted a fundamental change and make-whole fundamental change under the terms of the Gain Notes’ indenture. As a result, the holders of the Gain Notes were entitled to require us to repurchase the Gain Notes at a repurchase price equal to \$1,002.36 per \$1,000 principal amount on September 1, 2020. Alternatively, the holders of the Gain Notes could continue to hold such notes without exercising the repurchase right, in which case the Gain Notes will continue to bear interest at 5.00% and the notes will be convertible into the right to convert the principal amount of the Senior Secured Notes solely into cash in an amount equal to the conversion rate in effect on the conversion date multiplied by \$6.00.

Holders of the Gain Notes in the aggregate principal amount of \$0.5 million neither exercised such holder’s fundamental change repurchase right or make-whole fundamental change conversion right, and accordingly \$0.5 million of Gain Notes remain outstanding. We were required to redeem the Senior Secured Notes in an amount equal to the aggregate principal amount of the Gain Notes that remained outstanding after the fundamental change repurchase date, at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date. In September 2020, we redeemed \$91.5 million in principal amount of the Senior Secured Notes. The remaining aggregate principal amount of \$0.5 million will mature on August 15, 2022, unless earlier converted, redeemed or repurchased.



## Committed Credit Facilities

As of September 30, 2020, we had four committed bank credit facilities, totaling \$736.6 million, of which \$427.6 million was outstanding. Additional information regarding our bank credit facilities can be found in Note 12 of the Consolidated Financial Statements. The credit facilities include:

- A three-year syndicated loan facility, which includes a \$196.5 million revolving credit facility and a \$196.5 million Term Loan, committed until February 22, 2022, under which we are entitled to borrow up to \$376.6 million, subject to certain terms and conditions of the credit agreement. This credit facility will continue to be used to finance the Company's working capital requirements and capital expenditures. The credit facility is secured by a first priority lien on substantially all of the assets of the Company and those of our subsidiaries that guarantee the credit facility. The Company is required to make quarterly principal payments against the Term Loan equal to 1.25% of the original balance with the remaining balance due on the maturity date. Amounts repaid on the Term Loan may not be reborrowed.
- An unsecured syndicated loan facility committed until April 2, 2021, under which our subsidiary, StoneX Financial is entitled to borrow up to \$75.0 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.
- A syndicated loan facility committed until January 29, 2022, under which our subsidiary, FCStone Merchant Services, LLC is entitled to borrow up to \$260.0 million, subject to certain terms and conditions of the credit agreement. The loan proceeds are used to finance commodity financing arrangements and commodity repurchase agreements.
- An unsecured syndicated loan facility committed until October 14, 2021, under which our subsidiary, StoneX Financial Ltd is entitled to borrow up to \$25.0 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. This facility matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially similar terms.

Additional information regarding the committed bank credit facilities can be found in Note 12 of the Consolidated Financial Statements. As reflected above, \$75.0 million of our committed credit facilities are scheduled to expire during fiscal 2021. 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.

As of September 30, 2020, we had four uncommitted bank credit facilities with an outstanding balance of \$20.0 million. The credit facilities include:

- A secured uncommitted loan facility under which StoneX Financial may borrow up to \$75.0 million, collateralized by commodity warehouse receipts, to facilitate U.S. commodity exchange deliveries of its clients, subject to certain terms and conditions of the credit agreement.
- A secured uncommitted loan facility under which StoneX Financial may borrow up to \$100.0 million for short term funding of firm and client margin requirements, subject to certain terms and conditions of the agreement. The borrowings are secured by first liens on firm owned marketable securities or client owned securities which have been pledged to us under a clearing arrangement.
- A secured uncommitted loan facility under which StoneX Financial may borrow requested amounts for short term funding of firm and client margin requirements. The uncommitted maximum amount available to be borrowed is not specified, and all requests for borrowing are subject to the sole discretion of the lender. The borrowings are secured by first liens on firm owned marketable securities or client owned securities which have been pledged to us under a clearing arrangement.
- A secured uncommitted loan facility under which StoneX Financial Ltd may borrow up to \$20.0 million, collateralized by commodities warehouse receipts, to facilitate the financing of inventory of commodities, subject to certain terms and conditions of the credit agreement.

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 tangible net worth, minimum regulatory capital, minimum net unencumbered liquid assets, maximum net loss, minimum fixed charge coverage ratio and maximum funded debt to net worth ratio. Failure to comply with any such covenants could result in the debt becoming payable on demand. As of September 30, 2020, we and our subsidiaries are in compliance with all of our financial covenants under the outstanding facilities.

In accordance with required disclosure as part of our three-year syndicated revolving loan facility, during the trailing twelve months ended September 30, 2020, interest expense directly attributable to trading activities includes \$33.5 million in

connection with trading activities conducted as an institutional dealer in fixed income securities, and \$25.0 million in connection with securities lending activities.

#### *Other Capital Considerations*

Our activities are subject to various significant governmental regulations and capital adequacy requirements, both in the U.S. and in the international jurisdictions in which we operate. 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, 2020. Additional information on our subsidiaries subject to significant net capital and minimum net capital requirements can be found in Note 14 of the Consolidated Financial Statements.

The Dodd-Frank Act created a comprehensive new regulatory regime governing the OTC swaps and imposed 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.

The Dodd-Frank Act generally introduced a framework for (i) swap data reporting and record keeping 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.

Our subsidiary, StoneX Markets LLC, is a CFTC provisionally registered swap dealer. Our subsidiary, GAIN GTX, LLC, is a CFTC and NFA provisionally registered swap dealer. Certain of our other subsidiaries may be required to register, or may register voluntarily, as swap dealers and/or swap execution facilities. During 2016, CFTC 23.154, Calculation of Initial Margin rules came into effect, imposing new requirements on registered swap dealers (such as our subsidiary, StoneX Markets, LLC) and certain counterparties to exchange initial margin, with phased-in compliance dates, with StoneX Markets, LLC falling in the final compliance date tier of September 2021. We will continue to monitor all applicable developments in the ongoing implementation of the Dodd-Frank Act.

Swap dealers are subject to a comprehensive regulatory regime with new obligations for the swaps activities for which they are registered, including adherence to risk management policies, supervisory procedures, trade record and real time reporting requirements, as well as proposed rules for new minimum capital requirements. StoneX Markets LLC and GAIN GTX, LLC have faced, and may continue to face, increased costs due to the registration and regulatory requirements listed above, as may any other of our subsidiaries that register as a swap dealer and/or swap execution facility. In particular, the CFTC has proposed rules that would require a swap-dealer to maintain regulatory capital of at least \$20.0 million. Compliance with this or other swap-related regulatory capital requirements may require us to devote more capital to these businesses or otherwise restructure our operations, such as by combining these businesses with other regulated subsidiaries that must also satisfy regulatory capital requirements.

#### *Cash Flows*

Following the adoption of Accounting Standards Update (“ASU”) 2016-18 on October 1, 2018, we now include client cash and securities segregated for regulatory purposes in our consolidated cash flow statements. We hold a significant amount of U.S. Treasury obligations which represent investment of client funds or client-owned investments pledged in lieu of cash margin. U.S. Treasury securities held with third-party banks or pledged with exchange-clearing organizations representing investments of client funds or which are held for particular clients in lieu of cash margin are included in the beginning and ending cash balances reconciled on our consolidated statements of cash flows to the extent that they have an original or acquired maturity of 90 days or less and, therefore, meet the definition of a segregated cash equivalent. Purchases and sales of U.S. Treasury securities representing investment of clients’ funds and U.S. Treasury securities pledged or redeemed by particular clients in lieu of cash margin are presented as operating uses and sources of cash, respectively, within the operating section of the consolidated statements of cash flows if they have an original or acquired maturity of greater than 90 days. Typically, there is an offsetting use or source of cash related to the change in the payables to clients. However, we will report a use of cash in periods where segregated U.S. Treasury securities that meet the aforementioned definition of a segregated cash equivalent mature and are replaced with U.S. Treasury securities that have original or acquired maturities that are greater than 90 days.

Our cash, segregated cash, cash equivalents, and segregated cash equivalents increased from \$2,451.3 million as of September 30, 2019 to \$4,468.6 million as of September 30, 2020, a net increase of \$2,017.1 million. Net cash of \$1,950.6 million was provided by operating activities, \$241.6 million was used in investing activities and net cash of \$312.3 million was provided by financing activities, which included a \$21.5 million source of financing cash flows related to the issuance of the senior secured term loan, partially offset by required quarterly principal payments of \$9.8 million made during the year ended September 30, 2020. There was a financing cash outflow related to net payments on our revolving lines of credit with maturities of 90 days or less of \$99.7 million during the year ended September 30, 2020, which reduced payables to lenders under loans. There was a financing cash outflow related to repayments on our revolving line of credit which exceeded our proceeds from borrowings with maturities of greater than 90 days in the amount of \$33.5 million, which decreased payables to lenders under loans. Fluctuations in exchange rates decreased our cash, segregated cash, cash equivalents and segregated cash equivalents by \$4.2 million.

In the broker-dealer and related trading industries, 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 client 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 clients 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.

Unrealized gains and losses on open positions revalued at prevailing foreign currency exchange rates are included in trading revenue but have no direct impact on cash flow from operations. Similarly, gains and losses become realized when client transactions are liquidated, though they do not affect cash flow. To some extent, the amount of net deposits made by our clients in any given period is influenced by the impact of gains and losses on our client balances, such that clients may be required to post additional funds to maintain open positions or may choose to withdraw excess funds on open positions.

We continuously evaluate opportunities to expand our business. Investing activities include \$16.6 million in capital expenditures for property and equipment during fiscal 2020 compared to \$11.9 million during fiscal 2019 and \$12.5 million during fiscal 2018. Fluctuations in capital expenditures are primarily due to the timing of purchases of IT equipment and trade and non-trade system software as well as the timing on leasehold improvement projects.

Capital expenditures over the past three years has primarily included core information technology hardware acquisitions and leasehold improvements on office space. Following the acquisition of Gain we expect higher capital expenditures for future years primarily related to developing and creating additional features to various trading platforms.

In conjunction with the integration of Gain, we re-evaluated all trading systems utilized across the organization in order to identify duplicative systems. In connection with this process, we determined that certain legacy capitalized developed software costs within our OTC foreign exchange and precious metals businesses and would no longer be placed into service and utilized as expected prior to the merger with Gain. As a result, we recorded impairment charges of \$5.7 million, which are reflected in 'Bad debts and impairments' on the consolidated income statement for the year ended September 30, 2020.

Investing activities also include \$225.0 million in cash payments for the acquisition of businesses during fiscal 2020 compared to \$28.9 million during fiscal 2019. Further information about business acquisitions is contained in Note 21 to the Condensed Consolidated Financial Statements.

During fiscal 2020 and 2019, we repurchased 200,000 and 100,000 shares of our outstanding common stock in open market transactions, for an aggregate purchase price of \$7.5 million and \$3.8 million, respectively. During fiscal 2018 we had no repurchases of our outstanding common stock.

On August 13, 2019, our Board of Directors authorized the repurchase of up to 1.5 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on August 14, 2019 and ending on September 30, 2020. The repurchases were 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. As of the date of this filing, there has been no subsequent authorization by our Board of Directors to repurchase shares of our common stock.

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, 2020:

(in millions)	Total	Payments Due by Period			
		Less than 1 year	1 - 3 Years	3 - 5 Years	After 5 Years
Operating lease obligations	\$ 150.3	\$ 16.0	\$ 28.9	\$ 22.8	\$ 82.6
Purchase obligations <sup>(1)</sup>	5,207.3	5,207.3	—	—	—
Payable to lenders under loans	268.1	20.0	248.1	—	—
Senior secured borrowings	530.0	9.8	170.7	349.5	—
Contingent acquisition consideration	1.5	1.5	—	—	—
Other	63.2	23.6	19.2	17.2	3.2
	<u>\$ 6,220.4</u>	<u>\$ 5,278.2</u>	<u>\$ 466.9</u>	<u>\$ 389.5</u>	<u>\$ 85.8</u>

(1) Represents 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, 2020 fair values. The purchase commitments for less than one year will be partially offset by corresponding sales commitments of \$5,162.4 million.

Total contractual obligations exclude defined benefit pension obligations. We comply with the minimum funding requirements, and accordingly contributed \$0.1 million to our defined benefit pension plans during the year ended September 30, 2020. In fiscal 2021, we anticipate making future benefit payments of \$2.1 million related to the defined benefit plans. Additional information on the funded status of these plans can be found in Note 17 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, futures commission merchant, U.K. based financial services firm, provisionally registered swap dealer and from our market-making and proprietary trading in the foreign exchange and commodities and debt securities markets. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and OTC options, To Be Announced (“TBA”) securities and interest rate swaps. 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 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 our clients, 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 clients may incur. We control the risks associated with these transactions by requiring clients to maintain margin deposits in compliance with both clearing organization requirements and internal guidelines. We monitor required margin levels daily and, therefore, may require clients to deposit additional collateral or reduce positions when necessary. We also establish contract limits for clients, which are monitored daily. We evaluate each client’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 clients are subject to netting, per the terms of the client agreements, which reduce the exposure to us by permitting receivables and payables with such clients to be offset in the event of a client default. Management believes that the margin deposits held as of September 30, 2019 are adequate to minimize the risk of material loss that could be created by positions held at that time. Additionally, we monitor collateral fair value on a daily basis and adjust collateral levels in the event of excess market exposure. Generally, these exposures to both counterparties and clients are subject to master netting agreements and the terms of the client agreements, which reduce our exposure.

As a broker-dealer in U.S. Treasury obligations, U.S. government agency obligations, agency mortgage-backed obligations, and asset-backed obligations, we are engaged in various securities trading, borrowing and lending activities serving 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 clients, and our OTC and foreign exchange trade desks will generally offset the client'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 client.

Additionally, we hold options and futures on options contracts resulting from market-making and proprietary trading activities in these product lines. We assist clients 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 physical commodities trading business clients 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.

As part of the activities discussed above, we carry short positions. We sell financial instruments that we do not own, borrow the financial instruments to make good delivery, and therefore are obliged to purchase such financial instruments at a future date in order to return the borrowed financial instruments. We record these obligations in the condensed consolidated financial statements as of September 30, 2020 and September 30, 2019, at fair value of the related financial instruments, totaling \$686.0 million and \$714.8 million, respectively. These positions are held to offset the risks related to financial assets owned, and reported in our condensed consolidated balance sheets in 'financial instruments owned, at fair value', and 'physical commodities inventory, net'. We will incur losses if the fair value of the financial instruments sold, not yet purchased, increases subsequent to September 30, 2020, which might be partially or wholly offset by gains in the value of assets held as of September 30, 2020. The totals of \$686.0 million and \$714.8 million include a net liability of \$176.8 million and \$58.1 for derivatives, based on their fair value as of September 30, 2020 and September 30, 2019, 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 we conduct 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. We are also a member of and provide guarantees to securities clearinghouses and exchanges in connection with client 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 condensed consolidated balance sheets as of September 30, 2020 and September 30, 2019.

#### *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 due to their short-term nature or level of collateralization. These financial instruments include: cash and cash equivalents; cash, securities and other assets segregated under federal and other regulations; securities purchased under agreements to resell; securities borrowed; deposits with and receivables from broker-dealers, clearing organizations, and counterparties; financial instruments owned; securities sold under agreements to repurchase; securities loaned; and financial instruments sold, but not yet purchased. Unrealized gains and losses related to these financial instruments, which are not client owned positions, are reflected in earnings. Where available, we use prices from independent sources such as listed market prices, third-party pricing services, 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 their 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 and total liabilities. 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 consolidated 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 financial instruments owned and financial instruments sold, not yet purchased and foreign currencies sold, not yet purchased, at fair value with related changes in unrealized appreciation or depreciation reflected in 'principal 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 clients 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 client, 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 income taxes and in evaluating tax positions, including evaluating income tax 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 for deferred tax assets, 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 a 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 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 tax, state and local tax, and the effects of various global income tax strategies.

**Acquisition Accounting.** In executing our business strategy, we frequently enter into transactions to acquire businesses. We apply acquisition accounting on the date of acquisition to those transactions meeting the definition of a business. Applying acquisition accounting requires us to allocate the purchase consideration to the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed on the acquisition date. In determining the fair value of identifiable assets acquired and liabilities assumed, we frequently utilize the assistance of a third-party valuation specialist. Management applies certain significant assumptions, estimates, and judgments in determining the fair value of assets acquired and liabilities assumed on the acquisition date. These significant assumptions, estimates, and judgments include, but are not limited to, cash flow forecasts, discount rates, client churn rates, royalty rates, and economic lives. Any excess of the purchase consideration over the fair value of the net assets acquired is recorded as goodwill. Alternatively, in instances where the fair value of the net assets acquired exceeds the purchase consideration, we record a bargain purchase gain in the consolidated income statement at the date of acquisition. We include the post-acquisition results of acquired businesses in our consolidated income statements from the date of acquisition. Acquisition related costs are expensed as incurred.

#### *Accounting Standards Update*

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU removes certain exceptions for recognizing deferred taxes for investments, performing intra-period allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. We intend to adopt this guidance during the first quarter of fiscal year 2022. We are currently evaluating the impact that this new guidance will have on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 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. In April 2019, the FASB issued ASU No. 2019-04, “Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments”, which among other things, included several amendments to ASU No. 2016-13 changing how a company considers expected recoveries and contractual extensions or renewal options when estimating expected credit losses.

The guidance replaces the current incurred loss impairment guidance and introduces a new credit reserving model known as the Current Expected Credit Loss (“CECL”) model, which is based on expected losses over the life of an asset, and applies to financial assets carried at amortized cost, held-to-maturity debt securities and off-balance sheet credit exposures. The allowance must reflect management’s estimate of credit losses over the life of the assets taking future economic changes into consideration.

The Company has adopted this guidance for fiscal 2021, effective October 1, 2020, using the modified retrospective approach for all in-scope assets. The Company will recognize a cumulative-effect adjustment to beginning retained earnings in the quarter ended December 31, 2020 and does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements.

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

See also Note 6 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 client-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 client 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.

We are exposed to market risk in connection with our retail trading activities. Because we act as counterparty to our retail customers' transactions, we are exposed to risk on each trade that the value of our position will decline. Accordingly, accurate and efficient management of our net exposure is a high priority, and we have developed policies addressing both our automated and manual procedures to manage our exposure. These risk-management policies and procedures are established and reviewed regularly by the Risk Committee of our Board of Directors. Our risk-management policies require quantitative analyses by instrument, as well as assessment of a range of market inputs, including trade size, dealing rate, customer margin and market liquidity. Our risk-management procedures require our team of senior traders to monitor risk exposure on a continuous basis and update senior management both informally over the course of the trading day and formally through intraday and end of day reporting. A key component of our approach to managing market risk is that we do not initiate market positions for our own account in anticipation of future movements in the relative prices of products we offer.

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, 2020.



In our Securities market-making and trading activities, we maintain inventories of equity and debt securities. In our Commercial segment, our positions include physical commodities inventories, precious metals on lease, 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 dealer in fixed income securities business, we maintain a significant amount of trading assets and liabilities which are sensitive to changes in interest rates. These trading activities primarily consist of securities trading in connection with U.S. Treasury, U.S. government agency, agency mortgage-backed and agency asset-backed obligations as well as investment grade, high-yield, convertible and emerging markets debt securities. Derivative instruments, which consist of futures, 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 mortgage-backed securities.

In addition, we generate interest income from the positive spread earned on client 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. In some instances, we maintain interest earning cash deposits with banks, clearing organizations and counterparties. 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, institution, clearing organization or counterparty. We estimate that as of September 30, 2020, an immediate 25 basis point decrease in short-term interest rates would result in approximately \$6.4 million less in annual pretax income.

We manage interest expense using a combination of variable and fixed rate debt. The debt instruments are carried at their unpaid principal balance which approximates fair value. As of September 30, 2020, \$448.2 million of outstanding principal 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, 2020, \$350.0 million of outstanding principal debt was fixed-rate long-term debt.

### *Foreign Currency Risk*

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the value of our earnings and assets. Entities that have assets and liabilities denominated in currencies other than the primary economic environment in which the entity operates are subject to remeasurement. Virtually all sales and related operating costs are denominated in the currency of the local country and translated into USD for consolidated reporting purposes. Although the majority of the assets and liabilities of these subsidiaries are denominated in the functional currency of the subsidiary, they may also hold assets or liabilities denominated in other currencies. As a result, our results of operations and financial position are exposed to changing currency rates. We may consider entering into hedging transactions to mitigate our exposure to foreign currency exchange rates. These hedging transactions may not be successful.

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

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
StoneX Group Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of StoneX Group Inc. and subsidiaries (the Company) as of September 30, 2020 and 2019, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows, and consolidated statements of stockholders' equity for each of the years in the three-year period ended September 30, 2020, and the related notes and financial statement schedule (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2020, 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, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2010.

Kansas City, Missouri  
December 14, 2020

## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
StoneX Group Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited StoneX Group Inc. and subsidiaries' (the Company) internal control over financial reporting as of September 30, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2020 and 2019, and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows, and consolidated statements of stockholders' equity for each of the years in the three-year period ended September 30, 2020, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated December 14, 2020 expressed an unqualified opinion on those consolidated financial statements.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2020 excluded the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, acquired with effect from October 7, 2019; IFCM Commodities GmbH, acquired with effect from January 2, 2020; Exotix Partners, LLP, acquired with effect from April 1, 2020; GIROXX GmbH, acquired with effect from May 1, 2020; Tellimer Capital Ltd, acquired with effect from June 1, 2020; and Gain Capital Holdings, Inc., acquired with effect from July 30, 2020. These acquired businesses had aggregate total assets of \$1,788.2 million and total revenues of \$67.5 million included in the Company's consolidated financial statements as of and for the year ended September 30, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, IFCM Commodities GmbH, Exotix Partners, LLP, GIROXX GmbH, Tellimer Capital Ltd, and Gain Capital Holdings, Inc.

### *Basis for Opinion*

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. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

*Definition and Limitations of Internal Control Over Financial Reporting*

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.

*/s/ KPMG LLP*

Kansas City, Missouri  
December 14, 2020

**StoneX Group Inc.**  
**Consolidated Balance Sheets**

(in millions, except par value and share amounts)	September 30, 2020	September 30, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 952.6	\$ 471.3
Cash, securities and other assets segregated under federal and other regulations (including \$2.6 million and \$306.0 million at fair value at September 30, 2020 and September 30, 2019, respectively)	1,920.2	1,049.9
Collateralized transactions:		
Securities purchased under agreements to resell	1,696.2	1,424.5
Securities borrowed	1,440.0	1,423.2
Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net (including \$1,775.8 million and \$626.9 million at fair value at September 30, 2020 and September 30, 2019, respectively)	3,629.9	2,540.5
Receivable from clients, net	411.4	422.3
Notes receivable, net	1.7	2.9
Income taxes receivable	16.6	5.2
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of \$468.6 million and \$478.8 million at September 30, 2020 and September 30, 2019, respectively)	2,727.7	2,175.2
Physical commodities inventory, net (including \$215.7 million and \$151.9 million at fair value at September 30, 2020 and September 30, 2019, respectively)	281.1	229.3
Deferred income taxes, net	36.9	18.0
Property and equipment, net	62.1	43.9
Operating right of use assets	101.5	—
Goodwill and intangible assets, net	109.5	67.9
Other assets	87.5	62.0
<b>Total assets</b>	<b>\$ 13,474.9</b>	<b>\$ 9,936.1</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable and other accrued liabilities (including \$1.5 million and \$1.8 million at fair value at September 30, 2020 and September 30, 2019, respectively)	\$ 272.6	\$ 157.5
Operating lease liabilities	118.7	—
Payables to:		
Clients	5,689.0	3,589.5
Broker-dealers, clearing organizations and counterparties (including \$14.7 million and \$5.6 million at fair value at September 30, 2020 and September 30, 2019, respectively)	537.5	266.2
Lenders under loans	268.1	202.3
Senior secured borrowings, net	515.5	167.6
Income taxes payable	22.6	10.4
Collateralized transactions:		
Securities sold under agreements to repurchase	3,155.5	2,773.7
Securities loaned	1,441.9	1,459.9
Financial instruments sold, not yet purchased, at fair value	686.0	714.8
<b>Total liabilities</b>	<b>12,707.4</b>	<b>9,341.9</b>
Commitments and contingencies (Note 13)		
<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; 21,798,551 issued and 19,376,594 outstanding at September 30, 2020 and 21,297,317 issued and 19,075,360 outstanding at September 30, 2019	0.2	0.2
Common stock in treasury, at cost - 2,421,957 shares at September 30, 2020 and 2,221,957 shares at September 30, 2019	(57.6)	(50.1)
Additional paid-in-capital	292.6	276.8
Retained earnings	572.4	402.1
Accumulated other comprehensive loss, net	(40.1)	(34.8)
<b>Total equity</b>	<b>767.5</b>	<b>594.2</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,474.9</b>	<b>\$ 9,936.1</b>

See accompanying notes to consolidated financial statements.

**StoneX Group Inc.**  
**Consolidated Income Statements**

(in millions, except share and per share amounts)	Year Ended September 30,		
	2020	2019	2018
<b>Revenues:</b>			
Sales of physical commodities	\$ 52,899.2	\$ 31,830.3	\$ 26,682.4
Principal gains, net	622.2	415.8	354.1
Commission and clearing fees	403.6	372.4	391.8
Consulting, management, and account fees	83.7	79.6	71.1
Interest income	130.9	198.9	123.3
<b>Total revenues</b>	<b>54,139.6</b>	<b>32,897.0</b>	<b>27,622.7</b>
Cost of sales of physical commodities	52,831.3	31,790.9	26,646.9
<b>Operating revenues</b>	<b>1,308.3</b>	<b>1,106.1</b>	<b>975.8</b>
Transaction-based clearing expenses	222.5	183.5	179.7
Introducing broker commissions	113.8	114.7	133.8
Interest expense	80.4	142.0	70.5
Interest expense on corporate funding	23.6	12.7	10.2
<b>Net operating revenues</b>	<b>868.0</b>	<b>653.2</b>	<b>581.6</b>
<b>Compensation and other expenses:</b>			
Compensation and benefits	518.7	393.1	337.7
Trading systems and market information	46.3	38.8	34.7
Professional fees	30.2	21.0	18.1
Non-trading technology and support	28.4	20.1	13.9
Occupancy and equipment rental	23.5	19.4	16.5
Selling and marketing	12.2	5.2	6.2
Travel and business development	8.9	16.2	13.8
Communications	7.0	6.6	5.4
Depreciation and amortization	19.7	14.0	11.6
Bad debts, net of recoveries and impairment	18.7	2.5	3.1
(Recovery) bad debt on physical coal	—	(12.4)	1.0
Other	29.6	23.2	20.1
<b>Total compensation and other expenses</b>	<b>743.2</b>	<b>547.7</b>	<b>482.1</b>
Gain on acquisitions and other gains	81.9	5.5	2.0
<b>Income before tax</b>	<b>206.7</b>	<b>111.0</b>	<b>101.5</b>
Income tax expense	37.1	25.9	46.0
<b>Net income</b>	<b>\$ 169.6</b>	<b>\$ 85.1</b>	<b>\$ 55.5</b>
<b>Earnings per share:</b>			
Basic	\$ 8.78	\$ 4.46	\$ 2.93
Diluted	\$ 8.61	\$ 4.39	\$ 2.87
<b>Weighted-average number of common shares outstanding:</b>			
Basic	18,824,328	18,738,905	18,549,011
Diluted	19,180,479	19,014,395	18,934,830

See accompanying notes to consolidated financial statements.

**StoneX Group Inc.**  
**Consolidated Statements of Comprehensive Income**

(in millions)	Year Ended September 30,		
	2020	2019	2018
Net income	\$ 169.6	\$ 85.1	\$ 55.5
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(4.5)	(0.8)	(9.0)
Pension liabilities adjustment	(0.2)	(0.8)	0.3
Reclassification of adjustment for losses (gains) included in net income:			
Periodic pension costs (included in compensation and benefits)	0.1	0.1	0.1
Foreign currency gains realized upon dissolution of subsidiaries (included in principal gains, net)	—	(0.2)	—
Reclassification adjustment for losses (gains) included in net income	0.1	(0.1)	0.1
Other comprehensive loss	(4.6)	(1.7)	(8.6)
Comprehensive income	\$ 165.0	\$ 83.4	\$ 46.9

See accompanying notes to consolidated financial statements.

**StoneX Group Inc.**  
**Consolidated Statements of Cash Flows**

(in millions)	Year Ended September 30,		
	2020	2019	2018
<b>Cash flows from operating activities:</b>			
Net income	\$ 169.6	\$ 85.1	\$ 55.5
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>			
(Recovery) bad debt on physical coal	—	(2.4)	1.0
Depreciation and amortization	19.7	14.0	11.6
Amortization of operating right of use assets	9.9	—	—
Provision for bad debts, net of recoveries and impairment	18.7	2.5	3.1
Deferred income taxes	4.1	3.7	22.3
Amortization and extinguishment of debt issuance costs	6.5	1.5	1.0
Actuarial gain on pension and postretirement benefits	(0.2)	(0.3)	(0.3)
Amortization of share-based compensation expense	10.3	8.1	6.6
Gain on acquisition	(81.9)	(5.5)	—
<b>Changes in operating assets and liabilities, net:</b>			
Cash, securities and other assets segregated under federal and other regulations	293.0	337.2	(626.7)
Securities purchased under agreements to resell	(271.7)	(553.7)	(464.9)
Securities borrowed	(16.8)	(1,197.7)	(138.8)
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties	(326.0)	(241.7)	(292.9)
Receivable from clients, net	0.9	(134.3)	(24.3)
Notes receivable, net	1.2	0.9	6.8
Income taxes receivable	(11.1)	(4.2)	(1.3)
Financial instruments owned, at fair value	(552.5)	(113.3)	(308.7)
Physical commodities inventory	(51.8)	3.0	(98.7)
Other assets	(3.7)	(8.3)	(3.3)
Accounts payable and other accrued liabilities	42.7	6.7	18.6
Operating lease liabilities	(9.5)	—	—
Payable to clients	2,093.7	(46.8)	520.0
Payable to broker-dealers, clearing organizations and counterparties	270.8	176.4	(27.8)
Income taxes payable	(0.3)	1.8	3.2
Securities sold under agreements to repurchase	381.8	837.0	543.7
Securities loaned	(18.0)	1,182.0	166.8
Financial instruments sold, not yet purchased, at fair value	(28.8)	(156.1)	153.9
Net cash provided by (used in) operating activities	1,950.6	195.6	(473.6)
<b>Cash flows from investing activities:</b>			
Cash paid for acquisitions	(225.0)	(28.9)	(3.7)
Sale of clearing organization common stock	—	—	0.8
Purchase of property and equipment	(16.6)	(11.9)	(12.5)
Net cash used in investing activities	(241.6)	(40.8)	(15.4)
<b>Cash flows from financing activities:</b>			
Net change in lenders under loans with maturities 90 days or less	99.7	(162.6)	125.8
Proceeds from lenders under loans with maturities greater than 90 days	608.5	357.2	—
Repayments of lenders under loans with maturities greater than 90 days	(642.0)	(346.7)	—
Proceeds from issuance of senior secured term loan	21.5	175.0	—
Repayments of senior secured term loan	(9.8)	(6.6)	—
Proceeds from issuance of senior secured notes	344.8	—	—
Repayment of senior secured notes	(92.1)	—	—
Repayments of note payable	(0.4)	(0.8)	(0.8)
Deferred payments on acquisitions	(0.9)	—	(5.5)
Share repurchase	(7.5)	(3.8)	—
Debt issuance costs	(15.0)	(3.3)	(0.4)
Exercise of stock options	5.5	1.2	2.6
Withholding taxes on stock option exercises	—	—	(0.8)
Net cash provided by financing activities	312.3	9.6	120.9
Effect of exchange rates on cash, segregated cash, cash equivalents, and segregated cash equivalents	(4.2)	(0.7)	(4.1)
Net increase (decrease) in cash, segregated cash, cash equivalents, and segregated cash equivalents	2,017.1	163.7	(372.2)
Cash, segregated cash, cash equivalents, and segregated cash equivalents at beginning of period	2,451.3	2,287.6	2,659.8
Cash, segregated cash, cash equivalents, and segregated cash equivalents at end of period	\$ 4,468.4	\$ 2,451.3	\$ 2,287.6



(continued)

(in millions)	Year Ended September 30,		
	2020	2019	2018
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 90.4	\$ 153.2	\$ 78.9
Income taxes paid, net of cash refunds	\$ 44.0	\$ 24.6	\$ 22.2
Supplemental disclosure of non-cash investing and financing activities:			
Identified intangible assets and goodwill on acquisitions	\$ 11.8	\$ 10.8	\$ 3.9
Additional consideration payable related to acquisitions	\$ 21.6	\$ 1.8	\$ —
Acquisition of businesses:			
Assets acquired	\$ 1,169.2	\$ 47.1	\$ 1.7
Liabilities acquired	(359.5)	(8.9)	(1.9)
Total net assets acquired	\$ 809.7	\$ 38.2	\$ (0.2)

The following table provides a reconciliation of cash, segregated cash, cash equivalents, and segregated cash equivalents reported within the consolidated balance sheets.

(in millions)	September 30,		
	2020	2019	2018
Cash and cash equivalents	\$ 952.6	\$ 471.3	\$ 342.3
Cash segregated under federal and other regulations <sup>(1)</sup>	1,907.2	743.9	765.5
Cash segregated and deposited with or pledged to exchange-clearing organizations and other futures commission merchants (“FCMs”) <sup>(2)</sup>	698.7	947.4	711.9
Securities segregated and pledged to exchange-clearing organizations <sup>(2)</sup>	909.9	288.7	467.9
Total cash, segregated cash, cash equivalents, and segregated cash equivalents shown in the consolidated statements of cash flows	\$ 4,468.4	\$ 2,451.3	\$ 2,287.6

<sup>(1)</sup> Represents segregated client cash held at third-party banks. Excludes segregated commodity warehouse receipts, segregated United States (“U.S.”) Treasury obligations with original or acquired maturities of greater than 90 days, and other assets of \$13.0 million, \$306.0 million, and \$643.2 million as of September 30, 2020, 2019, and 2018, respectively, included within ‘Cash, securities and other assets segregated under federal and other regulations’ on the consolidated balance sheets.

<sup>(2)</sup> Represents segregated client cash and U.S. Treasury obligations on deposit with, or pledged to, exchange clearing organizations and other FCMs. Excludes non-segregated cash, segregated securities pledged to exchange-clearing organizations with original or acquired maturities greater than 90 days, and other assets of \$2,021.3 million, \$1,304.4 million, and \$1,054.7 million as of September 30, 2020, 2019, and 2018, respectively, included within ‘Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net’ on the consolidated balance sheets.

See accompanying notes to consolidated financial statements.

**StoneX Group Inc.**  
**Consolidated Statements of Stockholders' Equity**

(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, net	Total
Balances as of September 30, 2017	\$ 0.2	\$ (46.3)	\$ 259.0	\$ 261.5	\$ (24.5)	\$ 449.9
Net income				55.5		55.5
Other comprehensive loss					(8.6)	(8.6)
Exercise of stock options			1.9			1.9
Share-based compensation			6.6			6.6
Balances as of September 30, 2018	0.2	(46.3)	267.5	317.0	(33.1)	505.3
Net income				85.1		85.1
Other comprehensive loss					(1.7)	(1.7)
Exercise of stock options			1.2			1.2
Share-based compensation			8.1			8.1
Repurchase of stock		(3.8)				(3.8)
Balances as of September 30, 2019	0.2	(50.1)	276.8	402.1	(34.8)	594.2
ASU 2018-02 cumulative transition adjustment				0.7	(0.7)	—
Adjusted Balances as of September 30, 2019	0.2	(50.1)	276.8	402.8	(35.5)	594.2
Net income				169.6		169.6
Other comprehensive loss					(4.6)	(4.6)
Exercise of stock options			5.5			5.5
Share-based compensation			10.3			10.3
Repurchase of stock		(7.5)				(7.5)
Balances as of September 30, 2020	\$ 0.2	\$ (57.6)	\$ 292.6	\$ 572.4	\$ (40.1)	\$ 767.5

See accompanying notes to consolidated financial statements.

**StoneX Group Inc.**  
**Notes to Consolidated Financial Statements**

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

StoneX Group Inc., a Delaware corporation, and its consolidated subsidiaries (collectively “SNEX” or “the Company”), is a global financial services network that connects companies, organizations, traders and investors to the global market ecosystem through a unique blend of digital platforms, end-to-end clearing and execution services, high touch service and deep expertise. The Company strives to be the one trusted partner to its clients, providing its network, product and services to allow them to pursue trading opportunities, manage their market risks, make investments and improve their business performance. The Company offers a vertically integrated product suite, beginning with high-touch and electronic access to nearly all major financial markets worldwide, as well as numerous liquidity venues. It delivers this access through the entire lifecycle of a trade, from deep market expertise and on-the-ground intelligence, to best execution and finally post-trade clearing, custody and settlement services. The Company has created a revenue stream that is diversified by asset class, client type and geography, earning commissions and spreads as clients execute transactions across our financial network, monetizing non-trading client activity including interest and fee earnings on client balances as well as earning consulting and fees for our market intelligence and risk management services.

The Company provides these services to a diverse group of more than 32,000 commercial and institutional clients and over 330,000 retail clients located in more than 130 countries, including commercial entities, asset managers, regional, national and introducing broker-dealers, insurance companies, brokers, institutional investors and professional traders, commercial and investment banks and government and non-governmental organizations (“NGOs”).

The Company’s shareholders voted and approved to change the Company’s name from INTL FCStone Inc. to StoneX Group Inc. on June 24, 2020. The change in the Company’s name became effective on July 7, 2020 and the Company’s common stock began trading on The NASDAQ Global Select Market under the symbol “SNEX”.

***Basis of Presentation***

The accompanying consolidated financial statements include the accounts of StoneX Group 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 2020, fiscal 2019, and fiscal 2018 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 transactional volumes. Introducing broker commissions include commission paid to non-employee third parties that have introduced clients 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, revenue recognition, the provision for probable losses from bad debts, valuation of inventories, and 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 Subsidiaries Consolidation***

As discussed further in Note 21, on January 14, 2019 the Company acquired 100% of the U.S.-based broker-dealer GMP Securities LLC (“GMP”). Subsequent to the acquisition date, the legal name of GMP was changed to INTL FCStone Credit

Trading LLC (“IFT”). Effective May 1, 2019, the Company merged IFT into StoneX Financial Inc. (“StoneX Financial”). As such, the assets, liabilities and equity of IFT were transferred into StoneX Financial.

### ***Reclassifications***

During the year ended September 30, 2020, the Company reclassified certain selling and marketing related costs in connection with the acquisition of Gain Capital Holdings, Inc. (“Gain”). In performing this reclassification, the Company has made retrospective adjustments to the consolidated income statements for the years ended September 30, 2019 and 2018. For the years ended September 30, 2019 and 2018, selling and marketing related costs of \$5.2 million and \$6.2 million, were reclassified from ‘Other’ expense to ‘Selling and marketing’ expense.

During the year ended September 30, 2019, the Company reclassified certain brokerage related revenues for which the Company earns commissions on trading activity in the capacity of an agent. In performing this reclassification, the Company has made a retrospective adjustment to the consolidated income statement for the year ended September 30, 2018. For the year ended September 30, 2018, brokerage related revenue of \$35.0 million, was reclassified from ‘principal gains, net’ to ‘commissions and clearing fees’. Additionally, the Company has changed the name of the line item ‘trading gains, net’ to ‘principal gains, net’ on the consolidated income statement in order to reflect the fact that these revenue streams are earned from trading financial instruments in the capacity of a principal and in order to properly segregate revenues earned from contracts with clients.

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

The Company’s consolidated financial statements are reported in U.S. dollars. The Company’s foreign subsidiaries maintain their records either in U.S. dollars or in certain instances the currency of the country in which they operate. The method of translating local currency financial information into U.S. dollars depends on whether the economy in which the foreign subsidiary operates has been designated as highly inflationary or not. Economies with a three-year cumulative inflation rate of more than 100% are considered highly inflationary.

Assets and liabilities of foreign subsidiaries in non-highly inflationary economies are translated into U.S. dollars using rates of exchange at the balance sheet date. Translation adjustments are recorded in other comprehensive income (loss). Revenues and expense are translated at rates of exchange in effect during the year. Transaction gains and losses are recorded in earnings.

Foreign subsidiaries that operate in highly inflationary countries use the U.S. dollar as their functional currency. Local currency monetary assets and liabilities are remeasured into U.S. dollars using rates of exchange as of each balance sheet date, with remeasurement adjustments and other transaction gains and losses recognized in earnings. Nonmonetary assets and liabilities do not fluctuate with changes in the local currency exchange rates to the dollar as the translated amounts for nonmonetary assets and liabilities at the end of the accounting period in which the economy becomes highly inflationary becomes the accounting basis for those assets and liabilities in the period of change and subsequent periods. Revenues and expenses are translated at rates of exchange in effect during the year.

The Company operates asset management and debt trading businesses in Argentina through various wholly-owned subsidiaries. Operating revenues from the Argentinean subsidiaries represented approximately 2% of the consolidated operating revenues for the year ended September 30, 2020. The operating environment in Argentina continues to present business challenges, including ongoing devaluation of the Argentine peso and significant inflation. For the year ended September 30, 2018, the Argentine peso declined approximately 139% (from 17.3 to 41.3 pesos to the U.S. dollar). Based upon inflationary data published by the International Practices Task Force of the Center for Audit Quality, the economy of Argentina became highly inflationary during the three months ended June 30, 2018.

Beginning July 1, 2018, the Company designated Argentina’s economy as highly inflationary for accounting purposes. As a result, the Company has accounted for the Argentinean entities using the U.S. dollar as their functional currency beginning in the quarter ending September 30, 2018. Argentine peso-denominated monetary assets and liabilities are remeasured at each balance sheet date to the currency exchange rate then in effect, with currency remeasurement gains and losses recognized in earnings. The translated balances for nonmonetary assets and liabilities as of June 30, 2018, became the accounting basis for those assets in the period of change and subsequent periods. As a result of Argentina’s highly inflationary status, the Company recorded translation losses through earnings of \$3.9 million and \$3.4 million for the years ended September 30, 2019 and 2018, respectively. Translation adjustments recorded through earnings were de minimis for the year ended September 30, 2020, as the Company has implemented strategies to reduce the exposure to the Argentine peso.

At September 30, 2020, the Company had net monetary liabilities denominated in Argentine pesos of \$0.1 million, compared to net monetary assets of \$5.5 million at September 30, 2019. The Company held cash and cash equivalents denominated in Argentine pesos of \$0.1 million and \$1.4 million as of September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, the Company had net nonmonetary assets denominated in Argentine pesos of \$0.9 million and \$1.0 million, respectively.

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

The Company considers cash held at banks and all highly liquid investments not held for trading purposes, with original or acquired maturities of 90 days or less, including certificates of deposit and money market mutual funds, to be cash and cash equivalents. Cash and cash equivalents consists of cash, certificates of deposit, and money market mutual funds not deposited with or pledged to clearing organizations, broker-dealers, clearing organizations or counterparties, or segregated under federal or other regulations. Certificates of deposit are stated at cost plus accrued interest, which approximates fair value, and may be withdrawn at any time at the discretion of the Company without penalty. Money market mutual funds are stated at their net asset value.

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

Pursuant to requirements of the Commodity Exchange Act and Commission Regulation 30.7 of the U.S. Commodity Futures Trading Commission (“CFTC”) in the U.S., the Markets in Financial Instruments Implementing Directive 2006/73/EC underpinning the Client Asset (“CASS”) rules in the Financial Services Authority (“FSA”) handbook in the United Kingdom (“U.K.”), and the Securities & Futures Act (“SFA”) in Singapore, funds deposited by clients relating to futures and options on futures contracts in regulated commodities must be carried in separate accounts which are designated as segregated or secured client accounts. Additionally, in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934 (“Rule 15c3-3”), the Company maintains separate accounts for the exclusive benefit of securities clients and proprietary accounts of broker dealers (“PABs”). Rule 15c3-3 requires the Company to maintain special reserve bank accounts (“SRBAs”) for the exclusive benefit of securities clients and PABs. The deposits in segregated client accounts and SRBAs are not commingled with the funds of the Company. Under the FSA’s rules, certain categories of clients may choose to opt-out of segregation. As of September 30, 2020 and September 30, 2019, cash, securities, and other assets segregated under federal and other regulations consisted of cash held at banks of approximately \$1,907.2 million and \$743.9 million, respectively, U.S. Treasury obligations of approximately \$10.6 million and \$299.8 million, respectively, and commodities warehouse receipts of approximately \$2.4 million and \$6.2 million, respectively (see fair value measurements discussion in Note 5).

### ***Collateralized Transactions***

The Company enters into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed transactions, and securities loaned transactions primarily to fund principal debt trading, acquire securities to cover short positions, acquire securities for settlement, or meet counterparty needs under matched-booked trading strategies.

These transactions are accounted for as collateralized financing transactions and are recorded at their contractual amounts plus accrued interest. In connection with these agreements and transactions, it is the policy of the Company to receive or pledge cash or securities to collateralize such agreements and transactions in accordance with contractual arrangements. The Company monitors the fair value of the collateral on a daily basis and the Company may require counterparties, or may be required by counterparties, to deposit additional collateral or return collateral pledged. Interest income and interest expense are recognized over the life of the arrangements and are recorded in the statement of income as interest income or interest expense, as applicable. The carrying amount of these transactions approximate fair value due to their short-term nature and the level of collateralization. These transactions are reported gross, except when a right of offset exists and the other criteria for netting under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 210-20, Balance Sheet - Offsetting are met.

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

As required by regulations of the CFTC, FSA, and Monetary Authority of Singapore (“MAS”), client funds received to margin, guarantee, and/or secure commodity futures and futures on options as well as retail foreign exchange transactions are segregated and accounted for separately from the general assets of the Company. Deposits with broker-dealers, clearing organizations, and counterparties pertain primarily to deposits made to satisfy margin requirements on client 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 deposits with various counterparties for over-the-counter (“OTC”) derivative contracts, and these deposits are also included in deposits with broker-dealers, clearing organizations, and counterparties. The Company also deposits cash margin with various securities clearing organizations as an ongoing condition of the securities clearing relationships, and these deposits are also included in deposits with broker-dealers, clearing organizations, and counterparties. Deposits with and receivables from broker-dealers, clearing organizations, and counterparties are reported gross, except where a right of offset exists. As of September 30, 2020 and September 30, 2019, the Company had cash and cash equivalents on deposit with or pledged to broker-dealers, clearing organizations, and counterparties of approximately 1.6 billion.

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties also includes guaranty deposits with clearing exchanges. The guaranty deposits are held by the clearing exchanges for use in potential default situations by one

or more members of the clearing exchanges. The guaranty deposits may be applied to the Company's obligations to the clearing exchange, or to the clearing exchange's obligations to unrelated parties.

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties also include securities pledged to clearing exchanges. These securities are either pledged to the Company by its clients or represent investments of client funds. It is the Company's practice to include client-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 agreements. Securities pledged primarily include U.S. Treasury obligations, foreign government obligations, and certain exchange-traded funds ("ETFs"). Securities that are not client-owned, and represent an investment of client funds, are adjusted to fair value with associated changes in unrealized gains or losses recorded in 'interest income' in the consolidated income statements. For client-owned securities, the change in fair value is offset against the payable to clients with no impact recognized in the consolidated income statements. The fair value of these securities included within deposits with and receivables from broker-dealers, clearing organizations, and counterparties was \$1,949.3 million and \$603.8 million as of September 30, 2020 and September 30, 2019, respectively.

Management has considered guidance required by ASC 860, Transfers and Servicing as it relates to securities pledged by clients to margin their futures and options on futures trading accounts. Based on a review of the agreements with the client, 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 client collateral assets and corresponding liabilities in the Company's consolidated balance sheets as of September 30, 2020 and September 30, 2019.

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties also includes amounts due from clearing exchanges for unrealized gains and losses associated with clients' options on futures contracts. See discussion in the Financial Instruments section below for additional information on the Company's accounting policies for derivative contracts. For client-owned derivative contracts, the fair value is offset against the payable to clients with no impact recognized on the consolidated income statements.

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

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties also include amounts due from or due to clearing exchanges for daily variation settlements on open futures and options on futures positions. The variation settlements due from or due to clearing exchanges are paid in cash on the following business day. Variation settlements equal the daily settlement of futures contracts and premiums on options on futures contracts.

Receivables from broker-dealers and counterparties also 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 proprietary trades.

Payables to broker-dealers and counterparties primarily include amounts payable for securities purchased but not yet received by the Company on settlement date ("fails-to-receive") and net payables arising from unsettled proprietary trades.

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 registered broker-dealer clients 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.

### ***Receivable from and Payable to Clients***

Receivable from clients, net of the allowance for doubtful accounts, include the total of net deficits in individual exchange-traded futures and OTC derivative trading accounts carried by the Company. Client deficits arise from realized and unrealized trading losses on client futures, options on futures, swaps and forwards and amounts due on cash and margin transactions. Client deficit accounts are reported gross of client accounts that contain net credit or positive balances, except where a right of offset exists. Net deficits in individual futures exchange-traded and OTC derivative trading accounts include both secured and unsecured deficit balances due from clients as of the balance sheet date. Secured deficit amounts are backed by U.S. Treasury obligations and commodity warehouse receipts. These U.S Treasury obligations and commodity warehouse receipts are not netted against the secured deficit amounts, as the conditions for right of setoff have not been met. See note 13 for additional discussion of client deficit accounts originating in November 2018.

Receivable from clients, net also includes the net amounts receivable from securities clients in connection with the settlement of regular-way cash securities, margin loans to clients, and client cash debits. It is the Company's policy to report margin loans and payables that arise due to positive cash flows in the same client's accounts on a net basis when the conditions for netting as specified in U.S. GAAP are met. Clients' securities transactions cleared by the Company are recorded on a settlement date basis. Securities cleared by the Company and pledged to the Company as a condition of the custodial clearing arrangements are owned by the clients, including those that collateralize margin or other similar transactions, and are not reflected on the consolidated balance sheets as the Company does not have title to, or beneficial interests, in those assets. In the event of uncompleted transactions on settlement date, the Company records corresponding receivables and payables, respectively. The carrying value of the receivables and payables approximates fair value due to their short-term nature.

Receivables from clients, net also include amounts receivable from non-broker-dealer clients for securities sold but not yet delivered by the Company on settlement date ("fails-to-deliver") and net receivables arising from unsettled proprietary trades.

Payable to clients represent the total of client accounts with credit or positive balances. Client accounts are used primarily in connection with exchange-traded and OTC commodity, foreign exchange, precious metals, and securities transactions and include gains and losses on open trades as well as securities and cash margin deposits made as required by the Company, the exchange-clearing organizations or other clearing organizations. Client accounts with credit or positive balances are reported gross of client deficit accounts, except where a right of offset exists.

Payables to broker-dealers and counterparties also includes amounts payable to non-broker-dealer clients for securities purchased but not yet received by the Company on settlement date ("fails-to-receive") and net payables arising from unsettled proprietary trades.

Receivable from and payables to clients also include amounts related to the value of non-registered broker-dealer clients 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 receivables from clients can be impacted by the Company's collection efforts, the financial stability of its clients, 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 clients. The Company may unilaterally close client trading positions in certain circumstances. In addition, to evaluate client margining and collateral requirements, client positions are stress tested regularly and monitored for excessive concentration levels relative to the overall market size. Furthermore, in certain instances, the Company is indemnified, and able to charge back, introducing broker-dealers for bad debts incurred by their clients.

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

#### ***Notes Receivable***

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 the collection of outstanding principal is not probable.

#### ***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 sales of physical commodities' in the consolidated income statements.

Inventories of energy related products are valued at the lower of cost or net realizable value. Inventories of precious metals held by subsidiaries that are not broker-dealers are valued at the lower of cost or net realizable value, using the weighted-average price and first-in first-out costing method.

Precious metals inventory held by StoneX Financial Ltd, a U.K. based broker-dealer subsidiary, is measured at fair value, with changes in fair value included as a component of 'principal gains, net' in the consolidated income statements.

### ***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. 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.

The Company accounts for costs incurred to develop its trading platforms and related software in accordance with ASC 350-40, Internal-Use Software. ASC 350-40 requires that such technology be capitalized in the application development stages. Costs related to training, administration and non-value added maintenance are charged to expense as incurred. Capitalized software development costs are amortized over the useful life of the software, which the Company estimates at three years.

In accordance with ASC 360-10, Property, Plant and Equipment, the Company periodically evaluates the carrying value of long-lived assets when events and circumstances warrant such review. The carrying value of a long-lived asset is considered impaired when the anticipated identifiable undiscounted cash flows from such an asset (or asset group) are less than carrying value. In that event, a loss is recognized in the amount by which the carrying value exceeds fair market value of the long-lived asset. This standard applies to assets held for use and not to assets held for sale. The Company has no assets held for sale. The Company has identified no such impairment indicators as of September 30, 2020 or 2019.

### ***Acquisitions***

The Company applies acquisition accounting on the date of acquisition to those transactions meeting the definition of a business under ASC 805. Applying acquisition accounting requires the Company to allocate the purchase consideration to the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed on the acquisition date. In determining the fair value of identifiable assets acquired and liabilities assumed, the Company frequently utilize the assistance of a third-party valuation specialist. The Company applies certain significant assumptions, estimates, and judgments in determining the fair value of assets acquired and liabilities assumed on the acquisition date. These significant assumptions, estimates, and judgements include, but are not limited to, cash flow forecasts, discount rates, client churn rates, royalty rates, and economic lives. Any excess of the purchase consideration over the fair value of the net assets acquired is recorded as goodwill. Alternatively, in an instance where the fair value of the net assets acquired exceeds the purchase consideration, the Company records a bargain purchase gain in the consolidated income statement at the date of acquisition. While the Company uses its best estimates and assumptions as a part of the purchase price allocation to accurately value assets acquired and liabilities assumed at the acquisition date, these estimates are inherently uncertain and subject to refinement. As a result, during the remeasurement period, which may extend one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill or bargain purchase gain. Upon conclusion of the measurement period or final determination of the fair values of assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated income statements rather than adjusted through goodwill or bargain purchase gains. The Company includes the post-acquisition results of acquired businesses in the consolidated income statements from the date of acquisition. 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.

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

Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at the acquisition date. Goodwill is not subject to amortization, but rather is evaluated for impairment at least annually.

The Company evaluates its goodwill for impairment at the fiscal year end (or more frequently if indicators of potential impairment exist) in accordance with ASC 350, Intangibles - Goodwill and Other. Goodwill impairment is determined by comparing the estimated fair value of a reporting unit with its respective carrying value. If the estimated fair value exceeds the carrying value, goodwill at the reporting unit level is not deemed to be impaired. However, if the estimated fair value is below carrying value, further analysis is required to determine the amount of the impairment. This further analysis involves assigning tangible assets and liabilities, identified intangible assets and goodwill to reporting units and comparing the fair value of each reporting unit to its carrying amount.



In the course of the evaluation of the potential impairment of goodwill, the Company may perform either a qualitative or a quantitative assessment. The Company's qualitative assessment of potential impairment may result in the determination that a quantitative impairment analysis is not necessary. Under this elective process, the Company assesses qualitative factors to determine whether the existence of events or circumstances leads the Company to determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then performing a quantitative analysis is not required. However, if the Company concludes otherwise, then the Company performs a quantitative impairment analysis.

If the Company either chooses not to perform a qualitative assessment, or the Company chooses to perform a qualitative assessment but is unable to qualitatively conclude that no impairment has occurred, then the Company performs a quantitative evaluation. In the case of a quantitative assessment, the Company estimates the fair value of the reporting unit which the goodwill that is subject to the quantitative analysis is associated (generally defined as the businesses for which financial information is available and reviewed regularly by management) and compares it to the carrying value. If the estimated fair value of a reporting unit is less than its carrying value, the Company estimates the fair value of all assets and liabilities of the reporting unit, including goodwill. If the carrying value of the reporting unit's goodwill is greater than the estimated fair value, an impairment charge is recognized for the excess. The fair value of the Company's reporting units exceeded their respective carrying values under the first step of the quantitative assessment and no impairment charges were recorded for 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 five 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. Residual value is presumed to be zero for all identifiable intangible assets.

#### ***Financial Instruments Owned and Sold, Not Yet Purchased***

Financial instruments owned and sold, not yet purchased, at fair value consist of financial instruments carried at fair value on a recurring basis or amounts that approximate fair value, with related realized and unrealized gains and losses recognized in current period earnings. Realized and unrealized gains and losses on financial instruments owned and sold, not yet purchased, are included in 'principal gains, net', 'interest income', 'interest expense', and 'cost of sales of physical commodities' in the consolidated income statements. 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.

Financial instruments owned and sold, not yet purchased are comprised primarily of the financial instruments held by the Company's broker-dealer subsidiaries and the Company's OTC derivative swap dealer. Financial instruments owned and financial instruments sold, not yet purchased, includes trading securities that the Company holds as a principal. The Company has not classified any financial instruments owned or sold, not yet purchased, as available-for-sale or held-to-maturity.

Financial instruments owned and sold, not yet purchased includes derivative instruments that the Company holds as a principal which are primarily transacted on an OTC basis. As a derivatives dealer, the Company utilizes derivative instruments to manage exposures to foreign currency, commodity price and interest rate risks for the Company and its clients. The Company's objectives for holding derivatives include reducing, eliminating, and efficiently managing the economic impact of these exposures as effectively as possible. The Company's derivative instruments also include forward purchase and sale commitments for the physical delivery of agricultural and energy related commodities in a future period. Contracts to purchase agricultural and energy commodities generally relate to the current or future crop year. Contracts for the sale of agricultural and energy commodities generally do not extend beyond one year.

Derivative instruments are recognized as either assets or liabilities and are measured at fair value on a recurring basis. As the Company does not elect hedge accounting for any derivative instruments, realized and unrealized gains and losses from the change in fair value of derivative instruments are recognized immediately in current period earnings. Realized and unrealized gains and losses from the derivative instruments in which the Company acts as a dealer are included within 'principal gains, net' on the consolidated income statements. Realized and unrealized gains and losses on firm purchase and sale commitments are included within 'cost of sales of physical commodities' on the consolidated income statements.

To reduce credit exposure on the derivative instruments for which the Company acts as a dealer, the Company may enter into a master netting arrangement that allows for settlement of all derivative transactions with each counterparty. In addition, the credit support annex that accompanies master netting arrangements allows parties to the master netting agreement to mitigate their credit risk by requiring the party which is out of the money to post collateral. The Company accepts collateral in the form of cash or other marketable securities. Where permitted, the Company elects to net-by-counterparty certain derivative instruments entered into under a legally enforceable master netting agreement and, therefore, the fair value of those derivative instruments are netted by counterparty in the consolidated balance sheets. As the Company elects to net-by-counterparty the fair

value of such derivative instruments, the Company also nets-by-counterparty cash collateral exchanged as part of those derivative instruments.

The Company also brokers foreign exchange forwards, options and cash, or spot, transactions between clients 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 client 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 client. 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 may lease commodities to or from clients or counterparties. These commodity leases, which primarily involve precious metals, are recorded at fair value utilizing the fair value option based on guidance in ASC 825-10, Financial Instruments - Fair Value Option. These commodities leases represent hybrid financial instruments which contain both a dollar denominated loan host contract and an embedded forward derivative contract on the underlying commodities, which can be settled in either cash or metals. As permitted by the fair value option election, the entire instrument is recorded at fair value as either an asset or liability in the consolidated balance sheets. The corresponding change in the fair value of the instrument is recognized in the consolidated income statements as a component of 'principal gains, net' for the fiscal years ended September 30, 2020, 2019, and 2018. The Company does elect to value all of their commodities lease agreements at fair value using the fair value option.

For further information regarding the types of financial instruments owned and sold, not yet purchased, as well as the related valuation techniques refer to Note 5.

### ***Exchange and Clearing Organization Memberships***

The Company is required to hold certain exchange and clearing organization memberships and pledges them for clearing purposes, in order to provide the Company the right to process trades directly with the respective venues. 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"). Exchange firm and clearing organization common stock include shares of CME Group, Inc., ICE, LME, and the Depository Trust & Clearing Corporation ("DTCC").

Exchange and clearing organization memberships required in order to conduct business through the respective venues are recorded at cost and are included in 'other assets' on the consolidated balance sheets. Equity investments in exchange firm common stock not required in order to conduct business on the exchanges are classified as trading securities included within 'financial instruments owned' on the consolidated balance sheets and recorded at fair value, with unrealized gains and losses recorded as a component of 'principal gains, net' on the consolidated income statements. The fair value of exchange firm common stock not required in order to conduct business on the exchanges is determined from quoted market prices.

Exchange memberships that represent (a) both an ownership interest and the right to conduct business in the respective venues and are held for operating purposes, or (b) an ownership interest, which must be held by the Company to conduct business in the respective venues are accounted for as an ownership interest at cost with appropriate consideration for other-than-temporary impairment. The cost of exchange and clearing organization memberships that represent an ownership interest and are required in order to conduct business in the respective venues was \$5.6 million as of September 30, 2020 and September 30, 2019 compared to a fair value of \$6.7 million and \$6.0 million as of September 30, 2020 and September 30, 2019, respectively. Fair value was determined using quoted market prices and recent transactions.

Alternatively, exchange memberships, or seats, that only represent the right to conduct business on an exchange, but not an ownership interest in the exchange, are accounted for as intangible assets at cost with potential impairment determined under Accounting Standards Codification 350-30- *Intangibles - Goodwill and Other*. The cost of exchange memberships required in order to conduct business on the exchange, but that do not represent an ownership interest in the exchange, was \$5.8 million as of September 30, 2020 and September 30, 2019. As of September 30, 2020, there were no indicators of impairment that would suggest that the carrying value of exchange memberships that don't represent an ownership interest are impaired, primarily based upon projections of future cash flows and earnings attributable to access these respective venues.

### ***Product Financing Arrangements***

In the normal course of operations, the Company executes notes receivable under repurchase agreements with clients whereby the clients sell certain commodity inventory or other investments to the Company and agree to repurchase the commodity inventory or investment at a future date at a fixed price. These transactions are short-term in nature, and in accordance with the guidance contained in ASC 860, Transfer and Servicing, 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 repurchase transactions that are accounted for as commodity inventory and purchases and sales of physical commodities as opposed to secured borrowings. The repurchase 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.

### ***Lenders Under Loans***

Lenders under loans are accounted for at amortized cost, which approximates fair value due to their variable rates of interest.

### ***Senior Secured Borrowings***

The senior secured borrowings are accounted for at amortized cost, and are stated net of unamortized deferred financing costs and original issue discount.

### ***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 statements. An increase in the contingent consideration 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.

### ***Revenue Recognition***

Refer to Note 3 for a discussion of the Company's significant accounting policies related to revenue recognition.

### ***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 commitments and exchange-traded futures and options contracts.

### ***Interest Expense***

Interest expense is recognized on an accrual basis. Interest expense is incurred on outstanding balances on the Company's credit facilities. Interest expense is also incurred on fixed income securities sold, not yet purchased, that the Company holds in its market-marking businesses. Interest expense is also incurred from collateralized transactions, including securities loaned and securities sold under agreements to repurchase.

### ***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 in ASC 718-10, Compensation - Stock Compensation. 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. Forfeitures are accounted for as they occur 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 clients and are presented gross in the consolidated statements of income 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 clients to the Company. Introducing brokers are individuals or organizations that maintain relationships with clients and accept futures and options orders from those clients. The Company directly provides all account, transaction and margining services to introducing brokers, including accepting money, securities and property from the clients. 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 objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year. The Company utilizes the asset and liability method to provide income taxes on all transactions recorded in the consolidated financial statements. This method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for book and tax purposes. Accordingly, a deferred tax asset or liability for each temporary difference is determined based on the tax rates that the Company expects to be in effect when the underlying items of income and expense are realized. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company's financial statements or tax returns, including the repatriation of undistributed earnings of foreign subsidiaries. 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 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. See Note 20 for further information on the Company's income taxes.

#### ***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 and amortization of share-based compensation.

#### ***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 gains and losses from defined benefit pension plans and gains and losses on foreign currency translations.

#### ***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, 2020 and September 30, 2019, no preferred shares were outstanding and the Company's board of directors had not yet established any class or series of shares.

#### ***Accounting Standards Adopted***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset. The guidance also requires certain qualitative and quantitative disclosures about the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases (Topic 842) Targeted Improvements. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) Codification Improvements. Among other things, this updated guidance provides an optional transition method, which allows for the initial application of the new accounting standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. The Company adopted the new ASUs on October 1, 2019, using the effective date modified retrospective transition approach and has not restated comparative periods. The Company elected the package of practical expedients permitted under

the transition guidance within the new standard, which among other things, allowed the Company to not reassess contracts to determine if they contain leases, lease classification and initial direct costs. The Company's application of the new standard resulted in changes to the condensed consolidated balance sheet but did not have an impact on the condensed consolidated income statement. See Note 2 for more information.

In February 2018, the FASB issued ASU 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this updated standard allow a reclassification from accumulated other comprehensive loss, net to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The Company adopted this standard on October 1, 2019 and, as a result, recorded a \$0.7 million reclassification between accumulated other comprehensive loss, net and retained earnings.

## **Note 2 - Leases**

The Company currently leases office space under non-cancelable operating leases with third parties as of September 30, 2020. Leases with an initial term of 12 months or less are not recorded on the condensed consolidated balance sheet and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Certain office space leases include one or more options to renew, with renewal terms that can extend the lease term from three to ten years, and some of which include the Company's option to terminate the leases within two years of the balance sheet date. The Company has not considered any renewal options in the lease terms of its office space leases as the Company does not believe it is reasonably certain that any of the rights will be exercised. In determining the term of certain office space leases, the Company has not included the periods covered by an option to terminate if the Company believes it is reasonably certain to do so.

As the office space leases do not provide an implicit rate, the Company applies a collateralized incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The Company applied a collateralized incremental borrowing rate as of October 1, 2019 for operating leases that commenced prior to that date. For office space leases executed by subsidiaries, including foreign subsidiaries, the Company has applied the incremental borrowing rate of the parent company. The Company believes this is a reasonable approach as its subsidiaries either do not have their own treasury functions or the credit facilities available to its subsidiaries do not permit the financing of right-of-use assets. Additionally, in certain instances, the parent company provides a guarantee of the lease payments to the lessor under office space leases executed by its subsidiaries. As such, the Company believes that the pricing of subsidiary leases is more significantly influenced by the credit standing of the parent company than that of its subsidiaries.

Certain office space leases contain variable lease payments related to fair market rent adjustments and local inflation index measures. The Company estimates variable lease payments based upon information available at the lease commencement date in determining the present value of lease payments. The Company applied information available as of October 1, 2019 for operating leases that commenced prior to that date.

The Company has elected to not separate lease components from nonlease components for all office space leases. The Company does not have any financing leases as of September 30, 2020. Operating lease expense is recognized on a straight-line basis over the lease term and is reported within 'occupancy and equipment rental' on the condensed consolidated statement of income.

As of September 30, 2020, the Company recorded operating lease right-of-use assets and operating lease liabilities of \$101.5 million and \$118.7 million, respectively. As of October 1, 2019, in conjunction with the adoption of the new accounting standard, the Company recorded operating lease right-of-use assets and operating lease liabilities of \$33.1 million and \$36.2 million, respectively.

The following table presents operating lease costs and other related information as of and for the year ended September 30, 2020 (in millions, except as stated):

	Year Ended September 30, 2020
Operating lease costs <sup>(1)</sup>	\$ 17.2
Supplemental cash flow information and non-cash activity:	
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 12.1
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 96.4
Lease term and discount rate information:	
Weighted average remaining lease term (years)	11.3
Weighted average discount rate	4.3 %

<sup>(1)</sup> Includes short-term leases and variable lease costs, which are immaterial.

The maturities of the lease liabilities are as follows as of September 30, 2020 (in millions):

2021	\$ 16.0
2022	15.3
2023	13.6
2024	11.8
2025	11.0
After 2025	82.6
Total lease payments	150.3
Less: interest	31.6
Present value of lease liabilities	\$ 118.7

In accordance with the disclosure requirements for the adoption of Topic 842, the Company is presenting its operating lease commitment table as of September 30, 2019, which was previously disclosed in Note 12 of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019 (in millions):

2020	\$ 11.2
2021	9.9
2022	7.5
2023	6.2
2024	5.8
Thereafter	2.6
	\$ 43.2

### Note 3 – Revenue from Contracts with Clients

Beginning on October 1, 2018, the Company accounts for revenue earned from contracts with clients for services such as the execution, clearing, brokering, and custody of futures and options on futures contracts, OTC derivatives, and securities, investment management, and underwriting services under Topic 606. As such, revenues for these services are recognized when the performance obligations related to the underlying transaction are completed.

Revenues are recognized when control of the promised goods or services are transferred to clients, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenues are analyzed to determine whether the Company is the principal (i.e. reports revenue on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the good or service before control is transferred to a client. The indicators of which party exercises control include primary responsibility over performance obligations, inventory risk before the good or service is transferred, and discretion in establishing the price.

The new revenue recognition model does not apply to revenues associated with dealing, or market-making, activities in financial instruments or contracts in the capacity of a principal, including derivative sales contracts which result in physical settlement and interest income.

The Company's revenues from contracts with clients subject to Topic 606 represent approximately 0.9%, 1.4%, and 1.7% of the Company's total revenues for the years ended September 30, 2020, 2019, and 2018 respectively. The Company's revenues from contracts with clients subject to Topic 606 represent approximately 37.2%, 40.9%, and 47.4% of the Company's operating revenues for the years ended September 30, 2020, 2019, and 2018, respectively.

Revenues within the scope of Topic 606 are presented within 'Commission and clearing fees' and 'Consulting, management, and account fees' on the consolidated income statements. Revenues that are not within the scope of Topic 606 are presented within 'sales of physical commodities', 'principal gains, net', and 'interest income' on the consolidated income statements.

The following table represents a disaggregation of the Company's total revenues separated between revenues from contracts with clients and other sources of revenue for the years ended September 30, 2020, 2019, and 2018 (in millions):

	Year Ended September 30,		
	2020	2019	2018
<b>Revenues from contracts with clients:</b>			
Commission and clearing fees:			
Sales-based:			
Exchange-traded futures and options	\$ 143.7	\$ 144.9	\$ 163.4
OTC derivative brokerage	19.7	32.1	30.3
Equities and fixed income	39.9	16.1	11.2
Mutual funds	5.2	7.5	7.2
Insurance and annuity products	8.4	7.3	5.8
Other	1.4	1.3	0.9
Total sales-based commission	218.3	209.2	218.8
Trailing:			
Mutual funds	12.9	12.4	13.2
Insurance and annuity products	15.3	14.4	14.6
Total trailing commission	28.2	26.8	27.8
Clearing fees	139.0	118.8	123.3
Trade conversion fees	8.9	7.5	6.8
Other	9.2	10.1	15.1
Total commission and clearing fees:	403.6	372.4	391.8
Consulting, management, and account fees:			
Underwriting fees	0.6	0.7	1.7
Asset management fees	31.3	26.2	24.8
Advisory and consulting fees	22.2	20.0	19.0
Sweep program fees	9.5	16.3	11.6
Client account fees	12.3	10.6	11.1
Other	7.8	5.8	2.9
Total consulting, management, and account fees	83.7	79.6	71.1
Total revenues from contracts with clients	\$ 487.3	\$ 452.0	\$ 462.9
<b>Method of revenue recognition:</b>			
Point-in-time	\$ 396.1	\$ 362.7	\$ 379.7
Time elapsed	91.2	89.3	83.2
Total revenues from contracts with clients	487.3	452.0	462.9
<b>Other sources of revenues</b>			
Physical precious metals trading	51,598.5	30,694.5	25,762.9
Physical agricultural and energy product trading	1,300.7	1,135.8	919.5
Principal gains, net	622.2	415.8	354.1
Interest income	130.9	198.9	123.3
Total revenues	\$ 54,139.6	\$ 32,897.0	\$ 27,622.7

The substantial majority of the Company's performance obligations for revenues from contracts with clients are satisfied at a point in time and are typically collected from clients by debiting their accounts with the Company.

Commission and clearing fees revenue and consulting, management, and account fees revenue are primarily related to the Commercial and Institutional reportable segments. Principal gains, net are contributed by all of the Company's reportable segments. Interest income is primarily related to the Commercial and Institutional reportable segments. Precious metals trading and agricultural and energy product trading revenues are primarily related to the Commercial reportable segment.

#### Commission and Clearing Fees

Commission revenue represents sales and brokerage commissions generated by internal brokers, introducing broker-dealers, or registered investment advisors of introducing-broker dealers for their clients' trading activity in futures, options on futures,



OTC derivatives, fixed income securities, equity securities, mutual funds, and annuities. The Company views the selling, distribution, and marketing, or any combination thereof, of mutual funds and insurance and annuity products to clients on the Company's registered investment advisor ("RIA") platform as a single performance obligation to the product sponsors.

The Company is the principal for commission revenue, as it is responsible for the execution of the clients' purchases and sales, and maintains relationships with product sponsors for trailing commission. Introducing broker dealers and registered investment advisors assist the Company in performing its obligations. Accordingly, total commission revenues are reported on a gross basis.

The Company primarily generates commission revenue on exchange-traded derivatives, OTC derivatives, and securities. Exchange-traded and OTC derivative commissions are recognized at a point in time on the trade date when the client, either directly or through the use of an internal broker or introducing broker, requests the clearance and execution of a trade. Securities commissions are either sale-based commissions that are recognized at a point in time on the trade date or trailing commission that are recognized over time as earned. Sales-based securities commissions are typically a flat fee per security transaction and in certain instances are based on a percentage of the trade date transaction value.

Trailing commission revenue is generally based on a percentage of the periodic fair value of clients' investment holdings in trail-eligible assets, and is recognized over the period during which services, such as on-going support, are performed. As trailing commission revenue is based on the fair value of clients' investment holdings in trail-eligible assets, this variable consideration is constrained until the fair value of trail-eligible assets is determinable.

Clearing fees generally represent transactional based fees charged by the various exchanges and clearing organizations for which the Company or one of its clearing brokers is a member for the privilege of executing and clearing trades through them. Clearing fees are generally passed through to the clients' accounts and are reported gross as the Company maintains control over the clearing and execution services provided, maintains relationships with the exchanges or clearing brokers, and has ultimate discretion in whether the fees are passed through to the clients and the rates at which they are passed through. As clearing fees are transactional based revenues they are recognized at a point in time on the trade date along with the related commission revenue when the client requests the clearance and execution of a trade.

#### **Trade Conversion Fees**

Trade conversion fees include revenue earned from converting foreign ordinary equities into an American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") and fees earned from converting an ADR or GDR into foreign ordinary equities on behalf of clients. Trade conversion revenue is recognized at a point in time on the trade date.

#### **Underwriting Fees**

Revenues from investment banking consists of revenues earned from underwriting fixed income securities, primarily municipal and asset-backed securities, and are recognized in revenues upon completion of the underlying transaction, which is generally the trade date, based upon the terms of the assignment as the performance obligation is to successfully broker a specific transaction.

#### **Asset Management Fees**

The Company earns asset management fees on Company sponsored and managed mutual funds and on the advisory accounts of independent registered investment advisors on the Company's platform. The Company provides ongoing investment advice and acts as a custodian, providing brokerage and execution services on transactions, and performs administrative services for these accounts. This series of performance obligations transfers control of the services to the client over time as the services are performed. This revenue is recognized ratably over time to match the continued delivery of the performance obligations to the client over the life of the contract. The asset management revenue generated is based on a percentage of the market value of the eligible assets in the clients' accounts. As such, the consideration for this revenue is variable and this variable consideration is constrained until the market value of eligible assets in the clients' accounts is determinable.

#### **Advisory and Consulting Fees**

Advisory and consulting fees are primarily related to risk management consulting fees which are billed and recognized as revenue on a monthly basis when risk management services are provided. Risk management consulting contracts are generally for a minimum term of six months and then continue from month to month, but may be terminated at any time after the original six months by either party upon providing written notice. Advisory and consulting fees are not variable based on client trading activities. This revenue is generally recognized ratably over time to match the continued delivery of the performance obligation to the client over the life of the contract.

#### **Sweep Program Fees**

The Company earns fees generated in lieu of interest income from a multi-bank sweep program with unaffiliated banks and money market funds. Pursuant to contractual arrangements with clients and their introducing-brokers, available cash balances in

client accounts are swept into either Federal Deposit Insurance Corporation (“FDIC”) insured cash accounts at unaffiliated banks or unaffiliated money market funds for which the Company earns a portion of the interest income generated by the client balances for administration and recordkeeping. The fees generated by the Company’s multi-bank sweep program are reported net of the balances remitted to the introducing-brokers and the clients of introducing-brokers. These fees are paid and recognized over time to match the continued delivery of the administration and recordkeeping performance obligations to the life of the contract. The fees earned under this program are generally based upon the type of sweep account, prevailing interest rates, and the amount of client balances invested.

#### **Client Accounts Fees**

Client accounts fees represent fees earned for custodial, recordkeeping, and administrative functions performed for the securities clearing accounts of clients. These include statement delivery fees, account transfer fees, safekeeping fees, errors and omission insurance fees, platform fees, and other fees. Client account fees that are transactional based, such as account transfer fees, are recognized at a point in time when the related performance obligation is satisfied. Client account fees that are related to ongoing services, such as statement delivery fees and errors and omission insurance fees, are recognized over time. Client account fees that relate to ongoing services are typically billed to clients’ accounts on a monthly or quarterly basis.

#### **Physical Precious Metals Trading**

The Company principally generates revenue from trading physical precious metals on an OTC basis. Revenues from the sale of physical precious metals are recorded on a trade date basis and generally settle on an unallocated basis. Substantially all of the Company’s sales of precious metals are conducted using sales contracts that meet the definition of derivative instruments in accordance with ASC 815, Derivatives and Hedging (“Topic 815”). The contracts underlying the Company’s commitment to deliver precious metals are referred to as fixed price forward commodity contracts because the price of the commodity is fixed at the time the order is placed. Although the contracts typically are executed on a spot basis and settle on unallocated account, the client has the option to request delivery of the precious metals, the option to net settle out of the position by executing an offsetting trade, or the option to roll the transaction to a subsequent maturity date. Thus, the sales contracts contain embedded option derivatives that would be subject to the guidance in Topic 815. As the contracts are subject to the guidance in Topic 815, the fixed price derivative sales contracts are outside the scope of Topic 606. The Company recognizes revenue when control of the inventory is transferred within the meaning of Topic 606.

Physical precious metals trading revenue generated by registered broker-dealer subsidiaries are presented on a net basis and included as a component of ‘Principal gains, net’ in the consolidated income statements, in accordance with U.S GAAP accounting requirements for broker-dealers. Physical precious metals trading revenue for subsidiaries that are not broker-dealers continue to be recorded on a gross basis.

#### **Physical Agricultural and Energy Product Trading**

The Company principally generates revenue from merchandising and originating physical agricultural and energy commodities from forward firm sales commitments accounted in accordance with Topic 815. The fixed and provisionally-priced derivative sales contracts that result in physical delivery are outside the scope of Topic 606. The Company recognizes revenue when control of the inventory is transferred within the meaning of Topic 606.

#### **Principal Gains, Net**

Principal gains, net includes revenues on financial transactions or contracts for which the Company acts as principal that is reported on a net basis and is primarily outside the scope of ASC 606. Principal gains, net includes margins generated from OTC derivative trades, equities, fixed income, precious metals, and foreign exchange executed with clients and other counterparties and are recognized on a trade-date basis. Principal gains, net, also includes realized and unrealized gains and losses derived principally from market making activities in OTC derivatives, equities, fixed income, and foreign exchange. 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. Principal gains, net also includes dividend income on long equity positions and dividend expense on short equity positions, which are recognized on the ex-dividend date.

#### **Interest Income**

Interest income is generated from client funds deposited with the Company to satisfy margin requirements which is held by third-party banks or on deposit with or pledged to exchange-clearing organizations or other FCMs. Interest income is also generated from the investment of client funds in allowable securities, primarily U.S. Treasury obligations. Interest income is also generated from trading fixed income securities that the Company holds in its market-making businesses. Interest income also includes interest generated from collateralized transactions, including securities borrowed and securities purchased under agreements to resell, and from extending margin loans to clients. Interest income is recognized on an accrual basis and is not within the scope of Topic 606.

**Remaining Performance Obligations**

Remaining performance obligations are services that the firm has committed to perform in the future in connection with its contracts with clients. The Company's remaining performance obligations are generally related to its risk management consulting and asset management contracts with clients. Revenues associated with remaining performance obligations related to these contracts with clients are not material to the overall consolidated results of the Company. Similar to above, risk management consulting contracts are generally for a minimum term of six months and then continue from month to month, but may be terminated at any time after the original six months by either party upon providing written notice. Asset management contracts may be terminated by the client at any time. For the Company's asset management activities, where fees are calculated based on a percentage of the market value of eligible assets in client's accounts, future revenue associated with remaining performance obligations cannot be determined as such fees are subject to fluctuations in the market value of eligible assets in clients' accounts.

**Practical Expedients**

The Company has applied Topic 606's practical expedient that permits for the non-disclosure of the value of performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

The Company has also applied Topic 606's practical expedient that allows for no adjustment to consideration due to a significant financing component if the expectation at contract inception is such that the period between payment by the client and the transfer of the promised goods or services to the client will be one year or less.

**Note 4 – 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 income is 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,		
	2020	2019	2018
<b>Numerator:</b>			
Net income	\$ 169.6	\$ 85.1	\$ 55.5
Less: Allocation to participating securities	(4.0)	(1.5)	(0.9)
Net income allocated to common stockholders	\$ 165.6	\$ 83.6	\$ 54.6
<b>Denominator:</b>			
Weighted average number of:			
Common shares outstanding	18,824,328	18,738,905	18,549,011
Dilutive potential common shares outstanding:			
Share-based awards	356,151	275,490	385,819
Diluted shares outstanding	19,180,479	19,014,395	18,934,830

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.

Options to purchase 898,420, 907,089 and 92,627 shares of common stock for fiscal years ended September 30, 2020, 2019, and 2018, respectively, were excluded from the calculation of diluted earnings per share because they would have been anti-dilutive.

**Note 5 – Assets and Liabilities, at Fair Value**

Fair value is defined by U.S. GAAP as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company is required to develop a set of assumptions that reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The Company has designed independent price verification controls and periodically performs such controls to ensure the reasonableness of such values.

In accordance with FASB ASC 820, *Fair Value Measurement*, the Company groups its assets and liabilities measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Valuation is based upon 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.

Level 2 - Valuation is based upon 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.

Level 3 - Valuation is based on 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. Level 3 includes contingent liabilities that have been valued using an income approach based upon management developed discounted cash flow projections, which are an unobservable input. The Company had \$1.5 million and \$1.8 million of contingent liabilities classified within Level 3 of the fair value hierarchy as of September 30, 2020 and September 30, 2019, respectively. The Company had no Level 3 assets as of September 30, 2020 and September 30, 2019.

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 of 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 a credit guarantee from 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.

***Fair value of financial and nonfinancial assets and liabilities that are carried on the Consolidated Balance Sheets at fair value on a recurring basis***

Cash and cash equivalents reported at fair value on a recurring basis includes certificates of deposit and money market mutual funds, which are stated at cost plus accrued interest, which approximates fair value.

Cash, securities and other assets segregated under federal and other regulations reported at fair value on a recurring basis include the value of pledged investments, primarily U.S. Treasury obligations and commodities warehouse receipts.

Deposits with and receivables from broker-dealers, clearing organizations and counterparties and payable to clients and broker-dealers, clearing organizations and counterparties includes the fair value of pledged investments, primarily U.S. Treasury obligations and foreign government obligations. These balances also include the fair value of exchange-traded options on futures and OTC forwards, swaps, and options.

Financial instruments owned and sold, not yet purchased include the fair value of equity securities, which includes common, preferred, and foreign ordinary shares, American Depository Receipts (“ADRs”), Global Depository Receipts (“GDRs”), and exchange-traded funds (“ETFs”), corporate and municipal bonds, U.S. Treasury obligations, U.S. government agency obligations, foreign government obligations, agency mortgage-backed obligations, asset-backed obligations, derivative financial instruments, commodities warehouse receipts, exchange firm common stock, and investments in managed funds. The fair value of exchange firm common stock is determined by quoted market prices.

Cash equivalents, debt and equity securities, commodities warehouse receipts, physical commodities inventory, 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 following section describes the valuation methodologies used by the Company to measure classes of financial instruments at fair value and specifies the level within the fair value hierarchy where various financial instruments are classified.

The Company uses quoted prices in active markets, where available, and classifies such instruments within Level 1 of the fair value hierarchy. Examples include U.S. Treasury obligations, foreign government obligations, commodities warehouse receipts, certain equity securities traded in active markets, physical precious metals inventory held by a regulated broker-dealer subsidiary, exchange firm common stock, investments in managed funds, as well as options on futures contracts traded on national exchanges. The fair value of exchange firm common stock is determined by recent sale transactions and is included within Level 1.

When instruments are traded in secondary markets and observable prices are not available for substantially the full term, the Company generally relies on internal valuation techniques or prices obtained from third-party pricing services or brokers or a combination thereof, and accordingly, classified these instruments as Level 2. Examples include corporate and municipal bonds, U.S. government agency obligations, agency-mortgage backed obligations, asset-backed obligations, certain equity securities traded in less active markets, and OTC derivative contracts, which include purchase and sale commitments related to the Company’s agricultural and energy commodities.

Certain derivatives without a quoted price in an active market and derivatives executed OTC are valued using internal valuation techniques, including pricing models which utilize significant inputs observable to market participants. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest yield curves, foreign exchange rates, commodity prices, volatilities and correlation. These derivative instruments are included within Level 2 of the fair value hierarchy.

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 exchange-quoted prices. Physical commodities inventory also includes agricultural commodities that are a part of the trading activities of a non-broker dealer subsidiary and are recorded at net realizable value using exchange-quoted prices. The fair value of precious metals physical commodities inventory is based upon unadjusted exchange-quoted prices and is, therefore, classified within Level 1 of the fair value hierarchy. The fair value of agricultural physical commodities inventory and the related OTC firm sale and purchase commitments are generally based upon exchange-quoted prices, adjusted for basis or differences in local markets, broker or dealer quotations or market transactions in either listed or OTC markets. Exchange-quoted prices are adjusted for location and quality because the exchange-quoted prices for agricultural and energy related products represent contracts that have standardized terms for commodity, quantity, future delivery period, delivery location, and commodity quality or grade. The basis or local market adjustments are observable inputs or have an insignificant impact on the measurement of fair value and, therefore, the agricultural physical commodities inventory as well as the related OTC forward firm sale and purchase commitments have been included within Level 2 of the fair value hierarchy.

With the exception of certain derivative instruments where the valuation approach is disclosed above, financial instruments owned and sold are primarily valued using third-party pricing sources. Third-party pricing vendors compile prices from various sources and often apply matrix pricing for similar securities when market-observable transactions for the instruments are not observable for substantially the full term. The Company reviews the pricing methodologies used by third-party pricing vendors in order to evaluate the fair value hierarchy classification of vendor-priced financial instruments and the accuracy of vendor pricing, which typically involves the comparison of primary vendor prices to internal trader prices or secondary vendor prices. When evaluating the propriety of vendor-priced financial instruments using secondary prices, considerations include the range and quality of vendor prices, level of observable transactions for identical and similar instruments, and judgments based upon knowledge of a particular market and asset class. If a primary vendor price does not represent fair value, justification for using a secondary price, including source data used to make the determination, is subject to review and approval by authorized personnel prior to using a secondary price. Financial instruments owned and sold that are valued using third-party pricing vendors are included within either Level 1 or Level 2 of the fair value hierarchy based upon the observability of the inputs used and the level of activity in the market.

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2020 and 2019. 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 consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

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, 2020 and September 30, 2019 by level in the fair value hierarchy. Except as disclosed in Note 8, there were no assets or liabilities that were measured at fair value on a nonrecurring basis as of September 30, 2020 and September 30, 2019.

(in millions)	September 30, 2020				
	Level 1	Level 2	Level 3	Netting (1)	Total
<b>Assets:</b>					
Certificates of deposit	\$ 3.2	\$ —	\$ —	\$ —	\$ 3.2
Money market mutual funds	12.8	—	—	—	12.8
<b>Cash and cash equivalents</b>	<b>16.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16.0</b>
Commodities warehouse receipts	2.4	—	—	—	2.4
U.S. Treasury obligations	0.2	—	—	—	0.2
<b>Securities and other assets segregated under federal and other regulations</b>	<b>2.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.6</b>
U.S. Treasury obligations	1,941.3	—	—	—	1,941.3
To be announced ("TBA") and forward settling securities	—	31.0	—	(11.8)	19.2
Foreign government obligations	8.0	—	—	—	8.0
Derivatives	1,949.0	395.8	—	(2,537.5)	(192.7)
<b>Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net</b>	<b>3,898.3</b>	<b>426.8</b>	<b>—</b>	<b>(2,549.3)</b>	<b>1,775.8</b>
<b>Receivables from clients, net - Derivatives</b>	<b>—</b>	<b>235.6</b>	<b>—</b>	<b>(234.1)</b>	<b>1.5</b>
Equity securities	254.9	9.4	—	—	264.3
Corporate and municipal bonds	—	66.9	—	—	66.9
U.S. Treasury obligations	419.9	—	—	—	419.9
U.S. government agency obligations	—	293.4	—	—	293.4
Foreign government obligations	2.5	—	—	—	2.5
Agency mortgage-backed obligations	—	1,384.6	—	—	1,384.6
Asset-backed obligations	—	33.0	—	—	33.0
Derivatives	0.7	652.3	—	(535.6)	117.4
Commodities leases	—	24.9	—	—	24.9
Commodities warehouse receipts	103.2	—	—	—	103.2
Exchange firm common stock	10.1	—	—	—	10.1
Mutual funds and other	7.5	—	—	—	7.5
<b>Financial instruments owned</b>	<b>798.8</b>	<b>2,464.5</b>	<b>—</b>	<b>(535.6)</b>	<b>2,727.7</b>
<b>Physical commodities inventory</b>	<b>26.8</b>	<b>188.9</b>	<b>—</b>	<b>—</b>	<b>215.7</b>
<b>Total assets at fair value</b>	<b>\$ 4,742.5</b>	<b>\$ 3,315.8</b>	<b>\$ —</b>	<b>\$ (3,319.0)</b>	<b>\$ 4,739.3</b>
<b>Liabilities:</b>					
<b>Accounts payable and other accrued liabilities - contingent liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1.5</b>	<b>\$ —</b>	<b>\$ 1.5</b>
<b>Payables to clients - Derivatives</b>	<b>2,000.8</b>	<b>176.4</b>	<b>—</b>	<b>(2,399.9)</b>	<b>(222.7)</b>
TBA and forward settling securities	—	22.0	—	(11.8)	10.2
Derivatives	—	306.7	—	(302.2)	4.5
<b>Payable to broker-dealers, clearing organizations and counterparties</b>	<b>—</b>	<b>328.7</b>	<b>—</b>	<b>(314.0)</b>	<b>14.7</b>
Equity securities	218.0	14.9	—	—	232.9
Corporate and municipal bonds	—	22.5	—	—	22.5
U.S. Treasury obligations	247.5	—	—	—	247.5
U.S. government agency obligations	—	0.1	—	—	0.1
Agency mortgage-backed obligations	—	5.1	—	—	5.1
Derivatives	—	563.6	—	(386.8)	176.8
Commodities leases	—	1.1	—	—	1.1
<b>Financial instruments sold, not yet purchased</b>	<b>465.5</b>	<b>607.3</b>	<b>—</b>	<b>(386.8)</b>	<b>686.0</b>
<b>Total liabilities at fair value</b>	<b>\$ 2,466.3</b>	<b>\$ 1,112.4</b>	<b>\$ 1.5</b>	<b>\$ (3,100.7)</b>	<b>\$ 479.5</b>

(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.

(in millions)	September 30, 2019				
	Level 1	Level 2	Level 3	Netting (1)	Total
<b>Assets:</b>					
Certificates of deposit	\$ 4.9	\$ —	\$ —	\$ —	\$ 4.9
Money market mutual funds	8.9	—	—	—	8.9
<b>Cash and cash equivalents</b>	<b>13.8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13.8</b>
Commodities warehouse receipts	6.2	—	—	—	6.2
U.S. Treasury obligations	299.8	—	—	—	299.8
<b>Securities and other assets segregated under federal and other regulations</b>	<b>306.0</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>306.0</b>
U.S. Treasury obligations	593.9	—	—	—	593.9
TBA and forward settling securities	—	9.8	—	(1.5)	8.3
Foreign government obligations	9.9	—	—	—	9.9
Derivatives	3,131.2	43.2	—	(3,159.6)	14.8
<b>Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net</b>	<b>3,735.0</b>	<b>53.0</b>	<b>—</b>	<b>(3,161.1)</b>	<b>626.9</b>
Equity securities	159.5	9.0	—	—	168.5
Corporate and municipal bonds	—	80.0	—	—	80.0
U.S. Treasury obligations	248.7	—	—	—	248.7
U.S. government agency obligations	—	447.1	—	—	447.1
Foreign government obligations	0.5	—	—	—	0.5
Agency mortgage-backed obligations	—	1,045.0	—	—	1,045.0
Asset-backed obligations	—	29.1	—	—	29.1
Derivatives	1.0	486.3	—	(420.8)	66.5
Commodities leases	—	28.6	—	—	28.6
Commodities warehouse receipts	48.4	—	—	—	48.4
Exchange firm common stock	12.7	—	—	—	12.7
Mutual funds and other	0.1	—	—	—	0.1
<b>Financial instruments owned</b>	<b>470.9</b>	<b>2,125.1</b>	<b>—</b>	<b>(420.8)</b>	<b>2,175.2</b>
<b>Physical commodities inventory</b>	<b>7.1</b>	<b>144.8</b>	<b>—</b>	<b>—</b>	<b>151.9</b>
<b>Total assets at fair value</b>	<b>\$ 4,532.8</b>	<b>\$ 2,322.9</b>	<b>\$ —</b>	<b>\$ (3,581.9)</b>	<b>\$ 3,273.8</b>
<b>Liabilities:</b>					
<b>Accounts payable and other accrued liabilities - contingent liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1.8</b>	<b>\$ —</b>	<b>\$ 1.8</b>
TBA and forward settling securities	—	6.8	—	(1.5)	5.3
Derivatives	3,079.1	38.3	—	(3,117.1)	0.3
<b>Payable to broker-dealers, clearing organizations and counterparties</b>	<b>3,079.1</b>	<b>45.1</b>	<b>—</b>	<b>(3,118.6)</b>	<b>5.6</b>
Equity securities	147.3	10.8	—	—	158.1
Corporate and municipal bonds	—	39.2	—	—	39.2
U.S. Treasury obligations	272.3	—	—	—	272.3
U.S. government agency obligations	—	43.8	—	—	43.8
Agency mortgage-backed obligations	—	29.6	—	—	29.6
Derivatives	—	480.3	—	(422.2)	58.1
Commodities leases	—	113.7	—	—	113.7
<b>Financial instruments sold, not yet purchased</b>	<b>419.6</b>	<b>717.4</b>	<b>—</b>	<b>(422.2)</b>	<b>714.8</b>
<b>Total liabilities at fair value</b>	<b>\$ 3,498.7</b>	<b>\$ 762.5</b>	<b>\$ 1.8</b>	<b>\$ (3,540.8)</b>	<b>\$ 722.2</b>

(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 'principal gains, net', 'interest income', and 'cost of sales of physical commodities' in the consolidated income statements.

### **Information on Level 3 Financial Liabilities**

The acquisition of Fillmore Advisors, LLC, as further discussed in Note 21, included a contingent consideration arrangement as a component of the purchase price. Pursuant to the contingent consideration agreement, the Company is required to make additional future cash payments based on certain financial performance measures of the acquired business. As of September 30, 2020 and 2019, the Company has classified its liability for the contingent consideration within Level 3 of the fair value



hierarchy because the fair value was determined using significant unobservable inputs, which included projected cash flows. During the year ended September 30, 2020, the Company recorded cash settlements against the liability of \$0.9 million, partially offset by remeasurement losses of \$0.6 million, which are included in 'Other' expenses on the consolidated income statement for the year ended September 30, 2020.

The fair value of an exchange-traded options on futures 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 options on futures contract or if the contract's underlying experiences significant price fluctuations after the determination of the settlement price. When a settlement price cannot be used, options on futures contracts will be valued at their fair value as determined in good faith pursuant to procedures adopted by management of the Company.

The Company has classified equity investments in exchange firms' common stock not pledged for clearing purposes as trading securities. The investments are recorded at fair value, with unrealized gains and losses recorded, net of taxes, included in earnings. As of September 30, 2020, the cost and fair value of the equity investments in exchange firms is \$3.7 million and \$10.1 million, respectively. As of September 30, 2019, the cost and fair value of the equity investments in exchange firms was \$3.7 million and \$12.7 million, respectively.

***Additional Disclosures about the Fair Value of Financial Instruments that are not carried on the Consolidated Balance Sheets at Fair Value***

Many, but not all, of the financial instruments that the Company holds are recorded at fair value in the Consolidated Balance Sheets. The following represents financial instruments in which the ending balance at September 30, 2020 and 2019 was not carried at fair value in accordance with U.S. GAAP on our Consolidated Balance Sheets:

***Short-term financial instruments:*** The carrying value of short-term financial instruments, including cash and cash equivalents, cash segregated under federal and other regulations, securities purchased under agreements to re-sell and securities sold under agreements to re-purchase, and securities borrowed and loaned are recorded at amounts that approximate the fair value of these instruments due to their short-term nature and level of collateralization. These financial instruments generally expose us to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market rates. Under the fair value hierarchy, cash and cash equivalents and cash segregated under federal and other regulations are classified as Level 1. Securities purchased under agreements to re-sell and securities sold under agreements to re-purchase, and securities borrowed and loaned are classified as Level 2 under the fair value hierarchy as they are generally overnight, or short-term in nature, and are collateralized by common stock, U.S. Treasury obligations, U.S. government agency obligations, agency mortgage-backed obligations, and asset-backed obligations.

***Receivables and other assets:*** Receivables from broker-dealers, clearing organizations, and counterparties, receivables from clients, net, notes receivables, net and certain other assets are recorded at amounts that approximate fair value due to their short-term nature and are classified as Level 2 under the fair value hierarchy.

***Payables:*** Payables to clients and payables to brokers-dealers, clearing organizations, and counterparties are recorded at amounts that approximate fair value due to their short-term nature and are classified as Level 2 under the fair value hierarchy.

***Lender under loans:*** Payables to lenders under loans carry variable rates of interest and thus approximate fair value and are classified as Level 2 under the fair value hierarchy.

***Senior secured borrowings, net:*** Senior secured borrowings, net includes a senior secured term loan with a carrying value of \$179.5 million as of September 30, 2020, which carries a variable rate of interest and thus approximates fair value and is classified as Level 2 under the fair value hierarchy. Senior secured borrowings, net also includes the Company's 8.625% Senior Secured Notes due 2025 (the "Senior Secured Notes") and Gain's 5.00% Senior Notes due 2022 (the "Gain Notes") as further described in Note 12 with a carrying value of \$336.0 million as of September 30, 2020. The carrying value of the Senior Secured Notes and Gain Notes represent their principal amounts net of unamortized deferred financing costs and original issue discount. As of September 30, 2020, the Senior Secured Notes and Gain Notes had a fair value of \$379.4 million and are classified as Level 2 under the fair value hierarchy.

**Note 6 – 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, 2020 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, 2020. The total of \$686.0 million as of September 30, 2020 includes \$176.8 million for derivative contracts, which represent a liability to the Company based on their fair values as of September 30, 2020.

**Derivatives**

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

Listed below are the fair values of the Company's derivative assets and liabilities as of September 30, 2020 and September 30, 2019. Assets represent net unrealized gains and liabilities represent net unrealized losses.

(in millions)	September 30, 2020		September 30, 2019	
	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	\$ 1,637.2	\$ 1,747.3	\$ 1,437.1	\$ 1,463.4
OTC commodity derivatives	553.9	433.2	84.2	106.2
Exchange-traded foreign exchange derivatives	9.3	13.0	36.9	33.5
OTC foreign exchange derivatives	520.8	461.5	403.2	368.8
Exchange-traded interest rate derivatives	271.1	200.7	900.1	882.0
OTC interest rate derivatives	96.0	96.6	42.1	43.6
Exchange-traded equity index derivatives	32.1	39.8	758.1	700.2
OTC equity and indices derivatives	113.0	55.4	—	—
TBA and forward settling securities	31.0	22.0	9.8	6.8
Gross fair value of derivative contracts	3,264.4	3,069.5	3,671.5	3,604.5
Impact of netting and collateral	\$ (3,319.0)	\$ (3,100.7)	\$ (3,581.9)	\$ (3,540.8)
Total fair value included in 'Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net'	\$ (173.5)		\$ 23.1	
Total fair value included in 'Receivables from clients, net'	\$ 1.5		\$ —	
Total fair value included in 'Financial instruments owned, at fair value'	\$ 117.4		\$ 66.5	
Total fair value included in 'Payables to clients'		\$ (222.7)		\$ —
Total fair value included in 'Payables to broker-dealers, clearing organizations and counterparties'		\$ 14.7		\$ 5.6
Total fair value included in 'Financial instruments sold, not yet purchased, at fair value'		\$ 176.8		\$ 58.1

(1) As of September 30, 2020 and September 30, 2019, the Company's derivative contract volume for open positions was approximately 7.9 million and 10.6 million contracts, respectively.

The Company's derivative contracts are principally held in its Commercial and Retail segments. The Company assists its Commercial segment clients 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 segment clients with option products, including combinations of buying and selling puts and calls. In its Retail segment, the Company provides its retail clients with access to spot foreign exchange, precious metals trading, as well as contracts for a difference ("CFDs") and spread bets, where permitted. The Company mitigates its risk by generally offsetting the client'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.

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 in the Company's fixed income portfolio. The fair value of these transactions is recorded in deposits with and receivables from and payables to broker-dealers, clearing organizations, and counterparties. Realized and unrealized gains and losses on securities and derivative transactions are reflected in 'principal 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.

As of September 30, 2020 and September 30, 2019, TBA and forward settling securities recorded within deposits with and receivables from and payables to broker-dealers, clearing organizations, and counterparties are summarized as follows (in millions):

	September 30, 2020		September 30, 2019	
	Gain/(Loss)	Notional Amounts	Gain/(Loss)	Notional Amounts
Unrealized gain on TBA securities purchased within deposits with and receivables from broker-dealers, clearing organizations and counterparties, net and related notional amounts	\$ 10.8	\$ 5,389.3	\$ 3.7	\$ 1,778.4
Unrealized loss on TBA securities purchased within deposits with and receivables from broker-dealers, clearing organizations and counterparties, net and related notional amounts	\$ (1.7)	\$ 2,647.7	\$ (0.6)	\$ 234.5
Unrealized gain on TBA securities sold within payables to broker-dealers, clearing organizations and counterparties and related notional amounts	\$ 2.8	\$ (2,978.7)	\$ 0.9	\$ (451.6)
Unrealized loss on TBA securities sold within payables to broker-dealers, clearing organizations and counterparties and related notional amounts	\$ (13.0)	\$ (6,549.4)	\$ (5.9)	\$ (2,788.0)
Unrealized loss on forward settling securities purchased within payables to broker-dealers, clearing organizations and counterparties and related notional amounts	\$ —	\$ —	\$ (0.3)	\$ 1,243.5
Unrealized gain on forward settling securities sold within deposits with and receivables from broker-dealers, clearing organizations and counterparties, net and related notional amounts	\$ 17.4	\$ (1,946.0)	\$ 5.2	\$ (581.2)
Unrealized loss on forward settling securities purchased within deposits with and receivables from broker-dealers, clearing organizations and counterparties, net and related notional amounts	\$ (7.3)	\$ 2,447.1	\$ —	\$ —

The notional amounts of these instruments reflect the extent of the Company's involvement in TBA and forward settling securities and do not represent counterparty exposure.

The following table sets forth the Company's net gains (losses) related to derivative financial instruments for the fiscal years ended September 30, 2020, 2019, and 2018, in accordance with the Derivatives and Hedging Topic of the ASC. The net gains (losses) set forth below are included in 'principal gains, net' and 'cost of sales of physical commodities' in the consolidated income statements.

(in millions)	Year Ended September 30,		
	2020	2019	2018
Commodities	\$ 197.3	\$ 100.8	\$ 94.0
Foreign exchange	38.2	8.1	9.2
Interest rate, equities, and indices	20.4	(2.6)	1.0
TBA and forward settling securities	(49.7)	(35.3)	14.5
Net gains from derivative contracts	\$ 206.2	\$ 71.0	\$ 118.7

### 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 clients. If either the client 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, clients, 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 client 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 clients, 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 clients may incur. The Company controls the risks associated with these transactions by requiring clients to maintain margin deposits in compliance with individual exchange regulations and internal guidelines. The Company monitors required margin levels daily and, therefore, may require clients to deposit additional collateral or reduce positions when necessary. The Company also establishes credit limits for clients, which are monitored daily. The Company evaluates each client'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 clients and counterparties are subject to master netting, or client agreements, which reduce the exposure to the Company by permitting receivables and payables with such clients to be offset in the event of a client default. Management believes that the margin deposits held as of September 30, 2020 and September 30, 2019 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.

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 7 – Allowance for Doubtful Accounts**

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net, receivables from clients, net, and notes receivable, net include an allowance for doubtful accounts, which reflects the Company's best estimate of probable losses inherent in the accounts. The Company provides for an allowance for doubtful accounts based on a specific-identification basis. The Company continually reviews its allowance for doubtful accounts.

The allowance for doubtful accounts related to deposits with and receivables from broker-dealers, clearing organizations, and counterparties was \$1.3 million and \$36.9 million as of September 30, 2020 and September 30, 2019, respectively. During the year ended September 30, 2020, the Company charged off \$35.6 million of receivables against the allowance for doubtful accounts related to the physical coal business, which the Company exited in fiscal 2018.

The allowance for doubtful accounts related to receivables from clients was \$25.8 million and \$11.7 million as of September 30, 2020 and September 30, 2019, respectively. The Company had no allowance for doubtful accounts related to notes receivable as of September 30, 2020 and September 30, 2019.

During the year ended September 30, 2020, the Company recorded bad debt expense of \$13.0 million. The bad debt expense during fiscal 2020 primarily related to \$3.5 million of client OTC derivative account deficits in the Commercial segment, \$5.4 million of client exchange-traded futures and options on futures account deficits in the Institutional segment, and \$0.6 million of OTC derivative client account deficits in the Retail segment. The Company also incurred bad debt expense of \$3.2 million within the Commercial segment related to receivables in the Company's physical energy commodity business.

During the year ended September 30, 2019, the Company recorded bad debt expense, net of recoveries, of \$2.5 million, including a net increase in provision for bad debts of \$2.6 million, direct write-offs of \$0.3 million, and direct recoveries of \$0.4 million. The increase in provision for bad debts during fiscal 2019 primarily related to \$2.7 million of client OTC derivative account deficits in the Commercial segment, and \$1.4 million in the Institutional segment, partially offset by client recoveries in the Commercial segment. Additionally, during the year ended September 30, 2019, the Company recorded recoveries on the bad debt on physical coal of \$12.4 million, reducing the allowance for doubtful accounts related to deposits with and receivables from broker-dealers, clearing organizations, and counterparties. See additional information in Note 19.

During the year ended September 30, 2018, the Company recorded bad debt expense, net of recoveries, of \$3.1 million, including a net increase in provision for bad debts of \$2.9 million, direct write-offs of \$0.3 million, and recoveries of

\$0.1 million. The increase in provision for bad debts during fiscal 2018 primarily related to \$2.8 million of agricultural OTC derivative client accounts deficits in the Commercial segment and \$0.4 million of client exchange-traded futures and options on futures account deficits in the Institutional segment, partially offset by a provision decrease in the physical agricultural and energy business of the Commercial segment. Additionally, during the year ended September 30, 2018, the Company recorded charges to earnings of \$1.0 million, to record an additional allowance for doubtful accounts related to a bad debt incurred in the physical coal business. See additional information in Note 19.

Activity in the allowance for doubtful accounts for the fiscal years ended September 30, 2020, 2019, and 2018 was as follows:

(in millions)	2020	2019	2018
Balance, beginning of year	\$ 48.6	\$ 58.2	\$ 54.6
Provision (recovery) for bad debts	13.0	(9.8)	3.9
Allowance charge-offs	(35.6)	(1.3)	(0.3)
Other <sup>(1)</sup>	1.1	1.5	—
Balance, end of year	<u>\$ 27.1</u>	<u>\$ 48.6</u>	<u>\$ 58.2</u>

<sup>(1)</sup> Allowance increase is related to a recoverable amount due from an affiliated party and recorded in 'other assets' on the consolidated balance sheets.

### Note 8 – Physical Commodities Inventory

The Company's inventories consist of finished physical commodities as shown below.

(in millions)	September 30, 2020	September 30, 2019
Physical Ag & Energy <sup>(1)</sup>	\$ 201.5	\$ 144.8
Precious metals - held by broker-dealer subsidiary <sup>(2)</sup>	14.2	7.1
Precious metals - held by non-broker-dealer subsidiaries <sup>(3)</sup>	65.4	77.4
Physical commodities inventory	<u>\$ 281.1</u>	<u>\$ 229.3</u>

<sup>(1)</sup> Physical Ag & Energy consists of agricultural commodity inventories, including corn, soybeans, wheat, dried distillers grain, canola, sorghum, coffee, cocoa, cotton, and others. The agricultural commodity inventories are carried at net realizable value, which approximates selling prices in the ordinary course of business, less disposal costs, with changes in net realizable value included as a component of 'cost of sales of physical commodities' on the consolidated income statements. The agricultural inventories have reliable, readily determinable and realizable market prices, have relatively insignificant costs of disposal and are available for immediate delivery. Physical Ag & Energy also consists of energy related inventories, including primarily propane, gasoline, and kerosene, which are valued at the lower of cost or net realizable value.

<sup>(2)</sup> Precious metals held by the Company's subsidiary, StoneX Financial Ltd, a U.K. based broker-dealer subsidiary, is measured at fair value, with changes in fair value included as a component of 'principal gains, net' on the consolidated income statements, 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 net realizable value.

The Company has recorded lower of cost or net realizable value adjustments for certain precious metals inventory of \$0.7 million and \$0.5 million as of September 30, 2020 and 2019, respectively. The adjustments are included in 'cost of sales of physical commodities' in the consolidated income statements.

The Company has recorded lower of cost or net realizable value adjustments for certain physical inventory of crude oil and low sulfur fuel oil primarily based on quality degradation and consideration of costs to sell of \$7.6 million. The adjustments are included in 'cost of sales of physical commodities' in the consolidated income statements. The Company is attempting to recover this write down from its supplier, however there is substantial uncertainty as to whether the Company will be successful. The Company continues to pursue all legal avenues available to it regarding this matter.

### Note 9 – Property and Equipment, net

Property and equipment are stated at cost, and reported net of accumulated depreciation on the consolidated balance sheets. Depreciation on property and equipment is calculated using 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, 2020, 2019, and 2018, depreciation expense was \$13.3 million, \$11.2 million, and \$9.4 million, respectively.

A summary of property and equipment, at cost less accumulated depreciation as of September 30, 2020 and 2019 is as follows:

(in millions)	September 30, 2020	September 30, 2019
Property and equipment:		
Furniture and fixtures	\$ 10.2	\$ 10.6
Software	28.6	33.9
Equipment	30.8	28.1
Leasehold improvements	38.3	20.3
Total property and equipment	107.9	92.9
Less accumulated depreciation	(45.8)	(49.0)
Property and equipment, net	<u>\$ 62.1</u>	<u>\$ 43.9</u>

In connection with the integration of Gain, the Company re-evaluated all trading systems utilized across the organization in order to identify duplicative systems. In connection with this process, the Company determined that certain legacy capitalized developed software costs within the Company's OTC foreign exchange business would no longer be placed into service and utilized as expected prior to the merger with Gain. As a result, the Company recorded impairment charges of \$5.7 million, which are reflected in 'Bad debts, net of recoveries and impairment' on the consolidated income statement for the year ended September 30, 2020.

#### Note 10 – Goodwill

Goodwill allocated to the Company's operating segments as of September 30, 2020 and 2019 is as follows:

(in millions)	September 30, 2020	September 30, 2019
Commercial	\$ 32.7	\$ 32.7
Institutional	9.8	8.7
Retail	2.2	2.2
Global Payments	10.0	7.6
Total Goodwill	<u>54.7</u>	<u>51.2</u>

The Company recorded \$0.1 million and zero in foreign exchange revaluation adjustments on goodwill for the years ended September 30, 2020 and 2019, respectively.

The Company recorded additional goodwill of \$2.3 million during the year ended September 30, 2020 within the Global Payments operating segment related to the initial purchase price allocation for the acquisition of GIROXX GmbH ("GIROXX") as further discussed in Note 21.

The Company recorded additional goodwill of \$1.1 million during the year ended September 30, 2020 within the Institutional reportable segment related to the final purchase price allocation for the acquisition of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited as further discussed in Note 21.

#### Note 11 – Intangible Assets

The Company recorded \$3.1 million, \$1.0 million, \$1.7 million, and \$9.8 million of customer base intangible assets during the year ended September 30, 2020 related to the acquisitions of UOB Bullion and Futures Limited, IFCM Commodities GmbH, Quest Capital, and Gain, respectively, as further discussed in Note 21.

The Company recorded \$22.2 million and \$1.5 million of software program/platform intangible assets during the year ended September 30, 2020 related to the acquisitions of Gain and GIROXX, respectively, as further discussed in Note 21.

The Company recorded \$3.7 million of trade/domain name intangible assets during the year ended September 30, 2020 related to the acquisition of Gain as further discussed in Note 21.

The Company recorded \$0.4 million of indefinite lived business license intangible assets during the year ended September 30, 2020 related to the acquisition of GIROXX as further discussed in Note 21.

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, 2020			September 30, 2019		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
<b>Intangible assets subject to amortization:</b>						
Trade/domain names	\$ 3.7	\$ (0.2)	\$ 3.5	\$ —	\$ —	\$ —
Software programs/platforms	29.0	(4.9)	24.1	5.3	(3.0)	2.3
Customer base	38.2	(16.3)	21.9	22.1	(12.5)	9.6
Total intangible assets subject to amortization	70.9	(21.4)	49.5	27.4	(15.5)	11.9
<b>Intangible assets not subject to amortization:</b>						
Website domains	2.1	—	2.1	2.1	—	2.1
Business licenses	3.2	—	3.2	2.7	—	2.7
Total intangible assets not subject to amortization:	5.3	—	5.3	4.8	—	4.8
Total intangible assets	\$ 76.2	\$ (21.4)	\$ 54.8	\$ 32.2	\$ (15.5)	\$ 16.7

Amortization expense related to intangible assets was \$5.8 million, \$2.8 million, and \$2.3 million for the years ended September 30, 2020, 2019, and 2018, respectively.

As of September 30, 2020, the estimated future amortization expense was as follows:

<b>(in millions)</b>	
Fiscal 2021	\$ 15.1
Fiscal 2022	13.8
Fiscal 2023	12.2
Fiscal 2024	4.7
Fiscal 2025 and thereafter	3.7
	<u>\$ 49.5</u>

## Note 12 – Credit Facilities

### Committed Credit Facilities

The Company has four committed credit facilities, including a senior secured term loan, under which the Company and its subsidiaries may borrow up to \$736.6 million, subject to the terms and conditions for these facilities. The amounts outstanding under these credit facilities carry variable rates of interest, thus approximating fair value. The Company's committed credit facilities consist of the following:

- A three-year first-lien senior secured syndicated loan facility under which \$376.6 million is available to the Company for general working capital requirements and capital expenditures. During the year ended September 30, 2020, additional members were added to the syndication further increasing the committed amount to \$393.0 million. The amended facility is comprised of a \$196.5 million revolving credit facility and a \$196.5 million Term Loan facility.

The Company is required to make quarterly principal payments against the Term Loan equal to 1.25% of the original balance with the remaining balance due on the maturity date. During the year ended September 30, 2020, the Company made scheduled quarterly principal payments against the Term Loan equal to \$9.8 million, reducing the amount outstanding to \$180.1 million as of September 30, 2020. Amounts repaid on the Term Loan may not be reborrowed.

The credit facility is secured by a first priority lien on substantially all of the assets of the Company and those of our subsidiaries that guarantee the credit facility. Per the terms of the amended facility, the commitment fees and interest rates are subject to decrease if the Company's consolidated leverage ratio, as defined, decreases below certain thresholds. As of September 30, 2020, unused portions of the loan facility require a commitment fee of 0.625% on the unused commitment. Both the revolving credit facility and the Term Loan are subject to variable rates of interest. As of September 30, 2020, borrowings under the facility bear interest at the Eurodollar Rate, as defined, plus 3.00% or the Base Rate, as defined, plus 2.00%. Borrowings under the Base Rate and Eurodollars options were subject to interest rates of 5.25% and 3.10%, respectively, as of September 30, 2020. 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 agreement also contains a non-financial covenant related to the allowable annual consolidated capital expenditures permitted under the agreement. The Company was in compliance with all covenants under the loan facility as of September 30, 2020.

- An unsecured committed line of credit under which \$75.0 million is available to the Company's wholly owned subsidiary, StoneX Financial Inc 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 StoneX Financial Inc'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 5.25% as of September 30, 2020. The agreement contains financial covenants related to StoneX Financial Inc's tangible net worth, excess net capital and maximum net loss over a trailing twelve month period, as defined. StoneX Financial Inc was in compliance with these covenants as of September 30, 2020. The facility is guaranteed by the Company.
- A syndicated committed borrowing facility under which \$260.0 million is available to the Company's wholly owned subsidiary, FCStone Merchant Services, LLC ("FCStone Merchants") to finance 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 0.35% on the unused commitment. The borrowings outstanding under the facility bear interest at a rate per annum equal to the Eurodollar Rate plus Applicable Margin, as defined, or the Base Rate plus Applicable Margin, as defined. Borrowings under the Base Rate and Eurodollar options were subject to interest rates of 3.25% and 2.4%, respectively, as of September 30, 2020. The agreement contains financial covenants related to tangible net worth, as defined. FCStone Merchants was in compliance with this covenant as of September 30, 2020.
- An unsecured syndicated committed borrowing facility under which \$25.0 million is available to the Company's wholly owned subsidiary, StoneX Financial 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 LIBOR, as defined. The agreement contains financial covenants related to net tangible assets, as defined. StoneX Financial Ltd was in compliance with this covenant as of September 30, 2020. The facility is guaranteed by the Company. This facility matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially similar terms.

#### ***Uncommitted Credit Facilities***

During the year ended September 30, 2020, the Company executed a secured, uncommitted loan facility, under which StoneX Financial Ltd may borrow up to \$20.0 million, collateralized by commodities warehouse receipts, to facilitate the financing of inventory of commodities, subject to certain terms and conditions of the credit agreement. There were \$20.0 million in borrowings outstanding under this credit facility as of September 30, 2020.

The Company has a secured, uncommitted loan facility, under which StoneX Financial Inc may borrow up to \$75.0 million, collateralized by commodities warehouse receipts, to facilitate U.S. commodity exchange deliveries of its clients, subject to certain terms and conditions of the credit agreement. There were no borrowings outstanding under this credit facility at September 30, 2020 and 2019.

The Company has a secured, uncommitted loan facility, under which StoneX Financial Inc. may borrow for short term funding of proprietary and client securities margin requirements, subject to certain terms and conditions of the agreement. The uncommitted amount available to be borrowed is not specified, and all requests for borrowing are subject to the sole discretion of the lender. The borrowings are secured by first liens on Company owned marketable securities or client owned securities which have been pledged to the Company. The amounts borrowed under the facilities are payable on demand. There were no borrowings outstanding under this credit facility as of September 30, 2020, and September 30, 2019.

The Company has secured uncommitted loan facilities under which StoneX Financial Inc may borrow up to \$100.0 million for short term funding of proprietary and client securities margin requirements, subject to certain terms and conditions of the agreement. The borrowings are secured by first liens on Company owned marketable securities or client owned securities which have been pledged to the Company. The amounts borrowed under the facilities are payable on demand. There were no borrowings outstanding under this credit facility as of September 30, 2020 and September 30, 2019.

The Company had a secured, uncommitted loan facility under which FCStone Merchant Services, LLC could borrow up to \$20.0 million to facilitate the financing of inventory of commodities and other products or goods approved by the lender in its sole discretion, subject to certain terms and conditions of the loan facility agreement. There were \$3.4 million in borrowings outstanding under this credit facility as of September 30, 2019. The credit facility was terminated during the three months



ended March 31, 2020, in connection with the refinancing and extension of FCStone Merchant Services, LLC's committed credit facility.

#### ***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 was payable in monthly installments, with the final payment made during March 2020. The note bore interest at a rate per annum equal to LIBOR plus 2.00%.

#### ***Senior Secured Notes***

On June 11, 2020, the Company completed the issuance and sale of \$350 million in aggregate principal amount of the Company's Notes at the offering price of 98.5% of the aggregate principal amount.

The Company used the proceeds from the issuance of the Senior Secured Notes to fund the merger consideration for the consummation of the merger of the Company's wholly-owned subsidiary with Gain as further discussed in Note 18, to pay acquisition related costs of the merger, and to fund the redemption of the Gain Notes. The Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior second lien secured basis, by certain subsidiaries of the Company that guarantee the Company's senior committed credit facility and by Gain and certain of its domestic subsidiaries.

The Notes will mature on June 15, 2025. Interest on the Senior Secured Notes accrues at a rate of 8.625% per annum and is payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2020. The Company incurred debt issuance costs of \$9.5 million in connection with the issuance of the Senior Secured Notes, which are being amortized over the term of the Senior Secured Notes under the effective interest method.

The Company has the option to redeem all or a portion of the Senior Secured Notes at any time prior to June 15, 2022 at a price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus accrued and unpaid interest to the redemption date plus a "make-whole" premium. At any time on or after June 15, 2022, the Company may redeem the Senior Secured Notes, in whole or in part, at the redemption prices set forth in the indenture. At any time before June 15, 2022, the Company may also redeem up to 40% of the aggregate principal amount of the Senior Secured Notes at a redemption price of 108.625% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, with the proceeds of certain equity offerings. In addition, upon the earlier to occur of (x) a business combination between the Company's subsidiaries that are registered in the UK and regulated by the Financial Conduct Authority and (y) the one year anniversary of the date of issuance of the Senior Secured Notes, the Company may elect to redeem up to \$100.0 million in aggregate principal amount of the Senior Secured Notes at a redemption price equal to 103% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption. If the Company elects not to redeem the Senior Secured Notes, the holders of the Senior Secured Notes will have the right to require the Company to repurchase up to \$100.0 million in aggregate principal amount of the Senior Secured Notes (or a lesser amount equal to the difference between \$100.0 million and the amounts previously redeemed by the Company) at a purchase price equal to 103% of the principal amount of the Senior Secured Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

In connection with the Gain merger, the Company assumed the Gain Notes in an aggregate principal amount of \$92.0 million. The consummation of the merger with Gain constituted a fundamental change and make-whole fundamental change under the terms of the Gain Notes' indenture. As a result, the holders of the Gain Notes were entitled to require the Company to repurchase the Gain Notes at a repurchase price equal to 100% of the principal amount, together with accrued and unpaid interest, on September 1, 2020. Alternatively, the holders of the Gain Notes could continue to hold such notes without exercising the repurchase right, in which case the Gain Notes continued to bear interest at 5.00% and the notes are convertible into the right to convert the principal amount of the Senior Secured Notes solely into cash in an amount equal to the conversion rate in effect on the conversion date multiplied by \$6.00. Under the terms of the fundamental change and make-whole fundamental change, the Company redeemed \$91.5 million of the aggregate principal amount of Gain Notes on September 1, 2020, with approximately \$0.5 million remaining outstanding as of September 30, 2020. The Company was required to redeem the Senior Secured Notes in an amount equal to the aggregate principal amount of the Gain Notes that remained outstanding after the fundamental change repurchase date, at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date.

#### ***Financing Bridge Commitment***

On February 26, 2020, the Company entered into a commitment letter with Jefferies Finance LLC ("Jefferies"), pursuant to which subject to the terms and conditions set forth therein, Jefferies committed to provide a \$350 million senior secured bridge loan facility to finance the merger with Gain and to pay related fees and expenses. In consideration for Jefferies commitment to provide the bridge facility, the Company paid Jefferies a non-refundable commitment fee of \$4.4 million. As a result of the issuance of the Senior Secured Notes as described above, the commitment was terminated and the commitment fee was extinguished and included in 'interest expense' on the consolidated income statement for the year ended September 30, 2020.

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 the Senior Secured Notes as of the periods indicated:

(in millions)

<u>Borrower</u>	<u>Security</u>	<u>Renewal/Expiration Date</u>	<u>Total Commitment</u>	<u>Amounts Outstanding</u>	
				<u>September 30, 2020</u>	<u>September 30, 2019</u>
<u>Committed Credit Facilities</u>					
Term Loan	(1)	February 22, 2022	\$ 180.1	\$ 179.5	(3) \$ 167.6
Revolving Line of Credit	(1)	February 22, 2022	196.5	23.0	70.0
Senior StoneX Group Inc. Committed Credit Facility			376.6	202.5	237.6
StoneX Financial Inc.	None	April 2, 2021	75.0	—	—
FCStone Merchants Services, LLC	Certain commodities assets	January 29, 2022	260.0	200.1	128.5
StoneX Financial Ltd. (4)	None	October 14, 2021	25.0	25.0	—
			<u>\$ 736.6</u>	<u>\$ 427.6</u>	<u>\$ 366.1</u>
<u>Uncommitted Credit Facilities</u>					
StoneX Financial Inc.	Commodities warehouse receipts and certain pledged securities	n/a	n/a	—	—
FCStone Merchant Services, LLC	Certain commodities assets	n/a	n/a	—	3.4
StoneX Financial Ltd.	Commodities warehouse receipts	n/a	n/a	20.0	—
Notes payable to bank	Certain equipment			—	0.4
Senior Secured Notes	(2)			\$ 336.0	(3) \$ —
Total outstanding borrowings				<u>\$ 783.6</u>	<u>\$ 369.9</u>

(1) The StoneX Group Inc. committed credit facility is secured by substantially all of the assets of StoneX Group Inc. and certain subsidiaries identified in the credit facility agreement as obligors, and pledged equity of certain subsidiaries identified in the credit facility as limited guarantors.

(2) The Senior Secured Notes and the related guarantees are secured by liens on substantially all of the Company's and the guarantors' assets, subject to certain customary and other exceptions and permitted liens. The liens on the assets that secure the Senior Secured Notes and the related guarantees are contractually subordinated to the liens on the assets that secure the Company's and the guarantors' existing and future first lien secured indebtedness, including indebtedness under the Company's senior committed credit facility.

(3) Amounts outstanding under the Term Loan and the Senior Secured Notes are reported net of unamortized deferred financing costs and original issue discount of \$0.5 million and \$14.0 million, respectively.

(4) The StoneX Financial Ltd committed credit facility in place at September 30, 2020 matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially the similar terms. The expiration date noted above relates to the new facility which became effective October 14, 2020.

As reflected above, \$75.0 million of the Company's committed credit facilities are scheduled to expire during the fiscal year ended September 30, 2021. 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 13 – Commitments and Contingencies**

### ***Legal and Regulatory 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 and regulatory 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 or regulatory 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.

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 limits of the respective policy. Additionally, the Company is subject to extensive regulation and supervision by U.S. federal and international governmental agencies and various self-regulatory organizations. The Company and its advisors periodically engage with such regulatory agencies and organizations, in the context of examinations or otherwise, to respond to inquiries, informational requests, and investigations. From time to time, such engagements result in regulatory complaints or other matters, the resolution of which can include fines and other remediation.

As of September 30, 2020 and 2019, 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

#### *OptionSellers*

During the week ended November 16, 2018, balances in approximately 300 accounts of the FCM division of the Company's wholly owned subsidiary, StoneX Financial Inc., declined below required maintenance margin levels, primarily as a result of significant and unexpected price fluctuations in the natural gas markets. All positions in these accounts, which were managed by OptionSellers.com Inc. ("OptionSellers"), an independent Commodity Trading Advisor ("CTA"), were liquidated in accordance with the StoneX Financial Inc.'s client agreements and obligations under market regulation standards.

A CTA is registered with the U.S. Commodity Futures Trading Commission ("CFTC") and a member of, and subject to audit by, the National Futures Association ("NFA"). OptionSellers is registered under a CFTC Rule 4.7 exemption for "qualified eligible persons," which requires the account holders authorizing OptionSellers to act as their CTA to meet or exceed certain minimum financial requirements. OptionSellers, in its role as a CTA, had been granted by each of its clients full discretionary authority to manage the trading in the client accounts, while StoneX Financial Inc. acted solely as the clearing firm in its role as the FCM.

StoneX Financial Inc.'s client agreements hold account holders liable for all losses in their accounts and obligate the account holders to reimburse StoneX Financial Inc. for any account deficits in their accounts. As of September 30, 2019, the aggregate receivable from these client accounts, net of collections and other allowable deductions, was \$29.0 million, with no individual account receivable exceeding \$1.4 million. StoneX Financial Inc. continues to pursue collection of these receivables and intends both to enforce and to defend its rights aggressively, and to claim interest and costs of collection where applicable.

StoneX Financial Inc. has been named in arbitrations brought by clients seeking damages relating to the trading losses in these accounts. The Company believes that such cases are without merit and intend to defend them vigorously. At the same time, the Company has initiated numerous arbitration proceedings against clients to recover deficit balances in their accounts. The Company believes it has a valid claim against its clients, based on the express language of the client contracts and legal precedent, and intends to pursue collection of these claims vigorously.

The Company has done an assessment of the collectability of these accounts, considered the status of arbitration proceedings, and has concluded that it does not have a sufficient basis to record an allowance against these uncollected balances. As the

Company moves through the collection and arbitration processes and additional information becomes available, the Company will continue to consider the need for an allowance against the carrying value of these uncollected balances. Depending on future collections and arbitration proceedings, any provisions for bad debts and actual losses ultimately may or may not be material to the Company's financial results. Currently, the Company does not believe that any potential losses related to this matter would impact its ability to comply with its ongoing liquidity, capital, and regulatory requirements.

### **Contractual Commitments**

#### *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, 2020 fair values. The purchase commitments and other obligations as of September 30, 2020 for less than one year, one to three years, three to five years, and after five years were \$5,230.9 million, \$19.2 million, \$17.2 million, and \$3.2 million respectively. The purchase commitments for less than one year will be offset by corresponding sales commitments of \$5,162.4 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 client 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, 2020 and September 30, 2019, the Company had \$1.1 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 14 – Regulatory Requirements and Subsidiary Dividend Restrictions**

The Company's subsidiary StoneX 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. StoneX Financial is also a 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, StoneX Financial is required to maintain "adjusted net capital", equivalent to the greater of \$1,000,000 or 8 percent of client and non-client risk maintenance margin requirements on all positions, as defined in such rules, regulations, and requirements. Adjusted net capital and the related net capital requirement may fluctuate on a daily basis. StoneX Financial also has a 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.

The Company's subsidiary Gain Capital Group, LLC is subject to regulation by the CFTC and NFA and is required to maintain specific levels of regulatory capital. As a futures commission merchant and retail foreign exchange dealer, Gain Capital Group, LLC is required to maintain adjusted net capital of the greater of \$1.0 million or 8% of customer and non-customer risk maintenance margin, or \$20.0 million plus 5.0% of the amount of retail customer liabilities over \$10.0 million, plus 10% of all liabilities owed to eligible contract participant counterparties acting as a dealer that are not an affiliate.

StoneX Financial as a registered securities carrying broker dealer is also subject to Rule 15c3-3 of the Securities Exchange Act of 1934 ("Rule 15c3-3"), which requires the Company to maintain separate accounts for the benefit of securities clients and

proprietary accounts of broker dealers (“PABs”). These client protection rules require the Company to maintain special reserve bank accounts (“SRBAs”) for the exclusive benefit of securities clients and PABs. As of September 30, 2020, StoneX Financial prepared reserve computations for the client accounts and PAB accounts in accordance with the customer reserve computation guidelines set forth in Rule 15c3-3. Based upon these computations, the customer reserve requirement was \$18.5 million as of September 30, 2020. The Company held \$17.3 million in the customer SRBA as of September 30, 2020 and made additional deposits of \$6.2 million on October 2, 2020, to meet the customer segregation and segregated deposit timing requirements of Rule 15c3-3. The PAB reserve requirement was \$2.2 million as of September 30, 2020. The Company held \$2.1 million in the PAB SRBA as of September 30, 2020, and made additional deposits of \$1.1 million on October 2, 2020, to meet the PAB segregation and segregated deposit timing requirements of Rule 15c3-3.

Pursuant to the requirements of the Commodity Exchange Act, funds deposited by clients of StoneX Financial and Gain Capital Group, LLC 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 clients’ accounts. Pursuant to the requirements of the CFTC, funds deposited by clients of StoneX Financial and Gain Capital Group, LLC 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 StoneX Financial’s and Gain Capital Group, LLC’s current obligations to clients trading foreign futures and foreign options on foreign commodity exchanges or boards of trade, which are designated as secured clients’ accounts. As of September 30, 2020, StoneX Financial had client segregated and client secured funds of \$3,089.9 million and \$162.6 million, respectively, compared to a minimum regulatory requirement of \$3,030.6 million and \$150.1 million, respectively. As of September 30, 2020, Gain Capital Group, LLC had client segregated and client secured funds of \$340.4 million and \$4.3 million, respectively, compared to a minimum regulatory requirement of \$319.8 million and \$2.5 million, respectively.

The Company’s subsidiaries StoneX Financial Ltd. and Gain Capital U.K. Ltd. are regulated by the Financial Conduct Authority (“FCA”), the regulator of the financial services industry in the U.K. 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 client money and other assets which under certain circumstances for certain classes of client must be segregated from the firm’s own assets. As of September 30, 2020, StoneX Financial Ltd. and Gain Capital U.K. Ltd. had client segregated funds of \$516.5 million and \$206.9 million, respectively, compared to a minimum regulatory requirement of \$505.6 million and \$205.6 million, respectively.

StoneX Financial Pte. Ltd. is regulated by the Monetary Authority of Singapore (“MAS”) and operates as an approved holder of a Capital Market Services License. StoneX Financial Pte. Ltd. is subject to the requirements of MAS and pursuant to the Securities and Futures Act. The regulations include those that govern the treatment of client money and other assets which under certain circumstances must be segregated from the firm’s own assets. As of September 30, 2020, StoneX Financial Pte. Ltd. had client segregated funds of \$340.6 million compared to a minimum regulatory requirement of \$338.9 million.

The following table details the Company’s subsidiaries with a minimum regulatory net capital requirement in excess of \$5.0 million as well as the actual regulatory capital of the subsidiary as of September 30, 2020 (in millions):

<b>Subsidiary</b>	<b>Regulatory Authority</b>	<b>Actual</b>	<b>Minimum Requirement</b>
StoneX Financial Inc.	SEC and CFTC	\$ 229.8	\$ 137.6
StoneX Financial Ltd.	FCA	\$ 264.3	\$ 145.1
Gain Capital Group, LLC	CFTC	\$ 71.5	\$ 32.2
Gain Capital U.K. Ltd.	FCA	\$ 185.4	\$ 65.2

Certain other subsidiaries of the Company, each with a minimum requirement less than \$5.0 million, are also subject to net capital requirements promulgated by authorities in the countries in which they operate. As of September 30, 2020, all of the Company’s subsidiaries were in compliance with their local regulatory requirements.

#### **Note 15 – Securities and Commodity Financing Transactions**

The Company enters into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions to, among other things, fund principal debt trading, acquire securities to cover short positions, acquire securities for settlement, and to accommodate counterparties’ needs under matched-book trading strategies. These agreements are recorded as collateralized financings at their contractual amounts plus accrued interest. The related interest is recorded in the consolidated income statements 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 contractual agreements. The collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged.

The Company pledges financial instruments owned to collateralize repurchase agreements. At September 30, 2020 and 2019, financial instruments owned, at fair value of \$468.6 million and \$478.8 million, respectively, 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 sheets.

In addition, as of September 30, 2020 and 2019, the Company pledged financial instruments owned, at fair value of \$1,266.4 million and \$1,228.9 million, respectively, to cover collateral requirements for tri-party repurchase agreements. These securities have not been parenthetically disclosed on the consolidated balance sheets since the counterparties do not have the right to sell or repledge the collateral. The Company also repledged securities received under reverse repurchase agreements of \$1,484.7 million and \$1,175.1 million, respectively, to cover collateral requirements for tri-party repurchase agreements.

The Company also has repledged securities borrowed and client securities held under custodial clearing arrangements to collateralize securities loaned agreements with a fair value of \$1,410.3 million and \$1,414.0 million as of September 30, 2020 and 2019, respectively.

At September 30, 2020 and 2019, the Company had accepted collateral that it is permitted by contract to sell or repledge. This collateral consists primarily of securities received in reverse repurchase agreements, securities borrowed agreements, and margin securities held on behalf of correspondent brokers. The fair value of such collateral at September 30, 2020 and 2019 was \$3,303.1 million and \$3,060.2 million, respectively, of which \$285.7 million and \$329.8 million, respectively, was used to cover securities sold short which are recorded in financial instruments sold, not yet purchased on the consolidated balance sheets. In the normal course of business, this collateral is used by the Company to cover financial instruments sold, not yet purchased, to obtain financing in the form of repurchase agreements, and to meet counterparties' needs under lending arrangements and matched-book trading strategies.

The following tables provide the contractual maturities of gross obligations under repurchase and securities lending agreements as of the periods indicated (in millions):

	September 30, 2020				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	\$ 1,736.3	\$ 1,069.2	\$ 325.0	\$ 25.0	\$ 3,155.5
Securities loaned	1,441.9	—	—	—	1,441.9
Gross amount of secured financing	\$ 3,178.2	\$ 1,069.2	\$ 325.0	\$ 25.0	\$ 4,597.4

	September 30, 2019				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	\$ 1,553.9	\$ 565.8	\$ 654.0	\$ —	\$ 2,773.7
Securities loaned	1,459.9	—	—	—	1,459.9
Gross amount of secured financing	\$ 3,013.8	\$ 565.8	\$ 654.0	\$ —	\$ 4,233.6

The following table provides the underlying collateral types of the gross obligations under repurchase and securities lending agreements as of the periods indicated (in millions):

Securities sold under agreements to repurchase	September 30, 2020	September 30, 2019
U.S. Treasury obligations	\$ 815.8	\$ 108.8
U.S. government agency obligations	279.5	359.5
Asset-backed obligations	18.0	96.7
Agency mortgage-backed obligations	1,990.0	2,208.7
Corporate bonds	52.2	—
Total securities sold under agreement to repurchase	\$ 3,155.5	\$ 2,773.7

Securities loaned	September 30, 2020	September 30, 2019
Equity securities	1,441.9	1,459.9
Total securities loaned	1,441.9	1,459.9
Gross amount of secured financing	\$ 4,597.4	\$ 4,233.6

The following tables provide the netting of securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned as of the periods indicated (in millions):

	September 30, 2020		
	Gross Amounts Recognized	Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet
<b>Offsetting of collateralized transactions:</b>			
Securities purchased under agreements to resell	\$ 1,696.2	\$ —	\$ 1,696.2
Securities borrowed	\$ 1,440.0	\$ —	\$ 1,440.0
Securities sold under agreements to repurchase	\$ 3,155.5	\$ —	\$ 3,155.5
Securities loaned	\$ 1,441.9	\$ —	\$ 1,441.9

	September 30, 2019		
	Gross Amounts Recognized	Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet
<b>Offsetting of collateralized transactions:</b>			
Securities purchased under agreements to resell	\$ 1,474.4	\$ (49.9)	\$ 1,424.5
Securities borrowed	\$ 1,423.2	\$ —	\$ 1,423.2
Securities sold under agreements to repurchase	\$ 2,823.6	\$ (49.9)	\$ 2,773.7
Securities loaned	\$ 1,459.9	\$ —	\$ 1,459.9

#### Note 16 – Share-Based Compensation

Share-based compensation expense is included in ‘compensation and benefits’ in the consolidated income statements and totaled \$10.3 million, \$8.1 million and \$6.6 million for the fiscal years ended September 30, 2020, 2019, and 2018, 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 2.0 million shares of the Company’s common stock. As of September 30, 2020, there were 0.7 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:

	Fiscal Year Ended September 30, 2020		
	2020 <sup>(1)</sup>	2019	2018
Expected stock price volatility	— %	27 %	30 %
Expected dividend yield	— %	— %	— %
Risk free interest rate	— %	1.86 %	1.23 %
Average expected life (in years)	0.00	6.05	3.06

<sup>(1)</sup> There were no stock options granted under the plan during the year ended September 30, 2020.

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, 2020, 2019, and 2018 was \$0.00, \$10.47 and 9.79, respectively.

The following is a summary of stock option activity for the year ended September 30, 2020:

	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, 2019	692,652	1,684,378	\$ 37.59	\$ 11.32	4.62	\$ 9.2
Exercised		(244,511)	\$ 30.56	\$ 11.36		
Forfeited	13,662	(13,662)	\$ 39.64	\$ 8.62		
Expired	18,169	(18,169)	\$ 37.30	\$ 8.19		
Balances at September 30, 2020	724,483	1,408,036	\$ 38.79	\$ 11.38	4.16	\$ 17.4
Exercisable at September 30, 2020		423,112	\$ 29.25	\$ 12.64	1.38	\$ 9.3

The total compensation cost not yet recognized for non-vested awards of \$7.2 million as of September 30, 2020 has a weighted-average period of 5.35 years over which the compensation expense is expected to be recognized. The total intrinsic value of options exercised during fiscal years ended September 30, 2020, 2019, and 2018 was \$4.2 million, \$0.7 million and \$2.1 million, respectively.

The options outstanding as of September 30, 2020 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	—	n/a	n/a
\$ 20.00 - \$ 25.00	—	n/a	n/a
\$ 25.00 - \$ 30.00	420,000	\$ 25.91	1.36
\$ 30.00 - \$ 35.00	—	n/a	n/a
\$ 35.00 - \$ 40.00	126,161	\$ 39.65	2.02
\$ 40.00 - \$ 45.00	859,875	\$ 44.92	5.84
\$ 45.00 - \$ 50.00	—	n/a	n/a
\$ 50.00 - \$ 55.00	—	n/a	n/a
\$ 55.00 - \$ 60.00	2,000	\$ 55.28	1.89
	1,408,036	\$ 38.79	4.16

### Restricted Stock Plan

The Company sponsors a restricted stock plan for its directors, officers and employees. The Company's 2017 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, 2020, 0.9 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, 2020:

	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, 2019	1,156,902	350,778	\$ 40.06	1.36	\$ 14.4
Granted	(299,858)	299,858	\$ 44.94		
Vested	—	(161,880)	\$ 40.26		
Forfeited	4,410	(4,410)	\$ 44.23		
Balances at September 30, 2020	861,454	484,346	\$ 42.97	1.37	\$ 24.8

The total compensation cost not yet recognized of \$15.6 million as of September 30, 2020 has a weighted-average period of 1.37 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 17 – Retirement Plans

### Defined Benefit Retirement Plans

The Company has a frozen qualified defined benefit pension plan (the “Qualified Plan”) and a nonqualified defined benefit pension plan (the “Nonqualified Plan”), and recognizes their funded status, measured as the difference between the fair value of the plan assets and the projected benefit obligation, in “other assets” or “accounts payable and other accrued liabilities” in the consolidated balance sheets, depending on the funded status of each plan.

The Qualified Plan assets, which are managed in a third-party trust, primarily consist of a diversified blend of approximately 80% debt securities and 20% equity investments and had a total fair value of \$40.8 million and \$38.9 million as of September 30, 2020 and 2019, respectively. All Qualified Plan assets fall within Level 2 of the fair value hierarchy. The benefit obligation associated with the Qualified 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 Qualified Plan was frozen in 2006. The benefit obligation was \$38.1 million and \$36.5 million and the discount rate assumption used in the measurement of this obligation was 2.55% and 3.10% as of September 30, 2020 and 2019, respectively. Related to the Qualified Plan, the Company’s net pension obligation was in a funded status of \$2.7 million and \$2.4 million as of September 30, 2020 and 2019, respectively.

The Nonqualified Plan assets had a total fair value of less than \$0.1 million as of September 30, 2020 and 2019. The benefit obligation associated with the Nonqualified 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. There are no active participants in the Nonqualified plan. The benefit obligation was \$1.6 million and \$1.7 million as of September 30, 2020 and 2019, respectively. Related to the Nonqualified Plan, the Company’s unfunded pension obligation was \$1.6 million as of September 30, 2020 and 2019.

The Company recognized a net periodic benefit of \$0.4 million, \$0.1 million and \$0.2 million for the year ended September 30, 2020, 2019 and 2018, respectively. The expected long-term return on plan assets assumption was 4.35% for 2020. The Company made contributions of \$0.1 million to the plans in the years ended September 30, 2020 and 2019. The Company complies with minimum funding requirements. The estimated undiscounted future benefit payments are expected to be \$2.1 million in 2021, \$2.1 million in 2022, \$2.1 million in 2023, \$2.1 million in 2024, \$2.0 million in 2025 and \$9.5 million in 2026 through 2030.

### Defined Contribution Retirement Plans

The Company offers participation in the StoneX Group Inc. 401(k) Plan (“401(k) Plan”), a defined contribution plan providing retirement benefits to all domestic full-time non-temporary employees who have reached 21 years of age. 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 StoneX Group 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 year ended September 30, 2020, 2019 and 2018, the Company’s contributions to these defined contribution plans were \$10.1 million, \$7.5 million and \$6.8 million, respectively.

## Note 18 – Other Expenses

Other expenses for the years ended September 30, 2020, 2019, and 2018 are comprised of the following:

(in millions)	Year Ended September 30,		
	2020	2019	2018
Insurance	\$ 4.7	\$ 3.4	\$ 2.6
Office supplies and printing	1.8	1.9	1.7
Other clearing related expenses	2.8	2.5	2.5
Other non-income taxes	6.6	4.6	4.9
Contingent consideration, net	0.5	—	—
Other	13.2	10.8	8.4
Total other expenses	\$ 29.6	\$ 23.2	\$ 20.1

### **Note 19 – Bad Debt on Physical Coal**

During the year ended September 30, 2018 and 2017, the Company recorded charges to earnings of \$1.0 million and \$47.0 million, respectively, to record an allowance for doubtful accounts related to a bad debt incurred in the physical coal business, conducted solely in the Company's Singapore subsidiary, StoneX APAC Pte. Ltd., with a coal supplier. Components of the bad debt on physical coal included allowances on amounts due to the Company from its supplier related to: coal paid for but not delivered to clients; reimbursement of demurrage claims, dead freight and other charges paid by StoneX APAC Pte. Ltd. to its clients; reimbursement due for deficiencies in the quality of coal delivered to clients; and losses incurred related to the cancellation of open sales contracts. During the year ended September 30, 2018, the Company completed its exit of the physical coal business.

During the year ended September 30, 2019, the Company reached settlements with clients, paying \$8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during fiscal 2018 and fiscal 2017, and accordingly the Company recorded a recovery on the bad debt on physical coal of \$2.4 million. During the year ended September 30, 2019, the Company also received \$10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery. The Company has presented the bad debt on physical coal and subsequent recoveries separately as a component of income before tax in the consolidated income statements.

During the year ended September 30, 2020, the Company charged off \$35.6 million of receivables against the allowance for doubtful accounts related to the physical coal business as the Company had exhausted all economically sensible means of recovery.

### **Note 20 – Income Taxes**

#### ***Effects of the Tax Cuts and Jobs Act***

On December 22, 2017, the President of the United States signed and enacted into law H.R. 1, the Tax Cuts and Jobs Act ("the Tax Reform"). Among the significant changes to the U.S. Internal Revenue Code, the Tax Reform lowered the U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018. The Company computed its income tax expense for the years ending September 30, 2020 and 2019 using a U.S. statutory tax rate of 21%. The Company computed income tax expense for the year ended September 30, 2018 using a U.S. statutory tax rate of 24.5%. The Tax Reform imposed a mandatory repatriation transition tax on previously untaxed accumulated and current earnings and profits ("E&P") of certain foreign subsidiaries for the year ended September 30, 2018.

The Tax Reform also established new tax laws that affected the years ending September 30, 2020 and 2019, including, but not limited to, (1) elimination of the corporate alternative minimum tax, (2) a new provision designed to tax global intangible low-taxed income ("GILTI"), (3) limitations on the utilization of net operating losses incurred in tax years beginning after September 30, 2018 to 80% of taxable income per tax year, (4) the creation of the base erosion anti-abuse tax ("BEAT"), (5) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries, and (6) limitations on the deductibility of interest expense and certain executive compensation. The Company made the policy election to treat GILTI as a current period expense when incurred.

For the year ended September 30, 2018, the Company recorded income tax expense of \$8.6 million related to the remeasurement of deferred tax assets and liabilities, which increased the effective tax rate by 8.5%.

The Tax Reform also included a mandatory repatriation transition tax on previously untaxed accumulated and current E&P of certain of the Company's foreign subsidiaries. To determine the amount of the transition tax, the Company determined, in addition to other factors, the amount of post 1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. The Company recorded a transition tax obligation of \$11.2 million during the year ended September 30, 2018, which increased the effective tax rate by 11% during the year ended September 30, 2018.

#### ***Coronavirus Aid, Relief, and Economic Security Act***

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which provides economic relief in response to the coronavirus pandemic. The CARES Act, among other things, includes provisions to allow certain net operating losses to be carried-back up to five years, to increase interest deduction limitations, accelerates the refunds of alternative minimum tax credits, and makes technical corrections to tax depreciation methods for qualified leasehold improvement property. The Company evaluated and properly accounted for the provisions of the CARES Act and there was no material impact to the Company's consolidated financial statements.

Income tax expense (benefit) for the years ended September 30, 2020, 2019, and 2018 was allocated as follows:

(in millions)	Year Ended September 30,		
	2020	2019	2018
Income tax expense attributable to income from operations	\$ 37.1	\$ 25.9	\$ 46.0
Taxes allocated to stockholders' equity, related to pension liabilities	—	(0.2)	0.1
Total income tax expense	\$ 37.1	\$ 25.7	\$ 46.1

The components of income tax expense (benefit) attributable to income from operations were as follows:

(in millions)	Year Ended September 30,		
	2020	2019	2018
Current taxes:			
U.S. federal	\$ (0.6)	\$ (1.9)	\$ 0.8
U.S. State and local	2.3	(0.8)	0.5
International	31.3	24.9	22.4
Total current taxes	33.0	22.2	23.7
Deferred taxes	4.1	3.7	22.3
Income tax expense	\$ 37.1	\$ 25.9	\$ 46.0

U.S. and international components of income (loss) from operations, before tax, was as follows:

(in millions)	Year Ended September 30,		
	2020	2019	2018
U.S.	\$ 88.8	\$ (2.6)	\$ 9.9
International	117.9	113.6	91.6
Income from operations, before tax	\$ 206.7	\$ 111.0	\$ 101.5

Items accounting for the difference between income taxes computed at the federal statutory rate and income tax expense were as follows:

	Year Ended September 30,		
	2020	2019	2018
Federal statutory rate effect of:	21.0 %	21.0 %	24.5 %
U.S. State and local income taxes	1.0 %	(1.5)%	0.8 %
Foreign earnings and losses taxed at different rates	0.1 %	0.7 %	(0.8)%
Change in foreign valuation allowance	1.0 %	1.0 %	(0.8)%
Change in state valuation allowance	0.2 %	0.5 %	— %
U.S. permanent items	0.9 %	0.1 %	(0.2)%
Foreign permanent items	0.5 %	0.7 %	2.1 %
U.S. bargain purchase gain	(8.3)%	(1.0)%	— %
Remeasurement of deferred tax	— %	— %	8.5 %
Repatriation Transition tax	— %	— %	11.0 %
GILTI	0.7 %	2.2 %	— %
Other reconciling items	0.9 %	(0.4)%	0.2 %
Effective rate	18.0 %	23.3 %	45.3 %

The components of deferred income tax assets and liabilities were as follows:

(in millions)	September 30, 2020	September 30, 2019
<b>Deferred tax assets:</b>		
Share-based compensation	\$ 3.1	\$ 3.3
Deferred compensation	4.1	3.6
Foreign net operating loss carryforwards	5.4	2.6
U.S. State and local net operating loss carryforwards	9.0	9.2
U.S. federal net operating loss carryforwards	1.8	1.1
Intangible assets	9.9	4.8
Bad debt reserve	4.4	1.3
Tax credit carryforwards	0.2	0.5
Foreign tax credit carryforwards	2.4	5.0
Other compensation	5.8	2.2
Property and equipment	7.3	—
Other	1.9	1.1
<b>Total gross deferred tax assets</b>	<b>55.3</b>	<b>34.7</b>
Less valuation allowance	(12.4)	(8.5)
<b>Deferred tax assets</b>	<b>42.9</b>	<b>26.2</b>
<b>Deferred income tax liabilities:</b>		
Unrealized gain on securities	2.4	3.2
Prepaid expenses	3.4	2.2
Property and equipment	—	2.6
Pension liability	0.2	0.2
<b>Deferred income tax liabilities</b>	<b>6.0</b>	<b>8.2</b>
<b>Deferred income taxes, net</b>	<b>\$ 36.9</b>	<b>\$ 18.0</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, 2020 and September 30, 2019, the Company has net operating loss carryforwards for U.S. federal, state, local, and foreign income tax purposes of \$6.9 million and \$7.1 million, net of valuation allowances, respectively, which are available to offset future taxable income in these jurisdictions. The state and local net operating loss carryforwards of \$4.7 million, net of valuation allowance, begin to expire after September 2022.

The Company also has \$0.6 million, net of valuation allowances, of federal net operating loss carryforwards, which consist of a portion that will expire in tax years ending 2031 through 2036. The remaining portion of the federal net operating loss carryforwards do not expire, but cannot be utilized until after 2037 and are limited by Internal Revenue Code (“IRC”) Section 382. As of September 30, 2020, Gain Capital UK Ltd. has a net operating loss carryforward of \$0.9 million.

As a result of Tax Reform, the AMT credit carryforward deferred tax asset was reclassified to income taxes receivable during the year ended September 30, 2018. As a result of the CARES Act, the AMT credit carryforward was 50% refundable during the year ending September 30, 2019 and the remaining 50% is refundable in the year ended September 30, 2020, to the extent it is not used to offset regular income tax liability. During the year ended September 30, 2018, the Company generated \$5.1 million in foreign tax credit carryforwards as part of the mandatory repatriation transition tax. These credits are being fully utilized during the year ended September 30, 2020. The Company also has \$1.3 million, net of valuation allowance, in foreign tax credits due to the merger with Gain, as further discussed in Note 21, which expire in 2023. In the judgment of management, the Company believes that sufficient taxable income will be earned to utilize the foreign tax credit carryforwards, net of valuation allowance, before they expire.

The valuation allowance for deferred tax assets as of September 30, 2020 was \$12.4 million. The net change in the total valuation allowance for the year ended September 30, 2020 was an increase of \$3.9 million. Of this amount, \$1.1 million was related to foreign tax credits acquired through the merger with Gain, which are limited by provision of IRC Section 383 and expire in 2023. The remaining increase is related to foreign and state net operating loss carryforwards. The valuation allowances as of September 30, 2020 and September 30, 2019 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.

The Company does not intend to distribute earnings of its foreign subsidiaries in a taxable manner, and therefore intends to limit distributions to earnings previously taxed in the U.S., or earnings that would qualify for the 100 percent dividends received deduction, and earnings that would not result in any significant foreign taxes. The Company repatriated \$30.0 million

and \$13.0 million during the years ended September 30, 2020 and September 30, 2019, respectively, of earnings previously taxed in the U.S. resulting in no significant incremental taxes. Therefore, the Company has not recognized a deferred tax liability on its investment in foreign subsidiaries.

The Company had a de minimis balance of unrecognized tax benefits as of September 30, 2020, 2019, and 2018 that, if recognized, would affect the effective tax rate.

Accrued interest and penalties are included in the related tax liability line in the consolidated balance sheets. The Company had no accrued interest and penalties included in the consolidated balance sheets as of September 30, 2020 and September 30, 2019.

The Company recognizes accrued interest and penalties related to income taxes as a component of income tax expense. The Company had a de minimis amount of interest, net of federal benefit, and penalties recognized as a component of income tax expense during the years ended September 30, 2020, 2019, and 2018.

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, 2012 through September 30, 2020 with U.S. federal and state and local taxing authorities. In the U.K., the Company has open tax years ending September 30, 2018 to September 30, 2020. In Brazil, the Company has open tax years ranging from December 31, 2015 through December 31, 2019. In Argentina, the Company has open tax years ranging from September 30, 2013 to September 30, 2020. In Singapore, the Company has open tax years ranging from September 30, 2016 to September 30, 2020.

## Note 21 – Acquisitions

The Company's consolidated financial statements include the operating results and cash flows of the acquired businesses from the dates of acquisition.

### Acquisitions in Fiscal 2020

#### Gain Capital Holdings, Inc.

On February 26, 2020, the Company entered into a definitive merger agreement to acquire Gain. The Company agreed to acquire Gain for \$6.00 per share in an all-cash transaction. Gain is a global provider of trading services and solutions to institutional and retail investors, specializing in both OTC products and exchange-traded futures and options on futures. Gain provides its clients with access to a diverse range of global OTC financial markets, including spot foreign exchange, precious metals, and CFDs (where permitted). As a result of the acquisition, the Company added a new digital platform to its global financial network, significantly expanded its offerings to retail clients, as well as added a complementary exchange-traded futures and options on futures business. The acquisition of Gain is also expected to accelerate the digitization of the Company's trading platforms.

The merger closed on July 30, 2020 ("the Gain acquisition date") subsequent to approval by Gain's shareholders, approval by regulators, and the completion of customary closing conditions.

On the Gain acquisition date, each issued and outstanding share of Gain common stock (other than shares of Gain common stock held by those Gain stockholders who had properly demanded and not waived or withdrawn appraisal rights under Delaware law as further discussed below) automatically converted into the right to receive \$6.00 per share in cash.

#### Purchase Price

The aggregate merger consideration was (in millions):

Aggregate cash consideration	\$	215.0
Accrual for merger cash consideration		21.6
Total merger consideration	\$	236.6

Subsequent to the Gain acquisition date, holders of 3.6 million shares of Gain common stock outstanding at the Gain acquisition date who did not vote to approve the merger ("Dissenting Holders", and the shares held by such Dissenting Holders, the "Dissenting Shares") purportedly demanded appraisal rights pursuant to Section 262 of the Delaware General Corporation Law in the Court of Chancery of the State of Delaware. The \$21.6 million accrual for merger consideration included in the aggregate merger consideration was based upon 3.6 million Dissenting Shares assuming a right to receive \$6.00 per share at the Gain acquisition date. Any subsequent settlement with the Dissenting Holders will be considered the settlement of a post-acquisition contingency to be included in the Company's post-acquisition consolidated income statements.

#### Preliminary Purchase Price Allocation

The consolidated financial statements have been prepared using the acquisition method of accounting under U.S. GAAP with the Company treated as the acquirer of Gain for accounting purposes. Under the acquisition method of accounting, the

aggregate merger consideration was allocated to the assets acquired and liabilities assumed generally based on their fair value at the Gain acquisition date. The Company has made significant estimates and assumptions in determining the fair value of assets acquired and liabilities based upon discussions with management and informed insights into the industries in which Gain operates. These significant estimates and assumptions include, but are not limited to, projected cash flows of the acquired business, client attrition rates, discount rates, royalty rates, and economic lives of the identified assets.

The Company engaged a third party valuation specialist to assist with assessing the overall reasonableness of the bargain purchase gain as further discussed below and determining the fair value of the net identifiable assets acquired.

The following table summarizes the preliminary purchase price allocation as of the Gain acquisition date (in millions):

	<b>Preliminary Purchase Price Allocation</b>
Cash and cash equivalents	\$ 507.2
Cash, securities and other assets segregated under federal and other regulations	497.4
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties <sup>(1)</sup>	249.7
Receivables from clients, net <sup>(2)</sup>	2.0
Income taxes receivable	0.4
Deferred income taxes, net	23.0
Property and equipment, net	6.1
Right of use assets, net	15.0
Other assets	17.9
Total fair value of tangible assets acquired	1,318.7
Accounts payable and other accrued liabilities	52.7
Operating lease liabilities	15.0
Payable to clients	863.4
Payable to broker-dealers, clearing organizations, and counterparties	0.5
Income taxes payable	12.4
Convertible senior notes <sup>(3)</sup>	92.0
Total fair value of tangible liabilities assumed	1,036.0
Fair value of tangible net assets acquired <sup>(4)</sup>	282.7
Identifiable intangible assets acquired	
Trademarks/domain names <sup>(5)</sup>	3.7
Software programs/platforms <sup>(5)</sup>	22.2
Customer base <sup>(5)</sup>	9.8
Total fair value of intangible assets acquired	35.7
Fair value of identifiable net assets acquired	318.4
Total merger consideration	236.6
Bargain purchase gain	\$ 81.8

<sup>(1)</sup> Amount represents the contractual amount of deposits with and receivables from broker-dealers, clearing organizations, and counterparties, all of which the Company expects to be collectible as of the Gain acquisition date.

<sup>(2)</sup> Amount represents the contractual amount of receivables due from clients for trading activity, all of which the Company expects to be collectible as of the Gain acquisition date.

<sup>(3)</sup> As \$91.5 million of the \$92.0 million in aggregate principal of the Gain Notes were redeemed on September 1, 2020, the Company believes that the face value of the Gain Notes approximated their fair value as of the Gain acquisition date due to the fundamental change right provided for in the Gain Notes indenture. Refer to Note 12 for further discussion of the Gain Notes redemption.

<sup>(4)</sup> With the exception of deferred income taxes and the convertible senior notes, the Company believes that the fair value of the tangible assets acquired and tangible liabilities assumed approximate their carrying values as of the Gain acquisition date due either to their short-term nature, the Company's ability to initiate the withdrawal and settlement of client related trading balances, or the fact that the balances are recorded at fair value on a recurring basis.

<sup>(5)</sup> The trademark/domain names, software programs/platforms, and customer base intangible assets have been assigned useful lives of 5 years, 3 years, and 4 years, respectively.

The Company believes that the transaction resulted in a bargain purchase gain primarily due to the significant market volatility experienced during the first calendar quarter of 2020, primarily as a result of the COVID-19 pandemic. The market volatility experienced during 2020 through the Gain acquisition date increased significantly compared to corresponding historical periods. This resulted in Gain generating windfall profits and a corresponding increase in net tangible book value. The bargain purchase gain is included in ‘Gain on acquisitions and other gains’ on the Company’s consolidated income statement for the year ended September 30, 2020.

#### *Post-Acquisition Results and Unaudited Pro Forma Information*

Gain’s results of operations and cash flows have been included in the Company’s consolidated financial statements for the period subsequent to July 31, 2020. For the year ended September 30, 2020, the Company’s results include total revenues and net income from Gain of \$49.0 million and \$1.8 million, respectively.

The following unaudited pro forma financial information (in millions, except per share amounts) has been adjusted to give effect to the Gain merger as if it were consummated on October 1, 2018.

	Year Ended September 30, 2020		Year Ended September 30, 2019	
Total revenues	\$	54,414.1	\$	33,160.0
Net income	\$	138.5	\$	38.3
Basic earnings per share	\$	7.17	\$	2.01
Diluted earnings per share	\$	7.02	\$	1.97

The unaudited pro forma financial information includes material, nonrecurring pro forma adjustments directly attributable to the Gain acquisition primarily including the adjustment for a goodwill impairment loss, adjustment for the bargain purchase gain, adjustments to the amortization of intangible assets, and adjustments for direct and incremental acquisition-related costs and the related tax effects. The unaudited pro forma financial information does not include any revenue or cost saving synergies from operating efficiencies or the effect of incremental costs incurred from integrating the companies.

The Company incurred costs related to the merger of \$5.2 million for the year ended September 30, 2020, that are included within ‘Professional fees’ on the consolidated income statement.

The business acquired has been assigned to the Company’s Retail and Institutional reportable segments.

#### **UOB Bullion and Futures Limited**

On March 19, 2019, the Company’s subsidiary StoneX Financial Pte Ltd executed an asset purchase agreement to acquire the futures and options brokerage and clearing business of UOB Bullion and Futures Limited (“UOB”), a subsidiary of United Overseas Bank Limited. Closing was conditional upon receiving regulatory approval by the Monetary Authority of Singapore. This acquisition provides the Company access to an established institutional client base and also augments the Company’s global service capabilities in Singapore. The cash purchase price for the acquired assets was \$5.0 million of which \$2.5 million was due upon the execution of the asset purchase agreement and the remaining \$2.5 million was due upon the closing of the acquisition, which occurred on October 7, 2019.

The purchase price allocation resulted in the recognition of liabilities assumed related to the futures and options on futures client account balances of approximately \$351.8 million as of the acquisition date, which was recorded within ‘payables to clients’ on the consolidated balance sheet, and an equal and offsetting amount of assets acquired. The carrying amount of the client assets and related liabilities was assumed to approximate fair value due to their short-term nature, the Company’s ability to initiate the withdrawal and settlement of client related trading balances, and the fact that the open derivative positions are recorded at fair value on a recurring basis.

The Company also acquired certain client base intangible assets and property and equipment in connection with the acquisition. The Company engaged a third-party valuation specialist to assist with the valuation of the acquired intangible assets and property and equipment. As of the acquisition date, \$0.8 million of the purchase price was allocated to the fair value of the property and equipment acquired and \$3.1 million was allocated to the fair value of the client base intangible assets acquired. The remaining excess of the purchase price over the fair value of the net assets acquired of \$1.1 million was allocated to goodwill. The Company believes the goodwill represents the synergies that can be realized from integrating the acquired business into its existing exchange-traded futures and option business. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed is considered final as of September 30, 2020.

The business acquired has been assigned to the Company’s Institutional reportable segment. The client base intangible assets have been assigned a useful life of 5 years.

UOB's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to October 7, 2019. For the year ended September 30, 2020, the Company's results include total revenues and net loss from UOB of \$10.3 million and \$1.4 million, respectively.

### **Tellimer**

In December 2019, the Company executed a definitive purchase agreement to acquire the brokerage businesses of Tellimer Group ("Tellimer"). This transaction involved the stock purchase of 100% of Exotix Partners, LLP, based in the United Kingdom, and the stock purchase of 100% of Tellimer Capital Ltd based in Nigeria. The closing of this transaction was subject to limited conditions including regulatory approval in the relevant jurisdictions. The cash purchase price was equal to the net tangible book value of the acquired entities upon closing.

Regulatory approval for the acquisition of Exotix Partners, LLP, was obtained during the period with the acquisition closing on April 1, 2020. The cash purchase price for the acquisition of Exotix Partners, LLP, was \$4.7 million. The final allocation of the cash purchase price to the fair value of assets acquired and liabilities assumed resulted in the recognition of \$1.0 million in cash and cash equivalents, \$1.0 million in receivables from clients, net, \$0.3 million in property and equipment, net, \$3.4 million in other assets, and \$1.0 million in liabilities assumed.

Regulatory approval for the acquisition of Tellimer Capital Ltd was obtained during the period with the acquisition closing on June 1, 2020. The cash purchase price for the acquisition of Tellimer Capital Ltd and the related allocation to the fair value of assets acquired and liabilities assumed was not material to the Company's consolidated financial statements.

Tellimer's results of operations and cash flows have been included in the Company's consolidated financial statements from the dates of acquisition. For the year ended September 30, 2020, the Company's results include total revenues and net loss from Tellimer of \$5.9 million and less than \$0.1 million, respectively.

The acquired business have been assigned to the Company's Institutional reportable segment.

### **IFCM Commodities**

On January 2, 2020, the Company's wholly owned subsidiary, INTL Netherlands B.V., executed and closed on a stock purchase agreement to acquire 100% of the equity interests of IFCM Commodities GmbH ("IFCM") based in Germany. IFCM specializes in providing commodity price risk management solutions for base metals serving clients across Germany and

continental Europe and historically introduced clients to StoneX Financial Ltd. This purchase is part of the Company's overall strategic plan to expand the Company's footprint in Germany and continental Europe in order to handle European clients and regional metals business following Brexit.

The cash purchase price of \$1.9 million was equal to net tangible book value upon closing plus a premium of \$1.0 million. The excess of the cash consideration over the fair value of the net tangible assets acquired on the closing date was allocated to the fair value of IFCM's client relationships. This client base intangible asset has been assigned, and will be amortized over, a useful of five years.

IFCM's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to January 2, 2020. For the year ended September 30, 2020, the Company's results include total revenues and net income from IFCM of \$1.8 million and \$0.5 million, respectively.

### **GIROXX**

In January 2020, the Company's wholly owned subsidiary, StoneX Financial Ltd, executed a stock purchase agreement to acquire 100% of GIROXX based in Germany. Through its digital platform, GIROXX provides online payment and foreign exchange hedging services to small and medium sized enterprises in Germany, Austria, and Switzerland. The Company offers a wide range of financial services including advisory and execution services in commodities, which will be offered to GIROXX's institutional client base. This purchase completes a series of acquisitions and restructurings to ensure that all clients of the Company are secure with their continuity of service and market access following Brexit. The closing of the transaction was conditional upon the approval of financial services regulators in Germany, which was obtained during the period with the transaction closing on May 1, 2020.

The cash purchase price for the acquisition of GIROXX was \$4.4 million. The preliminary allocation of the cash purchase price to the fair value of tangible assets acquired and liabilities assumed resulted in the recognition of cash and cash equivalents of \$6.5 million, property and equipment of \$0.1 million, accounts payables and other accrued liabilities of \$0.6 million, and payables to clients of \$5.8 million as of the acquisition date.

The Company acquired certain identifiable intangible assets in connection with the acquisition of GIROXX, primarily related to a business license permitting the Company to facilitate payment transactions in the European Union and certain proprietary



developed software. The Company has preliminarily allocated \$0.4 million and \$1.5 million of the excess purchase price over net tangible assets acquired to the business license and proprietary developed software, respectively. The remaining excess purchase price over the net tangible assets acquired of \$2.3 million has preliminarily been allocated to goodwill. The Company believes the preliminary allocation to goodwill represents the synergies that can be realized from integrating the acquired business into its existing Global Payments reportable segment.

The Company is in the process of gathering the information necessary to complete a valuation analysis of the intangible assets acquired. Once the valuation analysis is complete, the Company will record measurement period adjustments to reflect the final determination of the fair value of the identifiable intangible assets acquired with any remaining excess consideration allocated to goodwill.

The acquired business license has been assigned an indefinite life and the proprietary developed software has been preliminarily assigned a useful life of 3 years.

GIROXX's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to May 1, 2020. For the year ended September 30, 2020, the Company's results include total revenues and net loss from GIROXX of \$0.5 million and \$0.6 million, respectively.

The acquired business has been assigned to the Company's Global Payments reportable segment.

## **Asset Acquisitions**

### **Quest Capital**

In August 2019, the Company's subsidiary, SA Stone Wealth Management, executed an asset purchase agreement to acquire certain client accounts of Quest Capital Strategies, Inc. The asset purchase agreement was subject to FINRA approval and other conditions to closing. FINRA approval was obtained and the other conditions to closing were fulfilled and the closing of the transaction occurred on December 9, 2019. The cash purchase price for the acquired client accounts was equal to \$1.7 million. This transaction was accounted for as an asset acquisition at cost. The cash purchase price was allocated to the fair value of the client lists and relationships obtained and has been assigned, and will be amortized, over a useful life of seven years.

### **Acquisitions in Fiscal 2019**

#### ***Carl Kliem S.A.***

On November 30, 2018, the Company acquired the entire issued and outstanding share capital of Carl Kliem S.A., an independent interdealer broker based in Luxembourg, which provides foreign exchange, interest rate and fixed income products to institutional clients across the European Union ("E.U."). Carl Kliem S.A. employs approximately 40 people and has more than 400 active institutional clients. This acquisition provides the Company with access to additional European institutional clients that can benefit from the Company's full suite of financial services and a E.U.-based entity in anticipation of the U.K.'s planned exit from the E.U. The purchase price was \$2.1 million of cash consideration, and was equal to the net tangible book value on the closing date less restructuring costs. The Company subsequently renamed Carl Kliem S.A. to StoneX Financial Europe S.A.

The final purchase price allocation resulted in cash and cash equivalents of \$1.7 million, receivables from clients of \$1.1 million, property and equipment of \$0.1 million, income tax receivables of \$0.1 million, accounts payable and other accrued liabilities of \$0.6 million, and payable to broker-dealers, clearing organizations, and counterparties of \$0.2 million. The net fair value of the assets acquired exceeded the aggregate cash purchase price; accordingly, the Company recorded a bargain purchase gain of \$0.1 million during the year ended September 30, 2019, which is presented within 'Gain on acquisitions and other gains' in the consolidated income statement.

The business activities of INTL FCStone Europe S.A. have been included within the Company's Institutional reportable segment. The Company's consolidated income statement for the year ended September 30, 2019 includes operating revenues and a net loss of \$4.2 million and \$2.3 million, respectively, for the post-acquisition results of the acquired business.

#### ***GMP Securities LLC***

On January 14, 2019 the Company acquired 100% of the U.S.-based broker-dealer GMP Securities LLC ("GMP"), formerly known as Miller Tabak Securities, LLC, an independent, SEC-registered broker-dealer and Financial Industry Regulatory Authority, Inc. ("FINRA") member. GMP has an institutional fixed-income trading business which deals in high yield, convertible and emerging market debt and makes markets in certain equity securities. This transaction also involved the purchase of GMP's U.S.-based parent. This acquisition allows the Company to expand its fixed income product offerings to clients and adds new institutional clients who can benefit from the Company's full suite of financial services.

The purchase price was \$8.2 million of cash consideration was equal to the final net tangible book value determined as of the acquisition date less \$2.0 million. The net fair value of the assets acquired exceeded the aggregate cash purchase price, and

accordingly the Company recorded a bargain purchase gain of \$5.4 million during the year ended September 30, 2019, which is presented within ‘Gain on acquisitions and other gains’ in the consolidated income statement. The Company believes the transaction resulted in a bargain purchase gain due to the Company’s ability to incorporate GMP’s business activities into its existing business structure, and its ability to utilize certain deferred tax assets, including net operating loss carryforwards, and other assets while operating the business that may not have been likely to be realized by the seller nor was contemplated in the purchase price.

On May 1, 2019, GMP was merged into the Company’s wholly owned regulated U.S. subsidiary, StoneX Financial. The Company’s consolidated income statement includes the post-acquisition results, which include operating revenues and a net loss before tax of \$8.2 million and \$2.1 million, respectively, for the year ended September 30, 2019. The acquired businesses are included within the Company’s Institutional reportable segment.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

	<b>Fair Value</b>
Cash and cash equivalents	\$ 1.1
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties <sup>(1)</sup>	7.7
Financial instruments owned, at fair value <sup>(2)</sup>	7.1
Deferred income taxes	2.7
Property and equipment	0.7
Other assets	0.7
<b>Total fair value of assets acquired</b>	<b>20.0</b>
Accounts payable and other accrued liabilities	1.9
Payable to broker-dealers, clearing organizations, and counterparties	0.1
Financial instruments sold, not yet purchased, at fair value <sup>(2)</sup>	4.4
<b>Total fair value of liabilities assumed</b>	<b>6.4</b>
<b>Fair value of net assets acquired</b>	<b>13.6</b>
Purchase price	8.2
<b>Bargain purchase gain</b>	<b>\$ 5.4</b>

<sup>(1)</sup> Amount represents the contractual amount of deposits and receivables due from the clearing organization for trading activity as of the acquisition date.

<sup>(2)</sup> Financial instruments owned and sold, not yet purchased, at fair value primarily includes equity securities and high yield, convertible and emerging market fixed income securities. Equity securities have been included within Level 1 of the fair value hierarchy and fixed income securities have been included in Level 2 of the fair value hierarchy as disclosed in Note 4.

#### ***Coininvest GmbH and European Precious Metal Trading GmbH***

On April 1, 2019, the Company’s subsidiary StoneX (Netherlands) B.V. acquired 100% of the outstanding shares of Coininvest GmbH and European Precious Metal Trading GmbH. Through the websites coininvest.com and silver-to-go.com, Coininvest GmbH and European Precious Metal Trading GmbH are leading European online providers of gold, silver, platinum, and palladium products to retail investors, institutional investors, and financial advisors. The addition of Coininvest GmbH and European Precious Metal Trading GmbH to the Company’s global product suite expands its offering, providing clients the ability to purchase physical gold and other precious metals, in multiple forms, and in denominations of their choice, to add to their investment portfolios.

The purchase price consisted of cash consideration of \$22.0 million, including \$11.2 million for the purchase of shareholders loans outstanding with the acquired entities. The cash consideration transferred exceeded the final fair value of the tangible net assets acquired on the closing date by \$6.8 million.

The Company acquired certain identifiable intangible assets, including website domain names and internally developed software. The Company has engaged a third-party valuation specialist to assist with the valuation of these acquired intangible assets. Based upon the final valuation analysis, the Company allocated \$2.1 million and \$2.5 million of the excess consideration over the final fair value of tangible net assets acquired on the closing date to the identifiable domain names and internally developed software, respectively. The remaining excess of \$2.2 million was allocated to goodwill. The goodwill represents the

synergies expected to be achieved by combining the acquired business with the Company's existing precious metals offering and the acquired assembled workforce.

The internally developed software was assigned to the Retail reportable segment and is being amortized over a useful life of 5 years. The useful life of the domain names was determined to be indefinite.

The Company's consolidated income statement includes the post-acquisition results, including operating revenues and a net loss before tax of \$0.6 million and \$0.3 million, respectively, for the year ended September 30, 2019. Operating revenues during the year ended September 30, 2019 include unrealized losses on derivatives held to manage the downside price risk of physical commodities inventory, which is valued at the lower of cost or net realizable value; therefore, inventory was not recorded above its cost basis. The acquired businesses are included within the Company's Commercial reportable segment.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

	<b>Fair Value</b>
Cash and cash equivalents	\$ 2.0
Receivables from clients <sup>(1)</sup>	1.2
Receivable from affiliate	1.1
Income tax receivable	0.1
Physical commodities inventory	9.8
Deferred tax assets, net	0.2
Other assets	1.2
Total fair value of tangible assets acquired	15.6
Accounts payable and other accrued liabilities	0.2
Payables to clients	0.2
Total fair value of tangible liabilities assumed	0.4
Fair value of net tangible assets acquired	15.2
Purchase price	22.0
Excess purchase price over fair value of tangible net assets acquired	\$ 6.8
Excess purchase price over fair value of tangible net assets acquired allocated to identifiable intangible assets:	
Domain names	\$ 2.1
Internally developed software	2.5
Total excess purchase price allocated to identifiable intangible assets	4.6
Remaining excess allocated to goodwill	\$ 2.2

<sup>(1)</sup> Amount represents the contractual amount of receivables due from clients for trading activity, all of which was collected.

#### ***Fillmore Advisors, LLC***

On September 1, 2019, the Company acquired 100% of the U.S.-based trading firm Fillmore Advisors, LLC ("Fillmore"). Fillmore is an independent, SEC-registered broker-dealer firm and FINRA member firm and a leading provider of outsourced trading solutions and operational consulting to institutional asset managers. The firm, headquartered in Park City, Utah, is composed of traders that specialize in global buy-side and sell-side experience. Institutional clients can benefit from Fillmore's comprehensive product coverage offering for equities, equity-linked, foreign exchange, credit, rates, and commodities. Fillmore will become an extension of the newly established prime brokerage division of the Company's Institutional reportable segment.

The purchase price consists of \$1.4 million of cash consideration and also includes a contingent earn-out with payments over the eight quarters following the acquisition. The contingent earn-out payments are variable in nature and equal to 50% of Segment Income, as defined in the SPA, for each quarterly period. The fair value of the contingent consideration was estimated at \$1.8 million as of the closing date. See Note 5 for fair value measurement considerations.

The Company acquired certain identifiable intangible assets related to Fillmore's client base. Based upon the final valuation analysis, the Company has allocated \$0.7 million of the excess consideration over the final fair value of tangible net assets

acquired on the closing date to this intangible asset. The remaining excess of \$1.9 million was allocated to goodwill. The goodwill represents the synergies expected to be achieved by combining the acquired business with the Company's existing prime brokerage offering and the acquired assembled workforce.

The client base intangible asset and goodwill were assigned to the Institutional reportable segment. The client base intangible asset will be amortized over a useful life of 5 years.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

	<b>Fair Value</b>
Cash and cash equivalents	\$ 0.2
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties	0.3
Receivables from clients, net <sup>(1)</sup>	0.2
Other assets	0.4
<b>Total fair value of tangible assets acquired</b>	<b>1.1</b>
Accounts payable and other accrued liabilities	0.5
<b>Total fair value of tangible liabilities assumed</b>	<b>0.5</b>
<b>Fair value of net tangible assets acquired</b>	<b>0.6</b>
Purchase price <sup>(2)</sup>	3.2
<b>Excess purchase price over fair value of tangible net assets acquired</b>	<b>\$ 2.6</b>
<b>Excess purchase price over fair value of tangible net assets acquired allocated to identifiable intangible assets:</b>	
Client relationships	\$ 0.7
<b>Total excess purchase price allocated to identifiable intangible assets</b>	<b>0.7</b>
<b>Remaining excess allocated to goodwill</b>	<b>\$ 1.9</b>

<sup>(1)</sup> Amount represents the contractual amount of receivables due from clients for trading activity, all of which was collected.

<sup>(2)</sup> Includes the fair value of contingent consideration of \$1.8 million.

## Acquisitions in Fiscal 2018

### *PayCommerce Financial Solutions, LLC*

On September 5, 2018, the Company acquired all of the outstanding membership interests of PayCommerce Financial Solutions, LLC ("PCFS"). Subsequent to the acquisition, the Company renamed PCFS to INTL Technology Services, LLC ("ITS"). ITS is a fully accredited Society for Worldwide Interbank Financial Telecommunication ("SWIFT") Service Bureau provider. This acquisition enables the Company to act as a SWIFT Service Bureau for its 300-plus correspondent banking network, thus providing another important service for delivering local currency, cross-border payments to the developing world.

The purchase price was approximately \$3.8 million of cash consideration. The final purchase price allocation resulted in \$0.7 million in receivables, \$0.8 million in property, plant, and equipment, a \$0.5 million equity investment related to a minority interest in the joint venture entity Akshay Financeware, Inc., and \$2.2 million in liabilities assumed. Additionally, the Company acquired identifiable, definite-lived client relationship and client list assets that have been assigned a fair value of \$1.3 million and a useful life of 5 years. The fair value of the consideration transferred exceeded the final fair value of identifiable assets acquired and liabilities assumed. The excess of the purchase consideration over the final fair value of net tangible and identifiable intangible assets acquired of \$2.6 million was recorded as goodwill as of September 30, 2018.

On February 13, 2019, the Company paid \$0.2 million to acquire the majority interest in Akshay Financeware, Inc. The acquisition of the majority interest in Akshay Financeware, Inc. was accounted for as a step acquisition. As a result, the Company changed the classification and measurement of the \$0.5 million previously held equity interest and recognized all identifiable assets and liabilities of the wholly-owned entity at fair value. The Company recorded \$2.7 million of indefinite-lived intangible assets related to SWIFT licenses held by the acquired entity and an associated deferred tax liability of \$0.7 million. Additionally, the Company recorded a measurement period adjustment to goodwill of \$1.3 million. As of September 30, 2019, the Company had recorded goodwill of \$1.3 million related to the acquisition of PCFS and the step acquisition of Akshay Financeware, Inc.

Management believes that the goodwill represents the synergies expected from the incremental revenue that can be realized from combining the technologies acquired with the Company's pre-existing correspondent banking network. This business has been included within the Company's Global Payments Segment. The Company's consolidated income statement for the year

ended September 30, 2018 includes the post-acquisition results of ITS, which was immaterial in relation to the Company's consolidated results.

## Note 22 – Accumulated Other Comprehensive (Loss) 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 loss includes net actuarial losses from defined benefit pension plans and losses on foreign currency translations.

The following table summarizes the changes in accumulated other comprehensive loss for the year ended September 30, 2020.

(in millions)	Foreign Currency Translation Adjustment	Pension Benefits Adjustment	Accumulated Other Comprehensive Loss
Balances as of September 30, 2019	\$ (31.5)	\$ (3.3)	\$ (34.8)
ASU 2018-02 cumulative transition adjustment	—	(0.7)	(0.7)
Adjusted Balances as of September 30, 2019	(31.5)	(4.0)	(35.5)
Other comprehensive loss	(4.5)	(0.2)	(4.7)
Amounts reclassified from AOCI, net of tax	—	0.1	0.1
Other comprehensive loss	(4.5)	(0.1)	(4.6)
Balances as of September 30, 2020	\$ (36.0)	\$ (4.1)	\$ (40.1)

## Note 23 – Segment and Geographic Information

During the three months ended September 30, 2020, the Company completed its acquisition of Gain Capital Group Inc. ("Gain"), which it views as a significant acquisition and which triggered a reassessment of the financial information reviewed by its executive management team, which is considered our Chief Operating Decision Maker, on a regular basis, and which is used to make resource allocation decisions. The acquisition of Gain added a significant amount of incremental business from a new client type – retail. Prior to the acquisition, Gain was a publicly traded corporation in the United States, and reported its performance along two reportable segments: retail and futures, in its periodic reporting with the SEC. The Company has existing businesses with activities similar to Gain's futures business. Gain's retail business however, represents a fundamental change in the Company's business strategy.

In light of this fundamental change and reassessment described above, the Company has modified the operating segments it uses to evaluate its performance. Accordingly, its operating segments are now based primarily on the nature of the clients we serve (commercial, institutional, and retail), and a fourth operating segment, its global payments business. The Company manages its business in this manner due to its large global footprint, in which it has more than 2,900 employees allowing it to serve clients in more than 180 countries.

Following the acquisition of Gain, the Company's business activities are managed as operating segments and organized into reportable segments as follows:

- *Commercial*
- *Institutional*
- *Retail*
- *Global Payments*

All segment information has been revised to reflect the operating segment reorganization retroactive to October 1, 2017.

### ***Commercial***

The Company offers commercial clients a comprehensive array of products and services, including risk management and hedging services, execution and clearing of exchange-traded and OTC products, voice brokerage, market intelligence and physical trading as well as commodity financing and logistics services. The ability to provide these high-value-added products and services, differentiates the Company from its competitors and maximizes the opportunity to retain clients.

### ***Institutional***

The Company provides institutional clients with a complete suite of equity trading services to help them find liquidity with best execution, consistent liquidity across a robust array of fixed income products, competitive and efficient clearing and execution in all major futures and securities exchanges globally as well as prime brokerage in equities and major foreign currency pairs and swap transactions. In addition, the Company originates, structures and place debt instruments in the international and

domestic capital markets. These instruments include asset-backed securities (primarily in Argentina) and domestic municipal securities.

### ***Retail***

The Company provides retail clients around the world access to over 15,000 global financial markets, including spot foreign exchange ("forex"), both financial trading and physical investment in precious metals, as well as contracts for difference ("CFDs"), which are investment products with returns linked to the performance of underlying assets. In addition, its independent wealth management business offers a comprehensive product suite to retail investors in the United States.

### ***Global Payments***

The Company provides customized foreign exchange and treasury services to banks and commercial businesses as well as charities and non-governmental organizations and government organizations. The Company provides transparent pricing and offers payments services in more than 170 countries and 140 currencies, which it believes is more than any other payments solution provider.

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The total revenues reported combine gross revenues from physical contracts for subsidiaries that are not broker-dealers and net revenues for all other businesses. In order to reflect the way that the Company's management views the results, the table below also reflects 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 revenues generated, and in some cases, revenues generated less transaction-based clearing expenses, 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 debt expense and other direct expenses.

Inter-segment revenues, expenses, receivables and payables are eliminated upon consolidation, except revenues and expenses 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 any other business. If its rates are not competitive, the securities businesses buy or sell their foreign currency through other market participants.

Total revenues, operating revenues and net operating revenues shown as "Corporate Unallocated" primarily consist of interest income from its centralized corporate treasury function. In the normal course of operations, the Company operates a centralized corporate treasury function in which it may sweep excess cash from certain subsidiaries, where permitted within regulatory limitations, in exchange for a short-term interest bearing intercompany payable, or provide excess cash to subsidiaries in exchange for a short-term interest bearing intercompany receivable in lieu of the subsidiary borrowing on external credit facilities. The intercompany receivables and payables are eliminated during consolidation; however, this practice may impact reported total assets between segments.

Net costs not allocated to operating segments include costs and expenses of certain shared services such as information technology, accounting and treasury, credit and risk, legal and compliance, and human resources and other activities.

Information for the reportable segments is shown in accordance with the Segment Reporting Topic of the ASC as follows

(in millions)	Year Ended September 30,		
	2020	2019	2018
<b>Total revenues:</b>			
Commercial	\$ 52,970.1	\$ 32,125.4	\$ 27,018.7
Institutional	624.1	515.0	427.1
Retail	432.7	148.1	73.3
Global Payments	117.4	112.8	99.2
Corporate Unallocated	14.6	20.8	23.9
Eliminations	(19.3)	(25.1)	(19.5)
<b>Total</b>	<b>\$ 54,139.6</b>	<b>\$ 32,897.0</b>	<b>\$ 27,622.7</b>
<b>Operating revenues:</b>			
Commercial	\$ 431.5	\$ 404.4	\$ 371.8
Institutional	624.1	515.0	427.1
Retail	140.0	78.2	73.3
Global Payments	117.4	112.8	99.2
Corporate Unallocated	14.6	20.8	23.9
Eliminations	(19.3)	(25.1)	(19.5)
<b>Total</b>	<b>\$ 1,308.3</b>	<b>\$ 1,106.1</b>	<b>\$ 975.8</b>
<b>Net operating revenues (loss):</b>			
Commercial	\$ 353.4	\$ 321.2	\$ 299.4
Institutional	363.8	220.1	176.3
Retail	63.8	15.7	12.7
Global Payments	111.5	107.0	93.5
Corporate Unallocated	(24.5)	(10.8)	(0.3)
<b>Total</b>	<b>\$ 868.0</b>	<b>\$ 653.2</b>	<b>\$ 581.6</b>
<b>Net contribution:</b>			
(Revenues less cost of sales of physical commodities, transaction-based clearing expenses, variable compensation, introducing broker commissions and interest expense)			
Commercial	\$ 242.2	\$ 224.6	\$ 210.0
Institutional	248.9	157.0	135.6
Retail	58.8	14.6	11.8
Global Payments	89.6	86.6	75.0
<b>Total</b>	<b>\$ 639.5</b>	<b>\$ 482.8</b>	<b>\$ 432.4</b>
<b>Segment income (loss):</b>			
(Net contribution less non-variable direct segment costs)			
Commercial <sup>(1)</sup>	\$ 141.9	\$ 144.6	\$ 118.3
Institutional	152.9	88.6	78.2
Retail	31.7	6.4	5.6
Global Payments	68.6	66.1	59.8
<b>Total</b>	<b>\$ 395.1</b>	<b>\$ 305.7</b>	<b>\$ 261.9</b>
<b>Reconciliation of segment income to income before tax:</b>			
Segment income	\$ 395.1	\$ 305.7	\$ 261.9
Net costs not allocated to operating segments	(270.3)	(200.2)	(162.4)
Gain on acquisitions and other gains	81.9	5.5	2.0
<b>Income before tax</b>	<b>\$ 206.7</b>	<b>\$ 111.0</b>	<b>\$ 101.5</b>

<sup>(1)</sup> During fiscal 2019, the Company recorded recoveries on the bad debt on physical coal of \$12.4 million. During fiscal 2018, the Company recorded charges to earnings of \$1.0 million to record an allowance for doubtful accounts related to a bad debt incurred in the physical coal business with a coal supplier, as further discussed in Note 19.

(in millions)	As of September 30, 2020	As of September 30, 2019	As of September 30, 2018
<b>Total assets:</b>			
Commercial	\$ 2,753.6	\$ 2,386.4	\$ 2,349.5
Institutional	8,740.8	7,111.2	5,168.1
Retail	1,245.9	12.4	—
Global Payments	315.9	278.2	206.6
Corporate unallocated	418.7	147.9	100.5
<b>Total</b>	<b>\$ 13,474.9</b>	<b>\$ 9,936.1</b>	<b>\$ 7,824.7</b>

Information regarding revenues and operating revenues for the years ended September 30, 2020, 2019, and 2018, and information regarding long-lived assets (defined as property, equipment, leasehold improvements and software) as of September 30, 2020, 2019, and 2018 in geographic areas were as follows:

(in millions)	Year Ended September 30,		
	2020	2019	2018
<b>Total revenues:</b>			
United States	\$ 2,223.3	\$ 1,947.6	\$ 1,587.6
Europe	532.6	280.2	189.6
South America	58.9	56.5	59.5
Middle East and Asia	51,317.1	30,606.9	25,781.4
Other	7.7	5.8	4.6
<b>Total</b>	<b>\$ 54,139.6</b>	<b>\$ 32,897.0</b>	<b>\$ 27,622.7</b>
<b>Operating revenues:</b>			
United States	\$ 928.3	\$ 799.4	\$ 695.3
Europe	237.9	209.6	189.0
South America	58.9	56.5	58.0
Middle East and Asia	75.5	34.8	28.9
Other	7.7	5.8	4.6
<b>Total</b>	<b>\$ 1,308.3</b>	<b>\$ 1,106.1</b>	<b>\$ 975.8</b>
(in millions)	As of September 30, 2020	As of September 30, 2019	As of September 30, 2018
<b>Long-lived assets, as defined:</b>			
United States	\$ 55.4	\$ 33.9	\$ 33.0
Europe	3.1	6.6	6.8
South America	2.1	2.1	1.4
Middle East and Asia	1.3	1.0	1.2
Other	0.2	0.3	—
<b>Total</b>	<b>\$ 62.1</b>	<b>\$ 43.9</b>	<b>\$ 42.4</b>



**Note 24 – 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 2020 Fiscal Quarter Ended			
	September 30	June 30	March 31	December 31
Total revenues	\$ 14,284.9	\$ 8,243.4	\$ 20,366.3	\$ 11,245.0
Cost of sales of physical commodities	13,942.8	7,920.8	19,999.5	10,968.2
Operating revenues	342.1	322.6	366.8	276.8
Transaction-based clearing expenses	57.1	55.3	63.8	46.3
Introducing broker commissions	34.0	24.0	29.6	26.2
Interest expense	10.0	11.5	27.8	31.1
Interest expense on corporate funding	14.8	3.9	2.2	2.7
Net operating revenues	226.2	227.9	243.4	170.5
Compensation and benefits	145.5	132.5	136.7	104.0
Bad debts, net of recoveries and impairment	12.5	1.8	4.4	—
Other expenses	70.1	44.6	46.2	44.9
Total compensation and other expenses	228.1	178.9	187.3	148.9
Gain on acquisitions <sup>(1)</sup>	81.8	—	—	0.1
Income before tax	79.9	49.0	56.1	21.7
Income tax expense	2.5	12.4	16.8	5.4
Net income	\$ 77.4	\$ 36.6	\$ 39.3	\$ 16.3
Net basic earnings per share	\$ 4.00	\$ 1.90	\$ 2.03	\$ 0.85
Net diluted earnings per share	\$ 3.90	\$ 1.87	\$ 2.00	\$ 0.84

(in millions, except per share amounts)	For the 2019 Fiscal Quarter Ended			
	September 30,	June 30,	March 31,	December 31,
Total revenues	\$ 11,279.6	\$ 7,873.0	\$ 7,192.2	\$ 6,552.2
Cost of sales of physical commodities	10,992.7	7,589.6	6,921.1	6,287.5
Operating revenues	286.9	283.4	271.1	264.7
Transaction-based clearing expenses	45.0	45.7	42.7	50.1
Introducing broker commissions	27.7	29.6	24.8	32.6
Interest expense	37.2	39.4	35.2	30.2
Interest expense on corporate funding	3.6	3.1	3.2	2.8
Net operating revenues	173.4	165.6	165.2	149.0
Compensation and benefits	105.2	100.9	97.9	89.1
Bad debts, net of recoveries	1.0	0.5	0.7	0.3
Recovery of bad debt on physical coal <sup>(2)</sup>	(10.0)	—	—	(2.4)
Other expenses	43.2	42.6	41.1	37.6
Total compensation and other expenses	139.4	144.0	139.7	124.6
Gain on acquisitions <sup>(3)</sup>	0.1	—	5.4	—
Income before tax	34.1	21.6	30.9	24.4
Income tax expense	6.9	5.3	7.5	6.2
Net income (loss)	\$ 27.2	\$ 16.3	\$ 23.4	\$ 18.2
Net basic (loss) earnings per share	\$ 1.42	\$ 0.85	\$ 1.23	\$ 0.96
Net diluted (loss) earnings per share	\$ 1.40	\$ 0.84	\$ 1.21	\$ 0.94

<sup>(1)</sup> During the fourth quarter ended September 30, 2020, the Company recorded a bargain purchase gain of \$81.8 million related to the acquisition of Gain. See Note 21 for additional information.

<sup>(2)</sup> During the fourth quarter ended September 30, 2019, the Company recorded a recovery on the bad debt on physical coal received through an insurance policy claim related to the matter. See Note 19 for additional information.

<sup>(3)</sup> During the second quarter ended March 31, 2019, the Company recorded a bargain purchase gain of \$5.4 million related to the acquisition of INTL FCStone Credit Trading, LLC (formerly GMP Securities LLC). See Note 21 for additional information.

**StoneX Group Inc.**  
**Condensed Balance Sheets**  
**Parent Company Only**

(in millions)			September 30, 2020	September 30, 2019
	<b>ASSETS</b>			
Cash and cash equivalents		\$	7.4	\$ 2.0
Receivable from subsidiaries, net			—	17.6
Receivable from clients			0.4	0.5
Notes receivable, net			1.7	2.8
Income taxes receivable			46.2	15.7
Investment in subsidiaries <sup>(1)</sup>			834.0	399.4
Deferred income taxes, net			4.3	8.2
Property and equipment, net			42.1	26.9
Operating right of use assets			69.0	—
Other assets			20.1	13.0
Total assets		\$	1,025.2	\$ 486.1
	<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>				
Accounts payable and other accrued liabilities		\$	73.4	\$ 29.4
Operating lease liabilities			85.4	—
Payable to clients			0.3	0.3
Payable to subsidiaries, net			96.5	—
Payable to lenders under loans			23.0	70.4
Senior secured borrowings, net			515.1	167.6
Financial instruments sold, not yet purchased, at fair value			1.1	84.5
Total liabilities			794.8	352.2
<b>Equity:</b>				
StoneX Group 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; 21,798,551 issued and 19,376,594 outstanding at September 30, 2020 and 21,297,317 issued and 19,075,360 outstanding at September 30, 2019			0.2	0.2
Common stock in treasury, at cost - 2,421,957 shares at September 30, 2020 and 2,221,957 shares at September 30, 2019			(57.6)	(50.1)
Additional paid-in capital			292.6	276.8
Retained earnings <sup>(1)</sup>			(4.8)	(93.0)
Total StoneX Group Inc. (Parent Company Only) stockholders' equity			230.4	133.9
Total liabilities and equity		\$	1,025.2	\$ 486.1

<sup>(1)</sup> Within the Condensed Balance Sheets and Condensed Statements of Operations of StoneX Group 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 \$577.2 million as of September 30, 2020, respectively, and \$495.1 million, as of September 30, 2019, respectively.

**StoneX Group Inc.**  
**Condensed Statements of Operations**  
**Parent Company Only**

(in millions)	Year Ended September 30,		
	2020	2019	2018
<b>Revenues:</b>			
Management fees from affiliates	\$ 45.1	\$ 43.2	\$ 40.4
Trading losses, net	0.6	—	—
Consulting fees	0.3	0.1	—
Interest income	2.4	1.5	2.3
Dividend income from subsidiaries <sup>(2)</sup>	111.8	85.7	41.9
Total revenues	160.2	130.5	84.6
Interest expense	30.0	19.7	15.7
Net revenues	130.2	110.8	68.9
<b>Non-interest expenses:</b>			
Compensation and benefits	88.0	79.7	73.0
Clearing and related expenses	0.3	0.9	1.1
Trade systems and market information	3.9	6.4	5.8
Occupancy and equipment rental	3.8	3.4	2.6
Professional fees	12.9	7.3	6.7
Travel and business development	1.7	2.9	2.6
Non-trading technology and support	19.8	12.5	9.1
Depreciation and amortization	6.7	5.2	4.8
Communications	0.7	0.8	0.9
Impairment	2.5	—	—
Management services fees to affiliates	2.3	0.5	—
Other	10.8	5.8	6.9
Total non-interest expenses	153.4	125.4	113.5
Gain on acquisitions	81.9	5.3	—
Income (loss) before tax	58.7	(9.3)	(44.6)
Income tax expense	29.5	24.6	7.4
Net income (loss)	\$ 88.2	\$ 15.3	\$ (37.2)

<sup>(2)</sup> Within the Condensed Balance Sheets and Condensed Statements of Operations of StoneX Group 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 also include income from investment in subsidiaries of \$81.4 million, \$69.8 million, and \$92.7 million for the years ended September 30, 2020, 2019, and 2018, respectively.

**StoneX Group Inc.**  
**Condensed Statements of Cash Flows**  
**Parent Company Only**

(in millions)	Year Ended September 30,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	\$ 88.2	\$ 15.3	\$ (37.2)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6.7	5.2	4.8
Amortization of operating right of use assets	4.4	—	—
Deferred income taxes	—	0.6	18.0
Amortization and extinguishment of debt issuance costs	6.1	1.2	0.7
Amortization of share-based compensation expense	9.2	7.1	6.1
Impairment	2.5	—	—
Gain on acquisition	(81.9)	(5.4)	—
Changes in operating assets and liabilities:			
Due to/from subsidiaries	149.3	8.3	(69.4)
Receivables from clients, net	0.1	(0.5)	—
Notes receivable, net	1.1	(1.0)	2.9
Income taxes receivable	(48.4)	(0.8)	(6.6)
Financial instruments owned, at fair value	—	4.4	(4.4)
Other assets	(7.7)	(4.4)	(0.7)
Accounts payable and other accrued liabilities	24.0	4.6	8.6
Operating lease liabilities	(2.8)	—	—
Payable to clients	—	(1.4)	(0.3)
Financial instruments sold, not yet purchased, at fair value	(83.4)	25.2	34.0
Net cash provided by (used in) operating activities	67.4	58.4	(43.5)
Cash flows from investing activities:			
Capital contribution in affiliates	(251.9)	(75.8)	(4.5)
Purchase of property and equipment	(10.2)	(6.2)	(5.9)
Net cash used in investing activities	(262.1)	(82.0)	(10.4)
Cash flows from financing activities:			
Proceeds from revolving credit facility			
Net change in lenders under loans	(47.0)	(138.2)	58.2
Payments of notes payable	(0.4)	(0.8)	(0.8)
Proceeds from issuance of senior secured term loan	21.5	175.0	—
Repayments of senior secured term loan	(9.8)	(6.6)	—
Proceeds from issuance of senior secured notes	344.8	—	—
Repayments of senior secured notes	(92.1)	—	—
Deferred payments on acquisitions	(0.9)	—	(5.5)
Share repurchase	(7.5)	(3.8)	—
Debt issuance costs	(14.0)	(3.0)	—
Exercise of stock options	5.5	1.2	2.6
Withholding taxes on stock option exercises	—	—	(0.8)
Net cash provided by financing activities	200.1	23.8	53.7
Net increase (decrease) in cash and cash equivalents	5.4	0.2	(0.2)
Cash and cash equivalents at beginning of period	2.0	1.8	2.0
Cash and cash equivalents at end of period	\$ 7.4	\$ 2.0	\$ 1.8
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 15.3	\$ 18.9	\$ 15.0
Income taxes (received) paid, net of cash refunds	\$ (4.3)	\$ (23.9)	\$ (18.4)
Supplemental disclosure of non-cash investing and financing activities:			
Additional consideration payable related to acquisitions	\$ 21.6	\$ 1.8	\$ —

**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 our Chief Executive Officer and Chief 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, 2020. 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 Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2020.

**(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) and 15d-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 (“U.S. 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 U.S. 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 Chief Executive Officer and Chief Financial Officer, evaluated the Company’s internal control over financial reporting as of September 30, 2020, 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, 2020 excluded the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, acquired with effect from October 7, 2019; IFCM Commodities GmbH, acquired with effect from January 2, 2020; Exotix Partners, LLP, acquired with effect from April 1, 2020; GIROXX GmbH, acquired with effect from May 1, 2020; Tellimer Capital Ltd, acquired with effect from June 1, 2020; and Gain Capital Holdings, Inc. acquired with effect from July 30, 2020. These acquired businesses had aggregate total assets of \$1.788.2 billion and total revenues of \$67.5 million included in the Company’s consolidated financial statements as of and for the year ended September 30, 2020.

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2020.

KPMG LLP, an independent registered public accounting firm, was engaged to audit the effectiveness of our internal control over financial reporting as of September 30, 2020 and has issued an audit report regarding their assessment of the effectiveness of internal control over financial reporting which is included on page 66 in this Annual Report on Form 10-K.

**(c) Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2020 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 2021 Annual Meeting of Stockholders to be held on February 24, 2021. We will file the proxy within 120 days of the end of our fiscal year ended September 30, 2020 (the “2021 Proxy Statement”). The 2021 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 2021 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 2021 Proxy Statement and is incorporated herein by reference.

The following table provides information generally as of September 30, 2020, the last day of fiscal 2021, 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 2021.

<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	1,408,036	\$ 38.79	724,483
Equity compensation plans not approved by stockholders	—	—	—
Total	1,408,036	\$ 37.59	724,483

**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 2021 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 2021 Proxy Statement and is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits**

- 2.1 [Agreement and Plan of Merger, dated as of February 26, 2020, by and among the Company, Merger Sub and GCAP \(incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed by the Company on February 27, 2020\).](#)
- 3.1 [Amended and Restated Certificate of Incorporation \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 8, 2009\).](#)
- 3.2 [Amended and Restated By-laws \(incorporated by reference from the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2007\).](#)
- 3.3 [Certificate of Amendment of Certificate of Incorporation \(incorporated by reference from the Company's Form 10-Q filed with the SEC on August 6, 2020\).](#)
- 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 [INTL FCStone Inc. 2013 Stock Option Plan \(incorporated by reference from the Company's Proxy Statement on Schedule 14A filed on January 11, 2013\).](#)
- 4.5 [Description of Registrant's Securities \\*](#)
- 4.6 [Indenture by and among the Company, the guarantors party thereto from time to time and The Bank of New York Mellon, as trustee and collateral agent, dated as of June 11, 2020 \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on June 11, 2020\).](#)
- 4.7 [Form of 8.625% Senior Secured Notes due 2025 \(included in Exhibit 4.1\) \(incorporated by reference from the Company's Current Report on Report 8-K filed with the SEC on June 11, 2020\).](#)
- 4.8 [First Supplemental Indenture, dated as of July 31, 2020, by and among the Company, the Guaranteeing Subsidiaries and the Trustee and Collateral Agent \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020\).](#)
- 4.9 [Security and Pledge Agreement, dated as of July 31, 2020, by and among the Company, the Domestic Guaranteeing Subsidiaries and the Collateral Agent \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020\).](#)
- 4.10 [Joinder to the Amended and Restated Credit Agreement, dated as of July 31, 2020, by and among the GAIN Guaranteeing Subsidiaries and the Administrative Agent \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020\).](#)
- 10.1 [Registration Rights Agreement, dated October 22, 2002, by and between the Company, and Sean O'Connor \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 24, 2002\).](#)
- 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 John Radziwill \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 24, 2002\).](#)
- 10.4 [First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and John Radziwill \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on December 10, 2002\).](#)
- 10.5 [2012 Restricted Stock Plan \(incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 13, 2012\).](#)
- 10.6 [INTL FCStone Inc. 2016 Executive Performance Plan \(incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016\).](#)
- 10.7 [INTL FCStone Inc. 2016 Long-Term Performance Incentive Plan \(incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016\).](#)
- 10.8 [2017 Restricted Stock Plan \(incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 13, 2017\).](#)
- 10.9 [Farmers Commodities Corporation Supplemental Nonqualified Pension Plan \(incorporated by reference from Amendment No. 2 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 9, 2004\).](#)
- 10.10 [Form of Director Indemnification Agreement \(incorporated by reference from Amendment No. 3 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 30, 2004\).](#)

- 10.11 [Amended and Restated Credit Agreement made as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Bank of America Merrill Lynch and Capital One, National Association, as Joint Lead Arrangers and Joint Bookrunners, and Signature Bank, BMO Harris Bank N.A., BankUnited, N.A., CIBC Bank USA, Barclays Bank PLC, Cadence Bank, N.A., The Huntington National Bank, Webster Bank, National Association, and TriState Capital Bank, as additional Lenders, and with the lenders from time to time parties thereto. \(incorporated by reference from the Company's Report on Form 8-K filed with the SEC on February 27, 2019\).](#)
- 10.12 [Lender Joinder Agreement dated as of October 3, 2019, to the Amended and Restated Credit Agreement, dated as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, by and among Bank of Hope, as New Lender, INTL FCStone Inc., as Borrower, and Bank of America, N.A., as Administrative Agent.\\*](#)
- 10.13 [Lender Joinder Agreement dated as of November 20, 2019, to the Amended and Restated Credit Agreement, dated as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, by and among Investors Bank, as New Lender, INTL FCStone Inc., as Borrower, and Bank of America, N.A., as Administrative Agent.\\*](#)
- 10.14 [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 \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on June 24, 2010\).](#)
- 10.15 [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 \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on May 8, 2015\).](#)
- 10.16 [Reaffirmation and Assumption entered into as of June 30, 2015 with BMO Harris Bank N.A. \(incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 7, 2015\).](#)
- 10.17 [Seventeenth Amendment to Amended and Restated Credit Agreement entered into as of April 4, 2019 with Bank of Montreal, as Administrative Agent, and BMO Harris Financing, Inc., as a lender party thereto.\\*](#)
- 10.18 [Second Amended and Restated Credit Agreement, entered into as of January 29, 2020, by and among FCStone Merchant Services, LLC, as Borrower, INTL FCStone Inc., as Guarantor, the several financial institutions from time to time party to this Agreement, as Lenders, and COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Administrative Agent.\\*](#)
- 10.19 [License Agreement, dated August 9, 2007, by and between GAIN Capital Group, LLC and MetaQuotes Software Corp.\\*](#)
- 10.20 [Form of Indemnification Agreement with Gain Capital Holdings Inc.'s Non-Employee Directors.\\*](#)
- 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.

StoneX Group Inc.

/s/ SEAN M. O'CONNOR

**Sean M. O'Connor**  
**Chief Executive Officer**

Dated: December 14, 2020

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>
<u>/s/ JOHN RADZIWILL</u> <b>John Radziwill</b>	Director and Chairman of the Board	December 14, 2020
<u>/s/ SEAN M. O'CONNOR</u> <b>Sean M. O'Connor</b>	Director, President and Chief Executive Officer <b>(Principal Executive Officer)</b>	December 14, 2020
<u>/s/ ANNABELLE G. BEXIGA</u> <b>Annabelle G. Bexiga</b>	Director	December 14, 2020
<u>/s/ SCOTT J. BRANCH</u> <b>Scott J. Branch</b>	Director	December 14, 2020
<u>/s/ DIANE L. COOPER</u> <b>Diane L. Cooper</b>	Director	December 14, 2020
<u>/s/ JOHN M. FOWLER</u> <b>John M. Fowler</b>	Director	December 14, 2020
<u>/s/ STEVEN KASS</u> <b>Steven Kass</b>	Director	December 14, 2020
<u>/s/ BRUCE KREHBIEL</u> <b>Bruce Krehbiel</b>	Director	December 14, 2020
<u>/s/ ERIC PARTHEMORE</u> <b>Eric Parthemore</b>	Director	December 14, 2020
<u>/s/ WILLIAM J. DUNAWAY</u> <b>William J. Dunaway</b>	Chief Financial Officer <b>(Principal Financial and Accounting Officer)</b>	December 14, 2020

## DESCRIPTION OF REGISTRANT'S SECURITIES

As of December 14, 2020, StoneX Group Inc., a Delaware corporation (hereinafter, the "Company"), had one class of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended: Common Stock, par value \$0.01 per share (the "Common Stock"). The following summary includes a brief description of the Common Stock, as well as certain related additional information.

**General.** The Company has authority to issue 30,000,000 shares of Common Stock, and 1,000,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"), issuable in one or more series from time to time by resolution of the Company's Board of Directors (the "Board").

**Voting Rights.** Holders of Common Stock are entitled to one vote for each share held of record and are vested with all of the voting power, except as the Board may provide in the future with respect to any class or series of Preferred Stock that it may authorize in the future. Any action to be taken at a meeting of the stockholders may be taken without a meeting by written consent.

**Dividend Rights.** Holders of Common Stock are entitled to receive dividends when, as, and if declared by the Board out of any funds legally available for dividends, subject to the preferences applicable to any shares of Preferred Stock outstanding at the time.

**No Preemption, Conversion or Redemption Rights; No Sinking Fund Provisions.** Shares of Common Stock are not redeemable and have no subscription, conversion or preemption rights. There are no sinking fund provisions.

**Right to Receive Liquidation Distributions.** Holders of Common Stock are entitled, upon liquidation, to share ratably in all assets remaining after payment of liabilities.

**Anti-Takeover Effects of the Certificate of Incorporation and Bylaws.** The provisions of the Company's Certificate of Incorporation, as amended (the "Certificate of Incorporation") and Amended and Restated Bylaws (the "Bylaws") described below may have the effect of delaying, deferring or preventing a change in control of the Company:

- Board may adopt, amend or repeal bylaws without stockholder approval;
- the Bylaws specify advance notice procedures that stockholders must follow in order to bring business at an annual or special meeting of stockholders, and proxy access procedures for director nominations at annual meetings;
- the Bylaws provide that the Secretary of the Company shall call a special meeting of stockholders upon the written request of a stockholder, or group of stockholders, owning not less than 20% of the outstanding capital stock of the Company, provided that the stockholder or stockholders satisfy the procedural requirements specified in the Bylaws;
- the Bylaws otherwise limit the ability to call special meetings of stockholders to the President or a majority of the Board;
- vacancies on the Board can be filled by a majority vote of the remaining members of the Board, even where less than a quorum, or by decision of a sole remaining director, or, upon application by a stockholder or stockholders holding at least 10% of the shares currently outstanding to the Court of Chancery, by a vote of the stockholders required for the election of directors generally, if the remaining members of the Board constitute less than a majority of the Board;
- the Board is authorized to issue Preferred Stock without stockholder approval; and
- the Company is incorporated in Delaware and is thus subject to the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), including Section 203 of the DGCL regarding business combinations with an interested stockholder.

*The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Certificate of Incorporation and Bylaws. For additional information we encourage you to read the Certificate of Incorporation and Bylaws, including amendments, all of which are exhibits to the Company's Annual Report on Form 10-K, and applicable provisions of the DGCL.*

## Seventeenth Amendment To Amended and Restated Credit Agreement

This Seventeenth Amendment to Amended and Restated Credit Agreement (herein, the "*Amendment*") is entered into as of April 3, 2020, by and among INTL FCStone Financial Inc., a Florida corporation ("*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 defined terms "*Base Rate*" and "*Termination Date*" appearing in Section 5.1 of the Credit Agreement shall be amended and restated to read in their entirety as follows:

"*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 Federal Funds Rate plus 1/2 of 1%, (c) the LIBOR Quoted Rate for such day plus 1.00%, and (d) 0.00%. The foregoing notwithstanding, if the LIBOR Quoted Rate is not available for any reason, then the Base Rate shall be the greater of clause (a) and (b) above and shall not be determined without reference to clause (c) above.

"*Termination Date*" means April 2, 2021 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. Section 8.21(a) of the Credit Agreement shall be amended and restated to read in its entirety as follows:

(a) *Tangible Net Worth*. The Borrower shall at all times maintain a Tangible Net Worth of at least \$175,000,000.

1.3. 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. The Borrower and each Guarantor (collectively, the “*Loan Parties*”) hereby certifies that: (x) the copies of such Loan Party’s organizational documents (*i.e.*, articles of incorporation or organization and by-laws or operating agreement, etc.) previously delivered to the Administrative Agent under the Loan Documents continue to be true, correct and complete, have not been amended or otherwise modified since the date of such delivery, and are in full force and effect on the date hereof; and (y) each Person previously identified by such Loan Party to sign any Loan Document on behalf of such Loan Party continues to be so authorized on the date hereof and is authorized to sign this Amendment. The Administrative Agent and the Lenders may conclusively rely on this certification until it is otherwise notified by the applicable Loan Party in writing.

### 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 Seventeenth 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 Dunaway

Name: William Dunaway

Title: Chief Financial Officer

By: /s/ Bruce Fields

Name: Bruce Fields

Title: Group Treasurer

INTL FCStone Inc., as the Guarantor

By: /s/ William Dunaway

Name: William Dunaway

Title: Chief Financial Officer

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: Director

BMO Harris Financing, Inc., as a Lender

By: /s/ Krupa Tantuwaya

Name: Krupa Tantuwaya

Title: Director

[Signature Page to Seventeenth Amendment to Amended and Restated Credit Agreement]

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Second Amended and Restated

Credit Agreement

Dated as of January 29, 2020,

among

FCStone Merchant Services, LLC,

The Guarantors from time to time parties hereto,

The Lenders from time to time parties hereto,

and

COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH,

as Administrative Agent

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COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Sole Lead Arranger and Sole Active Book Runner, BANK OF MONTREAL, CHICAGO BRANCH and ING CAPITAL LLC, as Syndication Agents

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EXHIBIT B Notice of Continuation/Conversion  
EXHIBIT C Revolving Note  
EXHIBIT D Compliance Certificate  
EXHIBIT E Additional Guarantor Supplement  
EXHIBIT F Assignment and Acceptance  
EXHIBIT G Borrowing Base Certificate  
EXHIBIT H Increase Request  
SCHEDULE 1 Commitments  
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## SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This Second Amended and Restated Credit Agreement is entered into as of January 29, 2020 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 COÖPERATIEVE RABOBANK U.A., NEW YORK 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

WHEREAS, the Borrower and the Guarantors are party to that certain Amended and Restated Credit Agreement dated as of March 15, 2016, by and among the Borrower, the Guarantors, the lenders party thereto (collectively, the “*Existing Lenders*”) and Bank of Montreal, as administrative agent (in such capacity, the “*Resigning Agent*”) for the Existing Lenders (as amended, restated, supplemented or otherwise modified prior to the date hereof, the “*Existing Credit Agreement*”);

WHEREAS, the Borrower, the Resigning Agent, the Administrative Agent and the Lenders are party to that certain Agent Resignation and Appointment Agreement, dated as of the date hereof, pursuant to which the Resigning Agent has resigned as administrative agent and the Administrative Agent has been duly appointed as administrative agent under this Agreement and the other Loan Documents;

WHEREAS, the Borrower hereby requests that certain amendments be made to the Existing Credit Agreement and, for the sake of clarity and convenience, that the Existing 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 Existing 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 a. Commitments.*

(i)*Revolving Loans.* Subject to the terms and conditions hereof, each Lender, by its acceptance hereof, severally agrees to make a loan or loans (individually a “*Revolving*”

*Loan*” and collectively for all such Lenders the “*Revolving 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 Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of Revolving Loans and L/C Obligations at any time outstanding shall not exceed the lesser of (i) the Revolving Commitments in effect at such time and (ii) the Borrowing Base as then determined and computed. Each Borrowing of Revolving Loans shall be made ratably by the Lenders in proportion to their respective Revolver Percentages. As provided in Section 1.4(a) hereof, the Borrower may elect that each Borrowing of Revolving Loans be either Base Rate Loans or Eurodollar Loans. Revolving Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms and conditions hereof.

(ii)[*Reserved*]

(iii)*Letters of Credit. General Terms.* Subject to the terms and conditions hereof, as part of the Revolving 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 Commitment shall be obligated to reimburse the L/C Issuer for such Lender’s Revolver 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 Percentage of the L/C Obligations then outstanding.

(1) *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 (x) with respect to standby letters of credit, 12 months from the date of issuance (or which are cancelable not later than 12 months from the date of issuance and each renewal) and with respect to commercial letters of credit, ninety (90) days from the date of issuance, and (y) 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 (including in Section 1.6 or Section 1.13 or Section 9 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 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(c).

(2) *The Reimbursement Obligations.* Subject to Section 1.1(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 (New York 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. (New York 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. (New York time) on the date when such drawing is to be paid, by no later than 12:00 Noon (New York time) on the following Business Day, in immediately available funds at the Administrative Agent's principal office in New York City, New York, 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 1.1(c)(v) 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 1.1(c)(v) below.

(3) *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.

(4) *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 Revolver 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(c)(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. (New York time), or not later than 1:00 p.m. (New York 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 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 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 Percentage thereof as a Lender hereunder. The several obligations of the Participating Lenders to the L/C Issuer under this Section 1.1(c) 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 Commitment of any Lender, and each payment by a Participating Lender under this Section 1.1(c) shall be made without any offset, abatement, withholding or reduction whatsoever.

(5) *Indemnification.* The Participating Lenders shall, to the extent of their respective Revolver 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(c)(vi) and all other parts of this Section 1.1(c) 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.

(6) *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.

(7) *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 b. Applicable Interest Rates. 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 published in the Wall Street Journal as the U.S. dollar "prime rate" for such day and if the Wall Street Journal does not publish such rate on such day then such rate as most recently published prior to such day, (b) the sum of (i) the Funds Rate for such day, *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 London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in Dollars with a term equivalent to such Interest Period as displayed on the Reuters screen page that displays such rate (currently page LIBOR01) (or, in the event such rate does not appear on a Reuters page or screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period divided by (ii) a percentage equal to 100% minus the Eurodollar Reserve Percentage for such Interest Period, *provided* that in no event shall the “LIBOR Quoted Rate” be less than 0.00%.

(i)*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, with respect to any Borrowing for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in Dollars with a term equivalent to such Interest Period as displayed on the Reuters screen page that displays such rate (currently page LIBOR01) (or, in the event such rate does not appear on a Reuters page or screen, on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period; **provided** that in no event shall the LIBOR Index Rate be less than zero. In the event that such rate is not available at such time for any reason, then the LIBOR Index Rate with respect to such Borrowing for such Interest Period shall be the rate at which dollar deposits in the amount of the requested Borrowing and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

(ii) *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 c. 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 d. Manner of Borrowing Loans and Designating Applicable Interest Rates. Notice to the Administrative Agent.* The Borrower shall give notice to the Administrative Agent by no later than 11:00 a.m. (New York 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 11:00 a.m. (New York 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.

(i)*Notice to the Lenders.* The Administrative Agent shall give prompt telephonic, telecopy 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.

(ii)*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 (New York 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 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.

(iii)*Disbursement of Loans.* Not later than 2:00 p.m. (New York 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 New York, New York (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 New York, New York (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.

(iv)*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 2:00 p.m. (New York 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 e. 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 f. Prepayments. 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 11:00 a.m. (New York 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.

(i)*Mandatory.* The Borrower shall, on each date the Revolving Commitments are reduced pursuant to Section 1.10 hereof, prepay the Revolving 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 Loans and L/C Obligations then outstanding to the amount to which the Revolving Commitments have been so reduced.

(1) [Reserved].

(2) If at any time the sum of the unpaid principal balance of the Revolving 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 Market Value of Eligible Commodities and the Net 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 Revolving 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.

(3) [Reserved].

(4) 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.

(ii) 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 g. 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:

(i) 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

(ii) 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;

(iii) for any Reimbursement Obligation, the sum of 2.0% *plus* the amounts due under Section 1.1(c) with respect to such Reimbursement Obligation;

(iv) 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

(v) for any other amount owing hereunder not covered by clauses (a) through (d) above, the sum of 2.0% *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 1.7 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 h. Evidence of Indebtedness.* 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.

(i) 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.

(ii) 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.

(iii) Any Lender may request that its Loans be evidenced by a promissory note or notes in the form of Exhibit C (each, 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 i. 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:

(i) any payment, prepayment or conversion of a Eurodollar Loan on a date other than the last day of its Interest Period,

(ii) 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,

(iii) any failure by the Borrower to make any payment of principal on any Eurodollar Loan when due (whether by acceleration or otherwise), or

(iv) 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 j. Commitment Terminations. 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 Revolver Percentages, provided that the Revolving Commitments may not be reduced to an amount less than the sum of the aggregate principal amount of Revolving Loans and L/C Obligations then outstanding. Any termination of the Revolving 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.

(i) Any termination of the Commitments pursuant to this Section 1.10 may not be reinstated.

*Section k. Replacement 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*

(1) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 13.12;

(2) 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);

(3) 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;

(4) such assignment does not conflict with applicable law; and

(5) 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 I. Defaulting Lenders. 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:

(1) *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.

(2) *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 Revolver 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.

(3) *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.

(4) *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 Revolver 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.

(5) *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.

(i) *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 Revolver 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.

(ii) *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 m. 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.

(i)*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).

(ii)*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.

(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 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 n. Increase in Commitments.* The Borrower may, on any Business Day prior to the Termination Date, with the written consent of the Administrative Agent, increase the aggregate amount of the Commitments by delivering an Increase Request substantially in the form attached hereto as Exhibit H (or in such other form acceptable to the Administrative Agent) to the Administrative Agent at least ten (10) Business Days prior to the desired effective date of such increase (the "*Revolver Increase*") identifying an additional Lender (or additional Commitments for an existing Lender) and the amount of its Commitments (or additional amount of its Commitments); *provided, however*, that:

(i)the aggregate amount of the Commitments after giving effect to each Revolver Increase shall not exceed \$325,000,000 in the aggregate, and any such Revolver Increase

shall be in an amount not less than \$10,000,000 with integral multiples of \$1,000,000 in excess thereof (or such lesser amount then agreed to by the Administrative Agent);

(ii) no Default or Event of Default shall have occurred and be continuing at the time of the request or the effective date of the Revolver Increase; and

(iii) each of the representations and warranties set forth in Section 6 and in the other Loan Documents shall be and remain true and correct on the effective date of such Revolver Increase, except to the extent the same expressly relate to an earlier date, in which case they shall be true and correct as of such earlier date.

The effective date of the Revolver Increase shall be agreed upon by the Borrower and the Administrative Agent. Upon the effectiveness thereof, Schedule 1 shall be deemed amended to reflect the Revolver Increase and each new Lender (and/or, if applicable, each existing Lender providing any portion of such Revolver Increase) shall advance Revolving Loans in an amount sufficient such that after giving effect to its Revolving Loans each Lender shall have outstanding its Revolver Percentage of all Loans outstanding under the applicable Commitment. It shall be a condition to such effectiveness that (A) if any Eurodollar Loans are outstanding on the date of such effectiveness, such Eurodollar Loans shall be deemed to be prepaid on such date and the Borrower shall pay any amounts owing to the Lenders pursuant to Section 1.9 and (B) the Borrower shall not have terminated any portion of any Commitment pursuant to Section 1.10. The Borrower agrees to pay the expenses of the Administrative Agent (including reasonable attorney's fees) relating to any Revolver Increase. Notwithstanding anything herein to the contrary, no Lender shall have any obligation to increase its Commitment and no Lender's Commitment shall be increased without its consent thereto, and each Lender may at its option, unconditionally and without cause, decline to increase its Commitment.

*Section o. Alternate Rate of Interest; Effect of Benchmark Transition Event.*

(a) *Alternate Rate of Interest.* If prior to the commencement of any Interest Period for a Borrowing of Eurodollar Loans:

- (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR applicable for such Interest Period; or
- (ii) if the Administrative Agent is advised by Lenders comprising the Required Lenders that the LIBOR Index Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (A) a notice from the Borrower received pursuant to Section 1.4(a) that requests the conversion of any Revolving Loan to, or continuation of any Revolving Loan as, a

Eurodollar Loan shall be ineffective, and (B) if any notice from the Borrower received pursuant to Section 1.4(a) requests a Eurodollar Loan, such Borrowing shall be made as a Base Rate Loan.

(b) *Effect of Benchmark Transition Event.*

(i) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the LIBOR Index Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m., New York City time on the fifth Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that the Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of the LIBOR Index Rate with a Benchmark Replacement pursuant to this Section 1.15(b) will occur prior to the applicable Benchmark Transition Start Date.

(ii) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) *Notices; Standards for Decisions and Determinations.* The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 1.15(b) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 1.15(b).

(iv) *Benchmark Unavailability Period.* Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of the Base Rate based upon the LIBOR Index Rate will not be used in any determination of the Base Rate.

Section 2. FEES.

*Section a. Fees. Commitment Fees.* The Borrower shall pay to the Administrative Agent for the ratable account of the Lenders in accordance with their Revolver 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.

(i) *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(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 Revolver Percentages, a letter of credit fee (the "*L/C Participation Fee*") at a rate per annum equal to 2.25% (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.

(ii) *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.

(iii) *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 a. Place 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. (New York time) on the due date thereof at the office of the Administrative Agent in New York City, New York (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 b. Application of Payments*

(i) Anything contained herein to the contrary notwithstanding (including, without limitation, Section 1.6(b) hereof), all payments and collections received in connection with 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 or otherwise in connection with the exercise of remedies under the Loan Documents shall be remitted to the Administrative Agent and distributed as follows:

(1) 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 except to the extent it has previously been reimbursed for such costs and expenses by the Lenders, in which event such reimbursed amounts shall be remitted to the Lenders to reimburse them for payments theretofore made to the Administrative Agent after application to the Administrative Agent of all such amounts for which it had not been previously reimbursed by the Lenders);

(2) 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;

(3) 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;

(4) 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

(5) finally, to the Borrower or whoever else may be lawfully entitled thereto.

*Section c. 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 a. Guaranties.* The payment and performance of the Secured Obligations 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 b. 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: all Receivables and all letter of credit rights and insurance relating to such Receivables; all Purchase Agreements; all documents of title with respect to any Qualified Commodity including, without limitation, warehouse receipts (both tangible and electronic); all storage agreements relating to Qualified Commodities; Renewable Identification Numbers; Hedging Accounts and Hedging Agreements; investment property, deposit accounts, Qualified Commodities, general intangibles relating to the foregoing; chattel paper, including leases for Precious Metals and all rights, title and benefit of the Borrower under such leases, 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 Secured Obligations, 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 c. 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 a. Definitions.* The following terms when used herein shall have the following meanings:

“*Account Debtor*” means any Person obligated to make payment on any Receivable.



“Act” is defined in Section 13.24 hereof.

“Adjusted LIBOR” is defined in Section 1.2(b) hereof.

“Administrative Agent” means Coöperatieve Rabobank U.A., 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 a notice from the Borrower received pursuant to Section 1.4(a) 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.

“Anti-Terrorism Laws” means any laws, regulations, or orders of any Governmental Authority of the United States of America, the United Nations, United Kingdom, European Union, or the Netherlands relating to terrorism financing or money laundering, including, but not limited to, the International Emergency Economic Powers Act (50 U.S.C. § 1701 et seq.), the Trading With the Enemy Act (50 U.S.C. § 5 et seq.), the International Security Development and Cooperation Act (22 U.S.C. § 2349aa-9 et seq.), the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, the Act, and any rules or regulations promulgated pursuant to or under the authority of any of the foregoing.

“Applicable Margin” means (i) with respect to Base Rate Loans, zero percent (0.0%) (ii) with respect to Eurodollar Loans, two and one quarter of one percent (2.25%), and (iii) with

respect to the commitment fees set forth in Section 2.1(a) hereof, thirty-five hundredths of one percent (0.35%).

“*Application*” is defined in Section 1.1(c)(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 Jurisdiction*” means the United States (or any state thereof), Canada (or any province thereof), Colombia, Ecuador, Mexico, the Netherlands, Spain, Germany, Italy, France, Belgium and any other jurisdiction approved by the Required Lenders and the Administrative Agent.

“*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 Borrower or the Administrative Agent, in the case of Qualified Commodities located in the United States of America, or the Administrative Agent, in the case of Qualified Commodities not located in the United States of America, 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 Borrower or the Administrative Agent, in the case of Qualified Commodities located in the United States of America, or the Administrative Agent, in the case of Qualified Commodities not located in the United States of America, 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.

“*Bail-In Action*” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“*Bail-In Legislation*” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“*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.

“*Benchmark Replacement*” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBOR Index Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“*Benchmark Replacement Adjustment*” means, with respect to any replacement of the LIBOR Index Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Index Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Index Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“*Benchmark Replacement Conforming Changes*” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Adjusted LIBOR Rate”, “Adjusted LIBOR”, “Base Rate”, “Eurodollar”, “Interest Period” and “LIBOR Index Rate”, timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent

determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“*Benchmark Replacement Date*” means the earlier to occur of the following events with respect to the LIBOR Index Rate:

1. in the case of clause (a) or (b) of the definition of “Benchmark Transition Event”, the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the LIBOR Index Rate permanently or indefinitely ceases to provide the LIBOR Index Rate; or

2. in the case of clause (c) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

“*Benchmark Transition Event*” means the occurrence of one or more of the following events with respect to the LIBOR Index Rate:

i.a public statement or publication of information by or on behalf of the administrator of the LIBOR Index Rate announcing that such administrator has ceased or will cease to provide the LIBOR Index Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Index Rate;

ii.a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Index Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBOR Index Rate, a resolution authority with jurisdiction over the administrator for the LIBOR Index Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Index Rate, which states that the administrator of the LIBOR Index Rate has ceased or will cease to provide the LIBOR Index Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Index Rate; or

iii.a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Index Rate announcing that the LIBOR Index Rate is no longer representative.

“*Benchmark Transition Start Date*” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than ninety (90) days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“*Benchmark Unavailability Period*” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBOR Index Rate and solely to the extent that the LIBOR Index Rate has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBOR Index Rate for all purposes hereunder in accordance with Section 1.15(b) and (b) ending at the time that a Benchmark Replacement has replaced the LIBOR Index Rate for all purposes hereunder pursuant to Section 1.15(b).

“*Beneficial Ownership Certification*” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“*Beneficial Ownership Regulation*” means 31 C.F.R. § 1010.230.

“*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 Revolver 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 (without duplication) of:

(a) 100% of cash of the Borrower maintained in an account that is subject to a first priority perfected Lien in favor of the Administrative Agent, including pursuant to a control agreement in form and substance acceptable to the Administrative Agent; plus

(b) 90% of the Net Hedging Value of all Hedging Agreements maintained in an Eligible Hedging Account (including, for the avoidance of doubt, those relating to the Merchants Plus Program); *plus*

(c) 90% of the then outstanding unpaid amount of Eligible Receivables (Insured or Investment Grade), provided that the aggregate amount of Eligible Receivables (Insured or Investment Grade) owing from any one Account Debtor and its Affiliates included in this clause (c) shall not exceed \$25,000,000 at any time; plus

(d) the lesser of (i) 80% of the then outstanding unpaid amount of Eligible Receivables (Uninsured), provided that the aggregate amount of Eligible Receivables

(Uninsured) owing from any one Account Debtor and its Affiliates included in this clause (d)(i) shall not exceed \$6,000,000 at any time; and (ii) \$30,000,000; *plus*

(e) 90% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier I Commodities that are either (i) subject to floating index Eligible Purchase Agreements, *provided* that the aggregate Market Value of Eligible Commodities subject to Eligible Purchase Agreements with any one Purchaser and its Affiliates included in this clause (e)(i) shall not exceed \$40,000,000 at any time or (ii) subject to Hedging Agreements maintained in an Eligible Hedging Account; *plus; plus*

(f) the lesser of (i) 80% of the Market Value at such time of all Eligible Commodities consisting of Eligible Tier II Commodities that are either (x) subject to floating index Eligible Purchase Agreements, *provided* that the aggregate Market Value of Eligible Commodities subject to Eligible Purchase Agreements with any one Purchaser and its Affiliates included in this clause (f)(i)(x) shall not exceed \$15,000,000 at any time or (y) subject to Hedging Agreements maintained in an Eligible Hedging Account, *provided* that the aggregate Market Value of Eligible Commodities consisting of any single type of Qualified Commodity shall not exceed \$15,000,000 at any time and (ii) \$60,000,000; *plus*

(g) 80% of the Market Value at such time of all Eligible Commodities and Eligible Commodities (Unhedged and Proxy Hedged) that are subject to fixed price Eligible Purchase Agreements where the Purchasers are obligated to purchase Eligible Commodities or Eligible Commodities (Unhedged and Proxy Hedged) under such Eligible Purchase Agreement within a ninety (90) day period, *provided* that the aggregate Market Value of Eligible Commodities and Eligible Commodities (Unhedged and Proxy Hedged) subject to Eligible Purchase Agreements with any one Purchaser and its Affiliates included in this clause (g) shall not exceed \$10,000,000 at any time; *plus*

(h) the lesser of (i) 70% of the Market Value at such time of (x) all Eligible Commodities (Unhedged and Proxy Hedged) and (y) all Eligible Commodities that are subject to fixed price Eligible Purchase Agreements but which are not included in clause (g) above; and (ii) \$10,000,000; *plus*

(i) the lesser of (i) with respect to any Eligible Commodities which are not Eligible Tier I Commodities or Eligible Tier II Commodities that are subject to Eligible Purchase Agreements, 60% of the lesser of (x) the Market Value at such time of such Eligible Commodities and (y) the amount of all obligations of the relevant Purchasers to purchase from the Borrower such Eligible Commodities, *provided* that the aggregate Market Values and purchase prices of Eligible Commodities subject to Eligible Purchase Agreements with any one Purchaser and its Affiliates included in this clause (i)(i) shall not exceed \$10,000,000 at any time; and (ii) \$10,000,000; *plus*

(j) the lesser of (i) 60% of the Market Value at such time of Eligible Renewable Identification Numbers; and (ii) \$2,000,000; *plus*

(k) the lesser of (i) 80% of the Market Value of Precious Metals at such time that are subject to Eligible Leases, *provided* that (x) the aggregate Market Value of Precious Metals subject to Eligible Leases with any one lessee that is not Investment Grade and its Affiliates included in this clause (k)(i) shall not exceed \$10,000,000 at any time and (y) the aggregate Market Value of Precious Metals subject to Eligible Leases with any one lessee that is Investment Grade and its Affiliates included in this clause (k)(i) shall not exceed \$15,000,000 at any time; and (ii) \$30,000,000; *plus*

(l) 80% of the Market Value at such time of all Eligible In-Transit Commodities (Afloat or Pipeline) which are Eligible Tier I Commodities or Eligible Tier II Commodities; *provided*, that in the case of Eligible In-Transit Commodities (Afloat or Pipeline) described in clause (a)(ii)(x) of the definition of "Eligible In-Transit Commodities (Afloat or Pipeline)" which are covered by a trust receipt as described in clause (b)(B)(iii) of the definition of "Eligible In-Transit Commodities", (i) such advance rate shall be 60% of the Market Value and (ii) in no event shall the amount in respect thereof included in the Borrowing Base exceed 15% of the Borrowing Base at any time; *plus*

(m) 70% of the Market Value at such time of all Eligible In-Transit Commodities (Truck, Barge or Rail) which are Eligible Tier I Commodities or Eligible Tier II Commodities, *provided* that the aggregate amount this clause (m) and clause (n) below included in the Borrowing Base at any time shall not exceed \$20,000,000; *plus*

(n) the lesser of (i) 50% of the Market Value at such time of all Other Eligible In-Transit Commodities; and (ii) \$5,000,000, *provided* that the aggregate amount this clause (n) and clause (m) above included in the Borrowing Base at any time shall not exceed \$20,000,000; *plus*

(o) 75% of Eligible Letters of Credit Issued for Commodities Not Yet Received; *plus*

(p) (i) 80% of OTC Commodity Contract Equity of the Borrower with respect to OTC Commodity Contracts for Qualified Commodities, if positive, *provided* that the aggregate OTC Commodity Contract Equity with respect to OTC Commodity Contracts for which the Eligible OTC Counterparty is INTL FCStone Markets, LLC shall not at any time exceed \$1,000,000 or (ii) *minus* 100% of OTC Commodity Contract Equity with respect to OTC Commodity Contracts for Qualified Commodities, if negative (in which case, for the avoidance of doubt, such amount shall operate as a deduction from the Borrowing Base); *plus*

(q) the lesser of (i) 65% of (x) Forward Contract Equity, if positive, and (y) the Merchants Plus Swap Contract Equity, if positive, *provided* that the aggregate amount included in this clause (q)(i)(x) with respect to the Merchants Plus Program *plus* the aggregate amount included in clause (q)(i)(y) shall not at any time exceed \$15,000,000, *provided further* that the aggregate amount included in this clause (q)(i): (A) relating to Forward Contracts and Merchants Plus Swap Contracts pursuant to which delivery is to be made more than twelve (12) months (but less than twenty-four (24) months) after the date of determination shall not exceed \$5,000,000; (B) relating to any one counterparty that is Investment Grade and its Affiliates shall

not exceed \$25,000,000 at any time, (C) relating to any one counterparty that is not Investment Grade and its Affiliates shall not exceed \$10,000,000 at any time and (D) relating to counterparties located or domiciled in countries that do not have a sovereign credit rating from S&P of at least BBB- (I) shall not exceed \$5,000,000 at any time and (II) shall relate to Forward Contracts and Merchants Plus Swap Contracts pursuant to which delivery is to be made no more than ninety 90 days after the date of determination; and (ii) \$40,000,000; *minus*

(r) 100% of any accounts payable of any Loan Party (other than Holdings) which are subject to any statutory Lien, including any amounts paid by any Loan Party (other than Holdings) to any grower or farmer for the purchase of any commodities from such Persons grower payables and any warehouse payables; *minus*

(s) 100% of all prepayments from Borrower's customers; *minus*

(t) 100% of all Secured Obligations consisting of Hedging Liability owing by any Loan Party;

*provided* 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, (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, (iii) all Eligible Commodities and other inventory included in the Borrowing Base shall be located in an Approved Jurisdiction, and (iv) the aggregate Market Value of Eligible Commodities included in the Borrowing Base pursuant to clauses (e), (f), (g), (h), (i), (j), (k), (m) and (n) above (x) which are located in any jurisdiction other than the United States of America or Canada shall not at any time exceed \$50,000,000 and (y) which are located in any single country (other than the United States of America or Canada) shall not at any time exceed \$20,000,000.

*"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 New York, New York 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 located within the United States of America or any other jurisdiction approved by the Administrative Agent; (b) is not the subject of dissolution, liquidation, reorganization, receivership or bankruptcy proceedings or has not gone out of business; and (c) satisfies the procedures and requirements set forth in the Credit and Collection Policy and the Market Risk Policy (including the approved credit limits set forth therein) and is in compliance with applicable “know your customer” and anti-money laundering rules and regulations, including without limitation, the Act.

“*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 of America 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 or approve 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 the Revolving 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.

“*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.

“*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 of America 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 (2) 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 (2) 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 (3) 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, (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 (other than the appointment of a receiver, custodian, conservator, trustee, administrator or similar Person by a regulatory authority under or based on the law in the country where such Lender or such parent company is subject to home jurisdiction, if applicable law requires that such appointment not be disclosed), or (iii) become the subject of a Bail-in Action; *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 of America 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 a financial institution acceptable to the Administrative Agent 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.

“*Early Opt-in Election*” means the occurrence of:

1. (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 1.15(b), are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBOR Index Rate, and

2. (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“*EEA Financial Institution*” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“*EEA Member Country*” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“*EEA Resolution Authority*” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“*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:

3. 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 satisfactory to the Administrative Agent and pursuant to such documentation (including legal opinions) as the Administrative Agent under applicable law (including the laws of the jurisdiction in which such Qualified Commodity is located) may reasonably request in favor of the Administrative Agent free and clear of any other Liens;

4. to the extent ownership for the type of Qualified Commodity is evidenced by a document of title, such Qualified Commodity is covered by a negotiable tangible document of title (including a tangible warehouse receipt) or an Eligible Electronic Warehouse Receipt and, in the case such Qualified Commodity located within the United States of America, is in the Borrower’s or the Administrative Agent’s possession, and in the case of such Qualified Commodity located outside the United States of America, is in the Administrative Agent’s possession, with all necessary endorsements (or is subject to an Agreement to Pledge or a Trust Receipt);

5. to the extent ownership for this type of Qualified Commodity is not evidenced by a tangible document of title issued or negotiated to the Borrower or an Eligible Electronic Warehouse Receipt, such Qualified Commodity is subject to a storage agreement that is in form and substance acceptable to the Administrative Agent, and such storage agreement has been collaterally assigned to the Administrative Agent in a manner acceptable to the Administrative Agent;

6. 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;

7. if such Qualified Commodity is subject to a Trust Receipt, then no more than twenty (20) days (or forty-five (45) days with respect to cotton) have elapsed since the tangible warehouse receipts or such other document of title subject to such Trust Receipt was delivered to or otherwise obtained by the Borrower; *provided*, that the Market Value of Qualified Commodities subject to Trust Receipts shall not exceed 25% of the Market Value of such Qualified Commodities;

8. is at location (i) that is licensed by a Governmental Authority or an exchange delivery point, (ii) where the average Market Value of Qualified Commodities at such location is less than \$2.0 million during the nine (9) month period then ended, or (iii) that does not satisfy the requirements in clause (i) and (ii) above so long as (1) the Administrative Agent has received the results of an inspection conducted by a third party within the twelve (12) month period ending on the applicable date of determination (a “*Location Inspection*”), or (2) a Location Inspection is scheduled to be conducted (including delivery of the results of such Location Inspection) within the immediately following three (3) month period after such determination date (each such Location

Inspection and report delivered in connection therewith shall be in form and substance satisfactory to the Administrative Agent);

9. 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;

10. 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); and

11. is located in an Approved Jurisdiction and, except in the case of Qualified Commodities located in the United States of America, is held at a warehouse or storage site approved by the Administrative Agent in its sole discretion with such counterparties and subject to such insurance and other requirements as the Administrative Agent may reasonably request.

*“Eligible Commodities (Unhedged and Proxy Hedged)”* means all Qualified Commodities owned by the Borrower that would be Eligible Commodities but do not satisfy clause (g) of the defined term *“Eligible Commodities”*.

*“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, in the case of electronic warehouse receipts in the United States of America, to the Borrower’s or Administrative Agent’s account, and in the case of electronic warehouse receipts outside of the United States of America, to the Administrative Agent’s account, and the Borrower or Administrative Agent, as applicable, has the right to cause a further transfer of such electronic warehouse receipt within the central filing system of the Approved Provider and (b) any other electronic document of title provided by an Approved Provider that has been approved by the Administrative Agent; *provided* that in the case of any such electronic warehouse receipt credited to the Borrower’s account, the Administrative Agent shall have access to such account for informational purposes or otherwise has access to information regarding the contents and activities of such account satisfactory to the Administrative Agent and, to the extent consistent with the policies and offerings of any Approved Provider, the Borrower has granted to the Administrative Agent a springing power of attorney and such other documentation as the Administrative Agent shall reasonably request which permits the Administrative Agent to take control of such electronic warehouse receipt upon the occurrence of an Event of Default, in form and substance satisfactory to the Administrative Agent.

*“Eligible Hedging Account”* means a Hedging Account 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) is maintained with an intermediary (as defined in the UCC) that meets the registration or exemption requirements of the Commodity Exchange Act and 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, 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 Hedging Account of the Borrower may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

*“Eligible In-Transit Commodities”* means any Qualified Commodity that:

(a) is (i) located in the United States of America or Canada or en route and (ii) either (x) in a container or in bulk and loaded clean on board onto an ocean vessel, in port or en route, (y) in a pipeline in the United States of America or Canada or (z) on a railcar, truck or barge;

(b) (A) in the case of Qualified Commodities described in clause (a)(ii)(y) above is evidenced by a pipeline/meter ticket issued by the applicable pipeline operator a copy of which has been delivered to the Administrative Agent; and (B) other than Qualified Commodities described in clause (a)(ii)(y) above is covered by either (i) a non-negotiable tangible document of title in the possession of the Administrative Agent or the Borrower, (ii) a negotiable tangible document of title (including a bill of lading) located in the United States of America in the Borrower’s possession, or a negotiable tangible document of title (including a bill of lading) located outside the United States of America in the Administrative Agent’s possession, with all necessary endorsements or is subject to an Agreement to Pledge or (iii) solely in the case of Qualified Commodities described in clause (a)(ii)(x) above, a trust receipt in form and substance acceptable to the Administrative Agent; *provided*, that in the case of this clause (iii), (I) no more than seven (7) days have elapsed since the applicable Qualified Commodities were loaded on board the applicable vessel, and (II) the aggregate amount of the applicable Qualified Commodities shall not exceed \$15,000,000 at any time; *provided*, that (I) in the case of Qualified Commodities described in clause (a)(ii)(x) above, a copy of the applicable document of title or trust receipt shall have been delivered to the Administrative Agent and (II) in the case of Qualified Commodities described in clause (a)(ii)(z) above, a copy of the applicable document of title shall be delivered to the Administrative Agent promptly upon the Administrative Agent’s request therefor;

(c) fully insured against casualty loss while in-transit and the Borrower has delivered to the Administrative Agent an insurance certificate naming the Administrative Agent as lender's loss payable with respect to such physical commodity;

(d) except as specifically noted in clauses (a), (b) and (c) above, such Qualified Commodity otherwise satisfies the requirements set forth in the defined term "*Eligible Commodities*" and is not pledged to secure indebtedness permitted pursuant to Section 8.7(k) hereof, and

(e) is not otherwise deemed to be ineligible in the reasonable judgment of the Administrative Agent (it being acknowledged and agreed that with three (3) Business Days prior written notice any such physical commodity may be deemed ineligible by the Administrative Agent acting in its reasonable judgment).

*"Eligible In-Transit Commodities (Afloat or Pipeline)"* means Eligible In-Transit Commodities which are described in clauses (a)(ii)(x) or (a)(ii)(z) of the definition of Eligible In-Transit Commodities.

*"Eligible In-Transit Commodities (Truck, Barge or Rail)"* means Eligible In-Transit Commodities which are described in clause (a)(ii)(z) of the definition of Eligible In-Transit Commodities.

*"Eligible Leases"* means the lease of an Eligible Commodity consisting of Precious Metals:

(a) that the Borrower has all of the right, title and interest of the lessor thereunder;

(b) where such lease is fully assignable and transferable by the Borrower without notice or consent and which prohibits assignment by the lessee thereof and provides that the lessee remains liable notwithstanding any subleasing;

(c) where such lease is non-cancelable and provides that the lessee's obligations thereunder are absolute and unconditional and which obligations are not, either pursuant to the terms of such lease or otherwise, subject to contingencies, defense, deduction, set-off, rebate, refund, reduction, credit, allowance, claim or counterclaim of any kind whatsoever and as to which no defenses, right or rescission, deductions, set-offs, rebates, refunds, reductions, credits, allowances, claims or counterclaims exist or have been asserted by the lessee;

(d) where the lessee under such lease is responsible for all payments in connection therewith, including, but not limited to, payment of all taxes (including sales taxes), insurance and maintenance expenses and all other expenses pertaining to the assets subject thereto;



(e) where such lease has fixed rental payments that are due not less frequently than monthly;

(f) where such lease is the valid, binding and legally enforceable obligation of the lessee obligated thereon and such lessee (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, Canada or any state, province 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;

(g) that there exists no other default or event which, with the giving of notice or the passage of time or both, will result in the occurrence of a default of any obligation under such lease or any other lease with such lessee which would allow the Borrower thereunder to exercise any remedies on default after any notice or expiration of any applicable cure period;

(h) where such lease is not subject to any Lien other than the Lien in favor of the Administrative Agent on behalf of the Lenders, and in which the Administrative Agent has a duly perfected first priority security interest under the UCC;

(i) where such lease constitutes "tangible chattel paper" (as defined in the UCC) and either (A) has been delivered to the Administrative Agent (together with any endorsements or instruments of transfer requested by the Administrative Agent therefor) or (B) is being held by the Borrower in trust for the Administrative Agent in a segregated storage container that has been conspicuously marked with a written legend satisfactory to the Administrative Agent as being subject to the Administrative Agent's Lien;

(j) which is payable in U.S. Dollars or Canadian Dollars, and the lessee and the precious metal subject to thereto is located within the United States of America or Canada;

(k) that has a maturity of no greater than twelve (12) months;

(l) where the Precious Metal subject to such lease 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, and where the Borrower has taken all steps reasonably requested by the Administrative Agent to maintain the Administrative Agent's Lien in such Precious Metal, including filing a precautionary UCC financing statement stating such Precious Metal is subject to a lease with the Borrower as lessor;

(m) that requires the Precious Metal subject to such lease be returned to the Borrower in the same condition as originally leased or replaced with Precious Metal of the same type, quantity and quality of such originally leased Precious Metal; and

(n) 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 any such Precious Metal 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, in each case so long as such Person is an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder.

*“Eligible Letters of Credit Issued for Commodities Not Yet Received”* means, as of any date, the aggregate face amount of documentary Letters of Credit for the Purchase of Eligible Commodities, as long as the Borrower is able to calculate drawable liability thereof in a manner acceptable to the Administrative Agent in its sole discretion, which such manner shall be in Borrower’s normal course of business and consistent with its month-end reconciliation processes, minus any amounts drawn or paid under such Letters of Credit minus any other liabilities then existing that may be satisfied by any such Letters of Credit for the purchase of Eligible Commodities as of such date for which title has passed to the Borrower as of such date.

*“Eligible Purchase Agreement”* means any Purchase Agreement which:

(a) is the valid, binding and legally enforceable obligation of the Borrower and the Purchaser and such Purchaser 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 Purchaser must purchase or repurchase (as the case may be) the applicable commodities within a determined amount of time in accordance with such Purchase Agreement;

(c) no default or event of default exists under such Purchase Agreement and the representations and warranties made therein by the Borrower and the Purchaser are true and correct in all material respects;

(d) the Borrower has full and unqualified right to assign and grant a Lien in such Purchase 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 Purchaser;

(f) is not due from a Purchaser located in a state in which Borrower is not able to bring suit or otherwise enforce its remedies against a Purchaser 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 Receivable”* means any Receivable of the Borrower that:

1. (i) arises out of the sale of commodities and is not contingent upon the completion of any further performance by the Borrower or any other Person on its/their behalf (other than a Receivable generated from Eligible In-Transit Inventory prior to delivery of such Eligible In-Transit Inventory), (ii) does not represent a pre-billed Receivable or a progress billing or retainage amount, (iii) does not relate to the payment of interest, other than in relation to repurchase obligations (but excluding the amount of any accrued interest in connection therewith), (iv) is net of any deposits made by or for the account of, or any payables owing to, the relevant Account Debtor or its Affiliates and (v) to the extent the aggregate Forward Contract Equity relating to Forward Contracts pursuant to which such Account Debtor (or its Affiliates) is the counterparty is negative, the amount of Receivables relating to such Account Debtor (and its Affiliates) to be included as Eligible Receivables shall be reduced (without duplication) by such negative amount, provided that no such reduction shall result in the aggregate Eligible Receivables for any such Account Debtor being negative;

2. is payable in U.S. Dollars or Canadian Dollars and the Account Debtor on such Receivable is located within the United States of America or Canada or, if such right has arisen out of the sale of such goods shipped to, or out of the rendition of services to, an Account Debtor located in any other country, such right is 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;

3. 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, Canada or any state, province 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;

4. is not evidenced by an instrument or chattel paper unless the same has been endorsed and delivered to the Administrative Agent;

5. 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);

6. 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);

7. no surety bond was required or given in connection with said Receivable or the contract or purchase order out of which the same arose;

8. it is evidenced by an invoice to the Account Debtor dated not more than five (5) Business Days (or forty-five (45) days with respect to crude oil) subsequent to the shipment date of the relevant inventory or completion of performance of the relevant services (including fixing price of the contract), has not been invoiced more than once, and is issued on ordinary trade terms requiring payment within ninety (90) days of invoice date (or one hundred and eighty (180) days with respect to any Receivable that would satisfy the requirements set forth in the defined term Eligible Receivables (Insured or Investment Grade));

9. is not unpaid more than sixty (60) days after the original due date, in the case of Eligible Receivables (Insured or Investment Grade), or more than sixty (60) days after the original date of invoice, in the case of Eligible Receivables (Uninsured), and;

10. which has not been written off the books of the Borrower or such Guarantor or otherwise designated as uncollectible;

11. 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;

12. 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;

13. all representations and warranties set forth in this Agreement and the Collateral Documents are true and correct with respect thereto;

14. 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;

15. is not subject to any Permitted Accounts Receivables Sales; and

16. 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 or Investment Grade)”* means an Eligible Receivable (i) where the Account Debtor thereon is located in an Approved Jurisdiction; and either (ii)(x) where the Account Debtor has an Investment Grade Rating, (y) that are secured by an insurance policy in an amount and on such terms, and issued by an insurer having an Investment Grade Rating and that is otherwise 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, or (z) in the case of Eligible Receivables where the Account Debtor is not located in the United States, that are supported by a letter of credit (documentary or standby), bank guarantee or other form of credit support issued for the benefit of the Borrower in a form and substance and from a financial institution with an Investment Grade Rating and reasonably acceptable to the Administrative Agent or subject to any other secured payment terms otherwise satisfactory to the Administrative Agent in its discretion.

*“Eligible Receivable (Uninsured)”* means all Eligible Receivables (i) where the Account Debtor is located in the United States of America or Canada, and (ii) that does not otherwise qualify as Eligible Receivables (Insured or Investment Grade).

*“Eligible Renewable Identification Numbers”* means any Renewable Identification Number that:

(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) is unexpired and less than one year from the date of issuance;

(c) is subject to a binding, enforceable contract and the obligation of the purchaser thereunder is not contingent upon the completion of any further performance by the Borrower or any other Person on its/their behalf, and the purchase of Renewable

Identification Number shall occur not later than sixty (60) days from the date of determination;

(d) was validly generated for renewable fuel, has not been retired, and represents that applicable fuel volume that was produced;

(e) was not subject to an invalid transfer or improperly identified; and

(f) 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 Borrower 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 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 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.

*“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.

*“Environmental Liability”* means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

*“ERISA”* means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto, and the rules and regulations promulgated thereunder.

*“ERISA Event”* means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the determination that any Plan is considered an at-risk plan or that

any Multiemployer Plan is endangered or is in critical status within the meaning of Sections 430 or 432 of the Code or Sections 303 or 305 of ERISA, as applicable; (c) the incurrence by the Borrower or any member of the Controlled Group of any liability under Title IV of ERISA, other than for PBGC premiums not yet due; (d) the receipt by the Borrower or any member of the Controlled Group from the PBGC or plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan or the occurrence of any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (e) the appointment of a trustee to administer any Plan; (f) the withdrawal of the Borrower or any member of the Controlled Group from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or the cessation of operations by the Borrower or any member of the Controlled Group that would be treated as a withdrawal from a Plan under Section 4062(e) of ERISA; (g) the partial or complete withdrawal by the Borrower or any member of the Controlled Group from any Multiemployer Plan or a notification that a Multiemployer Plan is insolvent; or (h) the taking of any action to terminate any Plan or Multiemployer Plan under Section 4041 or 4041A of ERISA.

“*EU Bail-In Legislation Schedule*” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“*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, any applicable intergovernmental agreement among Governmental Authorities implementing the foregoing, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any such intergovernmental agreement, or any treaty or convention among Governmental Authorities and implementing the foregoing.

"*Federal Funds Rate*" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent; provided that in no event shall the Federal Funds Rate be less than 0.00%.

"*Food Security Act*" means the Food Security Act of 1985, 7 U.S.C. Section 1631 et. seq., as the same now exists or may hereafter from time to time be amended, modified, recodified or supplemented, together with all rules and regulations thereunder.

"*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 governed by the laws of the United States (or any state thereof) between Borrower and a seller of Qualified 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 the Borrower and a



different party who is a buyer of the commodity, and (ii) with respect to Qualified Commodities other than in respect of the Merchants Plus Program, any contract governed by the laws of the United States (or any state thereof) between the Borrower and one or more other Certified Merchants whereby the Borrower agrees to purchase or sell Qualified Commodities from or to such Certified Merchants in a fixed price forward contract or no basis established contract on a date specified after the date of the contract.

“*Forward Contract Equity*” means, as of any date of determination and with respect to any Forward Contract, (a) if the Borrower is the seller under such Forward Contract, the difference between the price payable on the same delivery date for such Qualified Commodities under such Forward Contract outstanding as of such date of determination, *less* 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) if the Borrower is the purchaser under such Forward Contract, the difference between the Market Value on a delivery date for the Qualified Commodities under such Forward Contract if entered into as of such date of determination, *less* the price payable on the same delivery date for such Qualified Commodities under such Forward Contract outstanding as of such date of determination; *provided, however*, that, in each case, (A) the Forward Contract Equity relating to Forward Contracts for any counterparty (i) shall be calculated on a net basis for all Forward Contract Equity relating to Forward Contracts (and forward contracts not constituting Forward Contracts or Forward Contract Equity) between such counterparty (or any of its Affiliates) and the Borrower and (ii) to the extent the Receivables for which such counterparty (and any of its Affiliates) is Account Debtor, calculated net of any deposits made by or for the account of, or any payables owing to, the relevant Account Debtor, is negative, the Forward Contract Equity relating to Forward Contracts with such counterparty (and its Affiliates) shall be reduced (without duplication) by such negative amount, provided that no such reduction shall result in the aggregate Forward Contract Equity for any such counterparty being negative; and (B) 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 more than twenty-four (24) months after the date of determination; (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 other Lien (other than any Lien securing the Secured Obligations); (v) is a contract that has been rolled more than two times, or has been rolled for a period of sixty days or more from the original delivery date, (vi) is a contract that has been restructured, extended, amended or modified for any reason not described in clause (v) above; (vii) is a contract which is past the delivery date by more than thirty-five (35) days or (viii) has been terminated or is subject to termination by reason of a default or bankruptcy or any other termination event thereunder, in each case unless such termination is subject to payment of the mark-to-market value thereof by the relevant counterparty.

“*Fronting Exposure*” means, at any time there is a Defaulting Lender, such Defaulting Lender’s Revolver 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.

*"Funding Rules"* means the requirements relating to the minimum required contributions (including any installment payments) to Plans and Multiemployer Plans, as applicable, and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

*"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.

*"Hazardous Materials"* means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

“*Hedging Account*” means any commodity account, deposit account or securities account (as such terms are defined in the UCC) of the Borrower.

“*Hedging Agreements*” means any arrangement entered into by the Borrower or a Purchaser with a counterparty to hedge against fluctuations in raw materials values or commodity prices (including without limitation a commodity swap transaction, commodity collar transaction, commodity put 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 however and whenever 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.

“*Holdings*” is defined in the introductory paragraph hereof.

“*Holdings Subordinated Debt*” means Subordinated Debt owing by the Borrower or any Borrower Subsidiary to Holdings and having no scheduled payments of principal (whether a scheduled amortization payment, at maturity or otherwise) due at any time prior to the date that is six months after the Termination Date.

“*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 three (3) 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 fiscal quarter 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 Amended and Restated Credit Agreement, dated as of February 22, 2019, among Holdings, as Borrower, the Lenders (as defined therein) and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, as the same may be amended from time to time.

“*Investment Grade*” means a Person having, or whose securities have, a long-term rating of BBB or better by S&P, Baa2 or better by Moody’s, or BBB or better by Fitch; *provided that* if more than one long-term rating applies to such Person and/or its securities, then the lowest rating shall apply.

“*Investment Grade Rating*” means 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 any Person or its securities, then the lowest rating shall apply and if such lowest rating shall not be at least 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., such Person shall not be considered to have an Investment Grade Rating.

“*L/C Issuer*” means Coöperatieve Rabobank U.A., New York 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(c)(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 \$20,000,000, 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 foreign, federal, state, or local.

“*Lenders*” means and includes Coöperatieve Rabobank U.A. 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 10.3 hereof. “*Letter of Credit*” is defined in Section 1.1(c) hereof.

“*Leverage Ratio*” means, as of any date of determination, the ratio of (a) Total Adjusted Liabilities to (b) Tangible Net Worth.

“*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*” means any Revolving Loan, whether outstanding as a Base Rate Loan or 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, including any instrument of document subordinating the Subordinated Debt to any Secured Obligations or any intercreditor agreement entered into with another creditor of the Borrower.

“*Loan Parties*” means the Borrower and the Guarantors.

“*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.

“*Market Value*” means, with respect to any commodity (including an Eligible Commodity) on any date, the cash value of such commodity as internally recorded on the Borrower’s books and as determined in good faith by the Borrower based, determined on a cash basis by using prices (a) on the New York Mercantile Exchange, the COMEX, the London Metal Exchange, the New York Board of Trade, the International Petroleum Exchange, the Intercontinental Commodities Exchange, the Chicago Board of Trade, the Chicago Mercantile Exchange, NGX, PLATTS or, if a price for any such commodity (or delivery period, quality or location) is not available on such exchanges, such other markets or exchanges recognized as such in the commodities trading industry, including over-the-counter markets and private quotations, or as published in an independent industry recognized source or based on recent market transactions at market prices, in each case reasonably selected by the Borrower and approved by the Administrative Agent, (b) if such a price for any such commodity is not available in any market or exchange or other source described in clause (a) above, any other exchange or market or source reasonably selected by the Borrower and approved by the Administrative Agent on such date or (c) if such a price for any such commodity is not available in any market or exchange described in clauses (a) or (b) above, such other value determined pursuant to methodology reasonably selected by the Borrower (including recent market transactions) and reasonably satisfactory to the Administrative Agent.

“*Market Risk Policy*” means the market risk policy and market risk limits of Holdings and its Subsidiaries dated as of October 2019 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.

“*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, Purchase 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*” refers to a program utilizing either (i) Merchants Plus Swap Contract; or (ii) a Forward Contract, pursuant to which program (a) there shall be a defined pricing period, over which the 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, (b) price adjustments will be made to the purchase price through reference to gains or losses recognized on these trades, (c) the final price of the committed quantity of the

commodity is established at the end of this period and (d) 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” as defined in the Commodity Exchange Act and the regulations thereunder.

“*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 or Forward 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 delivery is to be made more than twenty-four (24) months after the date of determination; (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; (iii) is subject to any Lien other than a Lien in favor of the Administrative Agent; (iv) 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 (v) 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 and in compliance with requirements of the Commodity Exchange Act.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Multiemployer Plan*” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or any member of the Controlled Group contributes, is obligated to contribute, or has any liability or contingent liability.

“*Net Hedging Value*” means, at any time the same is to be determined with respect to a Hedging Account, the aggregate amount (to the extent positive after giving effect to any netting agreements) that the Borrower would be entitled to receive if all Hedging Agreements maintained in such Hedging Account were terminated at such time.

“*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 Hedging 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 Hedging 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 contract terms between the counterparties, the Commodity Exchange Act, 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 any “*OTC Commodity Contract Equity*” shall exclude any Net Hedging Value arising from (a) a OTC Commodity Contract that 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 of America 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 Eligible In-Transit Commodities*” means all Eligible In-Transit Commodities other than Eligible In-Transit Commodities (Afloat or Pipeline) and Eligible In-Transit Commodities (Truck, Barge or Rail).



“*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 1.11).

“*Participating Interest*” is defined in Section 1.1(c)(v) hereof.

“*Participating Lender*” is defined in Section 1.1(c)(v) hereof.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

“*Permitted Accounts Receivables Sales*” means transactions in which the Borrower sells on a non-recourse basis or limited recourse (for dilution satisfactory to the Administrative Agent) to any Lender or Affiliate thereof Receivables in which (a) the purchase price is required to be paid by the buyer pursuant to agreements executed by it to the Borrower in cash directly to a controlled account and (b) is on terms reasonably satisfactory to the Administrative Agent.

“*Permitted Holders*” means (a) Blackrock Institutional Trust Company, N.A. and (b) (i) Sean M. O’Connor or any of his 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 as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or the minimum funding standards under Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any member of the Controlled Group is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“*Precious Metals*” means Qualified Commodities consisting of Platinum and Pallidum.

“*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.

“*Purchase Agreement*” means either (i) an agreement whereby a Purchaser agrees to purchase Qualified Commodities from the Borrower at a later date, or (ii) a master commodities sale/repurchase agreement between the Borrower and a Purchaser, pursuant to which the Purchaser party thereto agrees to sell certain commodities to the Borrower and the Borrower agrees to purchase such commodities and then the Purchaser agrees to repurchase such commodities at a later date, together with, in each case with respect to clauses (i) and (ii), 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 the Market Risk Policy and in accordance with this Agreement.

“*Purchaser*” means each Person that is obligated to purchase Qualified Commodities from the Borrower, including any Person that is obligated to purchase previously sold such Qualified Commodities under a Purchase Agreement.

“*Qualified Commodity*” means any physical commodity of the type described on Schedule 5.1 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) on site and in storage within a storage facility operated by a Purchaser, in-transit to such storage facility, or with respect to Precious Metals subject to lease, such Precious Metal is in the possession of the lessee under such lease; and (b) fully insured against casualty loss while in a storage facility operated by a Purchaser or in-transit to such storage facility operated by a Purchaser, and such Purchaser or the Borrower has delivered to the Administrative Agent an insurance certificate naming the Administrative Agent as lender’s loss payable with respect to such Qualified Commodity. The foregoing notwithstanding, if any physical commodity is not on site and in storage within a storage facility operated by such Purchaser or in-transit, such physical commodity shall be deemed a Qualified Commodity if such physical commodity satisfies the other conditions set forth above and is stored at a storage facility acceptable to the Administrative Agent (in its sole discretion), and the Borrower, such Purchaser, 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(c)(iii) hereof.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“*Relevant Governmental Body*” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“*Renewable Identification Numbers*” means renewable identification numbers issued by the U.S. Environmental Protection Agency to track renewable transportation fuels.

“*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.

“*Responsible Officer*” means the chief executive officer, president, vice president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower.

“*Revolver Percentage*” means, for each Lender with a Revolving Commitment, the percentage of the Revolving Commitments represented by such Lender’s Revolving Commitment or, if the Revolving Commitments have been terminated, the percentage held by such Lender of the aggregate principal amount of all Revolving Loans then outstanding.

“*Revolving Commitment*” means, as to any Lender, the obligation of such Lender to make Revolving 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 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 Commitments of the Lenders as of the Closing Date aggregate \$260,000,000.

“*Revolving 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 Loan hereunder.

“*S&P*” means Standard & Poor’s Ratings Services Group, a division of The McGraw-Hill Companies, Inc.

“*Sanctioned Country*” means at any time, a country or territory which is itself the subject or target of any Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea and Syria).

“*Sanctioned Person*” means, at any time, any Person owned or controlled by Persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a region, country or territory that is, or whose government is, the subject of Sanctions, including, without limitation, currently the Region of Crimea, Cuba, Iran, North Korea, and Syria.

“*Sanctions*” means any sanctions administered by or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Netherlands, or other relevant sanctions authority.

“*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 Second 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.

“*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, at any time the same is to be determined, an amount equal to (a) the excess of the Borrower’s assets over all its liabilities and reserves as determined in

accordance with GAAP, *plus* (b) the principal amount of the Holdings Subordinated Debt at such time. For purposes hereof, assets shall exclude (i) goodwill and other intangible items and (ii) advances and loans to and investments in Holdings, the Borrower Subsidiaries and Affiliates of the Borrower, including advances and loans to Holdings permitted pursuant to Section 8.9(h) hereof and investments in and loans to joint ventures permitted by Section 8.9(j) hereof.

“*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.

“*Term SOFR*” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“*Termination Date*” means January 29, 2022, 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, *less* (iii) the unrealized losses (determined on a netting basis) relating to the Borrower’s Hedging Agreements for financial and physically settled commodities.

“*Trust Receipt*” means a trust receipt in form and substance satisfactory to the Administrative Agent relating to 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 New York as in effect from time to time.

“*Unadjusted Benchmark Replacement*” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“*Unused Commitments*” means, at any time, the difference between the Revolving Commitments then in effect and the aggregate outstanding principal amount of Revolving 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.

“*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.

“*Withholding Agent*” means the Borrower, any Guarantor and the Administrative Agent.

“*Write-Down and Conversion Powers*” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

*Section b. 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 New York, New York, 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 c. 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 d. Divisions.* For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

## Section 6. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

*Section a. 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 b. 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 c. 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 d. Use of Proceeds; Margin Stock.* The Borrower shall use the proceeds of the Revolving Loans (i) to refinance existing indebtedness of the Borrower, (ii) to pay fees and expenses relating to this Agreement, and (iii) for working capital and general corporate purposes; provided, that Borrower shall not use such proceeds to do any of the foregoing relating to Qualified Commodities consisting of non-agriculture related commodities if the use of such proceeds would cause the daily average amount of Revolving Loans used to finance metals in the preceding 12 months to exceed 50% of daily average amount of Revolving 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 e. Financial Reports.* The unaudited balance sheet of the Borrower as at September 30, 2019, 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, 2019, and the related income statement of the Borrower and for the 6 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 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.

i. The Annual Report on Form 10-K for the fiscal year ended September 30, 2019 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 f. No Material Adverse Change.* Since September 30, 2019, 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 g. 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. The information included in the Beneficial Ownership Certification is true and correct in all respects.

*Section h. 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 i. Governmental Authority and Licensing.* Holdings, the Borrower and the Borrower Subsidiaries have received all licenses, permits, and approvals of all foreign, 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 j. 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 k. 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 l. 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 m. 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 n. Affiliate Transactions.* None of Holdings, the Borrower or any 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 o. 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 p. ERISA.* No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a material liability to Holdings, the Borrower, or any Borrower Subsidiary. Each of Holdings, the Borrower and each other member of its respective Controlled Group has complied with the Funding Rules with respect to each Plan, and no waiver of the minimum funding requirements under the Funding Rules has been applied for or obtained. 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 q. Compliance with Laws.* Holdings, the Borrower and the Borrower Subsidiaries are in compliance with the requirements of all foreign, 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. Holdings, the Borrower and the Borrower Subsidiaries will maintain in effect policies and procedures reasonably designed to promote compliance by Holdings, the Borrower

and the Borrower Subsidiaries and their respective directors, officers, employees and agents with applicable Anti-Terrorism Laws and Anti-Corruption Laws. 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 foreign, 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 r. 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 (in all material respects) with all applicable (i) Anti-Corruption Laws, (ii) Sanctions and (iii) Anti-Terrorism Laws.

*Section s. 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 t. 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 u. No Default.* No Default or Event of Default has occurred and is continuing.

*Section v. 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 w. 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 x. Collateral Locations.* The Qualified Commodities are stored at locations that follow industry best practices for the terms of storage for such Qualified Commodities.

*Section y. Security Documents.* The provisions of the Security Agreement is or upon execution will be effective to create in favor of the Administrative Agent a legal, valid and enforceable first-priority Lien on all right, title and interest of each Loan Party in the Collateral described therein. Except for filings completed on or prior to the Closings Date and as contemplated hereby and by the Security Documents, no filing or other action will be necessary to perfect or protect such Lien.

*Section z. No Burdensome Restriction.* No Loan Party nor any of its Subsidiaries is a party to or bound by any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound, or subject to any restriction in its organizational documents or any applicable law or regulation of any Governmental Authority, which could reasonably be expected to have a Material Adverse Effect.

## Section 7. CONDITIONS PRECEDENT.

*Section a. All Credit Events.* At the time of each Credit Event hereunder (including any Credit Event on the Closing Date):

17. 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, in which case they shall be true and correct as of such earlier date;

18. no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

19. in the case of a Borrowing the Administrative Agent shall have received the notice required by Section 1.4 hereof;

20. 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;

21. [Reserved]; and

22. 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 (d), both inclusive, of this Section.

*Section b. Conditions to the Effectiveness of this Agreement.* This Agreement shall become effective upon satisfaction of the following conditions:

23. the Administrative Agent shall have received this Agreement duly executed by the Borrower, the Guarantors, and the Lenders;

24. 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;

25. 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 included in the Borrowing Base (to the extent required under the applicable component of the Borrowing Base), and (B) all commodity account control agreements for all Eligible Hedging Accounts, and all other action has been taken, that the Administrative Agent deems necessary or desirable in order to create, in favor of the Administrative Agent on behalf of the secured parties, a perfected first-priority Lien on the Collateral described in the Security Agreement, subject to no other than Liens permitted by Section 8.8 hereof;

26. the Administrative Agent shall have received evidence of insurance insuring the Eligible Commodities and naming the Administrative Agent as lender's loss payable;

27. 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;

28. 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;

29. the Administrative Agent shall have received copies of the certificates of good standing for the Borrower and each Guarantor (dated no earlier than thirty (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;

30. the Administrative Agent shall have received a list of the Borrower's Authorized Representatives;

31. 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;

32. 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;

33. 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;

34. 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;

35. no change in the business, condition (financial or otherwise), operations, performance, or Properties of the Borrower or any Guarantor shall have occurred since September 30, 2019, that has caused or could reasonably be expected to cause a Material Adverse Effect;

36. the Administrative Agent shall have received copies of all Material Contracts (or the Borrower's standard form of such contracts) as the Administrative Agent may request from time to time, which shall be in form and substance satisfactory to the Administrative Agent;

37. the Administrative Agent shall have received copies of the Credit and Collection Policy and the Market Risk Policy, each of which shall be in form and substance satisfactory to the Administrative Agent;

38. in connection with the Existing Agreement and 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;

39. the Administrative Agent shall have received the fees required by the fee letter referenced in Section 2.1(c) hereof;

40. 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, in which case they shall be true and correct as of such earlier date;

41. no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

42. the Administrative Agent shall have received a Borrowing Base Certificate dated no more than five (5) Business Days prior to the Closing Date, showing the computation of the Borrowing Base in reasonable detail;

43. the Borrower shall have delivered to the Administrative Agent and each Lender at least five (5) days prior to the Closing Date (i) all documents, certificates, and other information requested by each Lender required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering regulations, including the Act, and (ii) a Beneficial Ownership Certification;

44. the Administrative Agent shall not have become aware of any information or other matter affecting any Loan Party or the transactions contemplated hereby, which in the Administrative Agent’s judgment is inconsistent, in a material adverse manner, with any such information or other matter disclosed to or reviewed by the Administrative Agent prior to the Closing Date, which could reasonably be expected to have had a materially adverse effect on the interests and credit decision of the Administrative Agent;

45. the Administrative Agent shall have received a certificate from the Borrower attaching a duly executed copy of an amendment to, and waiver of certain existing defaults under, the INTL BOA Facility in form and substance satisfactory to the Administrative Agent, and certifying that any conditions to the effectiveness of such amendment and waiver shall have been satisfied; and

46. 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 a. 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 b. 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 c. Taxes and Assessments.* Each of Holdings and the Borrower shall file, and shall cause each Borrower Subsidiary to file all tax returns required to be filed in any jurisdiction. 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 in accordance with GAAP.

*Section d. 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 e. 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:

47. (i) not less than weekly, to the extent that any Loans or Letters of Credit were outstanding as of close of business during the prior week, (ii) at the time of any Credit Event hereunder or upon the release of any Collateral, in the event that a Borrowing Base deficiency would result based on the most recently delivered Borrowing Base Certificate or based on decreases in the Borrowing Base since the most recently delivered Borrowing Base Certificate 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, including a summary of unhedged commodity positions, which shall in any event be consistent with the Credit and Collection Policy and the Market Risk Policy and (B) Eligible Receivable indicating the amount of such Eligible Receivable, the credit rating of the account debtor and the aging the Eligible Receivable, in each case prepared by the Borrower and certified to by a Responsible Officer of the Borrower;

48. as soon as available, and in any event no later than thirty (30) days after the last day of each calendar month, a copy of the year-to-date consolidated balance sheet of the Borrower and its Subsidiaries as of the last day of such calendar month and the consolidated statement of income of the Borrower and its Subsidiaries for the calendar month 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;

49. as soon as available, and in any event no later than forty-five (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;

50. as soon as available, and in any event no later than ninety (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;

51. 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;

52. 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;

53. 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;

54. 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 Net Hedging Value of all Hedging Agreements in the Eligible Hedging Accounts;

55. notice of any Change of Control;

56. 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;

57. [Reserved];

58. promptly after receipt thereof, a copy of each inspection report conducted by an independent third party (including the United States Department of Agriculture or any similar State agency) for each facility that stores Qualified Commodities with a Market Value in excess of \$5,000,000;

59. as soon as available, and in any event no later than sixty (60) days after the end of each fiscal year of the Borrower, a copy of the consolidated and consolidating business plan for the Borrower and the Borrower Subsidiaries for such fiscal year, such business plan to show the projected consolidated and consolidating revenues, expenses and balance sheet of the Borrower and the Borrower Subsidiaries on a quarter-by-quarter basis, such business plan to be in reasonable detail prepared by the Borrower and in form satisfactory to the Administrative Agent (which shall include a summary of all assumptions made in preparing such business plan);

60. as soon as available, the Borrower shall deliver an inspection report for each location that stores Qualified Commodities with a Market Value in excess of \$5,000,000 at any time, *provided*, (i) each such location shall provide an inspection report at least once during any twelve month period, and (ii) each such inspection report shall be prepared by an independent third party acceptable to the Administrative Agent (including an inspection report provided the United States Department of Agriculture or any agriculture department of any State);

61. as soon as available, and in any event not later than thirty (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;

62. promptly upon the occurrence thereof, written notice of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification; and

63. promptly after receipt thereof, any notices received under the Food Security Act.

*Section f. Inspection; Field Audits.* 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 Borrower's or

such Borrower Subsidiary's 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 Holdings and the Borrower hereby authorize 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. The Borrower shall pay to the Administrative Agent charges for field audits of the Collateral, inspections and visits to Property, inspections of corporate books and financial records, examinations and copies of books of accounts and financial record and other activities permitted in this Section performed by the Administrative Agent or its agents or third party firms, in such amounts as the Administrative Agent may from time to time request (the Administrative Agent acknowledging and agreeing that any internal charges for such audits and inspections shall be computed in the same manner as it at the time customarily uses for the assessment of charges for similar collateral audits), including a collateral inspection to be delivered within six (6) months after the Closing Date; *provided*, that in the absence of an Event of Default, the Borrower shall not be obligated to reimburse the Administrative Agent for more than two such collateral audits per fiscal year, pursuant to Section 2.1(d) of this Agreement.

*Section g. 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:

64. 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);

65. 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;

66. 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;

67. endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;

68. 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;

69. Holdings Subordinated Debt, *provided* that the aggregate outstanding amount of Holdings Subordinated Debt *minus* the aggregate principal amount of loans and advances outstanding pursuant to Section 8.9(h) shall at all times be at least \$10,000,000;

70. 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 \$450,000,000 at any one time (and renewals, refinancings and extensions thereof);

71. [Reserved;]

72. 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;

73. [Reserved;]

74. indebtedness arising under bilateral lines of credit in an aggregate amount not to exceed at any one time (together with the aggregate amount of Receivables subject to any Permitted Accounts Receivables Sales at such time and indebtedness outstanding under clause (l) below at such time) \$30,000,000; and

75. unsecured Subordinated Debt arising under risk participation agreements (which may be funded or unfunded), in an aggregate amount not to exceed at any one time (together with the aggregate amount of Receivables subject to any Permitted Accounts Receivables Sales at such time and indebtedness outstanding under clause (k) above at such time) \$30,000,000.

*Section h. 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:

76. 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;

77. 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;

78. 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;

79. Liens on the interest of lessors under Capital Leases or operating leases;

80. 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;

81. 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;

82. Liens granted in favor of the Administrative Agent pursuant to the Collateral Documents;

83. 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;

84. [Reserved;]

85. [Reserved;]

86. Liens in favor of the purchaser of Qualified Commodities sold pursuant to a Purchase Agreement under which the Borrower has the option to repurchase such

Qualified Commodities so long as such Lien attaches only to Qualified Commodities of such Purchase Agreement and no other property of the Borrower; and

87. Liens securing indebtedness permitted by Section 8.7(k) hereof so long as such Liens (i) are subject to an intercreditor agreement on terms and conditions acceptable to the Administrative Agent and (ii) do not attach to any assets included in the Borrowing Base.

*Section i. 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:

88. 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;

89. 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;

90. 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;

91. investments in repurchase obligations with a term of not more than seven (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;

92. 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;

93. the Borrower's investments in the Domestic Borrower Subsidiaries party hereto;

94. the Borrower's loans and advances to Purchasers pursuant to Purchase Agreements;

95. 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, (ii) the Borrower is in compliance with Section 8.22 hereof on a pro forma basis after giving effect to any such loan or advance, (iii) the aggregate amount of Holdings Subordinated Debt *minus* the aggregate principal amount of loans and advances outstanding pursuant to this clause (h) shall be at least \$10,000,000 at all times and (iv) the aggregate principal amount of loans and advances outstanding pursuant to this clause (h) shall not at any time exceed \$30,000,000;

96. 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 and consisting of Holdings Subordinated Debt;

97. 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; and

98. 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 j. 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:

99. the sale of inventory (i) in the ordinary course of business or (ii) outside the ordinary course of business so long as (a) the Borrower has the right but not the obligation to repurchase the inventory subject to such sale and (b) such sale is non-recourse to the Borrower;

100. 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;

101. 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;

102. 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);

103. 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;

104. [Reserved;]

105. the lease of Precious Metals in the ordinary course of business so long as such lease constitutes an operating lease and not a Capital Lease;

106. 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; and

107. Permitted Accounts Receivables Sales so long as the aggregate amount of Receivables subject to such Permitted Accounts Receivables Sales, together with the amount of indebtedness outstanding pursuant to Section 8.1(k), shall not exceed \$30,000,000 in the aggregate at any one time.

*Section k. 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 l. 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, (c) repay, repurchase, redeem or otherwise retire any indebtedness or (d) 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, and repay, repurchase and refinance indebtedness, so long as (i) no Default or Event of Default has occurred and is continuing or would result from such dividend or other distribution, (ii) the Borrower is in compliance with Section 8.22 hereof after giving effect to any such dividend or other distribution, (iii) in the case of any repayment, repurchase or refinancing of indebtedness, such repayment, repurchase or refinancing would not contravene any subordination terms applicable thereto, (iv) the aggregate common equity and retained earnings of the Borrower shall not be less than \$15,000,000 and (v) the aggregate amount of any such dividends and other distributions made after the Closing Date shall not exceed 75% of the consolidated net income for the Borrower and its Subsidiaries for each full fiscal quarter then ended after the Closing Date.

*Section m. 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. With respect to any Plan and Multiemployer Plan, neither Holdings nor the Borrower shall, and neither shall permit any Borrower Subsidiary or member of the Controlled Group to, allow an ERISA Event to occur which could reasonably be expected to result in material liability to Holdings, Borrower, or any Borrower Subsidiary. Each of Holdings and the Borrower shall, and shall cause each Borrower Subsidiary to, promptly notify the Administrative Agent and each Lender of (a) any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in material liability to Holdings, the Borrower or any Borrower Subsidiary, or (b) 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 n. 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 foreign, 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 o. 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 p. 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 q. 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 r. 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 s. 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, (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto, or (iv) in any manner that would result in the violation of any Anti-Terrorism Laws.

*Section t. 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 u. Performance of Duties; Amendment of Material Contracts.* 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 the Market Risk Policy, (iii) maintain credit ratings in respect of all Purchasers and Account Debtors in respect of Qualified Commodities and Eligible Receivables included in the Borrowing Base and (iv) 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.

108. Neither Holdings nor the Borrower shall, nor shall they permit any Borrower Subsidiary to, make any change to the Credit and Collection Policy, the Market Risk Policy or their method for computing internal risk ratings for the Purchasers if such change would have a material adverse effect on any Material Contract (and the Borrower will deliver copies of any amendment or other such change to the Administrative Agent within five days of the effectiveness thereof).

109. 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 Lenders (which consent shall not be unreasonably withheld).

*Section v. Financial Covenants.*

110. *Tangible Net Worth.* The Borrower shall at all times maintain a Tangible Net Worth of not less than \$20,000,000

111. *Leverage Ratio.* The Borrower shall not permit the Leverage Ratio to exceed at any time to exceed 8.50:1.00.

*Section w. Compliance with Sanctions .* 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.

112. 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 x. 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 y. Material Contracts.* Promptly request by the Administrative Agent or the Required Lenders, the Borrower shall deliver to the Administrative Agent a copy of each Material Contract.

*Section z. 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 aa. Restriction on Formation of Borrower Subsidiaries.* So long as the liens permitted by Section 8.8(h) are in place, the Borrower shall not create or cause to create, directly or indirectly, any Borrower Subsidiaries.

## Section 9. EVENTS OF DEFAULT AND REMEDIES.

*Section a. Events of Default.* Any one or more of the following shall constitute an “*Event of Default*” hereunder:

113. 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;

114. 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;

115. default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within thirty (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;

116. 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;

117. (i) 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 (ii) 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 (iii) 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 (iv) the Borrower 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; or (v) the Borrower or any Guarantor makes any payment on account of any Subordinated Debt which is prohibited under the terms of any instrument subordinating such Subordinated Debt to any Secured Obligations, or any subordination provision in any document or instrument (including, without limitation, any intercreditor or subordination agreement) relating to any Subordinated Debt shall cease to be in full force and effect, or any Person (including the holder of any Subordinated Debt) shall contest in any manner the validity, binding nature or enforceability of any such provision;

118. 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);

iii. default shall occur by the Borrower under any Material Contract, except to the extent that no Borrowing Base deficiency would result upon removal of such Material Contract and any related assets from the Borrowing Base;

119. 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 thirty (30) days;

120. An ERISA Event shall occur that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of Holdings, the Borrower or any Borrower Subsidiary, or any member of its Controlled Group, in an amount or amounts aggregating in excess of \$500,000;

121. any Change of Control shall occur;

122. 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

123. 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 sixty (60) days.

*Section b. 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 c. 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 d. Collateral for Undrawn Letters of Credit.* If the Cash Collateralization of any Letters of Credit is required under Section 1.13, Section 9.2 or Section 9.3 above, the Borrower shall forthwith transfer to the Administrative Agent the amount required to be so Cash Collateralized to be held by the Administrative Agent as provided in subsection (b) below.

124. All amounts transferred to the Administrative Agent 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.

125. 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.

*iv. 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).

v. *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.

vi. *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 e. 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 a. 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 b. Increased Cost and Reduced Return.* (a) Increased Costs Generally. If any Change in Law shall:

vii.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;

viii.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

ix.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.

126. *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 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.

127. *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.

128. *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 c. 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 10.2, 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 10.2 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 d. 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 a. Appointment and Authorization of Administrative Agent.* Each of the Lenders and the L/C Issuers hereby irrevocably appoints the Administrative Agent to act on its

behalf 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 b. Action by the 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 c. 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 d. 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 collectability 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 e. 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 f. 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 thirty (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 g. 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 h. 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 i. 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) release or subordinate any Lien on Collateral pledged to secure indebtedness permitted by Section 8.7(k) hereof to the extent the Liens are permitted pursuant to Section 8.8(l) hereof, (d) 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 (de) 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 j. 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 k. 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:

129. 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

130. 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 l. 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 a. 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 b. 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:

131. 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;

132. 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;

133. 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;

134. 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;

135. 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;

136. 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;

137. 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

138. 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 c. 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 d. 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 e. 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 f. 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 g. 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 h. 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 i. 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 j. 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 a. Withholding Taxes.*

139. *Certain Defined Terms.* For purposes of this Section, the term “Lender” includes any L/C Issuer and the term “applicable law” includes FATCA.

140. *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.

141. *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.

142. *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.

143. *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 13.11 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).

144. *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.

145. *Status of Lenders.* 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.

x. 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:

a. 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 or IRS Form W-8BEN-E 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 or IRS Form W-8BEN-E 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;

b. executed originals of IRS Form W-8ECI;

c. 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 IRS Form W-8BEN-E; or

d. 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, IRS Form W-8BEN-E, 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.

146. *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.

147. *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 b. 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 c. 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 d. Intentionally Omitted.*

*Section e. 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 f. 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 g. Sharing of Set-Off.* If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; *provided* that:

148. if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

149. the provisions of this Section shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Obligations to any assignee or participant, other than to any Loan Party or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

*Section h. 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 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

to the Administrative Agent:

Rabobank Corporate Banking Services  
245 Park Avenue, 38th Floor  
New York, NY 10167  
Attention: Thomas Ollen/Ann McDonough  
Telephone: 212-574-7328  
Email: Thomas.Ollen@rabobank.com with a copy to fm.am.syndicatedloans@rabobank.com

to the L/C Issuer:

Rabobank Corporate Banking Services  
245 Park Avenue, 38th Floor  
New York, NY 10167  
Attention: Sandra Rodriguez  
Telecopy No. (914) 304-9329  
Telephone No. (212) 574-7315  
Email: Sandra.L.Rodriguez@rabobank.com and  
RaboNYSBL@rabobank.com

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, five (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 i. Counterparts; Integration; Effectiveness. 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.

150. *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 j. 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 (and any other attempted assignment or transfer by any party hereto shall be null and void).

*Section k. 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 10.2 hereof; *provided* that such participant agrees to be subject to Section 13.1 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary 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 l. Assignments.* 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:

*xi. 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 be in integral multiples of \$500,00 and shall not be less than \$2,500,000 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);

xii.*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.

xiii.*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 shall be required for any assignment.

xiv.*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.

xv.*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.



xvi. *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.

151. *Register.* The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in New York, New York, 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 (and stated interest) 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.

152. 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 or other central bank having jurisdiction over such Lender, 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 or any such central 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 m. 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*:

xvii. 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;

xviii. 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 13.2, 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

xix. 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;

xx. no amendment to Section 12 hereof shall be made without the consent of the Guarantor(s) affected thereby; or

xxi. no amendment or waiver pursuant to this Section 13.13 shall 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, and the principal amount of any of its Loans may not be forgiven, in each case 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 n. Headings.* Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

*Section o. 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 or the protection of its rights and interests thereunder (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 (and any sub-agent thereof), each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (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 or any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings, the Borrower or any of their respective Subsidiaries, or any Environmental Liability related in any way to Holdings, the Borrower or any of their respective Subsidiaries, 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 and their Related Parties 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 p. 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 q. 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 r. Governing Law.* This Agreement and the other Loan Documents (other than those containing a contrary express choice of law provision) shall be construed in accordance with, and this Agreement, such other Loan Documents, and all matters arising out of or relating in any way whatsoever to this Agreement and such other Loan Documents (whether in contract, tort, or otherwise) shall be governed by, the law of the State of New York, other than those conflict of law provisions that would defer to the substantive laws of another jurisdiction. This governing law election has been made by the parties in reliance (at least in part) on Section 5-1401 of the General Obligation Law of the State of New York, as amended (as and to the extent applicable), and other applicable law.

*Section s. 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 t. 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 u. 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 v. 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 w. Submission to Jurisdiction; Waiver of Jury Trial.* The Borrower and the Guarantors hereby submit to the nonexclusive jurisdiction of the Supreme Court of the State of

New York sitting in New York County and of the United States District Court of the Southern District of New York 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 x. 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 and other information that will allow Administrative Agent, Issuing Lender, and such Lender to identify the Borrower in accordance with the USA Patriot Act. The Borrower hereby agrees to provide such information promptly upon the request of Administrative Agent or any Lender. Each Lender subject to the Act acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Administrative Agent to carry out such Lender’s, Affiliate’s, participant’s or assignee’s customer identification program, or other obligations required or imposed under or pursuant to the Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the “*CIP Regulations*”), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with the Borrower, its Affiliates or its agents, this Agreement, the Loan Documents or the transactions hereunder or contemplated hereby: (a) any identity verification procedures, (b) any record-keeping, (c) comparisons with government lists, (d) customer notices, or (e) other procedures required under the CIP Regulations or such other law.

*Section y. Confidentiality.* Each of the Administrative Agent, the Lenders, and the L/C Issuer agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (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 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 (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement,

or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to any rating agency in connection with rating any Loan Party or the Borrower Subsidiaries or the Loans and Commitments hereunder; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender, the L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, “*Information*” means all information received from a Loan Party or any of the Borrower Subsidiaries relating to a Loan Party or any of the Borrower Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any L/C Issuer on a nonconfidential basis prior to disclosure by a Loan Party or any of the Borrower Subsidiaries; *provided* that, in the case of information received from a Loan Party or any of the Borrower Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

*Section z. Amendment and Restatement.* This Agreement amends and restates the Existing Credit Agreement and is not intended to be or operate as a novation or an accord and satisfaction of the Existing 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 Existing 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 aa. Acknowledgement and Consent to Bail-In of EEA Financial Institutions.* Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto (including any party becoming a party hereto by virtue of an Assignment and Assumption) acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

153. the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

154. the effects of any Bail-in Action on any such liability, including, if applicable:

xxii.a reduction in full or in part or cancellation of any such liability;

xxiii.a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

xxiv.the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

*Section ab. Acknowledgement Regarding Any Supported QFCs.* To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, “*QFC Credit Support*” and each such QFC a “*Supported QFC*”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States of America or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “*Covered Party*”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States of America or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States of America or a state of the United States. Without limitation of the foregoing, it is understood and



agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 13.28, the following terms have the following meanings:

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*QFC*” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[SIGNATURE PAGES TO FOLLOW]

This Second 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/ Brent Grecian  
Name Brent Grecian  
Title CEO

“Guarantor”

INTL FCStone Inc.

By /s/ William Dunaway  
Name William Dunaway  
Title CFO

By /s/ Tricia Harrod  
Name Tricia Harrod  
Title Chief Risk Officer

[Signature page to Second Amended and Restated Credit Agreement]

“Administrative Agent And Lenders”

COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Administrative Agent, L/C Issuer, and a Lender

By /s/ Naoko Kojima  
Name Naoko Kojima  
Title Executive Director

By /s/ Anthony Fianza  
Name Anthony Fianza  
Title Vice President

BANK OF MONTREAL, CHICAGO BRANCH, as a Lender

By /s/ Krupa Tantuwaya  
Name Krupa Tantuwaya  
Title Director

ING CAPITAL LLC, as a Lender

By /s/ Peter Lopoukhine  
Name Peter Lopoukhine  
Title Director

ING CAPITAL LLC, as a Lender

By /s/ Caue Todeschm  
Name Caue Todeschm  
Title Director

COBANK, ACB, as a Lender

By /s/ Luke Luetchens  
Name Luke Luetchens  
Title Supervisor, Credit

HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By /s/ Antonio Nanez  
Name Antonio Nanez  
Title Head CSTF NAM

THE HUNTINGTON NATIONAL BANK, as a Lender

By /s/ John Weathers  
Name John Weathers  
Title SVP, Portfolio Manager

ARVEST BANK, as a Lender

By /s/ Kevin J. Rooney  
Name Kevin J. Rooney  
Title SVP

Confidential Treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as “\*\*\*”. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

**AGREEMENT No AGREEMENT No MT4/GCG-07**

Date: 9 August 2007

This agreement (hereinafter referred to as “the Agreement”) is made by and between **Gain Capital Group, LLC** with its principal office located at 550 Hills Drive, Bedminster, N.J. 07921 United States duly represented by its Corporate Operating Officer Chris Calhoun (hereinafter referred to as “the Licensee”) and **MetaQuotes Software Corp.**, #28 Parliament Street, P.O. Box CB-12345, Nassau, Bahamas, duly represented by its General Director Renat Fatkhullin (hereinafter referred to as “the Licensor”). The Licensor and the Licensee may herein-below be jointly referred to as lithe Parties” and each one in particular, as “a Party”.

WHEREAS:

- The Licensor is a legal owner of exclusive property rights and copyright to MetaTrader trading information system, a computer software package (hereinafter referred to as “the System”), properly registered by the Licensor with the Russian Patent and Trademark Office (“Rospatent”) (Certificate No. 200361 1699 dated July 17, 2003), intended for the provision of brokerage service to customers engaged in Internet trading;
- The Licensor is a legal owner of the MetaTrader trademark, properly registered by the Licensor with the Russian Patent and Trademark Office (“Rospatent”) (Certificate No 2003611699 dated July 17” 2003);
- The Licensee intends to acquire from the Licensor property rights for the use of the System as intended by this Agreement,

NOW, THEREFORE, the Parties have agreed as follows:

**1. SUBJECT OF THE AGREEMENT**

1.1. The Licensor shall grant the Licensee property rights for the use of the System as intended by this Agreement.

1.2. Licensee shall be entitled to manufacture copies of the System and perform their copying (hereinafter referred to as “the Licensed Number of Copies”) onto computers (servers, workstations, terminals, portable computers and other digital electronic devices), owned by the Licensee and the third parties approved by the Licensor in accordance with the terms and conditions stipulated in this Agreement.

**2. DELIVERY SET**

- MetaTrader Server (trading server);
- MetaTrader Data Center (proxy server);
- MetaTrader Manager (Manager/Broker workstation);
- MetaTrader Administrator (Administrator workstation);
- MetaTrader (Client terminal);
- MetaTrader4 Manager API, MetaTrader4 Server API, Datafeed API

All the System components shall be delivered in the form of installation distribution disks and the user manuals shall be built into the software.

Further documentation and technical instructions shall be posted on the MetaQuotes Support Center website at <http://support.metaquotes.net>. MetaQuotes Support Center access accounts shall be provided after the completion of the Registration Questionnaire (Supplement No. 1).

Registration details required for the conclusion of trading server and client terminal provision contracts shall also be provided in the Questionnaire (Supplement No. 1).

### **3. DELIVERY TIMES AND PROCEDURE**

- 3.1. The System shall be delivered to the Licensee within three weeks following the execution of this Agreement.
- 3.2. The delivery shall be affected by a transmission of the System over the Internet to the Licensee's address in accordance with the terms and conditions of this Agreement.
- 3.3. All the subsequent upgrades of the System shall be conducted automatically via the inbuilt LiveUpdate service from the liveupdate.metaquotes.net authorized server.
- 3.4. At the Licensee's choice, the Licensor may perform a remote installation and primary setup of the System server components on the Licensee's equipment.

### **4. RIGHTS AND OBLIGATIONS OF THE PARTIES**

4.1. The Licensor shall grant the Licensee a right of use of the Licensed Number of Copies of each System component:

- One working copy of the server (MetaTrader Server);
- One backup copy of the server;
- One demo copy of the server (for training accounts of the 'demo' group);
- Unlimited number of copies of proxy servers (Meta Trader Data Center);
- Unlimited number of copies of manager terminals (MetaTrader Manager);
- Unlimited number of copies of administrator terminals (MetaTrader Administrator);
- Unlimited number of copies of MetaTrader client terminals.

The Licensee undertakes to use only the above-mentioned copies of the server components of the MetaTrader Server software. Use of additional copies shall be authorized by the Licensor. Copies of the installed server component may be located at the server sites, either leased or owned by the Licensee. No other installations of the server components are permitted, and the Licensee unconditionally agrees that the breach of this term will entitle the Licensor to termination of this Agreement without any conditions or limitations.

4.2. The Licensee shall pay for the right of use of the System in accordance with the provisions of par. 5. The Licensor shall only extend the Licensee's right of use of the System subject to the Licensee's compliance with the provisions of par. 5.

4.3. The Licensor undertakes to correct errors identified in the System software. Such errors shall be corrected within a minimal reasonable time, which, however, shall not exceed 3 (three) days from the date of the submission of an error report file to Licensor.

4.4. The Licensor shall provide free twenty-four-hour technical support of the System for the first 6 (six) months of the date of execution hereof. After the expiration of such 6 (six) months period the technical support shall be provided on a fee basis. The technical support fee might be increased on annual bases.

4.5. Maintenance and warranty service shall be conducted remotely, by transmission and update of the System modules through the LiveUpdate service. In cases where the remote warranty service proves impossible and, as a consequence, the physical presence of the Licensor's staff at the Licensee's premises becomes necessary, the related travel and accommodation costs shall be borne by the Licensee.

4.6. The Licensee shall not interfere with the operation of the server components of the LiveUpdate automatic service, which accesses only the liveupdate.metaquotes.net server in order to perform the following tasks:

- transmission of notification (the notification details include the name of the company, the server release number and the list of IP addresses attached to the trading server) at the launch of the MetaTrader Server;
- checking and loading of the files of System updates (archived, encrypted and signed with the Licensor's digital signature);

• transmission of the accumulated error record files in text format (in zip archives). The Licensor guarantees that the LiveUpdate service does not perform any other tasks and does not transmit any other information.

4.7. The Licensor warrants operational efficiency only with respect to the System copies received by the Licensee under this Agreement. Licensee shall accept the delivery of the System with all its in-built components and options.

4.8. As the Licensor does not provide services of an Internet provider or computer equipment installation and monitoring services, it cannot be held liable for any communication and/or equipment failures, delays in reporting of transactions in accounting books or their confirmation or any faults in electric circuits.

4.9. The Licensor shall not be liable for any legal actions or claims of the Licensee's customers arising from the relations between the Licensee and its customers, relating to the operation of the System or the use by the Licensee and its customers of the Expert Advisors written using the in-built MetaQuotes Language.

4.10. Where the Licensee develops its own software using MetaTrader Server API, it shall obtain Licensor's written permission for its use in conjunction with the System. Other than this, The Licensor does not guarantee operational efficiency of a System with additional modules developed on the basis of MetaTrader Server API without an expert examination by the Licensor.

4.11. No Licensor's permit is required for the development by the Licensee of its own software using other MetaTrader API except in the cases where the development is for MetaTrader Server API.

4.12. The Licensor may provide the Licensee with additional White Label licenses for the MetaTrader client terminal subject to execution of an additional Agreement.

4.13. The Licensee consents to posting its corporate name on the Licensor's web servers in its capacity of the Licensor's customer.

4.14. The Licensee shall not withhold information directly relating to the Licensor's copyright and its other proprietary rights in the System.

## **5. PAYMENT TERMS AND PAYMENT PROCEDURE**

5.1. In consideration of the grant to the Licensee of the property rights mentioned in the Agreement, the Licensee shall pay the Licensor a royalty in the amount of \*\*\* (\*\*\*) in accordance with the following schedule:

5.1.1. \*\*\* (\*\*\*) from the date of signing this agreement, and

5.1.2 \*\*\* to be paid in installments of \*\*\* \*\*\* and following each month on the first of each month for the following \*\*\* after initial monthly payment.

5.1.3. The cost to offer services to any White Label Partner would be \*\*\* (\*\*\*) per month for technical support fees plus a one-time setup fee of \*\*\* (\*\*\*)).

5.2. Payment of the monthly fee for the technical support starts \*\*\* after contract execution and is equal to \*\*\*.

5.3. Invoices issued by the Licensor are payable within \*\*\* days of the date of their receipt. In case of any delay in the payment owed, a penalty is charged at the \*\*\* \*\*\* per each day of the delay. The total of the penalty cannot exceed the total amount of the payment owed.

5.4. A delay in payment for more than \*\*\* after receipt of an invoice shall be considered a material breach of the terms of the Agreement.

## **6. EFFECTIVE TERMS OF THE AGREEMENT**

6.1. The Agreement shall be deemed to be effective from the moment of its execution by both Parties and shall stay in force until the full discharge by the Parties of their respective obligations.

6.2. The Agreement may be terminated subject to mutual consent of the Parties.

6.3. A material breach of the Agreement by any of the Parties may provide proper grounds for termination by the other Party in a manner prescribed by Russian Federation law law.

## **7. DISPUTE RESOLUTION**

7.1. Any disputes arising between the Parties shall be settled through negotiations between them. In the case where a dispute cannot be resolved through negotiations of the Parties, it shall be resolved in the manner prescribed by the current law of Russian Federation.

7.2. Any other issues which are not addressed by this Agreement shall be governed by the current law of Russian Federation.

## **8. CONFIDENTIALITY PROVISIONS**

8.1. Unless otherwise required by law, the Licensee shall observe the conditions of confidentiality with respect to this Agreement and its specific provisions and recognize their commercial value for the Licensor. On this basis, the Licensee shall not disclose the contents of this Agreement to non-affiliated third parties.

8.2. Each of the Parties agrees that, within the effective term of this Agreement, as well as after its expiration, it will treat as confidential and not use for its own purposes or disclose without the prior written consent of the other Party to any third party any confidential information, including, without limitation, any operational or technical data, know-how or other information, business and strategic plans, discoveries, production methods, designs, financial and accounting information, sales and marketing data, customer lists and information, except for the cases where such information:

- exists in the public domain, or
- if already available to such Party at the moment of its disclosure, or
- subsequently passes into the public domain other than through the violation of this Agreement, or
- is subsequently made available by such Party to a third party in a legal manner as required by law.

8.3. Provisions of this Article 8 shall survive the effective term of this Agreement.

8.4. The Licensee shall be required to obtain preliminary written Licensor's consent (and the Licensor shall not unreasonably withhold such consent) for the disclosure of Confidential materials to third parties in cases where the Licensee is able to prove that it is liable under the law to proceed to such disclosure due to performance of other obligations unrelated to this Agreement.

## **9. MATERIALS OWNED BY THE LICENSOR**

9.1. The "Materials owned by the Licensor" include:

- Licensor's technical designs, any upgrades of such materials and any parts of such materials in any form, or
- any other information or data, whether in written, graphical or machine-readable form, relating to Licensor's technical designs received by the Licensee from the Licensor, or
- Licensor's technical documentation, articles and news obtained from the MetaQuotes Support Center website (<http://support.metaquotes.net>).

9.2. The Licensee acknowledges that the Materials owned by the Licensor are confidential proprietary information and constitute assets which are valuable for the Licensor. The Licensee shall not use any Materials owned by the Licensor for any purposes other than for the purposes specifically mentioned in the Agreement.

9.3. The Licensee agrees not to disclose or provide any Materials owned by the Licensor or any part thereof, in any form, to any persons other than its employees and employees of the Licensor, agents and other duly authorized persons. The Licensee agrees to take appropriate steps to perform its obligations under this Agreement with respect to copying, modification, protection and integrity of such Materials owned by the Licensor.

9.4. The Licensee shall not perform any disassembling or decompilation of any program entities of the System or attempt otherwise to create, use or modify any software provided by the Licensor, unless such activities are permitted by the conditions of this Agreement.

9.5. The Licensee's obligations envisaged by this Article 9 shall survive the effective term of this Agreement and continue in force after its termination.



## 10. MISCELLANEOUS

10.1. Any amendments to this Agreement shall be invalid unless made in written form and executed by both Parties.

## 11. DETAILS OF THE PARTIES

### THE LICENSEE

#### **GAIN Capital Group, LLC**

550 Hills Drive  
Bedminster, NJ 07921  
U.S.A.

Tel: 1.908.731.0750  
Fax: 1.908.731.0788

**COO:** Chris Calhoun

/s/ Chris Calhoun  
\_\_\_\_\_

### THE LICENSOR

#### **MetaQuotes Software Corp.**

#28 Parliament Street,  
P.O. Box CB-12345,  
Nassau, Bahamas

Tel.: +7 843 5700037  
+ 357 25875 134  
Fax: +7 843 5700037 ext. 105

**Director:** Renat Fatkhullin

## SUPPLEMENT No. 1 REGISTRATION QUESTIONNAIRE

### 1. General company information

Company name

Gain Capital Group, LLC

Email address of the technical support unit

### 2. General client terminal information

Full mailing address of the company (country, city, ZIP code, correct address)

550 Hills Drive Bedminster,  
N.J. 07921 USA

Telephone/Fax (including the country code)

Corporate website

[www.gaincapital.com](http://www.gaincapital.com);

[www.forex.com](http://www.forex.com)

Full correct name of the terminal

Forex Trader. Meta

Abbreviated name of the terminal

Forex Trader. Meta

### 3. Technical administrator contact details

Full name

Andrew Haines

Email

[ahaines@gaincapital.com](mailto:ahaines@gaincapital.com)

Telephone (including the country code)

908-212-3908 (US)

ICQ / MSN

### 4. Servers

IP addresses of trading servers (list, separated by commas)

TBD

Default SMTP server

TBD

### 5. Access accounts of MetaQuotes Support Center

Full name, email and login

Andrew Haines

Full name, email and login

Neil Wilkinson

[nwilkinson@gaincapital.com](mailto:nwilkinson@gaincapital.com)

Full name, email and login

Ravi Srikantan

[rsrikantan@gaincapital.com](mailto:rsrikantan@gaincapital.com)

Passwords will be generated and sent to the indicated emailing addresses.

### 6. Payment Coordinator

Full name

Dave Cromartie

Email

[dcromartie@gaincapital.com](mailto:dcromartie@gaincapital.com)

Telephone (including the country code)

908-212-3923

ICQ / MSN

## DIRECTOR INDEMNIFICATION AGREEMENT

This Agreement made and entered into [\_\_\_\_], 2009 (“Agreement”), by and between GAIN Capital Holdings, Inc., a Delaware corporation (the “Company”) and [\_\_\_\_] (the “Indemnitee”).

WHEREAS, it is essential to the Company that it be able to retain and attract as directors the most capable persons available;

WHEREAS, increased corporate litigation has subjected directors to litigation risks and expenses, and the limitations on the availability of directors and officers liability insurance have made it increasingly difficult for the Company to attract and retain such persons;

WHEREAS, the Company desires to provide Indemnitee with specific contractual assurance of Indemnitee’s rights to full indemnification against litigation risks and expenses (regardless, among other things, of any amendment to or revocation of any such by-laws or any change in the ownership of the Company or the composition of its Board of Directors); and

WHEREAS, the Company and Indemnitee desire to enter into this Agreement in order for Indemnitee to rely upon the rights afforded under this Agreement in accepting and continuing in Indemnitee’s position as a director of the Company.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

### 1. Definitions.

(a) “Corporate Status” describes the status of a person who is serving or has served (i) as a director of the Company, including as a member of any committee thereof, (ii) in any capacity with respect to any employee benefit plan of the Company, or (iii) as a director, manager, partner, trustee, officer, employee, or agent of any other Entity at the request of the Company. For purposes of subsection (iii) of this Section 1(a), an officer or director of the Company who is serving or has served as a director, manager, partner, trustee, officer, employee or agent of a Subsidiary (as defined below) shall be deemed to be serving at the request of the Company.

(b) “Entity” shall mean any corporation, partnership, limited liability company, joint venture, trust, foundation, association, organization or other legal entity.

(c) “Expenses” shall mean all fees, costs and expenses incurred in connection with any Proceeding (as defined below) and any taxes arising in connection therewith, including, without limitation, reasonable attorneys’ fees, disbursements and retainers (including, without limitation, any such fees, disbursements and retainers incurred by Indemnitee pursuant to Sections 9 and 11(c) of this Agreement), reasonable fees and disbursements of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and

investment bankers), court costs, transcript costs, reasonable fees of experts, reasonable travel expenses, duplicating, printing and binding costs, telephone and fax transmission charges, postage, delivery services, secretarial services and other disbursements and expenses.

(d) “Indemnifiable Expenses,” “Indemnifiable Liabilities” and “Indemnifiable Amounts” shall have the meanings ascribed to those terms in Section 3(a) below.

(e) “Liabilities” shall mean judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement.

(f) “Proceeding” shall mean any threatened, pending or completed claim, action, suit, arbitration, alternate dispute resolution process, investigation, administrative hearing, appeal, or any other proceeding, whether civil, criminal, administrative, arbitral or investigative, whether formal or informal, including a proceeding initiated by Indemnitee pursuant to Section 11 of this Agreement to enforce Indemnitee’s rights hereunder.

(g) “Subsidiary” shall mean any corporation, partnership, limited liability company, joint venture, trust or other Entity of which the Company owns (either directly or through or together with another Subsidiary of the Company) either (i) a general partner, managing member or other similar interest or (ii) (A) 50% or more of the voting power of the voting capital equity interest of such Entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interest of such Entity.

**2. Services of Indemnitee.** This Agreement shall not be deemed to constitute an agreement of employment nor shall it impose any obligation on Indemnitee or the Company to continue Indemnitee’s service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

**3. Agreement to Indemnify.** The Company agrees to indemnify Indemnitee as follows:

(a) Subject to the exceptions contained in Section 4(a) below, if Indemnitee was or is a party or is threatened to be made a party to any Proceeding (other than an action by or in the right of the Company) by reason of Indemnitee's Corporate Status, Indemnitee shall be indemnified by the Company against all Expenses and Liabilities incurred or paid by Indemnitee in connection with such Proceeding (referred to herein as "Indemnifiable Expenses" and "Indemnifiable Liabilities," respectively, and collectively as "Indemnifiable Amounts").

(b) To the extent permitted by applicable law and subject to the exceptions contained in Section 4(b) below, if Indemnitee was or is a party or is threatened to be made a party to any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status, Indemnitee shall be indemnified by the Company against all Indemnifiable Expenses.

(c) To the extent permitted by applicable law, if Indemnitee was or is called as an expert witness to any Proceeding in which the Company is a party or which is otherwise related to the Company's business to which the Indemnitee is not a party, Indemnitee shall be indemnified by the Company against all Expenses incurred by Indemnitee in connection with such Proceeding.

**4. Exceptions to Indemnification.** Indemnitee shall be entitled to indemnification under Sections 3(a) and 3(b) above in all circumstances other than the following:

(a) If indemnification is requested under Section 3(a) and it has been adjudicated finally by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee failed to act (i) in good faith and (ii) in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful, Indemnitee shall not be entitled to payment of Indemnifiable Amounts hereunder.

(b) If indemnification is requested under Section 3(b) and

(i) it has been adjudicated finally by a court of competent jurisdiction that, in connection with the subject of the Proceeding out of which the claim for indemnification has arisen, Indemnitee failed to act (A) in good faith and (B) in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, Indemnitee shall not be entitled to payment of Indemnifiable Expenses hereunder; or

(ii) it has been adjudicated finally by a court of competent jurisdiction that Indemnitee is liable to the Company with respect to any claim, issue or matter involved in the Proceeding out of which the claim for indemnification has arisen, including, without limitation, a claim that Indemnitee received an improper personal benefit, no Indemnifiable Expenses shall be paid with respect to such claim, issue or matter unless the court of law or another court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Indemnifiable Expenses which such court shall deem proper.

**5. Procedure for Payment of Indemnifiable Amounts.** Indemnitee shall submit to the Company a written request specifying the Indemnifiable Amounts for which Indemnitee seeks payment under Section 3 of this Agreement and the basis for the claim. The Company shall pay such Indemnifiable Amounts to Indemnitee within ten (10) calendar days of receipt of the request. At the request of the Company, Indemnitee shall furnish such documentation and information as are reasonably available to Indemnitee and necessary to establish that Indemnitee is entitled to indemnification hereunder.

**6. Notification and Defense of Proceedings.** If any Proceeding is brought against Indemnitee in respect of which indemnity may be sought under this Agreement:

(a) Indemnitee will promptly notify the Company in writing of the commencement thereof, and the Company and any other indemnifying party similarly notified will be entitled to participate therein at its own expense or to assume the defense thereof and to engage counsel reasonably satisfactory to Indemnitee; *provided, however*, that the failure to give any such notice shall not disqualify Indemnitee from indemnification hereunder unless the Company's ability to defend against such Proceeding is materially and adversely prejudiced thereby. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown in Section 21 of this Agreement (or such other address as the Company shall designate in writing to Indemnitee pursuant to Section 21). Notice shall be deemed received three (3) business days after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise notice shall be deemed received when such notice shall actually be received by the Company. Indemnitee shall have the right to engage his or her own counsel in connection with any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of Indemnitee unless (i) the Company shall not have assumed the defense of the Proceeding and employed counsel for such defense, or (ii) the named parties to any such action (including any impleaded parties) include both Indemnitee and the Company, and Indemnitee shall have reasonably concluded that joint representation is inappropriate under applicable standards of professional conduct due to a material conflict of interest between Indemnitee and the Company, in either of which events the reasonable fees and expenses of such counsel to Indemnitee shall be borne by the Company, subject to Section 9.

(b) The Company shall not be liable to indemnify Indemnitee for any amounts paid in settlement of any Proceeding effected without the Company's written consent, and the Company shall not settle any Proceeding in a manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent; *provided, however*, that neither the Company nor Indemnitee will unreasonably withhold its consent to any proposed settlement; and *provided further*, that if a Proceeding is settled by Indemnitee with the Company's written consent, or if there be a final judgment or decree for the plaintiff in connection with the Proceeding by a court of competent jurisdiction, the Company shall indemnify and hold harmless Indemnitee from and against any and all Indemnifiable Losses incurred by reason of such settlement or judgment. The Company shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee or (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of the Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee.

**7. Indemnification for Expenses of a Party Who is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Agreement, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

**8. Effect of Certain Resolutions.** Neither the settlement nor termination of any Proceeding nor the failure of the Company to award indemnification or to determine that indemnification is payable shall create an adverse presumption that Indemnitee is not entitled to indemnification hereunder. In addition, the termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's action was unlawful.

**9. Agreement to Advance Expenses; Conditions.** The Company shall pay to Indemnitee all Indemnifiable Expenses incurred by Indemnitee in connection with any Proceeding, including a Proceeding by or in the right of the Company, in advance of the final disposition of such Proceeding, as the same are incurred. To the extent required by Delaware law, Indemnitee hereby undertakes to repay the amount of Indemnifiable Expenses paid to Indemnitee if it is finally determined by a court of competent jurisdiction that Indemnitee is not entitled under this Agreement to indemnification with respect to such Indemnifiable Expenses. This undertaking is an unlimited general obligation of Indemnitee.

**10. Procedure for Advance Payment of Expenses.** Indemnitee shall submit to the Company a written request specifying the Indemnifiable Expenses for which Indemnitee seeks an advancement under Section 9 of this Agreement, together with documentation evidencing that Indemnitee has incurred such Indemnifiable Expenses. Payment of Indemnifiable Expenses under Section 9 shall be made no later than ten (10) calendar days after the Company's receipt of such request and receipt of the documentation described above.

#### **11. Remedies of Indemnitee.**

(a) **Right to Petition Court.** In the event that Indemnitee makes a request for payment of Indemnifiable Amounts under Sections 3 and 5 above or a request for an advancement of Indemnifiable Expenses under Sections 9 and 10 above and the Company fails to make such payment or advancement in a timely manner pursuant to the terms of this Agreement, Indemnitee may petition a court of law to enforce the Company's obligations under this Agreement.

(b) **Burden of Proof.** In any judicial proceeding brought under Section 11(a) above, the Company shall have the burden of proving that Indemnitee is not entitled to payment of Indemnifiable Amounts hereunder.

(c) **Expenses.** The Company agrees to reimburse Indemnitee in full for any Expenses incurred by Indemnitee in connection with investigating, preparing for, litigating, defending or settling any action brought by Indemnitee under Section 11(a) above, or in connection with any claim or counterclaim brought by the Company in connection therewith.

(d) **Validity of Agreement.** The Company shall be precluded from asserting in any Proceeding, including, without limitation, an action under Section 11(a) above, that the provisions of this Agreement are not valid, binding and enforceable or that there is insufficient

consideration for this Agreement and shall stipulate in court that the Company is bound by all the provisions of this Agreement.

(e) **Failure to Act Not a Defense.** The failure of the Company (including its Board of Directors or any committee thereof, independent legal counsel or stockholders) to make a determination concerning the permissibility of the payment of Indemnifiable Amounts or the advancement of Indemnifiable Expenses under this Agreement shall not be a defense in any action brought under Section 11(a) above, and shall not create a presumption that such payment or advancement is not permissible.

**12. Representations and Warranties of the Company.** The Company hereby represents and warrants to Indemnitee as follows:

(a) **Authority.** The Company has all necessary power and authority to enter into, and be bound by the terms of, this Agreement, and the execution, delivery and performance of the undertakings contemplated by this Agreement have been duly authorized by the Company.

(b) **Enforceability.** This Agreement, when executed and delivered by the Company in accordance with the provisions hereof, shall be a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights generally.

**13. Insurance.**

(a) The Company shall, as promptly as practicable following the date hereof, obtain and maintain directors and officers' liability insurance coverage on terms reasonably satisfactory to the Indemnitee of at least \$5,000,000, covering, among other things, violations of federal or state securities laws (and immediately prior to the consummation of an Initial Public Offering the level of coverage shall be increased to at least \$10,000,000). In all policies of director and officer liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's officers and directors. As used herein, the term "Initial Public Offering" shall mean the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act of 1933, as amended (or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time) covering the offer and sale by the Company of its common stock.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to Section 6(a) of this Agreement, the Company has director and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

**14. Contract Rights Not Exclusive.** The rights to payment of Indemnifiable Amounts and advancement of Indemnifiable Expenses provided by this Agreement shall be in addition to, but not exclusive of, any other rights which Indemnitee may have at any time under applicable law, the Company's by-laws or certificate of incorporation, any insurance policy purchased or maintained by the Indemnitee or the Fund Indemnitors (as defined below) or any other agreement, vote of stockholders or directors (or a committee of directors), or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity as a result of Indemnitee's serving as a director of the Company.

**15. Successors.** This Agreement shall be (a) binding upon all successors and assigns of the Company (including any transferee of all or a substantial portion of the business, stock and/or assets of the Company and any direct or indirect successor by merger or consolidation or otherwise by operation of law) and (b) binding on and shall inure to the benefit of the heirs, personal representatives, executors and administrators of Indemnitee. This Agreement shall continue for the benefit of Indemnitee and such heirs, personal representatives, executors and administrators after Indemnitee has ceased to have Corporate Status.

**16. Subrogation.** In the event of any payment of Indemnifiable Amounts under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of contribution or recovery of Indemnitee against other persons, and Indemnitee shall take, at the request of the Company, all reasonable action necessary to secure such rights, including the execution of such documents as are necessary to enable the Company to bring suit to enforce such rights. In no event, however, shall the Company or any other person have any right of recovery, through subrogation or otherwise, against (i) Indemnitee, (ii) the Fund Indemnitors, or (iii) any insurance policy purchased or maintained by Indemnitee or the Fund Indemnitors.

**17. Change in Law.** To the extent that a change in Delaware law (whether by statute or judicial decision) shall permit broader indemnification or advancement of expenses than is provided under the terms of the by-laws of the Company and this Agreement, Indemnitee shall be entitled to such broader indemnification and advancements, and this Agreement shall be deemed to be amended to such extent. In the event of any change in Delaware law (whether by statute or judicial decision) which narrows the right of a Delaware corporation to indemnify a member of its Board of Directors, an officer, or other corporate agent, such changes, to the extent not otherwise required by applicable law to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

**18. Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement, or any clause thereof, shall be determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, in whole or in part, such provision or clause shall be limited or modified in its application to the minimum extent necessary to make such provision or clause valid, legal and enforceable, and the remaining provisions and clauses of this Agreement shall remain fully enforceable and binding on the parties.

**19. Indemnitee as Plaintiff.** Except as provided in Section 11(c) of this Agreement and in the next sentence, Indemnitee shall not be entitled to payment of Indemnifiable Amounts or advancement of Indemnifiable Expenses with respect to any Proceeding brought by Indemnitee consented to the initiation of such Proceeding. This Section shall not apply to counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee.

**20. Modifications and Waiver.** Except as provided in Section 17 above with respect to changes in Delaware law that broaden the right of Indemnitee to be indemnified by the Company, no supplement, modification or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement (whether or not similar), nor shall such waiver constitute a continuing waiver.

**21. General Notices.** All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered by hand, (b) when transmitted by facsimile and receipt is acknowledged, or (c) if mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

If to Indemnitee, to:

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

[\_\_\_\_\_]

If to the Company, to:

GAIN Capital Holdings, Inc.

550 Hills Drive, Suite 210

Bedminster, New Jersey 07921

Attention: Chief Executive Officer

or to such other address as may have been furnished in the same manner by any party to the others.

**21. Governing Law.** This Agreement shall be governed by and construed and enforced under the laws of the State of Delaware without giving effect to the provisions thereof relating to conflicts of law.

**22. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

**23. Primacy of Indemnification.** The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by investment funds managed by entities referred to as "[\_\_\_\_\_]" and their affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), and that the Company will not assert that the Indemnitee must seek expense advancement or reimbursement, or indemnification, from any Fund Indemnitor before the Company must perform its expense advancement and reimbursement, and indemnification obligations, under this Agreement. No advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which

Indemnitee has sought indemnification from the Company shall affect the foregoing. The Fund Indemnitors shall be subrogated to the extent of such advancement or payment to all of the rights of recovery which Indemnitee would have had against the Company if the Fund Indemnitors had not advanced or paid any amount to or on behalf of Indemnitee. If for any reason the a court of competent jurisdiction determines that the Fund Indemnitors are not entitled to the subrogation rights described in the preceding sentence, the Fund Indemnitors shall have a right of contribution by the Company to the Fund Indemnitors with respect to any advance or payment by the Fund Indemnitors to or on behalf of the Indemnitee. The Company and Indemnitee agree that each Fund Indemnitor is a third party beneficiary of this Agreement.

[END OF TEXT]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written

GAIN CAPITAL HOLDINGS, INC.

By: \_\_\_\_\_

Name: Glenn Stevens

Title: Chief Executive Officer

INDEMNITEE  
\_\_\_\_\_

**[Signature Page to Director Indemnification Agreement]**



## SUBSIDIARIES OF THE REGISTRANT

Name	Place of Incorporation
Coininvest GmbH	Germany
European Precious Metal Trading GmbH	Germany
FCC Futures, Inc.	Iowa, U.S.
FCStone Commodity Services (Europe) Ltd	Ireland
FCStone do Brasil Ltda.	Brazil
FCStone Group, Inc.	Delaware, U.S.
FCStone Merchant Services, LLC	Delaware, U.S.
FCStone Paraguay S.R.L.	Paraguay
Gain Capital Australia Pty. Ltd.	Australia
Gain Capital Europe, Ltd.	Cyprus
Gain Capital – Forex.com Canada, Ltd.	Canada
Gain Capital – Forex.com Cyprus Ltd.	Cyprus
Gain Capital – Forex.com Hong Kong, Ltd.	Hong Kong
Gain Capital Group, LLC	Delaware, U.S.
Gain Capital Holdings International, B.V.	The Netherlands
Gain Capital Holdings International, LLC	Delaware, U.S.
Gain Capital Holdings Ltd.	England and Wales
Gain Capital Japan Co., Ltd.	Japan
Gain Capital Poland sp z.o.o.	Poland
Gain Capital Singapore Pte. Ltd.	Singapore
Gain Capital Technology Consulting Hong Kong Limited	Hong Kong
Gain Capital UK Limited	England and Wales
Gain Global Markets Bermuda, Ltd.	Bermuda
Gain Global Markets International, B.V.	The Netherlands
Gain Global Markets, Inc.	Cayman Islands
Gain GTX, LLC	Delaware, U.S.
Gain Holdings, LLC	Delaware, U.S.
Gainvest Asset Management Ltd.	British Virgin Islands
GCAM, LLC	Delaware
Global Asset Advisors, LLC	Illinois, U.S.
Global Futures & Forex, Ltd.	Michigan, U.S.
GTX SEF, LLC	Delaware, U.S.
INTL Capital S.A.	Argentina
INTL CIBSA S.A.	Argentina
INTL FCStone Banco de Cambio S.A.	Brazil
INTL FCStone (BVI) Limited	British Virgin Islands
INTL FCStone Commodities DMCC	Dubai, United Arab Emirates
INTL FCStone de Mexico, S. de R.L. de C.V.	Mexico
INTL FCStone DTVM Ltda.	Brazil
INTL FCStone Financial (Canada) Inc.	British Columbia, Canada
INTL FCStone Payments Ltd	United Kingdom
INTL FCStone Pty Ltd	Australia
INTL FCStone S.A.	Argentina
INTL FCStone (Shanghai) Trading Co., Ltd	China
INTL FCStone Technology Services Private Limited	India
INTL Fillmore Advisors Canada, ULC	British Columbia, Canada
INTL Fillmore Advisors LLC	Delaware, U.S.
INTL Gainvest S.A.	Argentina
INTL Netherlands B.V.	The Netherlands
INTL Pagos S.A.U.	Argentina
INTL Participacoes Ltda.	Brazil
Island Traders (Cayman), Limited	Cayman Islands

**Exhibit 21 (continued)**

<b>Name</b>	<b>Place of Incorporation</b>
Jia Rao Network Technology Co. Ltd.	China
SA Stone Investment Advisors Inc.	Delaware, U.S.
SA Stone Wealth Management Inc.	Delaware, U.S.
StoneX Agency Services Limited	Nigeria
StoneX APAC Pte. Ltd.	Singapore
StoneX Bullion Inc.	Florida, U.S.
StoneX Credit Trading Inc.	Delaware, U.S.
StoneX Financial Europe S.A.	Luxembourg
StoneX Financial GmbH	Germany
StoneX Financial (HK) Ltd.	Hong Kong
StoneX Financial Inc.	Florida, U.S.
StoneX Financial Ltd	United Kingdom
StoneX Financial Nigeria Limited	Nigeria
StoneX Financial Pte. Ltd.	Singapore
StoneX Markets LLC	Iowa, U.S.
StoneX (Netherlands) B.V.	The Netherlands
StoneX Technology Services LLC	Delaware, U.S.
Top Third AG Marketing, LLC	Delaware, U.S.
Trade Facts Ltd.	England
Westown Commodities, LLC	Iowa, U.S.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
StoneX Group Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-117544, 333-137992, 333-144719, 333-152461, 333-186704, 333-209912, and 333-231301 on Form S-3 and Nos. 333-108332, 333-142262, 333-196413, 333-197773, 333-216538, and 333-229807 on Form S-8) of StoneX Group Inc. of our reports dated December 14, 2020, with respect to the consolidated balance sheets of StoneX Group Inc. and subsidiaries (the Company) as of September 30, 2020 and 2019, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows, and consolidated statements of stockholders' equity, for each of the years in the three-year period ended September 30, 2020, and the related notes and financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2020, which reports appear in the September 30, 2020 annual report on Form 10-K of StoneX Group Inc.

Our report dated December 14, 2020, on the effectiveness of internal control over financial reporting as of September 30, 2020, 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, 2020 excluded the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, acquired with effect from October 7, 2019; IFCM Commodities GmbH, acquired with effect from January 2, 2020; Exotix Partners, LLP, acquired with effect from April 1, 2020; GIROXX GmbH, acquired with effect from May 1, 2020; Tellimer Capital Ltd, acquired with effect from June 1, 2020; and Gain Capital Holdings, Inc., acquired with effect from July 30, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, IFCM Commodities GmbH, Exotix Partners, LLP, GIROXX GmbH, Tellimer Capital Ltd, and Gain Capital Holdings, Inc.

*/s/ KPMG LLP*

Kansas City, Missouri  
December 14, 2020

**SECTION 302 CERTIFICATION**

I, Sean M. O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K of StoneX Group 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, 2020

/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 StoneX Group 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, 2020

/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 StoneX Group Inc. (the Company) on Form 10-K for the period ended September 30, 2020 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, 2020

/s/ SEAN M. O'CONNOR

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 StoneX Group Inc. and will be retained by StoneX Group 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 StoneX Group Inc. (the Company) on Form 10-K for the period ended September 30, 2020 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, 2020

/s/ WILLIAM J. DUNAWAY

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 StoneX Group Inc. and will be retained by StoneX Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.