BINDLEY WILLIAM E
Form 4
January 04, 2013

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BINDLEY WILLIAM E

(Last) (First) (Middle)

C/O KITE REALTY GROUP TRUST, 30 S MERIDIAN STREET, SUITE 1100

(Street)

INDIANAPOLIS, IN 46204

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
KITE REALTY GROUP TRUST [KRG]

3. Date of Earliest Transaction (Month/Day/Year)
01/02/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares	01/02/2013		A		559	A	$ 0	193,148	D	
Preferred Shares								20,000	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BINDLEY WILLIAM E C/O KITE REALTY GROUP TRUST 30 S MERIDIAN STREET, SUITE 1100 INDIANAPOLIS, IN 46204	X			

Signatures

John A. Kite, Attorney-in-Fact	01/04/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

For the Years Ended September 30, 2012, 2011 and 2010

	Total Common Shares Outstanding	Total Stockholders' Equity	Common Stock	Additional Paid-In Capital (In millions)	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income
Balance, September 30, 2009	587	$ 3,551	$ 6	$ 1,575	$ 2,530	$ (560)	$
Net income		592			592		
Repurchases of common stock	(15)	(266)				(266)	
Prepayment of structured stock repurchase		(169)		(169)			
Common stock issued for stock-based compensation, including tax effects	4	29		(49)		78	
Stock-based compensation expense		34		34			
Other		1				1	
Balance, September 30, 2010	576	3,772	6	1,391	3,122	(747)	
Net income		638			638		
Payment of cash dividends		(114)			(114)		
Repurchases of common stock	(21)	(349)				(349)	
Settlement of structured stock repurchase	(3)			50		(50)	
Return of prepayment on structured stock repurchase		119		119			
Common stock issued for stock-based compensation, including tax effects	2	13		(13)		26	
Stock-based compensation expense		35		35			
Other		2		2			
Balance, September 30, 2011	554	4,116	6	1,584	3,646	(1,120)	
Net income		586			586		
Net unrealized investment gain, net of $10 million tax		18					18
Total comprehensive income		604					
Payment of cash dividends		(132)			(132)		
Repurchases of common stock	(12)	(208)				(208)	
Common stock issued for stock-based compensation, including tax effects	3	4		(38)		42	
Stock-based compensation expense		41		41			
Balance, September 30, 2012	545	$ 4,425	$ 6	$ 1,587	$ 4,100	$ (1,286)	$ 18

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2012, 2011 and 2010

	2012	2011 (In millions)	2010
Cash flows from operating activities:			
Net income	$ 586	$ 638	$ 592
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72	67	57
Amortization of acquired intangible assets	92	97	100
Deferred income taxes	5	2	154
Gain on sale of investments		(2)	
Loss on disposal of property	10	17	6
Gains on money market funds and client guarantees			(13)
Loss on debt refinancing		1	8
Stock-based compensation	41	35	34
Excess tax benefits on stock-based compensation	(9)	(10)	(16)
Other, net	(2)		
Changes in operating assets and liabilities:			
Cash and investments segregated and on deposit for regulatory purposes	(1,511)	(1,525)	4,820
Receivable from brokers, dealers and clearing organizations	(275)	373	570
Receivable from clients, net	(588)	(668)	(1,681)
Receivable from/payable to affiliates, net	7	1	2
Other receivables, net	(3)	(44)	5
Securities owned	104	(229)	(184)
Other assets		(6)	(3)
Payable to brokers, dealers and clearing organizations	282	(225)	(557)
Payable to clients	1,749	2,169	(3,104)
Accounts payable and accrued liabilities	46	120	(197)
Deferred revenue	(14)	(21)	(8)
Net cash provided by operating activities	592	790	585
Cash flows from investing activities:			
Purchase of property and equipment	(186)	(153)	(91)
Cash received in sale of business		5	
Cash transferred in disposal of subsidiary		(3)	
Purchase of short-term investments	(155)	(4)	(6)
Proceeds from sale and maturity of short-term investments	4	4	3
Proceeds from redemption of money market funds			52
Proceeds from sale of investments	2	3	
Purchase of investments	(44)	(5)	
Other, net	2	1	
Net cash used in investing activities	(377)	(152)	(42)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt			1,249
Payment of debt issuance costs		(2)	(11)
Principal payments on long-term debt		(4)	(1,411)
Principal payments on capital lease obligations	(6)	(10)	(14)
Proceeds from exercise of stock options	5	3	13
Purchase of treasury stock	(208)	(349)	(266)
Prepayment of structured stock repurchase			(169)
Return of prepayment on structured stock repurchase		119	
Payment of cash dividends	(132)	(114)	
Excess tax benefits on stock-based compensation	9	10	16

Net cash used in financing activities	(332)	(347)	(593)
Net increase (decrease) in cash and cash equivalents	(117)	291	(50)
Cash and cash equivalents at beginning of year	1,032	741	791
Cash and cash equivalents at end of year	$ 915	$ 1,032	$ 741
Supplemental cash flow information:			
Interest paid	$ 34	$ 43	$ 39
Income taxes paid	$ 313	$ 321	$ 353
Tax benefit on exercises and distributions of stock-based compensation	$ 8	$ 10	$ 20
Noncash financing activities:			
Settlement of structured stock repurchase	$	$ 50	$
Issuance of capital lease obligations	$	$	$ 6

See notes to consolidated financial statements.

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2012, 2011 and 2010

1. Nature of Operations and Summary of Significant Accounting Policies

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

Nature of Operations The Company provides securities brokerage services, including trade execution, clearing services and margin lending, through its broker-dealer subsidiaries. The Company provides trustee, custodial and other trust-related services to retirement plans and other custodial accounts through its state-chartered trust company subsidiary. The Company s education subsidiary provides a comprehensive suite of investor education products and services. The Company also provides cash sweep and deposit account products through third-party relationships.

The Company s broker-dealer subsidiaries are subject to regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), the Commodity Futures Trading Commission (CFTC), the National Futures Association (NFA) and the various exchanges in which they maintain membership. Dividends from the Company s broker-dealer and trust company subsidiaries are a source of liquidity for the holding company. Requirements of the SEC, FINRA and CFTC relating to liquidity, net capital standards and the use of client funds and securities may limit funds available for the payment of dividends from the broker-dealer subsidiaries to the holding company. State regulatory requirements may limit funds available for the payment of dividends from the trust company subsidiary to the holding company.

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

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

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

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

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Receivable from/Payable to Clients Receivable from clients primarily consists of margin loans to securities brokerage clients, which are collateralized by client securities, and is carried at the amount receivable, net of an allowance for doubtful accounts that is primarily based on the amount of unsecured margin balances. Payable to clients primarily consists of client cash held in brokerage accounts and is carried at the amount of client cash on deposit. The Company earns interest revenue and pays interest expense on its receivable from client and payable to client balances, respectively. The interest revenue and expense are included in net interest revenue on the Consolidated Statements of Income.

Securities Owned Securities owned are recorded on a trade-date basis and carried at fair value, and the related changes in fair value are generally included in other revenues on the Consolidated Statements of Income. Securities held by our broker-dealer subsidiaries for trading or investment purposes are included in securities owned on the Consolidated Balance Sheets.

Property and Equipment Property and equipment is recorded at cost, net of accumulated depreciation and amortization, except for land, which is recorded at cost. Depreciation is provided on a straight-line basis using estimated useful service lives of three to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

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

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

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

Long-Lived Assets and Acquired Intangible Assets The Company reviews its long-lived assets and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company evaluates recoverability by comparing the undiscounted cash flows associated with the asset to the asset s carrying amount. Long-lived assets classified as held for sale, if any, are reported at the lesser of carrying amount or fair value less cost to sell.

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

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Comprehensive Income (Loss) Comprehensive income (loss) primarily consists of net income and unrealized gains (losses) on securities available-for-sale, net of related income taxes. These results are incorporated into the Consolidated Statements of Stockholders Equity.

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

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

Insured Deposit Account Fees Insured deposit account fees are recognized in the period earned and consist of revenues resulting from the Insured Deposit Account (IDA) agreement with TD Bank USA, N.A. (TD Bank USA), TD Bank, N.A. and The Toronto-Dominion Bank (TD). Under the IDA agreement, TD Bank USA and TD Bank, N.A. (together, the Depository Institutions) make available to clients of the Company FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. The Company provides marketing, recordkeeping and support services for the Depository Institutions with respect to the money market deposit accounts. In exchange for providing these services, the Depository Institutions pay the Company a fee based on the weighted average yield earned on the client IDA assets, less the actual interest paid to clients, a flat fee to the Depository Institutions of 25 basis points and the cost of FDIC insurance premiums. The IDA agreement is described further in Note 18.

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

Education Revenue Recognition The Company recognizes education revenue in accordance with Accounting Standards Codification (ASC) 605, *Revenue Recognition*. Revenue is not recognized until it is realized or realizable and earned. The criteria to meet this guideline are: (a) persuasive evidence of an arrangement exists; (b) delivery has occurred or services have been rendered; (c) the price to the buyer is fixed or determinable; and (d) collectibility is reasonably assured. Education revenue is included in other revenues on the Consolidated Statements of Income.

The Company sells investor education products separately and in various bundles that contain multiple deliverables including on-demand coaching services, website subscriptions, educational workshops, online courses and other products and services. In accordance with ASC 605-25, *Multiple-Element Arrangements*, sales

TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (a) the product has value to the client on a standalone basis and (b) delivery or performance of any undelivered item is probable and substantially in the Company s control. Each of the significant deliverables in our various investor education bundles qualifies as a separate unit of accounting. The relative selling price method is utilized to allocate the arrangement consideration to each deliverable at the inception of the arrangement. The selling price of each deliverable is generally determined by vendor-specific objective evidence, consisting of actual prices charged by the Company when sold separately. In certain arrangements, the Company offers these products bundled together at a discount. The discount is allocated pro rata to each deliverable based on the relative selling price of each deliverable. Deferred revenue arises because the payments are received before the services have been rendered. Deferred revenue is generally recognized into revenue for each deliverable: (a) upon attendance at educational events; (b) upon usage of on-demand services; or (c) over contractual service periods which are usually less than two years.

The Company provides some limited rights of return in connection with investor education products and services. The Company estimates its returns based on historical experience and maintains an allowance for estimated returns, which is included in deferred revenue on the Consolidated Balance Sheets.

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

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

Earnings Per Share Basic earnings per share (EPS) is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, except when such assumed exercise or conversion would have an antidilutive effect on EPS.

Recently Adopted Accounting Pronouncements

ASU 2011-04 On January 1, 2012, the Company adopted Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.* The amendments in ASU 2011-04 change the wording used to describe many of the requirements in U.S. Generally Accepted Accounting Principles for measuring fair value and for disclosing information about fair value measurements. Some of the amendments clarify the intent of the Financial Accounting Standards Board (FASB) about the application of existing fair value measurement and disclosure requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU 2011-04 did not have a material impact on the Company s financial statements.

Recently Issued Accounting Pronouncements

ASU 2011-05 In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income.* ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

statement of changes in stockholders equity and allows two options for presenting the components of net income and other comprehensive income: (1) in a single continuous statement of comprehensive income or (2) in two separate but consecutive statements, consisting of a statement of net income followed by a separate statement of other comprehensive income. ASU 2011-05 requires retrospective application and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Therefore, ASU 2011-05 will be effective for the Company s fiscal year beginning October 1, 2012. The adoption of ASU 2011-05 will change the manner in which the components of other comprehensive income are presented in the financial statements, but is not expected to have any other material impact on the Company s financial statements.

ASU 2011-08 In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*. The amendments under ASU 2011-08 will allow entities to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for entities to consider in conducting the qualitative assessment. Entities will have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step quantitative goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Therefore, ASU 2011-08 will be effective for the Company s fiscal year beginning October 1, 2012. Adoption of ASU 2011-08 is not expected to have a material impact on the Company s financial statements.

ASU 2011-11 In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities.* The amendments in ASU 2011-11 will enhance disclosures by requiring improved information about financial and derivative instruments that are either (1) offset (netting assets and liabilities) in accordance with Section 210-20-45 or Section 815-10-45 of the FASB Accounting Standards Codification or (2) subject to an enforceable master netting arrangement or similar agreement. ASU 2011-11 is effective for annual periods beginning on or after January 1, 2013, and interim periods within those annual periods, and requires retrospective disclosures for comparative periods presented. Therefore, ASU 2011-11 will be effective for the Company s fiscal year beginning October 1, 2013. Adoption of ASU 2011-11 is not expected to have a material impact on the Company s financial statements.

ASU 2012-02 In July 2012, the FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment.* The amendments in ASU 2012-02 will allow entities to first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that an indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount. Entities will have the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. ASU 2012-02 is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Therefore, ASU 2011-08 will be effective for the Company s fiscal year beginning October 1, 2012. Adoption of ASU 2012-02 is not expected to have a material impact on the Company s financial statements.

2. Goodwill and Acquired Intangible Assets

The Company has recorded goodwill for purchase business combinations to the extent the purchase price of each completed acquisition exceeded the fair value of the net identifiable tangible and intangible assets of each

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

acquired company. There were no material changes in the carrying amount of goodwill during the fiscal years ended September 30, 2012 and 2011.

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

	September 30, 2012			September 30, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	$ 1,228	$ (493)	$ 735	$ 1,228	$ (416)	$ 812
Technology and content	99	(48)	51	99	(34)	65
Non-competition agreement	5	(5)		5	(4)	1
Trademark license	146		146	146		146
	$ 1,478	$ (546)	$ 932	$ 1,478	$ (454)	$ 1,024

Amortization expense on acquired intangible assets was $92 million, $97 million and $100 million for fiscal years 2012, 2011 and 2010, respectively. Estimated future amortization expense for acquired intangible assets outstanding as of September 30, 2012 is as follows (dollars in millions):

Fiscal Year	Estimated Amortization Expense
2013	$ 91
2014	90
2015	90
2016	85
2017	76
Thereafter (to 2025)	354
Total	$ 786

3. Cash and Cash Equivalents

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

	September 30, 2012	September 30, 2011
Corporate	$ 403	$ 260
Broker-dealer subsidiaries	406	656
Trust company subsidiary	95	109

Investment advisory subsidiaries	11	7
Total	$ 915	$ 1,032

Capital requirements may limit the amount of cash available for dividend from the broker-dealer and trust company subsidiaries to the parent company. Cash and cash equivalents of the investment advisory subsidiaries is generally not available for corporate purposes.

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Cash and Investments Segregated and on Deposit for Regulatory Purposes

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

	September 30, 2012	2011
Reverse repurchase agreements	$ 2,181	$ 1,923
U.S. government debt securities	1,564	
Cash in demand deposit accounts	179	596
Cash on deposit with futures commission merchant	96	
U.S. government debt securities on deposit with futures commission merchant	10	
Total	$ 4,030	$ 2,519

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

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

	September 30, 2012	2011
Receivable:		
Deposits paid for securities borrowed	$ 924	$ 495
Broker-dealers	2	4
Deposits with clearing organizations	177	326
Securities failed to deliver	7	9
Total	$ 1,110	$ 834
Payable:		
Deposits received for securities loaned	$ 1,940	$ 1,658
Broker-dealers	3	1
Clearing organizations		13
Securities failed to receive	49	38
Total	$ 1,992	$ 1,710

6. Allowance for Doubtful Accounts on Receivables

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

	2012	2011	2010
Beginning balance	$ 18	$ 11	$ 13
Provision for doubtful accounts	9	9	3
Write-off of doubtful accounts	(6)	(2)	(5)
Ending balance	$ 21	$ 18	$ 11

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Property and Equipment

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

	September 30, 2012	September 30, 2011
Leasehold improvements	$ 147	$ 123
Software	117	92
Computer equipment	190	184
Building construction in process	164	65
Other property and equipment	61	56
	679	520
Less: Accumulated depreciation and amortization	(235)	(179)
Property and equipment, net	$ 444	$ 341

8. Long-term Debt

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

September 30, 2012	Face Value	Unamortized Discount	Fair Value Adjustment(1)	Net Carrying Value
Senior Notes:				
2.950% Senior Notes due 2012	$ 250	$	$ 1	$ 251
4.150% Senior Notes due 2014	500		27	527
5.600% Senior Notes due 2019	500	(1)	68	567
Total long-term debt	$ 1,250	$ (1)	$ 96	$ 1,345

September 30, 2011	Face Value	Unamortized Discount	Fair Value Adjustment(1)	Net Carrying Value
Senior Notes:				
2.950% Senior Notes due 2012	$ 250	$	$ 4	$ 254
4.150% Senior Notes due 2014	500		33	533
5.600% Senior Notes due 2019	500	(1)	51	550
Total long-term debt	$ 1,250	$ (1)	$ 88	$ 1,337

(1)

Fair value adjustments relate to changes in the fair value of the debt while in a fair value hedging relationship. See Interest Rate Swaps below.

Fiscal year maturities on long-term debt outstanding at September 30, 2012 are as follows (dollars in millions):

2013	$ 250
2014	
2015	500
2016	
2017	
Thereafter	500
Total	$ 1,250

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Senior Notes On November 25, 2009 the Company sold, through a public offering, $1.25 billion aggregate principal amount of unsecured senior notes, consisting of $250 million aggregate principal amount of 2.950% Senior Notes due December 1, 2012 (the 2012 Notes), $500 million aggregate principal amount of 4.150% Senior Notes due December 1, 2014 (the 2014 Notes) and $500 million aggregate principal amount of 5.600% Senior Notes due December 1, 2019 (the 2019 Notes and, collectively with the 2012 Notes and the 2014 Notes, the Senior Notes). The Senior Notes were issued at an aggregate discount of $1 million, which is being amortized to interest expense over the terms of the respective Senior Notes. Interest on the Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year. On November 25, 2009, the Company used the net proceeds from the issuance of the Senior Notes, together with approximately $158 million of cash on hand, to repay in full the outstanding principal under the Company s January 23, 2006 credit agreement.

The Senior Notes are jointly and severally and fully and unconditionally guaranteed by each of the Company s current and future subsidiaries that is or becomes a borrower or a guarantor under the TD Ameritrade Holding Corporation Credit Agreement, dated as of June 28, 2011, as described below. Currently, the only subsidiary guarantor of the obligations under the Senior Notes is TD Ameritrade Online Holdings Corp. (TDAOH). The Senior Notes and the guarantee by TDAOH are the general senior unsecured obligations of the Company and TDAOH.

The Company may redeem each series of the Senior Notes, in whole at any time or in part from time to time, at a redemption price equal to the greater of (a) 100% of the principal amount of the notes being redeemed, and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted to the date of redemption on a semi-annual basis at the comparable U.S. Treasury rate, plus: 25 basis points in the case of the 2012 Notes, 30 basis points in the case of the 2014 Notes and 35 basis points in the case of the 2019 Notes, plus, in each case, accrued and unpaid interest to the date of redemption.

Interest Rate Swaps The Company is exposed to changes in the fair value of its fixed-rate Senior Notes resulting from interest rate fluctuations. To hedge this exposure, on December 30, 2009, the Company entered into fixed-for-variable interest rate swaps on the 2012 Notes and 2014 Notes for notional amounts of $250 million and $500 million, respectively, with maturity dates matching the respective maturity dates of the 2012 Notes and 2014 Notes. In addition, on January 7, 2011, the Company entered into a fixed-for-variable interest rate swap on the 2019 Notes for a notional amount of $500 million, with a maturity date matching the maturity date of the 2019 Notes. The interest rate swaps effectively change the fixed-rate interest on the Senior Notes to variable-rate interest. Under the terms of the interest rate swap agreements, the Company receives semi-annual fixed-rate interest payments based on the same rates applicable to the Senior Notes, and makes quarterly variable-rate interest payments based on three-month LIBOR plus (a) 0.9693% for the swap on the 2012 Notes, (b) 1.245% for the swap on the 2014 Notes and (c) 2.3745% for the swap on the 2019 Notes. As of September 30, 2012, the weighted-average effective interest rate on the Senior Notes was 2.06%.

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

	2012	2011	2010
Gain (loss) on fair value of interest rate swaps	$ 8	$ 39	$ 49
Gain (loss) on fair value of hedged fixed-rate debt	(8)	(39)	(49)
Net gain (loss) recorded in interest on borrowings	$	$	$

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	September 30, 2012	September 30, 2011
Derivatives recorded under the caption Other assets:		
Interest rate swap assets	$ 96	$ 88

The interest rate swaps are subject to counterparty credit risk. Credit risk is managed by limiting activity to approved counterparties that meet a minimum credit rating threshold and by entering into credit support agreements. The bilateral credit support agreements related to the interest rate swaps require daily collateral coverage, in the form of cash or U.S. Treasury securities, for the aggregate fair value of the interest rate swaps. As of September 30, 2012, the interest rate swap counterparties for the Senior Notes had pledged $113 million of collateral to the Company in the form of cash. As of September 30, 2011, the interest rate swap counterparty for the 2012 Notes and 2014 Notes had pledged $50 million of collateral to the Company in the form of U.S. Treasury securities and the interest rate swap counterparty for the 2019 Notes had pledged $58 million of collateral in the form of cash. A liability for collateral pledged to the Company in the form of cash is recorded in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

TD Ameritrade Holding Corporation Credit Agreement On June 28, 2011, TD Ameritrade Holding Corporation (the Parent) entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the Parent Revolving Facility). The Parent Revolving Facility replaced the Parent s prior $300 million unsecured revolving credit facility, which was scheduled to expire on December 31, 2012. The maturity date of the Parent Revolving Facility is June 28, 2014.

The applicable interest rate under the Parent Revolving Facility is calculated as a per annum rate equal to, at the option of the Parent, (a) LIBOR plus an interest rate margin (Parent LIBOR loans) or (b) (i) the highest of (x) the prime rate, (y) the federal funds effective rate plus 0.50% or (z) one-month LIBOR plus 1.00%, plus (ii) an interest rate margin (Base Rate loans). The interest rate margin ranges from 1.25% to 2.25% for Parent LIBOR loans and from 0.25% to 1.25% for Base Rate loans, determined by reference to the Company s public debt ratings. The Parent is obligated to pay a commitment fee ranging from 0.15% to 0.375% on any unused amount of the Parent Revolving Facility, determined by reference to the Parent s public debt ratings. As of September 30, 2012, the interest rate margin would have been 1.50% for Parent LIBOR loans and 0.50% for Base Rate loans, and the commitment fee was 0.20%, each determined by reference to the Parent s public debt ratings. There were no borrowings outstanding under the Parent Revolving Facility as of September 30, 2012.

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

The Parent Revolving Facility contains negative covenants that limit or restrict, subject to certain exceptions, the incurrence of liens, indebtedness of subsidiaries, mergers, consolidations, transactions with affiliates, change in nature of business and the sale of all or substantially all of the assets of the Company. The Parent is also required to maintain compliance with a maximum consolidated leverage ratio covenant and a minimum consolidated interest coverage ratio covenant, and the Parent s broker-dealer subsidiaries are required to maintain compliance with a minimum regulatory net capital covenant. The Company was in compliance with all covenants under the Parent Revolving Facility as of September 30, 2012.

TD Ameritrade Clearing, Inc. Credit Agreement On June 28, 2011, TD Ameritrade Clearing, Inc. (TDAC), the Company s clearing broker-dealer subsidiary, entered into a credit agreement consisting of a senior unsecured revolving credit facility in the aggregate principal amount of $300 million (the TDAC Revolving Facility). The maturity date of the TDAC Revolving Facility is June 28, 2014.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The applicable interest rate under the TDAC Revolving Facility is calculated as a per annum rate equal to, at the option of TDAC, (a) LIBOR plus an interest rate margin (TDAC LIBOR loans) or (b) the federal funds effective rate plus an interest rate margin (Fed Funds Rate loans). The interest rate margin ranges from 1.00% to 2.00% for both TDAC LIBOR loans and Fed Funds Rate loans, determined by reference to the Company s public debt ratings. TDAC is obligated to pay a commitment fee ranging from 0.125% to 0.30% on any unused amount of the TDAC Revolving Facility, determined by reference to the Company s public debt ratings. As of September 30, 2012, the interest rate margin would have been 1.25% for both TDAC LIBOR loans and Fed Funds Rate loans, and the commitment fee was 0.15%, each determined by reference to the Parent s public debt ratings. There were no borrowings outstanding under the TDAC Revolving Facility as of September 30, 2012.

The TDAC Revolving Facility contains negative covenants that limit or restrict, subject to certain exceptions, the incurrence of liens, indebtedness of TDAC, mergers, consolidations, change in nature of business and the sale of all or substantially all of the assets of TDAC. TDAC is also required to maintain minimum tangible net worth and is required to maintain compliance with minimum regulatory net capital requirements. TDAC was in compliance with all covenants under the TDAC Revolving Facility as of September 30, 2012.

9. Income Taxes

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

	2012	2011	2010
Current expense (benefit):			
Federal	$ 314	$ 357	$ 169
State	1	20	(3)
	315	377	166
Deferred expense (benefit):			
Federal	(2)	(5)	145
State	7	7	9
	5	2	154
Provision for income taxes	$ 320	$ 379	$ 320

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

	2012	2011	2010
Federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax effect	2.1	2.3	2.4
Adjustments to estimated state income taxes	0.1	(0.1)	0.5
Interest recorded on unrecognized tax benefits, net	0.1	0.5	(0.2)
Reversal of accruals for unrecognized tax benefits	(1.7)	(0.5)	(2.5)
Reversal of capital loss valuation allowance	(0.4)		
Other	0.1	0.1	(0.1)

35.3%	37.3%	35.1%

The Company s effective income tax rate for fiscal year 2012 was 35.3%, compared to 37.3% and 35.1% for fiscal years 2011 and 2010, respectively. The provision for income taxes for fiscal year 2012 was significantly

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

lower than normal primarily due to $19 million of favorable resolutions of state income tax matters and a $3 million benefit resulting from the reversal of a valuation allowance related to a capital loss carryover. These items favorably impacted the Company s earnings for fiscal year 2012 by approximately four cents per share. The provision for income taxes for fiscal year 2011 was somewhat lower than normal due to $6 million of favorable resolutions of state income tax matters and $1 million of favorable deferred income tax adjustments resulting from state income tax law changes. These items favorably impacted the Company s earnings for fiscal year 2011 by approximately one cent per share. The provision for income taxes for fiscal year 2010 was significantly lower than normal due to $32 million of favorable resolutions of certain federal and state income tax matters. These items favorably impacted the Company s earnings for fiscal year 2010 by approximately five cents per share.

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

	September 30,	
	2012	2011
Deferred tax assets:		
Accrued liabilities	$ 69	$ 77
Intangible assets, state tax benefit	15	16
Stock-based compensation	30	27
Allowance for doubtful accounts	8	6
Unrealized tax gain on IDA agreement	9	12
Operating loss carryforwards	40	39
Other deferred tax assets	6	8
Gross deferred tax assets	177	185
Less: Valuation allowance	(37)	(37)
Net deferred tax assets	140	148
Deferred tax liabilities:		
Property and intangible assets	(478)	(481)
Unrealized investment gains	(10)	
Other deferred tax liabilities	(4)	(4)
Total deferred tax liabilities	(492)	(485)
Net deferred tax liabilities	$ (352)	$ (337)

Included in deferred tax assets above as of September 30, 2012 and 2011, is approximately $2 million and $5 million, respectively, of deferred tax benefits relating to intangible asset amortization deductions expected to be claimed in various state taxing jurisdictions, which may not be offset by deferred tax liabilities arising from different taxing jurisdictions on the Consolidated Balance Sheets. These amounts are presented separately as assets on the Consolidated Balance Sheets.

The unrealized tax gain on IDA agreement in the table above is attributable to the tax basis in the Company s marketing fee associated with the IDA agreement described in Note 18. The tax basis represents the tax gains recorded based on the increase in the fair market values of the underlying securities held by the Depository Institutions, which are supported by the client insured deposit account balances.

As of September 30, 2012, the Company has recorded a tax benefit for approximately $3 million of federal net operating loss carryover that was acquired as part of the thinkorswim Group Inc. acquisition in fiscal 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The net operating loss expires in 2019, and is subject to substantial annual limitations on the utilization of the net operating loss. The amount of tax benefit recorded in the financial statements represents the amount that is more likely than not to be realized within the carryforward period. At September 30, 2012, subsidiaries of the Company have approximately $692 million of separate state operating loss carryforwards. These carryforwards expire between fiscal 2013 and 2031. Because the realization of the tax benefit from state loss carryforwards is dependent on certain subsidiaries generating sufficient state taxable income in future periods, as well as annual limitations on future utilization, the Company has provided a valuation allowance against the computed benefit in order to reflect the tax benefit expected to be realized.

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

	2012	2011	2010
Beginning balance	$ 145	$ 149	$ 310
Additions based on tax positions related to the current year	10	10	16
Additions for tax positions of prior years	8	7	3
Reductions for tax positions of prior years	(3)	(12)	(6)
Reductions due to settlements with taxing authorities	(5)	(1)	(171)
Reductions due to lapsed statute of limitations	(16)	(8)	(3)
Ending balance	$ 139	$ 145	$ 149

The balance of unrecognized tax benefits as of September 30, 2012 was $139 million ($91 million net of the federal benefit on state matters), of which $89 million (net of the federal benefit on state matters) represents the amount that, if recognized, would favorably affect the effective income tax rate in any future periods. The balance of unrecognized tax benefits as of September 30, 2011 was $145 million ($94 million net of the federal benefit on state matters), of which $90 million (net of the federal benefit on state matters) represents the amount that, if recognized, would favorably affect the effective income tax rate in any future periods. The Company s income tax returns are subject to review and examination by federal, state and local taxing authorities. The federal returns for 2009 through 2011 remain open under the statute of limitations. The years open to examination by state and local government authorities vary by jurisdiction, but the statute of limitations is generally three to four years from the date the tax return is filed. It is reasonably possible that the gross unrecognized tax benefits as of September 30, 2012 could decrease by up to $10 million ($7 million net of the federal benefit on state matters) within the next twelve months as a result of settlements of certain examinations or expiration of the statute of limitations with respect to other tax filings.

The Company recognized $3 million of net benefits for interest and penalties (net of the federal income tax effect) on the Consolidated Statement of Income for fiscal year 2012, due to the favorable resolution of an uncertain tax position. The Company recognized interest and penalties expense (net of the federal benefit) of $5 million and $0.4 million for fiscal years 2011 and 2010, respectively. As of September 30, 2012 and 2011, accrued interest and penalties related to unrecognized tax benefits was $44 million and $46 million, respectively.

10. Capital Requirements

The Company s broker-dealer subsidiaries are subject to the SEC Uniform Net Capital Rule (Rule 15c3-1 under the Exchange Act), administered by the SEC and FINRA, which requires the maintenance of minimum net capital, as defined. Net capital and the related net capital requirement may fluctuate on a daily basis.

TDAC, the Company s clearing broker-dealer subsidiary, and TD Ameritrade, Inc., the Company s introducing broker-dealer subsidiary, compute net capital under the alternative method as permitted by Rule 15c3-1. TDAC is

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

required to maintain minimum net capital of the greater of $1.5 million, which is based on the type of business conducted by the broker-dealer, or 2% of aggregate debit balances arising from client transactions.

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

Under the alternative method, a broker-dealer may not repay any subordinated borrowings, pay cash dividends or make any unsecured advances or loans to its parent company or employees if such payment would result in a net capital amount of (a) less than 5% of aggregate debit balances, (b) less than 110% of its risk-based capital requirement under CFTC Regulation 1.17, or (c) less than 120% of its minimum dollar requirement. These net capital thresholds, which are specified in Exchange Act Rule 17a-11 and CFTC Regulation 1.12, are typically referred to as early warning net capital thresholds.

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

TD Ameritrade Clearing, Inc.

Date	Net Capital	Required Net Capital (2% of Aggregate Debit Balances)	Net Capital in Excess of Required Net Capital	Net Capital in Excess of Early Warning Threshold (5% of Aggregate Debit Balances)	Ratio of Net Capital to Aggregate Debit Balances
September 30, 2012	$ 1,302	$ 203	$ 1,099	$ 796	12.86%
September 30, 2011	$ 1,263	$ 199	$ 1,064	$ 765	12.68%

TD Ameritrade, Inc.

Date	Net Capital	Required Net Capital (8% of Total Risk Margin or Minimum Dollar Requirement)	Net Capital in Excess of Required Net Capital	Net Capital in Excess of Early Warning Threshold (110% or 120% of Required Net Capital)
September 30, 2012	$ 261	$ 8	$ 253	$ 252
September 30, 2011	$ 375	$ 1	$ 374	$ 374

The Company s non-depository trust company subsidiary, TD Ameritrade Trust Company (TDATC), is subject to capital requirements established by the State of Maine, which require TDATC to maintain minimum Tier 1 capital, as defined. TDATC s Tier 1 capital was $20 million and $19 million as of September 30, 2012 and 2011, respectively, which exceeded the required Tier 1 capital by $10 million and $9 million, respectively.

11. Stock-based Compensation

The Company has two stock incentive plans under which Company stock-based awards may be granted: the TD Ameritrade Holding Corporation Long-Term Incentive Plan (the LTIP) and the 2006 Directors Incentive Plan (the Directors Plan). The Company also assumed stock incentive plans in connection with past business combinations. New stock awards can no longer be granted under the assumed plans.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The LTIP authorizes the award of options to purchase common stock, common stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units. Under the LTIP, 42,104,174 shares of the Company s common stock are reserved for issuance to eligible employees, consultants and non-employee directors. The Directors Plan authorizes the award of options to purchase common stock, common stock appreciation rights, restricted stock units and restricted stock. Under the Directors Plan, 1,830,793 shares of the Company s common stock are reserved for issuance to non-employee directors.

Stock options, except for replacement options granted in connection with business combinations, are granted by the Company with an exercise price not less than the fair market value of the Company s common stock on the grant date. Stock options generally vest over a one- to four-year period and expire 10 years after the grant date. Restricted Stock Units (RSUs) are awards that entitle the holder to receive shares of Company common stock following a vesting period. RSUs granted to employees generally vest after the completion of a three-year period. RSUs granted to non-employee directors generally vest over a one-year period.

Stock-based compensation expense was $41 million, $35 million and $34 million for fiscal years 2012, 2011 and 2010, respectively. The related income tax benefits were $15 million, $13 million and $13 million for fiscal years 2012, 2011 and 2010, respectively.

The following is a summary of option activity in the Company s stock incentive plans for the fiscal year ended September 30, 2012:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding at beginning of year	8,529	$ 8.48		
Exercised	(1,335)	$ 4.01		
Expired	(4)	$ 14.42		
Outstanding at end of year	7,190	$ 9.31	2.5	$ 52
Exercisable at end of year	6,848	$ 8.85	2.3	$ 52

The weighted-average grant-date fair value of options granted during fiscal year 2010 was $10.15. No options were granted during fiscal years 2012 and 2011. The total intrinsic value of options exercised during fiscal years 2012, 2011 and 2010 was $21 million, $10 million and $54 million, respectively. As of September 30, 2012, there was no unrecognized compensation cost related to nonvested stock option awards.

The fair value of stock options granted was estimated using a Black-Scholes valuation model with the following assumptions:

	2010
Risk-free interest rate	2.49%
Expected dividend yield	0%
Expected volatility	50%
Expected option life (years)	6.2

The risk-free interest rate assumptions were based on U.S. Treasury note yields with remaining terms comparable to the expected option life assumptions used in the valuation models. The expected volatility was based on historical daily price changes of the Company s stock since September 2002. The expected option life was the average number of years that the Company estimated that the options will be outstanding, based primarily on historical employee option exercise behavior.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company measures the fair value of RSUs based upon the volume-weighted average market price of the underlying common stock as of the date of grant. RSUs are amortized over their applicable vesting period using the straight-line method, reduced by expected forfeitures.

The following is a summary of RSU activity in the Company s stock incentive plans for the fiscal year ended September 30, 2012:

	Number of Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	4,650	$ 16.91
Granted	2,012	$ 16.26
Dividend equivalents	46	$ 17.57
Vested	(1,982)	$ 14.22
Forfeited	(587)	$ 17.93
Nonvested at end of year	4,139	$ 17.74

As of September 30, 2012, there was $24 million of estimated unrecognized compensation cost related to nonvested RSUs, which was expected to be recognized over a weighted average period of 1.8 years.

Although the Company does not have a formal policy for issuing shares upon stock option exercises, such shares are generally issued from treasury stock. The Stockholders Agreement entered into in connection with the acquisition of TD Waterhouse requires the Company to repurchase its common stock from time to time to offset dilution resulting from stock option exercises and other stock awards subsequent to the acquisition. As of September 30, 2012, the Company was not obligated to repurchase additional shares pursuant to the Stockholders Agreement. The Company cannot estimate the amount and timing of repurchases that may be required as a result of future stock option exercises.

12. Employee Benefit Plans

The Company has a 401(k) and profit-sharing plan under which annual profit-sharing contributions are determined at the discretion of the board of directors. The Company also makes matching contributions pursuant to the plan document. Profit-sharing and matching contributions expense was $28 million, $31 million and $26 million for fiscal years 2012, 2011 and 2010, respectively.

13. Earnings Per Share

The following is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per share for the fiscal years indicated (in millions, except per share amounts):

	2012	2011	2010
Net income	$ 586	$ 638	$ 592
Weighted average shares outstanding basic	548	570	585
Effect of dilutive securities:			

Common stock equivalent shares related to stock-based compensation	6	6	7
Weighted average shares outstanding diluted(1)	554	576	592
Earnings per share basic	$ 1.07	$ 1.12	$ 1.01
Earnings per share diluted	$ 1.06	$ 1.11	$ 1.00

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) The Company excluded from the calculation of diluted earnings per share 2.5 million, 1.5 million and 2.6 million shares underlying stock-based compensation awards for the fiscal years ended September 30, 2012, 2011 and 2010, respectively, because their inclusion would have been antidilutive.

14. Commitments and Contingencies

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

Fiscal Year	Minimum Lease Payments
2013	$ 48
2014	46
2015	42
2016	40
2017	40
Thereafter (to 2028)	116
Total	$ 332

A majority of the leases for the Company s branch offices contain provisions for renewal at the Company s option. Rental expense, net of sublease income, was approximately $50 million, $50 million and $48 million for fiscal years 2012, 2011 and 2010, respectively.

The Company has capital leases on computer equipment. The amortization of equipment under capital leases is included in depreciation and amortization on the Consolidated Statements of Income. Future minimum lease payments under capital leases are $4 million and $1 million for fiscal years 2013 and 2014, respectively, and the present value of the minimum lease payments is $5 million.

Reserve Fund Matters During September 2008, The Reserve, an independent mutual fund company, announced that the net asset value of the Reserve Yield Plus Fund declined below $1.00 per share. The Yield Plus Fund was not a money market mutual fund, but its stated objective was to maintain a net asset value of $1.00 per share. TD Ameritrade, Inc. s clients continue to hold shares in the Yield Plus Fund (now known as Yield Plus Fund In Liquidation), which is being liquidated. On July 23, 2010, The Reserve announced that through that date it had distributed approximately 94.8% of the Yield Plus Fund assets as of September 15, 2008 and that the Yield Plus Fund had approximately $39.7 million in total remaining assets. The Reserve stated that the fund s Board of Trustees has set aside almost the entire amount of the remaining assets to cover potential claims, fees and expenses. The Company estimates that TD Ameritrade, Inc. clients current positions held in the Reserve Yield Plus Fund amount to approximately 79% of the fund.

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

The Pennsylvania Securities Commission (PSC) filed an administrative order against TD Ameritrade, Inc. involving the sale of Yield Plus Fund securities to certain Pennsylvania clients. On September 19, 2012, the Company agreed to a settlement of the matter with the PSC. The settlement was not material to the Company s financial condition, results of operations or cash flows.

TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Other Legal and Regulatory Matters The Company is subject to other lawsuits, arbitrations, claims and other legal proceedings in connection with its business. Some of these legal actions include claims for substantial or unspecified compensatory and/or punitive damages. A substantial adverse judgment or other unfavorable resolution of these matters could have a material adverse effect on the Company s financial condition, results of operations and cash flows or could cause the Company significant reputational harm. Management believes the Company has adequate legal defenses with respect to these legal proceedings to which it is a defendant or respondent and the outcome of these pending proceedings is not likely to have a material adverse effect on the financial condition, results of operations or cash flows of the Company. However, the Company is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential losses, if any, that may result from these matters.

In the normal course of business, the Company discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry. These matters could result in censures, fines, penalties or other sanctions. Management believes the outcome of any resulting actions will not be material to the Company s financial condition, results of operations or cash flows. However, the Company is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential fines, penalties or injunctive or other equitable relief, if any, that may result from these matters.

Income Taxes The Company s federal and state income tax returns are subject to examination by taxing authorities. Because the application of tax laws and regulations to many types of transactions is subject to varying interpretations, amounts reported in the consolidated financial statements could be significantly changed at a later date upon final determinations by taxing authorities. TD has agreed to indemnify the Company for tax obligations, if any, pertaining to activities of TD Waterhouse Group, Inc. (TD Waterhouse) prior to the Company s acquisition of TD Waterhouse in January 2006.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company extends margin credit and leverage to its clients. In margin transactions, the Company extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client s account. In connection with these activities, the Company also executes and clears client transactions involving the sale of securities not yet purchased (short sales). Such margin-related transactions may expose the Company to credit risk in the event a client s assets are not sufficient to fully cover losses that the client may incur. Leverage involves securing a large potential future obligation with a lesser amount of cash and securities. The risks associated with margin credit and leverage increase during periods of rapid market movements, or in cases where leverage or collateral is concentrated and market movements occur. In the event the client fails to satisfy its obligations, the Company has the authority to purchase or sell financial instruments in the client s account at prevailing market prices in order to fulfill the client s obligations. However, during periods of rapid market movements, clients who utilize margin credit or leverage and who have collateralized their obligations with securities may find that the securities have a rapidly depreciating value and may not be sufficient to cover their obligations in the event of liquidation. The Company seeks to mitigate the risks associated with its client margin and leverage activities by requiring clients to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels throughout each trading day and, pursuant to such guidelines, requires clients to deposit additional collateral, or to reduce positions, when necessary.

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

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

The Company transacts in reverse repurchase agreements (securities purchased under agreements to resell) in connection with its broker-dealer business. The Company s policy is to take possession or control of securities with a market value in excess of the principal amount loaned, plus accrued interest, in order to collateralize resale agreements. The Company monitors the market value of the underlying securities that collateralize the related receivable on resale agreements on a daily basis and may require additional collateral when deemed appropriate.

As of September 30, 2012, client excess margin securities of approximately $12.0 billion and stock borrowings of approximately $0.9 billion were available to the Company to utilize as collateral on various borrowings or for other purposes. The Company had loaned approximately $1.9 billion and repledged approximately $1.2 billion of that collateral as of September 30, 2012.

Guarantees The Company is a member of and provides guarantees to securities clearinghouses and exchanges in connection with client trading activities. Under related agreements, the Company is generally required to guarantee the performance of other members. Under these agreements, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet shortfalls. The

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company s liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted to the clearinghouse as collateral. However, the potential for the Company to be required to make payments under these agreements is considered remote. Accordingly, no contingent liability is carried on the Consolidated Balance Sheets for these guarantees.

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

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

Employment Agreements The Company has entered into employment agreements with several of its key executive officers. These employment agreements generally provide for annual base salary and incentive compensation, as well as stock award acceleration and severance payments in the event of termination of employment under certain defined circumstances or changes in control of the Company. Incentive compensation, a portion of which is awarded in the form of stock-based compensation, is based on the Company s financial performance and other factors.

15. Fair Value Disclosures

Fair Value Measurement Definition and Hierarchy

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

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

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This category includes active exchange-traded funds, money market mutual funds, mutual funds and equity securities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs include quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active and inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. This category includes most debt securities and other interest-sensitive financial instruments. This category also includes convertible preferred equity securities for which the fair value is measured on an as-converted basis.

Level 3 Unobservable inputs for the asset or liability, where there is little, if any, observable market activity or data for the asset or liability. This category includes assets and liabilities related to money market and other mutual funds managed by The Reserve for which the net asset value has declined below $1.00 per share and the funds are being liquidated. This category also includes auction rate securities for which the periodic auctions have failed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables present the Company s fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2012 and 2011 (dollars in millions):

	As of September 30, 2012			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$ 768	$	$	$ 768
U.S. government debt securities		50		50
Subtotal Cash equivalents	768	50		818
Short-term investments:				
U.S. government debt securities		154		154
Investments segregated for regulatory purposes:				
U.S. government debt securities		1,574		1,574
Securities owned:				
Auction rate securities			6	6
Money market and other mutual funds			1	1
U.S. government debt securities		333		333
Other	1	2		3
Subtotal Securities owned	1	335	7	343
Investments available-for-sale:				
Convertible preferred equity securities		70		70
Other assets:				
Interest rate swaps(1)		96		96
Total assets at fair value	$ 769	$ 2,279	$ 7	$ 3,055
Liabilities:				
Accounts payable and accrued liabilities:				
Securities sold, not yet purchased:				
Equity securities	$ 3	$	$	$ 3

(1) See Interest Rate Swaps in Note 8 for details.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	As of September 30, 2011			
	Level 1	Level 2	Level 3	Fair Value
Assets:				
Cash equivalents:				
Money market mutual funds	$ 950	$	$	$ 950
Short-term investments:				
U.S. government debt securities		3		3
U.S. government agency debt securities		1		1
Subtotal Short-term investments		4		4
Securities owned:				
Auction rate securities			20	20
Money market and other mutual funds			1	1
U.S. government debt securities		423		423
Other	1	2		3
Subtotal Securities owned	1	425	21	447
Other assets:				
Interest rate swaps(1)		88		88
Total assets at fair value	$ 951	$ 517	$ 21	$ 1,489
Liabilities:				
Accounts payable and accrued liabilities:				
Securities sold, not yet purchased:				
Equity securities	$ 5	$	$	$ 5

(1) See Interest Rate Swaps in Note 8 for details.

There were no transfers between any levels of the fair value hierarchy during the periods presented in the tables below. The following tables present the changes in Level 3 assets measured at fair value on a recurring basis for the fiscal years ended September 30, 2012, 2011 and 2010 (dollars in millions):

	Year Ended September 30, 2012 Securities Owned	
	Auction Rate Securities	Money Market and Other Mutual Funds
Balance, beginning of year	$ 20	$ 1
Purchases	1	
Sales	(2)	
Settlements	(13)	

Balance, end of year	$ 6	$ 1

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Year Ended September 30, 2011		Year Ended September 30, 2010		
	Securities Owned		Short-term Investments	Securities Owned	
	Auction Rate Securities	Money Market and Other Mutual Funds	Money Market Mutual Funds	Auction Rate Securities	Money Market and Other Mutual Funds
Balance, beginning of year	$ 209	$ 5	$ 51	$ 15	$ 5
Net gains included in earnings	5 (1)		1 (2)	8 (1)	10 (2)
Purchases, sales, issuances and settlements, net	(194)	(4)	(52)	186	(10)
Balance, end of year	$ 20	$ 1	$	$ 209	$ 5

(1) Net gains on auction rate securities are recorded in other revenues on the Consolidated Statements of Income. For the year ended September 30, 2011, substantially all of the net gains on auction rate securities related to assets not held as of September 30, 2011. For the year ended September 30, 2010, net gains on auction rate securities included $4 million of net unrealized gains related to assets held as of September 30, 2010.

(2) Gains on money market and other mutual funds relate to shares of The Reserve Primary and International Liquidity Funds that the Company held as of September 30, 2010. These gains are included in gains on money market funds and client guarantees on the Consolidated Statements of Income.

There were no nonfinancial assets or liabilities measured at fair value during the fiscal years ended September 30, 2012, 2011 and 2010.

Valuation Techniques

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

Level 2 Measurements:

Convertible Preferred Equity Securities These securities represent the Company s investment in 39,000 shares of Knight Capital Group, Inc. (Knight) 2% convertible preferred shares. Each preferred share is convertible to 666.667 shares of Knight Class A common stock. The fair value of the preferred securities is based on quoted market prices of Knight Class A common stock on an as-converted basis.

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

Interest Rate Swaps These derivatives are valued by the counterparties using a model that incorporates interest rate yield curves, which are observable for substantially the full term of the contract. The valuation

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

model is widely accepted in the financial services industry and does not involve significant judgment because most of the inputs are observable in the marketplace. Counterparty credit risk is not an input to the valuation because the Company has possession of collateral, in the form of cash or U.S. Treasury securities, in amounts equal to or exceeding the fair value of the interest rate swaps. The Company validates the counterparty valuations by comparing them to a valuation model provided by another third party service.

Level 3 Measurements:

Money Market and Other Mutual Funds The fair value of positions in money market and other mutual funds managed by The Reserve is estimated by management based on the underlying portfolio holdings data published by The Reserve.

Auction Rate Securities ARS are long-term variable rate securities tied to short-term interest rates that are reset through a Dutch auction process, which generally occurs every seven to 35 days. Holders of ARS were previously able to liquidate their holdings to prospective buyers by participating in the auctions. During fiscal 2008, the Dutch auction process failed and holders were no longer able to liquidate their holdings through the auction process. The fair value of Company ARS holdings is primarily estimated based on an internal pricing model. The pricing model takes into consideration the characteristics of the underlying securities, as well as multiple inputs, including counterparty credit quality, expected timing of redemptions and an estimated yield premium that a market participant would require over otherwise comparable securities to compensate for the illiquidity of the ARS. These inputs require significant management judgment.

The following table summarizes quantitative information about Level 3 unobservable inputs as of September 30, 2012:

Asset	Valuation Technique	Unobservable Input	Range	Weighted Average
Auction Rate Securities	Discounted cash flow	Constant prepayment rate (Annual)	15% - 20%	17%
		Yield premium for illiquidity	2%	2%

Fair Value of Financial Instruments Not Recorded at Fair Value

Cash and cash equivalents, receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates and other receivables are short-term in nature and accordingly are carried at amounts that approximate fair value. Cash and cash equivalents include cash and highly-liquid investments with an original maturity of three months or less (categorized as Level 1 of the fair value hierarchy). Receivable from/payable to brokers, dealers and clearing organizations, receivable from/payable to clients, receivable from/payable to affiliates and other receivables are recorded at or near their respective transaction prices and historically have been settled or converted to cash at approximately that value (categorized as Level 2 of the fair value hierarchy).

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

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the fair value (categorized as Level 1 of the fair value hierarchy). See Note 4 for a summary of cash and investments segregated and on deposit for regulatory purposes.

Senior Notes As of September 30, 2012, the Company s Senior Notes had an aggregate estimated fair value, based on quoted market prices (categorized as Level 1 of the fair value hierarchy), of approximately $1.373 billion, compared to the aggregate carrying value of the Senior Notes on the Consolidated Balance Sheet of $1.345 billion. As of September 30, 2011, the Company s Senior Notes had an aggregate estimated fair value, based on quoted market prices, of approximately $1.338 billion, compared to the aggregate carrying value of the Senior Notes on the Consolidated Balance Sheet of $1.337 billion.

16. Segment and Geographic Area Information

The Company primarily operates in the securities brokerage industry and has no other reportable segments. Substantially all of the Company s revenues from external clients for the fiscal years ended September 30, 2012, 2011 and 2010 were derived from its operations in the United States.

17. Structured Stock Repurchase

On August 20, 2010, the Company entered into an agreement with an investment bank counterparty to effect a structured repurchase of up to 12 million shares of its common stock. The Company entered into this structured stock repurchase agreement in order to lower the average cost of acquiring shares of its common stock. The Company evaluated the contingent exercise provisions and settlement provisions of the agreement, as well as all other conditions for equity accounting under ASC 815-40, *Contracts in Entity s Own Equity*, and determined that the agreement qualified for treatment as an equity instrument. Under the terms of the agreement, the Company prepaid $169 million to the counterparty, which was recorded as a reduction of additional paid-in capital on the Consolidated Balance Sheet. Settlement of the transaction occurred on December 1, 2010 and the Company purchased approximately 3.2 million shares for approximately $50 million ($15.94 per share). The number of shares the Company purchased from the counterparty and the purchase price were based on the average of the daily volume-weighted average share price of the Company s common stock over the measurement period for the transaction, less a pre-determined discount. Upon settlement of the transaction, the Company was entitled to receive the excess prepayment amount of $119 million in the form of cash or shares, at the Company s option. The Company elected to receive cash, which was recorded as additional paid-in capital.

18. Related Party Transactions

Transactions with TD and Affiliates

As a result of the Company s acquisition of TD Waterhouse during fiscal 2006, TD became an affiliate of the Company. TD owned approximately 45.4% of the Company s common stock as of September 30, 2012, of which 45% is permitted to be voted under the terms of the Stockholders Agreement among TD, the Company and certain other stockholders. Pursuant to the Stockholders Agreement, TD has the right to designate five of twelve members of the Company s board of directors. The Company transacts business and has extensive relationships with TD and certain of its affiliates. Transactions with TD and its affiliates are discussed and summarized below.

Insured Deposit Account Agreement

The Company is party to an IDA agreement with TD and certain Depository Institutions affiliated with TD. Under the IDA agreement, the Depository Institutions make available to clients of the Company FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. The Company provides marketing, recordkeeping and support services for the Depository Institutions with respect to the money market deposit accounts. In exchange for providing these services, the Depository Institutions pay the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company a fee based on the weighted average yield earned on the client IDA assets, less the actual interest paid to clients, a flat fee to the Depository Institutions of 25 basis points and the cost of FDIC insurance premiums.

The IDA agreement has a term of five years beginning July 1, 2008, and is automatically renewable for successive five-year terms, provided that it may be terminated by any party upon two years prior written notice. As of September 30, 2012, neither the Company nor TD has exercised its termination rights. The fee earned on the IDA agreement is calculated based on two primary components: (a) the yield on fixed-rate investments, based on prevailing fixed rates for identical balances and maturities in the interest rate swap market (generally LIBOR-based) at the time such investments were added to the IDA portfolio (including any adjustments required to adjust the variable rate leg of such swaps to a one-month reset frequency and the overall swap payment frequency to monthly) and (b) the yield on floating-rate investments, based on the monthly average rate for 30-day LIBOR. The agreement provides that, from time to time, the Company may request amounts and maturity dates for the fixed-rate investments in the IDA portfolio, subject to the approval of the Depository Institutions. For example, if the Company requests (and the Depository Institutions agree) that $100 million of deposits should be invested in 5-year fixed rate investments, and on the day such investment is approved the prevailing fixed yield for the applicable 5-year U.S. dollar LIBOR-based swaps is 1.00%, then the Company will earn a gross fixed yield of 1.00% on that portion of the portfolio (before any deductions for interest paid to clients, the flat 25 basis point fee to the Depository Institutions and the cost of FDIC insurance premiums). The interest rates paid to clients are set by the Depository Institutions, in consideration of Company recommendations, and are not linked to any index. As of September 30, 2012, the IDA portfolio was comprised of approximately 92% fixed rate investments and 8% floating rate investments.

In the event the fee computation results in a negative amount, the Company must pay the Depository Institutions the negative amount. This effectively results in the Company guaranteeing the Depository Institutions revenue of 25 basis points on the IDA agreement, plus the reimbursement of FDIC insurance premiums. The fee computation under the IDA agreement is affected by many variables, including the type, duration, principal balance and yield of the investment portfolio at the Depository Institutions, the prevailing interest rate environment, the amount of client deposits and the yield paid on client deposits. Because a negative IDA fee computation would arise only if there were extraordinary movements in many of these variables, the maximum potential amount of future payments the Company could be required to make under this arrangement cannot be reasonably estimated. Management believes the potential for the fee calculation to result in a negative amount is remote. Accordingly, no contingent liability is carried on the Consolidated Balance Sheets for the IDA agreement.

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

	Statement of Income	Revenues from TD and Affiliates		
Description	**Classification**	**2012**	**2011**	**2010**
Insured Deposit Account Agreement	Insured deposit account fees	$ 828	$ 763	$ 682
Mutual Fund Agreements	Investment product fees	3	8	10
Referral and Strategic Alliance Agreement	Various	8	4	1
Securities borrowing and lending, net	Net interest revenue	3	4	2
Other	Various	2	3	1
Total revenues		$ 844	$ 782	$ 696

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Description	Statement of Income Classification	Expenses to TD and Affiliates 2012	2011	2010
Canadian Call Center Serivces Agreement	Professional Services	$ 18	$ 18	$ 17
Other	Various	4	4	4
Total expenses		$ 22	$ 22	$ 21

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

	September 30, 2012	2011
Assets:		
Receivable from brokers, dealers and clearing organizations	$ 1	$
Receivable from affiliates	85	93
Liabilities:		
Payable to brokers, dealers and clearing organizations	$ 125	$ 88
Payable to affiliates	4	4

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Condensed Consolidating Financial Information

The Senior Notes are jointly and severally and fully and unconditionally guaranteed by TDAOH. Presented below is condensed consolidating financial information for the Company, its guarantor subsidiary and its non-guarantor subsidiaries for the periods indicated.

CONDENSED CONSOLIDATING BALANCE SHEET

As of September 30, 2012

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries (In millions)	Eliminations	Total
ASSETS					
Cash and cash equivalents	$ 178	$ 6	$ 731	$	$ 915
Short-term investments	151		3		154
Cash and investments segregated and on deposit for regulatory purposes			4,030		4,030
Receivable from brokers, dealers and clearing organizations			1,110		1,110
Receivable from clients, net			8,647		8,647
Investments in subsidiaries	5,456	5,250	548	(11,254)	
Receivable from affiliates	5	3	83	(6)	85
Goodwill			2,467		2,467
Acquired intangible assets, net		146	786		932
Other, net	230	7	961	(25)	1,173
Total assets	$ 6,020	$ 5,412	$ 19,366	$ (11,285)	$ 19,513
LIABILITIES AND STOCKHOLDERS EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$	$	$ 1,992	$	$ 1,992
Payable to clients			10,728		10,728
Accounts payable and accrued liabilities	249		391	(8)	632
Payable to affiliates	1		9	(6)	4
Long-term debt	1,345				1,345
Other		48	356	(17)	387
Total liabilities	1,595	48	13,476	(31)	15,088
Stockholders equity	4,425	5,364	5,890	(11,254)	4,425
Total liabilities and stockholders equity	$ 6,020	$ 5,412	$ 19,366	$ (11,285)	$ 19,513

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET

As of September 30, 2011

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries (In millions)	Eliminations	Total
ASSETS					
Cash and cash equivalents	$ 94	$ 7	$ 931	$	$ 1,032
Short-term investments			4		4
Cash and investments segregated and on deposit for regulatory purposes			2,519		2,519
Receivable from brokers, dealers and clearing organizations			834		834
Receivable from clients, net			8,059		8,059
Investments in subsidiaries	5,431	5,240	556	(11,227)	
Receivable from affiliates	6	4	89	(6)	93
Goodwill			2,467		2,467
Acquired intangible assets, net		146	878		1,024
Other, net	149	6	970	(31)	1,094
Total assets	$ 5,680	$ 5,403	$ 17,307	$ (11,264)	$ 17,126
LIABILITIES AND STOCKHOLDERS' EQUITY					
Liabilities:					
Payable to brokers, dealers and clearing organizations	$	$	$ 1,710	$	$ 1,710
Payable to clients			8,979		8,979
Accounts payable and accrued liabilities	227		364	(6)	585
Payable to affiliates			10	(6)	4
Long-term debt	1,337				1,337
Other		49	371	(25)	395
Total liabilities	1,564	49	11,434	(37)	13,010
Stockholders' equity	4,116	5,354	5,873	(11,227)	4,116
Total liabilities and stockholders' equity	$ 5,680	$ 5,403	$ 17,307	$ (11,264)	$ 17,126

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended September 30, 2012

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

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended September 30, 2011

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries (In millions)	Eliminations	Total
Net revenues	$ 17	$	$ 2,763	$ (17)	$ 2,763
Operating expenses	16		1,716	(17)	1,715
Operating income	1		1,047		1,048
Other expense (income)	33		(2)		31
Income (loss) before income taxes and equity in income of subsidiaries	(32)		1,049		1,017
Provision for (benefit from) income taxes	(13)	(1)	393		379
Income (loss) before equity in income of subsidiaries	(19)	1	656		638
Equity in income of subsidiaries	657	673	38	(1,368)	
Net income	$ 638	$ 674	$ 694	$ (1,368)	$ 638

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF INCOME

For the Year Ended September 30, 2010

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Total
			(In millions)		
Net revenues	$ 16	$	$ 2,560	$ (16)	$ 2,560
Operating expenses	13	(3)	1,601	(16)	1,595
Operating income	3	3	959		965
Other expense	52		1		53
Income (loss) before income taxes and equity in income of subsidiaries	(49)	3	958		912
Provision for (benefit from) income taxes	(33)	(6)	359		320
Income (loss) before equity in income of subsidiaries	(16)	9	599		592
Equity in income of subsidiaries	608	596	10	(1,214)	
Net income	$ 592	$ 605	$ 609	$ (1,214)	$ 592

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2012

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

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2011

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
		(In millions)		
Net cash provided by (used in) operating activities	$ (45)	$ 202	$ 633	$ 790
Cash flows from investing activities:				
Purchase of property and equipment			(153)	(153)
Purchase of short-term investments			(4)	(4)
Other, net			5	5
Net cash used in investing activities			(152)	(152)
Cash flows from financing activities:				
Principal payments on long-term debt			(4)	(4)
Purchase of treasury stock	(349)			(349)
Return of prepayment on structured stock repurchase	119			119
Payment of cash dividends	(114)			(114)
Other, net	13		(12)	1
Net cash used in financing activities	(331)		(16)	(347)
Intercompany investing and financing activities, net	403	(220)	(183)	
Net increase (decrease) in cash and cash equivalents	27	(18)	282	291
Cash and cash equivalents at beginning of year	67	25	649	741
Cash and cash equivalents at end of year	$ 94	$ 7	$ 931	$ 1,032

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2010

	Parent	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total
		(In millions)		
Net cash provided by (used in) operating activities	$ (129)	$ (1)	$ 715	$ 585
Cash flows from investing activities:				
Purchase of property and equipment			(91)	(91)
Purchase of short-term investments			(6)	(6)
Proceeds from redemption of money market funds		52		52
Other, net			3	3
Net cash provided by (used in) investing activities		52	(94)	(42)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt	1,249			1,249
Principal payments on long-term debt	(1,407)		(4)	(1,411)
Purchase of treasury stock	(266)			(266)
Prepayment of structured stock repurchase	(169)			(169)
Other, net	18		(14)	4
Net cash used in financing activities	(575)		(18)	(593)
Intercompany investing and financing activities, net	726	(135)	(591)	
Net increase (decrease) in cash and cash equivalents	22	(84)	12	(50)
Cash and cash equivalents at beginning of year	45	109	637	791
Cash and cash equivalents at end of year	$ 67	$ 25	$ 649	$ 741

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TD AMERITRADE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	For the Fiscal Year Ended September 30, 2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 653	$ 673	$ 667	$ 647
Operating income	$ 228	$ 219	$ 254	$ 232
Net income	$ 152	$ 137	$ 154	$ 143
Basic earnings per share	$ 0.28	$ 0.25	$ 0.28	$ 0.26
Diluted earnings per share	$ 0.27	$ 0.25	$ 0.28	$ 0.26

	For the Fiscal Year Ended September 30, 2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$ 656	$ 718	$ 685	$ 704
Operating income	$ 234	$ 283	$ 262	$ 269
Net income	$ 145	$ 172	$ 157	$ 164
Basic earnings per share	$ 0.25	$ 0.30	$ 0.28	$ 0.29
Diluted earnings per share	$ 0.25	$ 0.30	$ 0.27	$ 0.29

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

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***
None.

Item 9A. ***Controls and Procedures***

MANAGEMENT S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of TD Ameritrade Holding Corporation and its subsidiaries (the Company) is responsible for the preparation, consistency, integrity, and fair presentation of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles applied on a consistent basis and, in management s opinion, are fairly presented. The financial statements include amounts that are based on management s informed judgments and best estimates.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has established and maintains comprehensive systems of internal control that provide reasonable assurance as to the consistency, integrity, and reliability of the preparation and presentation of financial statements; the safeguarding of assets; the effectiveness and efficiency of operations; and compliance with applicable laws and regulations. The concept of reasonable assurance is based upon the recognition that the cost of the controls should not exceed the benefit derived. Management monitors the systems of internal control and maintains an independent internal auditing program that assesses the effectiveness of internal control. Management assessed the Company s disclosure controls and procedures and the Company s systems of internal control over financial reporting for financial presentations in conformity with U.S. generally accepted accounting principles; the effectiveness and efficiency of operations; and compliance with applicable laws and regulations. This assessment was based on criteria for effective internal control established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Report).

Based on this assessment, management believes that the Company maintained effective systems of internal control that provided reasonable assurance as to adequate design and effective operation of the Company s disclosure controls and procedures and the Company s systems of internal control over financial reporting for financial presentations in conformity with U.S. generally accepted accounting principles as of September 30, 2012. In addition, management believes that the Company maintained effective systems of internal control that provided reasonable assurance as to the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2012.

The board of directors exercises its oversight role with respect to the Company s systems of internal control primarily through its Audit Committee, which is comprised solely of independent outside directors. The Committee oversees the Company s systems of internal control and financial reporting to assess whether their quality, integrity, and objectivity are sufficient to protect shareholders investments.

The Company s consolidated financial statements have been audited by Ernst & Young LLP (Ernst & Young), an independent registered public accounting firm. As part of their audit, Ernst & Young considers the Company s internal control to plan the audit and determine the nature, timing, and extent of audit procedures considered necessary to render their opinion as to the fair presentation, in all material respects, of the consolidated financial statements, which is based on independent audits made in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Ernst & Young has issued an audit opinion on the Company s internal control over financial reporting. That opinion appears on the next page.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

TD Ameritrade Holding Corporation

We have audited TD Ameritrade Holding Corporation s internal control over financial reporting as of September 30, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). TD Ameritrade Holding Corporation s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, TD Ameritrade Holding Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2012, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TD Ameritrade Holding Corporation as of September 30, 2012 and 2011, and the related consolidated statements of income, stockholders equity, and cash flows for each of the three years in the period ended September 30, 2012 and our report dated November 26, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Chicago, Illinois

November 26, 2012

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Disclosure Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company s disclosure controls and procedures as of September 30, 2012. Management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2012.

Changes in Internal Control over Financial Reporting

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

Item 9B. ***Other Information***
None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***
The information required to be furnished pursuant to this item is incorporated by reference from our definitive proxy statement for our 2013 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after September 30, 2012 (the Proxy Statement).

Item 11. ***Executive Compensation***
The information required to be furnished pursuant to this item is incorporated by reference from the Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***
The information required to be furnished pursuant to this item, with the exception of the equity compensation plan information presented below, is incorporated by reference from the Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes, as of September 30, 2012, information about compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	11,487,357 (1)	$ 9.31 (2)	13,804,334 (3)

(1) Consists of 7,189,999 stock options, 4,139,415 restricted stock units and 157,943 deferred stock units outstanding under the Company s stock incentive plans.

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

(3) The TD Ameritrade Holding Corporation Long-Term Incentive Plan (the LTIP) and the 2006 Directors Incentive Plan (the Directors Plan) authorize the issuance of shares of common stock as well as options. As of September 30, 2012, there were 12,712,070 shares and 1,092,264 shares remaining available for issuance pursuant to the LTIP and the Directors Plan, respectively.

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

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)
Equity compensation plans approved by security holders	141,248	$ 24.91

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

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

Item 14. ***Principal Accounting Fees and Services***

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

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) Documents filed as part of this Report

1. Financial Statements

See Item 8, Financial Statements and Supplementary Data.

2. Financial Statement Schedules

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

3. Exhibits

See Item 15(b) below.

(b) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of TD Ameritrade Holding Corporation, dated January 24, 2006 (incorporated by reference to Exhibit 3.1 of the Company s Form 8-K filed on January 27, 2006)
3.2	Amended and Restated By-Laws of TD Ameritrade Holding Corporation, effective March 9, 2006 (incorporated by reference to Exhibit 3.1 of the Company s Form 8-K filed on March 15, 2006)
4.1	Form of Certificate for Common Stock (incorporated by reference to Exhibit 4.1 of the Company s Form 8-A filed on September 5, 2002)
4.2	First Supplemental Indenture, dated November 25, 2009, among TD Ameritrade Holding Corporation, TD Ameritrade Online Holdings Corp., as guarantor, and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company s Form 8-K filed on November 25, 2009)
4.3	Form of 2.950% Senior Note due 2012 (included in Exhibit 4.2)
4.4	Form of 4.150% Senior Note due 2014 (included in Exhibit 4.2)
4.5	Form of 5.600% Senior Note due 2019 (included in Exhibit 4.2)

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Exhibit No.	Description
10.1*	Form of Indemnification Agreement, dated as of May 30, 2006, between TD Ameritrade Holding Corporation and several current and previous members of the Company s board of directors (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on June 5, 2006)
10.2*	Chairman of the Board of Directors Term Sheet, effective as of June 1, 2011, between Joseph H. Moglia and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.2 of the Company s Annual Report on Form 10-K filed on November 18, 2011)
10.3*	Non-Qualified Stock Option Agreement, dated as of March 1, 2003, between Joseph H. Moglia and Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.9 of the Company s Annual Report on Form 10-K filed on December 9, 2004)
10.4*	Employment Agreement, as amended and restated, effective as of May 16, 2008, between Fredric J. Tomczyk and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.2 of the Company s quarterly report on Form 10-Q filed on August 8, 2008)
10.5*	Non-Qualified Stock Option Agreement, dated May 15, 2008, between Fredric J. Tomczyk and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.3 of the Company s quarterly report on Form 10-Q filed on August 8, 2008)
10.6*	Employment Agreement, as amended and restated, effective as of October 13, 2008, between Ellen L.S. Koplow and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.9 of the Company s Form 10-K filed on November 26, 2008)
10.7*	Executive Employment Term Sheet, effective as of April 11, 2011, between Marvin W. Adams and TD Ameritrade Holding Corporation (incorporated by reference to Exhibit 10.4 of the Company s quarterly report on Form 10-Q filed on May 6, 2011)
10.8*	TD Ameritrade Holding Corporation Long-Term Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on February 18, 2011)
10.9*	Form of 1996 Long Term Incentive Plan Non-Qualified Stock Option Agreement for Executives (incorporated by reference to Exhibit 10.25 of the Company s Annual Report on Form 10-K filed on December 9, 2004)
10.10*	Form of Performance Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on March 9, 2006)
10.11*	Form of Restricted Stock Unit Agreement for Employees (incorporated by reference to Exhibit 10.1 of the Company s quarterly report on Form 10-Q filed on February 4, 2011)
10.12*	TD Ameritrade Holding Corporation 2006 Directors Incentive Plan, effective as of November 15, 2006 (incorporated by reference to Appendix A of the Company s Proxy Statement filed on January 24, 2007)
10.13*	Form of Directors Incentive Plan Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.27 of the Company s Annual Report on Form 10-K filed on December 9, 2004)
10.14*	Form of Directors Incentive Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.28 of the Company s Annual Report on Form 10-K filed on December 9, 2004)
10.15*	Form of Restricted Stock Unit Agreement for Non-employee Directors (incorporated by reference to Exhibit 10.2 of the Company s quarterly report on Form 10-Q filed on February 4,2011)
10.16*	Amended and Restated Ameritrade Holding Corporation Executive Deferred Compensation Program effective December 28, 2005 (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on December 30, 2005)
10.17*	TD Ameritrade Holding Corporation Management Incentive Plan, as amended effective as of February 24, 2010 (incorporated by reference to Exhibit 10.2 of the Company s Form 8-K filed on February 18, 2011)
10.18*	Datek Online Holdings Corp. 2001 Stock Incentive Plan, as amended and restated effective as of September 9, 2002 (incorporated by reference to Exhibit 4.2 of the Company s Registration Statement on Form S-8, File No. 333-99353, filed on September 10, 2002)

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Exhibit No.	Description
10.19*	First Amendment of Datek Online Holdings Corp. 2001 Stock Incentive Plan, effective as of September 25, 2004 (incorporated by reference to Exhibit 10.34 of the Company s Annual Report on Form 10-K filed on December 9, 2004)
10.20	Stockholders Agreement among Ameritrade Holding Corporation, The Toronto-Dominion Bank, J. Joe Ricketts and certain of his affiliates dated as of June 22, 2005 (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on June 28, 2005)
10.21	Amendment No. 1 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated February 22, 2006 (incorporated by reference to Exhibit 10.4 of the Company s quarterly report on Form 10-Q filed on May 8, 2006)
10.22	Amendment No. 2 and Waiver to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated August 3, 2009 (incorporated by reference to Exhibit 10.33 of the Company s Annual Report on Form 10-K filed on November 13, 2009)
10.23	Amendment No. 3 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated August 6, 2010 (incorporated by reference to Exhibit 10.35 of the Company s Annual Report on Form 10-K filed on November 19, 2010)
10.24	Amendment No. 4 to Stockholders Agreement among TD Ameritrade Holding Corporation, The Toronto-Dominion Bank and certain other stockholders of TD Ameritrade, dated October 31, 2011 (incorporated by reference to Exhibit 10.1 of the Company s quarterly report on Form 10-Q filed on February 7, 2012)
10.25	Amended and Restated Registration Rights Agreement by and among Ameritrade Holding Corporation, The Toronto-Dominion Bank, J. Joe Ricketts and certain of his affiliates, entities affiliated with Silver Lake Partners, and entities affiliated with TA Associates, dated as of June 22, 2005 (incorporated by reference to Exhibit 99.1 of the Company s Form 8-K filed on September 12, 2005)
10.26	Trademark License Agreement among The Toronto-Dominion Bank and Ameritrade Holding Corporation, dated as of June 22, 2005 (incorporated by reference to Exhibit 99.3 of the Company s Form 8-K filed on September 12, 2005)
10.27	Credit Agreement, dated June 28, 2011, among TD Ameritrade Holding Corporation, TD Ameritrade Online Holdings Corp., as guarantor, the lenders party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on July 5, 2011)
10.28	Credit Agreement, dated June 28, 2011, among TD Ameritrade Clearing, Inc., the lenders party thereto, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 of the Company s Form 8-K filed on July 5, 2011)
10.29	Letter Agreement to effect a structured stock repurchase, dated as of August 20, 2010, between TD Ameritrade Holding Corporation and Barclays Capital Inc., acting as agent for Barclays Bank PLC (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on June 1, 2012)
10.30	Guaranteed Maximum Price Amendment between TD Ameritrade Services Company, Inc. and Kiewit Building Group, Inc., effective November 28, 2011 (incorporated by reference to Exhibit 10.1 of the Company s Form 8-K filed on December 2, 2011)
10.31	Construction agreement between TD Ameritrade Services Company, Inc. and Kiewit Building Group, Inc., dated December 1, 2009 (incorporated by reference to Exhibit 10.2 of the Company s Form 8-K filed on July 13, 2011)
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges
14	Code of Ethics (incorporated by reference to Exhibit 14 of the Company s quarterly report on Form 10-Q filed February 4, 2011)
21.1	Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP

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Exhibit No.	Description
31.1	Certification of Fredric J. Tomczyk, Principal Executive Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of William J. Gerber, Principal Financial Officer, as required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation
101.DEF	XBRL Taxonomy Extension Definition

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 26th day of November, 2012.

TD AMERITRADE HOLDING CORPORATION

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

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 26th day of November, 2012.

/s/ JOSEPH H. MOGLIA	/s/ KERRY PEACOCK
Joseph H. Moglia	Kerry Peacock
Chairman of the Board	*Director*
/s/ W. EDMUND CLARK	/s/ WILBUR J. PREZZANO
W. Edmund Clark	Wilbur J. Prezzano
Vice Chairman of the Board	*Director*
/s/ MARSHALL A. COHEN	/s/ J. PETER RICKETTS
Marshall A. Cohen	J. Peter Ricketts
Director	*Director*
/s/ DAN W. COOK III	/s/ TODD M. RICKETTS
Dan W. Cook III	Todd M. Ricketts
Director	*Director*
/s/ KAREN E. MAIDMENT	/s/ ALLAN R. TESSLER

Karen E. Maidment	Allan R. Tessler
Director	*Director*
/s/ MARK L. MITCHELL	
Mark L. Mitchell	
Director	

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