Company Registration Number 5616586

StoneX®

STONEX FINANCIAL LIMITED
(Formerly INTL FCStone Limited)

Report and Financial Statements

30 September 2020

STONEX FINANCIAL LIMITED *(Formerly INTL FCStone Limited)*

REPORT AND FINANCIAL STATEMENTS

30 September 2020

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile
J J van Wijngaarden (Appointed 11 August 2020)

COMPANY SECRETARY

C O Odigie (Resigned 5 November 2020)
D A Bolte (Appointed 5 November 2020)

REGISTERED OFFICE

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Telephone: +44 (0)20 3580 6000

www.stonex.com

COMPANY REGISTRATION NUMBER

5616586

COUNTRY OF INCORPORATION

England and Wales

LEGAL FORM

Private Limited Company

INDEPENDENT AUDITOR

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom

STRATEGIC REPORT

30 September 2020

The directors present the Strategic Report of StoneX Financial Limited (**Company**) for the year ended 30 September 2020 in accordance with Companies Act 2006, section 414C.

As part of a global re-branding exercise in July 2020 the Company, formerly known as INTL FCStone Limited was renamed StoneX Financial Limited.

Business model and strategy

The Company is the main non-US operating entity of the former INTL FCStone Inc., now StoneX Group Inc. (**Group**) offering regulated as well as unregulated financial products and services to customers in the European, Middle Eastern and African time zones from London.

The Company is authorised and regulated by the Financial Conduct Authority (**FCA**).

The Company provides a range of services as follows:

- The Global Payments Services division delivers 140 currencies to more than 180 countries for aid agencies and banks;
- It is a Category 1 member of the London Metal Exchange (**LME**), and a member of LME Clear, ICE Futures Europe, ICE Clear Europe, LCH Enclear, Euronext, the European Energy Exchange, Eurex, Norexeco and FIA Europe. Through its affiliates, the Company provides customers with access to various other global exchanges, focusing on providing hedging services for customers in base metals, soft, agricultural and other commodities;
- It acts as broker in foreign exchange, oil and precious metals, acting as principal and intermediary;
- It provides institutional clients execution services in equities and fixed income securities;
- It provides hedging and physical trading services in precious metals, being a member of the London Bullion Markets Association and the London Platinum and Palladium Markets Association; and
- It offers hedging advice to clients in the agricultural, energy and dairy sectors.

In providing these services the Company makes markets in currencies and certain financial instruments but does not generally actively take proprietary risk as a matter of policy.

The Company operates for its clients with Group entities especially in New York, Chicago, Singapore, Dubai and Hong Kong. Specifically, it mainly:

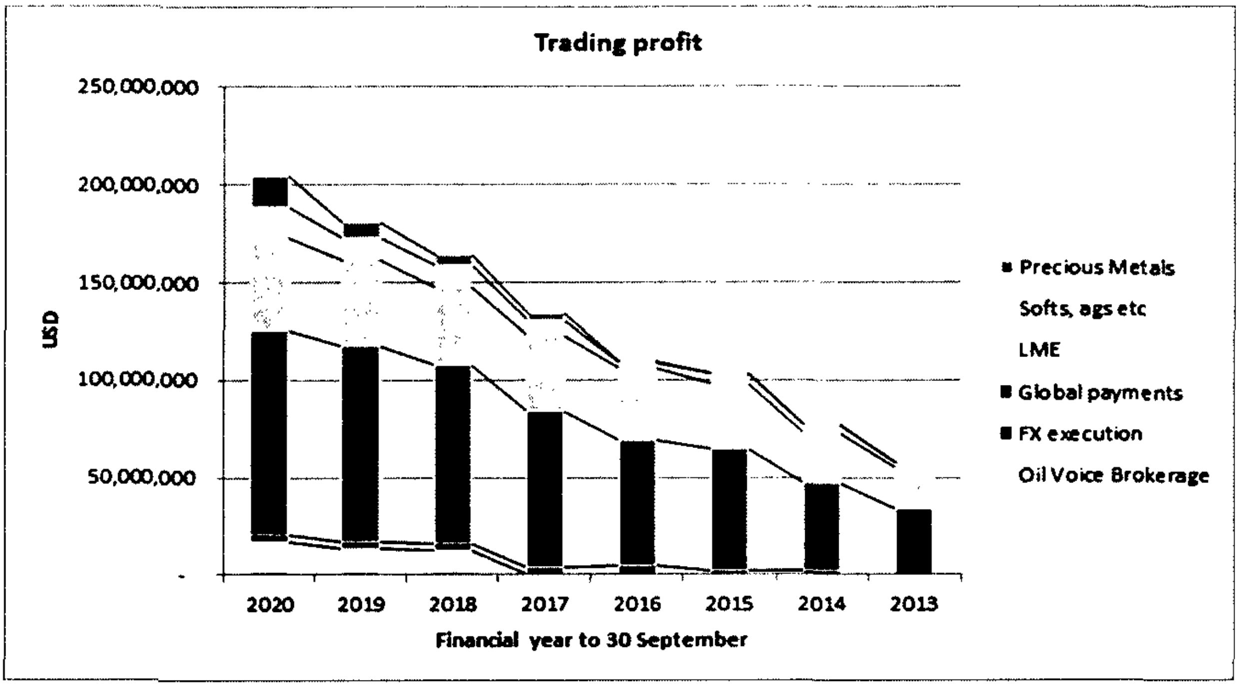
- provides clearing services for clients of US, Latin American and Far Eastern affiliates;
- receives trading services from New York, Chicago, Singapore and Hong Kong affiliates; and
- delivers operational trade support for precious metal trading activity to Singapore and Dubai affiliates.

Business review

The Company's main activities (profit centres) are:

- Global payments services (non-derivatives);
- Clearing and execution services on LME;
- Clearing and execution services in connection with agricultural and soft commodities and energy on European and, via affiliates, US and Asian exchanges for clients in agricultural and soft commodities;
- FX prime brokerage (execution) services;
- Trading in precious metals;
- Equities and fixed income securities brokerage; and
- Oil voice brokerage.

The distribution of trading profit in recent years has been as follows:



In 2020 the largest generator of trading profit continued to be the Global Payments Services business.

Despite increasing revenues, the profit before tax fell from $73m in 2019 to $59m in 2020. While in general the portfolio of business lines performed well, the following factors impacted overall profitability year on year (in order of impact):

- A reduction in surplus investable cash coupled with significantly reduced interest rates (including negative rates);
- Throughout the year, the Company added personnel in support functions to help within a number of business areas as regulatory complexity increased, including Brexit, and related infrastructure requirements grew;
- Growth is the transfer of revenue to affiliate companies as their business grows; and
- An overall rationalisation of the Company's office space.

On 1 October 2019 the Company's Irish branch was transferred to a Group affiliate, formerly known as INTL FCStone Europe SA, now named StoneX Europe SA (**SFE**), to enable that office to continue to introduce EU business to the Company taking advantage of SFE's EU passport. The impact of the transfer of the Irish branch is not material to the Company.

On 1 April 2020, the Company acquired 1% the brokerage business of Exotix Partners LLP (part of the Tellimer Group) with the other 99% being acquired by the Company's parent, INTL Netherlands BV. This UK headquartered firm is an executing broker in emerging markets fixed income and equities securities. It was acquired to help add to the existing business in the Company and included a modest number of staff, systems, infrastructure and client relationships. In December 2020 the transfer of the business of Exotix Partners LLP over to the Company was completed and the process of liquidating the legal partnership commenced.

On 4 May 2020, the Company acquired 100% of the brokerage business formerly known as Giroxx GmbH, now named StoneX Financial GmbH. This is a Germany based firm that provides payment services to its predominantly EU customer base, including those across the Group. The acquisition was part of the Brexit mitigation strategy for the Global Payments and other businesses and is discussed below. The acquisition brought with it a modest number of staff, systems, infrastructure and client relationships.

Group acquisition of GAIN Capital Holdings, Inc

On 31 July 2020, StoneX Group Inc. completed its acquisition of GAIN Capital Holdings, Inc. (**GAIN**), an online provider of retail foreign exchange trading and related services serving over 130,000 retail and institutional investors through its FOREX.com and City Index platforms, among other channels.

As a result of this acquisition, GAIN's customers will benefit from a broader product offering and the expanded resources of a combined firm. StoneX Group Inc., in turn, will add a new digital platform to its global financial network, significantly expanding its offering to retail clients and accelerating the Group's digitalisation strategy.
As part of the global integration of this acquisition, during 2021 it is planned to transfer the business activities from GAIN's UK legal entity, GAIN Capital UK Limited, to the Company.

Key Performance Indicators (KPIs)

The board of the ultimate parent sets the overall Group strategy and monitors progress. Individual business divisions across the Group straddle different legal entities and are monitored by the board of the ultimate parent on this basis.

At a Company level, the Company board monitors those same businesses with each one assessed for profitability by reference to absolute targets, specifically as to capital employed, including such capital as may be required in the form of liquidity needed to facilitate client business.

The main KPI at an entity level is performance on the basis of return on equity. In the financial year under review the Company achieved pre-tax and post-tax rates of return of 19% and 15% respectively (2019: 27% and 21% respectively) of average capital employed, which the Company's board considers adequate in light of the recent business expansion.

Risk management

The Company is regulated by the FCA as a full scope €730k investment firm and is subject to the European Union's Capital Requirements Directive IV (**EU CRD IV**) and associated regulations, and the FCA's Individual Liquidity Adequacy Standards (**ILAS**) with regards to liquidity. Frameworks and assessments for the Company have been developed with reference to these regulations.

Exposures to risk are managed continually to ensure that such exposures are within capital constraints and justified by the profitability of any initiative that the Company may pursue.

The principal risks faced by the Company are:

- Liquidity Risk
- Credit Risk
- Market Risk
- Operational Risk
- Regulatory Risk
- Reputational Risk
- Conduct Risk

Liquidity Risk
Liquidity Risk is monitored daily by reference to internally designed stresses and at least every three days by stress models referred to by the FCA applying ILAS parameters. Liquidity management is designed to ensure utilisation by each business does not exceed pre-agreed capital allocations. The Company has access to contingency funding and maintains appropriate buffers as laid down by regulation.

Credit, Market, Operational Risks (including Regulatory, Reputational and Conduct Risks)
The mathematical expression of the Company's appetite for Credit, Market and Operational Risks mentioned above are measured relative to board approved limits and are reviewed regularly, notably as part of the FCA's Internal Capital Adequacy Process (**ICAAP**). New projects or unforeseen events trigger a review of all of the above risks as part of the ICAAP. Operational Risks also include Regulatory Risk, Conduct Risk and systems-related risks with the ICAAP taking into account any financial impact flowing from the associate Reputational Risk.

Credit Risk is managed by setting authorised trading limits on all counterparties and constant monitoring of client positions to ensure adherence to those limits.

In line with policy, the Company does not actively take directional positions (Market Risk), noting that the Company's overall strategy is that it is a market maker in certain commodities and currencies. Position and other Market Risk limits are imposed on all trading teams where there is market making. These are monitored daily.

COVID-19 pandemic

The COVID-19 pandemic which emerged in early 2020 created wide and far reaching impacts across the global economies. These impacts have included global central banks reducing interest rates to historical low levels and unprecedented government support packages being offered to both businesses and individuals. National lockdowns have slowed economic growth and the timeframe for recovery remains uncertain.

Since the onset of the COVID-19 pandemic all businesses have been proactive in managing the change in the resulting risks. Because of the robust IT infrastructure and strong client relationships the business has continued to operate without issue whilst ensuring that all staff remained safe and well at all times by working away from the offices. Business activity benefitted from the periods of high volatility when clients sought to re-align their risk profiles. It was during these unusual market conditions that the operational resilience of the firm manifested itself. This included a seamless risk management processes supported by strong systems of internal control. Understanding our place in the markets with which we seek to connect clients, we remained close to all of our clients helping them avoid excessive risk situations.

Having operated for most of the year with the COVID-19 pandemic we have become more accustomed to a new operating environment including understanding the reliability of our internal processes. We are conscious that the longer lasting impacts of the COVID-19 pandemic will take some time to play-out and from our experience to date we remain confident that we able to remain resilient. The directors do not foresee any challenges with its operations and therefore its ability to service clients. There have been no significant increases in administrative expenses or doubtful customer receivables. Liquidity remains strong and regulatory capital excesses remain healthy.

As a result of there being no material impacts to revenue, costs, liquidity, reputation and regulatory capital, the directors are satisfied that the business has not been significantly impacted by the COVID-19 pandemic.

Regulatory challenges due to Brexit

Regarding the implementation of Brexit, the Company and Group have analysed its business activities within the EU and have implemented the following as mitigants.

- In connection with MiFID business:
  - The Group acquired a Luxembourg-based and EU-regulated €730k affiliate, StoneX Europe SA, (**SFE**) that:
    - provides advice to EU-based clients where needed;
    - enables the continued solicitation of business within the territory of the EU for the benefit of the Company and the wider Group;
    - acts as tied agent to the Company in the EU to receive and transmit orders to the UK; and
    - enables direct electronic access to EU-based exchanges for onward transmission to the Company.
  - The Company's clients have been informed of any legal or contractual changes that will be made in cases where this Luxembourg entity will be providing these services.
  - On 1 October 2019 the Company's Irish branch was transferred to SFE to enable that office to continue to introduce EU business to the Company taking advantage of SFE's EU passport.
- In connection with the Global Payments business, on 4 May 2020, the Group acquired Giroxx GmbH (subsequently renamed StoneX Financial GmbH) which is a German regulated company providing payments and foreign exchange services.

These changes are now live in post-Brexit environment and are providing the planned mitigation.

IBOR reforms

The transition away from the London Interbank Offered Rate (**LIBOR**), and other IBORs, represents one of the biggest challenges facing certain financial services firms. LIBOR regulators (including the FCA and the US Commodity Futures Trading Commission) have since announced a transition away from LIBOR towards alternative risk-free rates (**RFR**).

The FCA has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR. Other regulators have made similar statements.

RFRs have been agreed for all LIBOR currencies. The Company has taken part in industry groups with the current view that the scheduled changes will not have a material impact of the business model and financial profile because of the limited direct exposure.

Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 requires the directors to demonstrate how they have had regard to matters set out in section 172(1) of the Companies Act 2006 when performing their duty to promote the success of the Company for the benefit of its shareholder(s) as a whole, and in doing so had regard, amongst other matters, to:

1. **The likely consequences of any decisions in the long term**: this is demonstrated through the nature of the strategic decisions made by the board and the day-to-day decisions made by the business referencing the embedded risk management process of the Company. These decisions focus on the sustainability of the Company in the long term by ensuring liquidity, capital and regulatory compliance are preserved. During COVD-19 many decisions at many levels were made that were aligned to the long term success and strategy of the Company including the acquisition of Giroxx GmbH (now StoneX Financial GmbH);
2. **The interests of the Company's employees**: this manifests itself through the board's acknowledgement of the Company's employees being their most valuable asset whom they are committed to develop and retain, ensuring that they share is the success of the business through award programmes including participation in share plans. The Company provides a choice of benefits and rewards that help employees develop their career and maintain well-being. The principal decisions during the year supported the intense focus on employee well-being and in March 2020 as the COVID-19 pandemic became more widespread included regular contact and interaction (informal and formal) by senior management and leaders. Employee surveys are held covering matters of concern to employees and considered by the board as well as regular updates on remuneration and human resources initiatives. The Company values diversity in its every sense and is whole-heartedly rejects any form of prejudice-based actions in the workplace. In particular the Company actively supports the employment of people of disability and provides the necessary support in training, career development and promotion. Senior management engage with employees through regular communication media and board attendance includes participants from the leaders across the Company. There are frequent communications to all employees regarding the financial and economic performance of the Company and employee groups have been established to share information that is likely to affect their interests. There is also a well understood whistleblowing process. Our people are central to the Company achieving its strategic objectives and we are committed to developing a highly motivated workforce that provide excellent customer service through collaboration;
3. **The need to foster the Company's business relationships with suppliers, customers and others**:
    a. we operate closely with many key suppliers in a way that they are aligned with our strategic objectives ensuring that all businesses continue to run optimally – supported by the strategic decisions from March 2020 onwards with key IT providers during the COVOD-19 pandemic. We operate within a risk management framework including Anti-Bribery and Corruption policies and the board is made aware of any significant supplier issues. Suppliers provide expertise that we do we not currently possess in-house.
    b. With customers we centre our strength of relationship on treating customers fairly and putting them at the heart of everything we do. We made the natural decision to work very closely with our clients at times of extreme market volatility driven by the COVID-19 pandemic helping them navigate the unprecedented levels of volatility in a sustainable way. Senior management is in contact with customers regularly and report to the board as appropriate. Feedback is actively sought from customers on how we can improve of service to them. We seek to build our brand by being a reliable and trusted partner to our customers.
    c. We retain a very transparent and respectful dialogue with our regulators ensuring that we keep them updated as required on key strategic decisions such as the move to integrate the GAIN Capital UK Limited business with the Company in 2021. The board receives regular updates on

developments in financial services regulation. Our regulators require us to comply with their rules to ensure the integrity of the financial markets in which we operate.

d. The StoneX Group Inc is represented by membership on the Company's board and many senior managers meet with the Company's directors and senior management team. There are service level agreements in place between group entities including the Company. We share StoneX Group's mission and vision and contribute to their realisation.

4. **The impact of the Company's operations on the community and environment**: this is demonstrated through the support and sponsorship that the Company provides to key industry charities and the fact that employees are encouraged to participate in charitable events which are also supported by the business. The board receives regular updates on sustainability matters and approves the Tax Strategy. We recognise the importance of contributing positively to the societies in which we operate;
5. **The desirability of the Company maintaining a reputation for high standards of business conduct**: this is demonstrated through the 'tone from the top' in how the directors drive and support the right culture for a client facing regulated business and the how this cascades to all employees. In making board level decisions the impact on culture and the right behaviours are considered and were evidenced in recent acquisition (Giroxx GmbH) and integration plans (GAIN Capital UK Limited); and
6. **The need to act fairly as between shareholders of the Company**: the Company is a wholly owned subsidiary and as such has one shareholder, INTL Netherlands BV, where there is a degree of overlap of board directors. This ensures that the information asymmetry between the shareholder and the Company's board is minimised and that the expectations of the ultimate shareholders of the Group are appropriately channelled.

On appointment, new directors receive induction training on their responsibilities which includes s172(1) matters.

The board understands the importance of ensuring that the Company's business is undertaken in a way that has regard to stakeholders' interests and seeks to align stakeholder and business interests. This approach has three strands: our corporate objectives, our stakeholders and our culture and values.

Our corporate objectives focus on serving our growing diversified client base and building our offering to create value for clients and shareholder.

For our stakeholders the directors consider their views and interests as a wider set as discussed above.

In terms of our culture and values, the board believes that a strong and positive culture is the bedrock for appropriate conduct which leads us to protect our business, our clients and other stakeholders and helps preserve the integrity of the financial markets in which we operate.

On behalf of the board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Date: 25 January 2021

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU.

Principal activities

The Company provides pricing and execution and clearing services in over 140 currencies with delivery to more than 180 countries. The Company also operates as a broker-dealer and advisor in commodity and foreign exchange risk management by providing a comprehensive range of customised financial services to help clients manage volatility and protect themselves against margin exposure.

Results and dividends

The profit for the year, after taxation, amounted to $45,181,234 (2019: $55,750,656). The Company paid a dividend in the year of $20,000,000 (2019: $3,000,000).

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going concern

The financial statements of the Company have been prepared on a going concern basis as the directors have satisfied themselves that, having taken into consideration the Company's projections of and stress testing on profitability, liquidity and capital requirements and resources. As such the directors have concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of these financial statements.

The directors are satisfied that the business has not been significantly impacted by the COVID-19 pandemic and is in a position to manage the future challenges that may emerge as a result of the continuing fallout from the COVID-19 pandemic. Please refer to Strategic Report for more detail. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Insurance

The Company has directors' and officers' liability insurance and intends to maintain such cover for the full term of their employment or engagement.

Financial instruments

Information regarding the financial risk management objectives and policies are set out within the Strategic Report.

Pillar 3 disclosures

Details of the Company's unaudited Pillar 3 disclosures, as required by the EU CRD IV may be found at www.StoneX.com.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2019: $nil).

Employee engagement statement

Statement of how the directors have engaged with UK employees and how the directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, may be found within the *Section 172(1) statement* within the Strategic Report.

Directors

The directors who served the Company during the year and at the date of approval of this report were as follows:

S R Bailey
S M O'Connor
P A Smith
M J Wilde
L J McNeile
J J van Wijngaarden (Appointed 11 August 2020)

No director had any beneficial interests in the share capital of the Company during the year.

Statement as regards fostering relationships with suppliers, customers and others

A statement of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, may be found within the *Section 172(1) statement* within the Strategic Report.

Environmental reporting – streamlined energy and carbon reporting

The UK Government's Streamlined Energy and Carbon Reporting (**SECR**) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. The Company meets the SECR qualification in the UK.

The reporting period for compliance was 1 October 2019 to 30 September 2020. The results show that the Company's total energy use and total gross Green House Gas (**GHG**) emissions amounted to 473,846 kWh and approximately 143 tonnes of CO_2e respectively in the financial year in the UK. The Company has chosen *Tonnes of CO_2e per full time employee* as an intensity metric as this is an appropriate metric for the business. As a result, the intensity metric for the financial year was 0.45.

The Company has invested over many years to reduce its carbon emissions including replace ceiling lights with more energy efficient units and adjusting operating times for air conditioning units.

Subsequent events

There were no material subsequent events.

On behalf of the board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Date: 25 January 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
30 September 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give *a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.*

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

P A Smith
Director

1st Floor Moor House
120 London Wall
London
EC2Y 5ET
United Kingdom

Date: 25 January 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STONEX FINANCIAL LIMITED

Opinion

We have audited the financial statements of StoneX Financial Limited ("the Company") for the year ended 30 September 2020, which comprise the Income Statement and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Smith

Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 25 January 2021

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2020

	Note	2020 $	2019 $
TRADING PROFIT	4	235,141,841	220,405,929
Administrative and operating expenses		(176,037,749)	(147,698,424)
PROFIT BEFORE TAXATION	5	59,104,091	72,707,505
Tax on profit	6	(13,922,857)	(16,956,849)
PROFIT FOR THE YEAR		45,181,234	55,750,656
Other comprehensive income for the year *(Items that will never be reclassified to profit or loss)*	7	(1,336,871)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		43,844,363	55,750,656

All current year activities of the Company were classified as continuing.

The notes on pages 16 to 43 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note		2020		2019
		$	$	$	$
Non-current assets					
Intangible assets	8	939,189		3,738,092	
Property, plant and equipment	9	7,775,105		2,766,640	
Equity investments at FVOCI	10	2,405,432		3,742,304	
Investment in Group undertakings	11	5,522,201		-	
Deferred taxation	13	1,030,341		940,859	
			17,672,268		11,187,895
Current assets					
Inventory	12	26,762,454		7,057,616	
Derivative financial instruments	14	355,843,414		279,846,452	
Trade and other receivables	15	736,485,505		615,501,168	
Financial instruments	16	85,964,467		98,407,073	
Cash at bank		250,205,981		225,778,984	
		1,455,261,821		1,226,591,293	
Current liabilities					
Derivative financial instruments	14	(413,090,386)		(399,362,512)	
Trade and other payables	17	(732,313,154)		(540,329,951)	
		(1,145,403,540)		(939,692,463)	
Net current assets			309,858,281		286,898,830
Non-current liabilities					
Lease liabilities	18	(5,599,461)		-	
			(5,599,461)		-
Net assets			321,931,088		298,086,725
Capital and reserves					
Called up share capital	19		90,000,000		90,000,000
Other reserves	7		(1,336,871)		-
Retained earnings	19		233,267,959		208,086,725
Shareholder's funds			321,931,088		298,086,725

The financial statements were approved by the board of directors and authorised for issue on 25 January 2021 and are signed on their behalf by:

S R Bailey
Director

J J van Wijngaarden
Director

Company Registration No. 5616586

The notes on pages 16 to 43 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

As at 30 September 2020

	Share capital $	Other reserves $	Retained earnings $	Total $
At 1 October 2018	90,000,000	-	155,336,069	245,336,069
Profit and Total Comprehensive Income for the year	-	-	55,750,656	55,750,656
Dividends	-	-	(3,000,000)	(3,000,000)
Reserves	-	-	-	-
At 30 September 2019	90,000,000	-	208,086,725	298,086,725
Profit and Total Comprehensive Income for the year	-	-	45,181,234	45,181,234
Dividends	-	-	(20,000,000)	(20,000,000)
Reserves	-	(1,336,871)	-	(1,336,871)
At 30 September 2020	90,000,000	(1,336,871)	233,267,959	321,931,088

The notes on pages 16 to 43 form part of these financial statements

1. Accounting policies

General information

StoneX Financial Limited (**Company**) is a private company incorporated, domiciled and registered in England and Wales. As part of a global re-branding exercise in July 2020 the Company, formerly known as INTL FCStone Limited was renamed StoneX Financial Limited. The Company's registered number is 5616586 and the registered office address is 1st Floor Moor House, 120 London Wall, London, EC2Y 5ET, United Kingdom. The *principal activities of the Company are that of a global broker providing trading, execution, clearing and* provision of liquidity for institutional customers, tailored risk management solutions for commercial entities and a payment services provider offering efficient transfer of global funds.

Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. Additionally, because the consolidated financial statements of StoneX Group Inc., the ultimate parent company, include the equivalent disclosures, the Company has taken the available exemptions. Set out below are FRS 101 disclosure exemptions that the Company has taken:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital, property, plant and equipment (tangible fixed assets) and intangible assets;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the company;
- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- Where applicable certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and

Section 401 Companies Act 2006 - Exemption for company included in non-EEA group accounts of larger group

The Company was, at the end of the year, a wholly owned subsidiary ultimately of another company incorporated outside of the EEA and in accordance with section 401 Companies Act 2006, is not required to produce, and has not published consolidated accounts. These accounts are therefore the standalone accounts of the Company.

Changes in accounting policies and disclosures – effective for the current year

In the current year, the Company has adopted an amendment to the following standards, interpretations and amendments to existing standards:

IFRS 16 Leases

IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs). IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by the lessee. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and are replaced by a model where a right of use asset and corresponding liability have to be recognised for all leases by lessees (bringing them on balance sheet) except for short-term leases and leases of low value assets.

The new standard has been adopted retrospectively using a cumulative effect adjustment in the year of adoption. The impact of the application of this standard may be found at note 9.

Accounting policies – *continued*

Changes in accounting policies and disclosures – not yet effective and have not been adopted early by the Company

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The following amendments are effective for the period beginning 1 October 2020:

- IAS 1 Presentation of Financial Statements;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and errors (Amendment – Definition of Material);
- IFRS 3 Business Combinations (Amendment – Definition of Business);
- Revised Conceptual Framework for Financial Reporting; and
- IFRS 17 Insurance Contracts (effective 1 January 2022).

The Company is currently of the view that these new accounting standard amendments are unlikely to be material.

Measurement convention

The financial statements have been prepared under the historical cost basis as modified by the revaluation of certain financial instruments in accordance with the Companies Act 2006 and international accounting standards and explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in note 20.

Functional and presentation currency

The Company's financial statements are measured using the currency of the primary economic environment in which the entity operates (**functional currency**), being US Dollars ($). The financial statements are presented in US Dollars, the Company's presentation currency, and are rounded to the nearest whole number.

Going concern

The financial statements of the Company have been prepared on a going concern basis as the directors have satisfied themselves that, having taken into consideration the Company's projections of and stress testing on profitability, liquidity and capital requirements and resources. The Company is regulated by the FCA and as such the board is required to maintain and monitor adequate levels of capital and liquidity using prescribed methodologies within its ICAAP and ILAAP documents. The stress scenarios linked to these documents were revisited and new scenarios considered in view of the COVID-19 pandemic in order to test the going concern assumption. The board has approved a budget that takes into account the COVID-19 pandemic and which covers more than twelve months from the date of these financial statements. The adequacy of the Company's operational resilience across all infrastructure was another factor considered as part of the overall going concern evaluation.

As such the directors have concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of these financial statements.

Accounting policies – *continued*

Considering the above and the most recent performance and position of the Company, the directors are satisfied that the business has not been significantly impacted by the COVID-19 pandemic and is in a position to manage the future challenges that may emerge as a result of the continuing fallout from the COVID-19 pandemic. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Investments in group undertakings

The Company prepares separate financial statements and in accordance with IAS 27 investments in subsidiaries, associates, and jointly controlled entities are accounted for at cost and subject to the annual impairment review discussed below in accordance with IAS 36.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Statement of Financial Position are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Income Statement.

Trading Profit

In the opinion of the directors, the presentation of turnover, cost of sales and gross profit envisaged by the Companies Act 2006 is not applicable to brokerage companies. The appropriate presentation therefore is for the Income Statement to begin with "Trading Profit" which comprise all income and expenses related to the Company's trading activities. Trading profit represents realised and unrealised profits on trading, commission and fee income, and revenues and costs recharged to affiliates, after deduction of the costs of trading, such as brokerage etc. This is recognised when it is probable that the net economic benefits will flow to the Company and can be reliably measured, using the fair value of the consideration received or receivable.

Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

A *defined contribution pension plan* is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement in the periods during which services are rendered by employees. Other short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The *share option programme* allows certain employees and directors to acquire shares in the ultimate parent company at a strike price equal to the market value at the time of the award. The fair value of these options at the time that they are awarded is determined using Black Scholes model and are amortised over the number of years during which they vest and recognised as an expense with a corresponding increase in equity.

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Accounting policies – *continued*

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

Policy applicable from 1 October 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 October 2019.

Company acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost using the effective interest method. The Company presents right-of-use assets in property, plant and equipment and lease liabilities in lease liabilities in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 October 2019

The Company did not have any finance leases under IAS 17.

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance leases recognised in the Income Statement using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Income Statement (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Accounting policies – *continued*

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax is measured as amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position where transactions or events have occurred at that date that are expected to result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and laws that have been substantively enacted by the date of the Statement of Financial Position. The measurement reflects the Company's expectation as to how the manner in which the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when these are originated or when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (**FVTPL**), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (**FVOCI**) – equity investment, FVOCI – debt investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset (including investments) is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity or debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounting policies – *continued*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (**OCI**). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or as FVTPL.

Cash & cash equivalents (cash at bank)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Financial assets - subsequent measurement and gains and losses

- Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.

- Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Income Statement. Any gain or loss on derecognition is recognised in the Income Statement.

- Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Income Statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Income Statement.

- Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in the Income Statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the Income Statement.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Accounting policies – *continued*

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Income Statement. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Income Statement. Any gain or loss on derecognition is also recognised in the Income Statement.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

- *Cash flow hedges* - Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in a hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement; and

- *Fair value hedges* - Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Income Statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the Income Statement (even if those gains would normally be recognised directly in reserves).

Currently the Company does not have derivatives that qualify for hedge accounting.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as a 12-month ECL.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is below the equivalent to the globally understood definition of 'investment grade' (AAA to BBB- for Standard & Poor's).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Accounting policies – *continued*

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Currently the calculation of ECLs is viewed by the directors of the Company as being immaterial, given that assets subject to ECL are largely cash balances and other receivables with a very short term maturity.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Currently the Company does not have such assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. In respect of the current year, there were no material write-offs.

Intangible assets and amortisation

Intangible fixed assets purchased separately from a business are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the Income Statement account on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each date of the Statement of Financial Position.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	5 years straight line (subsequent enhancements attract accelerated amortisation rates to the same assumed expected useful life)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is used to write off the cost less the estimated residual value by equal instalments over their estimated useful economic lives as follows:

Computer Equipment	3-5 years straight line
Leasehold improvements and Equipment	Straight line to the termination of the lease
Fixtures and Fittings	3 years straight line
Non-motorised Vehicles	1 year straight line

Depreciation methods, useful lives and residual values are reviewed at each date of the Statement of Financial Position.

Accounting policies – *continued*

Inventory

Inventory is stated at fair value less costs to sell. Changes in the fair value net of costs to sell are recognised in the Income Statement in the period of the change.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets - the cash-generating unit (**CGU**).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of non-goodwill assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and non-cash distributions (including dividends)

The Company recognises a liability to make cash or non-cash distributions to its equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at fair value of the assets to be distributed with fair value measurement recognised directly in equity. Upon distribution of cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Income Statement.

Offsetting

Financial assets and liabilities are offset, and the net amount presented in the Statement of Financial Position when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Client Money

The Company holds money on behalf of some clients with banks, exchanges, clearing houses and brokers in segregated accounts in accordance with the Financial Conduct Authority (**FCA**)'s Client Assets Sourcebook (**CASS**) rules. Such monies and the corresponding amounts due to clients are not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto.

Accounting policies – *continued*

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future actual results may differ from the planned assumptions and estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed. Revisions to estimates are recognised prospectively.

- *Fair value of financial instruments – Investments:* The Company determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used; including discount rates and estimates obtained from independent experts or quoted market prices of comparable instruments. Further information on these financial instruments may be found at note 20.

- *Credit impairments:* Each quarter the Company considers whether an impairment should be recognised against its financial assets and other receivables. This impairment loss assessment is made using all relevant information available to management and by applying judgement on whether there is objective evidence that a financial asset or portfolio of assets is impaired. The calculation of an impairment loss is management's best estimate of losses incurred at a point in time and reflects the expected future cash flows likely.

- *Taxation:* The Company determines the provision for deferred tax on timing differences where tax recognition occurs at a different time from accounting recognition. Deferred tax liabilities are generally recognised to the extent that it is probable that there will be future taxable profits against which the timing differences can be utilised. The Company has considered the carrying value of the deferred tax asset as at the reporting date and concluded that sufficient taxable profits will be generated in future years to recover recognised deferred tax assets.

2. Particulars of Employees

	2020	2019
	$	$
Staff costs including directors consist of:		
Salaries and performance related remuneration	75,308,883	68,228,362
Share based payments	47,816	110,727
Social security costs	9,578,235	8,779,991
Pension contributions (defined contribution plans)	1,840,643	1,587,633
	86,775,577	78,706,713

The average number of employees of the Company including directors during the year analysed by category was as follows:

	2020	2019
	No.	No.
Traders and sales	131	135
Operations	73	63
Administration	117	97
	321	295

The Company does not have any defined benefit pension plans.

3. Directors' Emoluments

	2020	2019
	$	$
Directors' remuneration consists of:		
Emoluments for services as directors of the Company	4,768,350	2,815,538
Pension contributions (defined contribution plans)	18,523	17,312
	4,786,873	2,832,850
Emoluments of highest paid director:		
Emoluments	4,000,072	2,158,972
Pension (defined contribution plans)	12,761	17,312

During the year two of the directors participated in defined contribution pension schemes (2019: one). None of the directors participated in defined benefit pension schemes during 2020 (2019: none).

During the current year, no directors (2019: one director) exercised share options that had been awarded in prior periods. No gains made by the directors where recorded in the figure above (2019: $16,645).

4. Trading profit

Trading profit is wholly attributable to the principal activities of the Company and arises solely from activities within the United Kingdom.

	2020	2019
	$	$
Trading and market making profits	162,415,779	131,439,682
Commission and fee income	58,503,799	64,922,446
Revenues received from affiliates	9,125,982	7,866,376
Costs recharged to affiliates	2,225,078	3,520,471
Foreign exchange (loss)/profit	(3,368,182)	1,233,750
Interest receivable and similar income	6,239,385	11,423,204
	235,141,841	220,405,929

Included within Trading and market making profits is $439,071 (2019: $708,998) in respect of interest revenue on unpledged securities measured at FVOCI and $565,706 (2019: $709,421) in respect of pledged securities measured at FVOCI.

5. Profit before taxation

	2020	2019
	$	$
Profit before taxation is stated after charging:		
Fees payable to auditor - audit of the annual accounts	389,640	264,321
Fees payable to the auditor and its associates for other services:		
- audit related assurance services	129,020	79,911
- other non-audit services	6,451	6,147
Non-current assets depreciation and amortisation	3,027,730	1,965,736
Short-term lease costs	57,865	21,218
Finance cost – Interest payable and similar expenses	1,772,322	1,036,557

6. Tax on profit

	2020	2019
	$	$
Analysis of charge in the year		
Current tax:		
In respect of the year		
UK corporation tax based on the results for the year	13,812,518	17,045,289
Adjustment to prior years	258,463	236,414
Total current tax	14,070,981	17,281,703
Deferred tax		
Origination and reversal of timing differences	(148,124)	(324,854)
Total deferred tax (note 13)	(148,124)	(324,854)
Tax on profit	13,922,857	16,956,849

The tax computed on the profit for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below.

	2020	2019
	$	$
Profit before taxation	59,104,091	72,707,505
Profit by rate of tax: Rate 22.7% (2019: 22.85%) *	13,416,629	16,613,665
Reconciling Items: *Permanent differences*		
Expenses not deductible for tax purposes	109,769	186,678
Adjustment to prior years	258,463	236,414
Effect of disallowed lease amortisation	98,199	115,623
Withholding tax lost	3,594	6,511
Tax effect of timing differences		
Tax effect of share incentives provided by the ultimate parent	79,504	11,289
Depreciation for the year in excess of capital allowances	86,354	101,884
Other timing differences	18,470	9,639
Total current tax	14,070,981	17,281,703

* *the blended rate of tax applicable in the UK, including bank tax surcharge, and Ireland.*

7. Other comprehensive income for the year

Items that will never be reclassified to profit or loss	**Financial assets at FVOCI**
As at 1 Oct 2018	-
Other Comprehensive Income - Revaluation	-
As at 30 September 2019	-
As at 1 October 2019	
Other Comprehensive Income - Revaluation of LME B shares	(1,336,871)
As at 30 September 2020	(1,336,871)

The Company owns 25,000 'B' Shares of LME Holdings Limited as required to become a Category 1 ring dealing and clearing member of the London Metal Exchange (**LME**). During the year a review of the valuation of the LME B shares was undertaken and the Company believes that £64.00 per share (£82.50 per share) is the current fair value and accordingly a loss to Other Comprehensive Income of $1,336,871 (2019: $nil) was recognised.

8. Intangible assets

	Software
	$
Cost	
As at 1 October 2019	8,024,584
Additions	735,562
Impairment loss	(3,207,372)
As at 30 September 2020	5,552,774
Amortisation	
As at 1 October 2019	4,286,492
Charge for the year	327,093
As at 30 September 2020	4,613,585
Net book value	
As at 30 September 2020	939,189
As at 30 September 2019	3,738,092

During the year a review was carried out of the carrying amount of each asset to ensure it exceeds its estimated recoverable amount. A group of intangible assets related to developed software was deemed to be no longer required because of the availability of other superior software; its recoverable amount was therefore agreed to be nil and an impairment loss of $3,207,372 was taken.

9. Property, plant and equipment

	Leasehold land and buildings	Fixtures and Fittings	Non-Motorised Vehicles	Computer Equipment	Leasehold improvements & equipment	Total
	$	$	$	$	$	$
Cost						
As at 1 October 2019	-	1,255,970	31,209	3,428,720	4,712,536	9,428,435
Adoption of IFRS 16	7,980,746	-	-	-	-	7,980,746
Additions	-	6,411	6,572	326,788	-	339,771
Disposal	-	(54,417)	(2,120)	(54,680)	(696,164)	(807,381)
As at 30 September 2020	7,980,746	1,207,964	35,661	3,700,828	4,016,372	16,941,571
Depreciation						
As at 1 October 2019	-	888,085	27,857	2,975,292	2,770,561	6,661,795
Charge for the year	1,373,552	200,895	3,753	321,338	801,099	2,700,637
Disposal	-	(21,941)	(1,021)	(18,227)	(154,777)	(195,966)
As at 30 September 2020	1,373,552	1,067,039	30,588	3,278,403	3,416,883	9,166,466
Net book value						
As at 30 September 2020	6,607,194	140,925	5,072	422,425	599,489	7,775,105
As at 30 September 2019	-	367,885	3,352	453,428	1,941,975	2,766,640

The inclusion of leasehold land and buildings is due to the adoption of IFRS 16 in respect of the UK office leases.

10. Equity investments at FVOCI

The Company had investments as follows:

	2020	2019
	$	$
Shares in LME – B Shares	2,064,249	3,401,121
Shares in SWIFT	341,183	341,183
	2,405,432	3,742,304

The Company owns 25,000 'B' Shares of LME Holdings Limited as required to become a Category 1 ring dealing and clearing member of the London Metal Exchange (**LME**). During the year a review of the valuation of the LME B shares was undertaken and the Company believes that £64.00 per share (£82.50 per share) is the current fair value and accordingly a loss to Other Comprehensive Income of $1,336,871 (2019: $nil) was recognised.

The Company also holds shares in Society for Worldwide Interbank Financial Telecommunication (**SWIFT**) as required to access the secure financial messaging service.

11. Investment in group undertakings

		Shares in group undertakings
		$
Cost		
As at 1 October 2019		-
	Investment in Giroxx GmbH	5,475,118
	Investment in Exotix Partners LLP	47,083
As at 30 September 2020		5,522,201
Net book value		
At 30 September 2020		5,522,201
At 30 September 2019		-

The Company has the following investments in group undertakings.

	Registered office address	Class of shares held	Ownership 2020	2019
Giroxx GmbH	Solmsstraße 41, 60486 Frankfurt am Main, Germany	Ordinary	100%	-
Exotix Partners LLP	1st Floor Moor House, 120 London Wall, London, EC2Y 5ET, United Kingdom	Capital partnership share	1%	-

On 4 May 2020, the Company acquired 100% of the brokerage business formerly known as Giroxx GmbH, now named StoneX Financial GmbH. This is a Germany based firm that provides payment services to its predominantly EU customer base, including those across the Group. The acquisition was part of the Brexit mitigation strategy for the Global Payments and other businesses and is discussed below. The acquisition brought with it a modest number of staff, systems, infrastructure and client relationships.

On 1 April 2020, the Company acquired 1% the brokerage business of Exotix Partners LLP (part of the Tellimer Group) with the other 99% being acquired by the Company's parent, INTL Netherlands BV. This UK headquartered firm is an executing broker in emerging markets fixed income and equities securities. It was acquired to help add to the existing business in the Company and included a modest number of staff, systems, infrastructure and client relationships. In December 2020 the transfer of the business of Exotix Partners LLP over to the Company was completed and the process of liquidating the legal partnership commenced.

12. Inventory

	2020	2019
	$	$
Metals Inventory	26,762,454	7,057,616

Inventory is held at fair value less costs to sell with changes in fair value reported in the Income Statement for the year.

13. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2020	2019
	$	$
Asset brought forward	940,859	699,322
Origination and reversal of temporary differences during the year	89,482	241,537
Asset carried forward	1,030,341	940,859

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2020	2019
	$	$
Accelerated capital allowances	304,316	323,029
Deferred share based payment	587,355	501,236
Other expenses to be claimed against future tax years	138,670	116,594
	1,030,341	940,859

The deferred tax asset at 30 September 2020 has been calculated based on the rates of 19% substantively enacted at the date of the Statement of Financial Position.

14. Derivative financial instruments

	2020	2019
Derivatives financial instruments - assets	$	$
OTC derivatives	171,230,544	75,272,961
Exchange traded derivatives	184,612,870	204,573,491
	355,843,414	279,846,452
Derivatives financial instruments - liabilities		
OTC derivatives	(235,829,801)	(126,108,128)
Exchange traded derivatives	(177,260,585)	(273,254,384)
	(413,090,386)	(399,362,512)

15. Trade and other receivables

	2020	2019
	$	$
Trade receivables	456,611,427	303,095,743
Balances due from clearing houses	176,350,895	214,655,799
Amounts owed by group undertakings	59,934,368	54,517,619
Balances at clearing houses: default fund deposits	33,711,648	33,554,351
Other debtors	166,371	431,609
Accrued income	4,622,032	5,769,805
Financial assets	731,396,741	612,024,926
Other taxation and social security	384,420	754,947
Prepayments	4,704,344	2,721,295
	736,485,505	615,501,168

Trade receivables are represented by amounts due from banks, brokers and other counterparties as part of the Company's main activities. Balances due from clearing houses are represented by amounts due from such clearing houses as part of the Company's main activities.

16. Financial Instruments

The financial instruments comprise US Treasuries. At 30 September 2020, the Company had pledged $49,979,211 (2019: $54,673,876) US Treasuries as collateral with an affiliate company for financing transactions. Such financial instruments are held under certain terms and conditions set out in specific agreements. Additionally, the Company had $35,985,256 (2019: $43,733,197) of unpledged US Treasuries.

17. Trade and other payables

	2020	2019
	$	$
Trade payables	695,349,278	507,691,368
Amounts owed to group undertakings	4,126,304	3,264,744
Accruals and deferred income	24,035,042	20,052,251
Financial liabilities	723,510,624	531,008,363
Current lease liability	1,643,472	-
Taxation and social security	7,159,058	9,321,588
	732,313,154	540,329,951

Trade payables are represented by amounts due to banks, brokers and other counterparties as part of the Company's main activities.

18. Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	$	$
Current liabilities	1,643,472	-
Non-current liabilities	5,599,461	-
	7,242,933	-

19. Share capital and reserves

Share capital

	Allotted, called up and fully paid			
	2020	2019	2020	2019
	No.	No.	$	$
Ordinary shares of $1 each	90,000,000	90,000,000	90,000,000	90,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The following dividends were recognised during the year:

	2020	2019
	$	$
$0.22 (2019: $0.03) per ordinary share	20,000,000	3,000,000
	20,000,000	3,000,000

Share capital and reserves - *continued*

Reserves
The following describes the nature and purpose of each reserve within shareholder's funds or equity:

- Share capital – the amount subscribed for share capital at nominal value; and
- Other reserves - cumulative net gains and losses recognised in the Statement of Other Comprehensive Income.
- Retained earnings – cumulative net gains and losses recognised in the Income Statement.

20. Financial instruments

2020

	Total	FVTPL	FVOCI	Amortised cost
	$	$	$	$
Non-current assets				
Equity investments at FVOCI	2,405,432	-	2,405,432	-
Current assets				
Derivative financial instruments	355,843,414	355,843,414	-	-
Trade and other receivables	736,485,505	-	-	736,485,505
Financial instruments at FVOCI	85,964,467	-	85,964,467	-
Cash at bank	250,205,981	-	-	250,205,981
Total financial assets	1,430,904,799	355,843,414	88,369,899	986,691,486
Current liabilities				
Derivative financial instruments	(413,090,386)	(413,090,386)	-	-
Trade & other payables	(732,313,154)	-	-	(732,313,154)
Total financial liabilities	(1,145,403,540)	(413,090,386)	-	(732,313,154)

2019

	Total	FVTPL	FVOCI	Amortised cost
	$	$	$	$
Non-current assets				
Equity investments at FVOCI	3,742,304	-	3,742,304	-
Current assets				
Derivative financial instruments	279,846,452	279,846,452	-	-
Trade and other receivables	612,024,926	-	-	612,024,926
Financial instruments at FVOCI	98,407,073	-	98,407,073	-
Cash at bank	225,778,984	-	-	225,778,984
Total financial assets	1,219,799,739	279,846,452	102,149,377	837,803,910
Current liabilities				
Derivative financial instruments	(399,362,512)	(399,362,512)	-	-
Trade & other payables	(531,008,363)	-	-	(531,008,363)
Total financial liabilities	(930,370,875)	(399,362,512)	-	(531,008,363)

Financial instruments - *continued*

Fair value hierarchy - fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- *Level 1 – Quoted market price:* Quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the Company can access.
- *Level 2 – Observable input:* Valuation techniques based on inputs, other than quoted Level 1 prices, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3 – Non observable input:* Valuation techniques based on inputs for the assets and liabilities that are not based on observable market data. The valuation is primarily based on generally accepted valuation techniques.

The carrying amount of assets and liabilities at amortised cost approximates to fair value because of their short term nature. The table below analyses financial instruments by valuation method.

Financial instruments – *continued*

30 September 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash at bank	-	250,205,981	-	250,205,981
Equity investments at FVOCI	-	-	2,405,432	2,405,432
Derivative financial instruments	-	358,823,936	-	358,823,936
Financial instruments at FVOCI	-	85,964,467	-	85,964,467
Trade receivables	-	861,237,496	-	861,237,496
Total	-	1,556,231,880	2,405,432	1,558,637,312
Liabilities				
Derivative financial instruments	-	(413,090,386)	-	(413,090,386)
Trade & other payables	-	(732,313,154)	-	(732,313,154)
Total	-	(1,145,403,540)	-	(1,145,403,540)

30 September 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Cash at bank	-	225,778,984	-	225,778,984
Equity investments at FVOCI	-	-	3,742,304	3,742,304
Derivative financial instruments	-	279,846,452	-	279,846,452
Financial instruments at FVOCI	98,407,073	-	-	98,407,073
Trade receivables	-	612,024,926	-	612,024,926
Total	98,407,073	1,117,650,362	3,742,304	1,219,799,739
Liabilities				
Derivative financial instruments	-	(399,362,512)	-	(399,362,512)
Trade & other payables	-	(531,008,363)	-	(531,008,363)
Total	-	(930,370,875)	-	(930,370,875)

Fair value – Level 1
The amounts falling within the level category are those represented by US Treasury Bills investments for 2019 and which were classified as Level 2 for 2021.

Fair value – Level 2
The main amounts falling within the level 2 category are those contracts owing by and to the Company's clients and counterparties in the Global Payments business including the associated cash balances. Derivatives, receivables and payables are categorised as Level 2 because the inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Fair value – Level 3
The Company's investments consist of B Shares in London Metals Exchange Holdings Limited which enables the Company to trade directly on the London Metals Exchange. The Company holds additional investments which consist of shares in SWIFT both of these investments are treated as Equity investments at FVOCI.

21. Offsetting of financial assets and financial liabilities

In respect of transactions on CCPs, with brokers and with clients IAS 32 requires netting on the Statement of Financial Position subject to certain rules. Specifically, IAS 32.42 prescribes rules for the offsetting of financial assets and financial liabilities, such that a financial asset and a financial liability should be offset and the net amount reported on the Statement of Financial Position when, and only when, an entity:

- has a legally enforceable right to set off the amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

For financial assets and liabilities, the gross amounts are not shown on the Statement of Financial Position. The following table shows the gross amounts, the largest amounts of which are represented by derivative financial instruments. These comprise cleared derivative contracts that are subject to specific settlement rules at clearing houses and certain derivative contract agreements with clients.

The total receivables amount in note 15 includes the amount below of $425 million (2019: $267 million) subject to offset and $441 million (2019: $349 million) not subject to offset. The total payables amount in note 17 includes the amount below of $558 million (2019: $307 million) subject to offset and $305 million (2019: $233 million) not *subject to offset. It should be noted that amounts represented in the amounts offset column are both cash and* financial instruments in nature.

	Amounts subject to enforceable netting arrangements					
				Amounts not set off in the Statement of Financial Position		
	Gross amounts	**Amounts offset**	**Net amounts in the Statement of Financial Position**	**Financial instruments**	**Cash collateral**	**Net amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020						
			Financial assets			
Derivative financial instruments	4,343,152	(3,987,309)	**355,843**	(321,168)	-	**34,675**
Trade receivables	332,910	(38,065)	**294,845**	-	(64,664)	**230,181**
			Financial liabilities			
Derivative financial instruments	(4,341,994)	3,928,904	**(413,090)**	325,730	-	**(87,360)**
Trade payables	(523,663)	96,470	**(427,193)**	-	60,103	**(367,090)**

Offsetting of financial assets and financial liabilities – *continued*

	Amounts subject to enforceable netting arrangements					
				Amounts not set off in the Statement of Financial Position		
	Gross amounts	Amounts offset	Net amounts in the Statement of Financial Position	Financial instruments	Cash collateral	Net amount
	$'000	$'000	$'000	$'000	$'000	$'000
2019						
			Financial assets			
Derivative financial instruments	5,737,444	(5,457,598)	**279,846**	(249,240)	-	**30,606**
Trade receivables	306,912	(39,727)	**267,185**	-	(72,312)	**194,873**
			Financial liabilities			
Derivative financial instruments	(5,736,536)	5,337,173	**(399,363)**	248,369	68,681	**(82,313)**
Trade payables	(466,747)	160,152	**(306,595)**	-	4,502	**(302,093)**

22. Country-by-country reporting

Trading profit represents realised and unrealised profits on customer trading, commissions receivable (after deduction of brokerage and similar charges), fee income from issuing contracts, and net interest receivable on trading balances, after deduction of the costs of trading, excluding value added tax.

The geographical analysis has been compiled on the basis of location of the office where the transactions are recorded.

Name	Nature of activities	Geographical	Trading profit	Profit/(loss) before tax	Corporation tax paid	Average number of employees
2020			$	$	$	
StoneX Financial Ltd	Broker/Dealer	United Kingdom	235,141,841	59,104,091	16,234,861	321
StoneX Financial GmbH	Payment services	Germany	345,764	(638,618)	-	14
			235,487,605	58,465,473	16,234,861	335

Name	Nature of activities	Geographical	Trading profit	Profit before tax	Corporation tax paid	Average number of employees
2019			$	$	$	
StoneX Financial Ltd	Broker/Dealer	United Kingdom	212,658,196	69,527,870	14,425,071	285
INTL FCStone Ltd Dublin branch	*Broker/Dealer*	*Ireland*	*7,747,733*	*3,179,635*	*522,068*	*10*
			220,405,929	72,707,505	14,947,139	295

***Country-by-country reporting** - continued*

No public subsidies were received during the current or prior reporting periods. Corporation tax paid in any given year does not generally relate to the profits earned in the same 12 month period, as tax on profits is paid across multiple years and taxable profits are calculated based on tax legislation which can differ from accounting profits. The geographical analysis has been prepared in accordance with Capital Requirements (Country-by-Country Reporting) Regulations 2013.

23. Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to $1,840,643 (2019: $1,587,633).

The contributions payable to the scheme at 30 September 2020 were $233,136 (2019: $198,314).

24. Financial risks review

The Company is exposed to the following financial risks:

- *Credit* – that clients or counterparties might default while being in debt to the Company
- *Liquidity* – that the Company will not be able to pay its liabilities as they fall due
- *Market* – that market values of positions in (mainly) foreign exchange move materially adversely to the cost of the Company
- *Operational* – that the failure of any processes negatively affect the efficient and profitable running of the Company

In addition, the Company recognises its exposure to *Capital* risk due its regulatory requirements.

The Company manages these risks through various control mechanisms. The overall responsibility for risk management rest with the board that utilising reported information from dedicated resources within the risk department to manage all risk exposures.

Credit risk

In managing credit risk, the Company considers its main exposures within two categories:

- In respect of derivative contracts, the amounts concentrated at LME.
- Other receivables across different clients and brokers in different jurisdictions.

The Company had placed $33,711,648 at clearing houses as default deposits (2019: $33,554,351). These might be wholly or partly at risk should a clearing member default and the initial margin fail to cover any losses incurred by that member. Management considers these balances to be held at investment grade institutions using external credit ratings and their own assessments where these do not exist. In a similar way cash at bank is placed with investment grade banks on a consistent basis wherever possible.

As at 30 September 2020 the Company's most significant combined credit-related exposure was to LME of $124.8m (2019: $117.0m) comprising $17.4m (2019: $12.5m) in respect of the required default fund contribution and $107.4m (2019:$104.6m) related to trade exposures.

Derivatives are marked to market daily with margining arrangements in place to collect collateral to support deficits from clients in the form of G8 currencies. Any credit facilities granted to clients is reviewed at least annually. Management does not consider there to be a material credit risk on these related balances.

Financial risks review - *continued*

The geographic distribution of Credit Risk (Credit Risk on non-trading books and Counterparty credit risk exposure to derivative contracts), calculated as per Capital Requirements Regulations, Regulation (EU) No. 575/2013, Part 3, Title II, including exposure to clearing houses, brokers and clients after deducting cash received as collateral and exposure to non-trading books as at 30 September was:

	2020	2019
Geographical location	**$**	**$**
Europe	500,211,106	413,621,879
Asia	251,641,560	70,836,859
North America	66,189,435	86,530,194
Latin America	24,057,339	31,689,733
Africa	20,867,872	11,871,321
Australasia	3,358,948	951,182
Total	*866,326,260*	*615,501,168*

An analysis of net amounts receivable, after deduction of any collateral received by type of counterparty was as follows:

	2020	2019
Type of counterparty	**$**	**$**
Clearing houses	210,062,543	248,210,150
Clients and brokers	586,452,182	303,095,743
Affiliates	59,934,368	54,517,619
Other	9,877,167	9,677,656
Total	866,326,260	615,501,168

Subject to the adequacy of collateral received market moves might result in margin calls due to the Company the following day.

Liquidity risk

Liquidity risk arises mainly from timing differences between margin payments called on the Company by exchanges and brokers, and subsequent collection from clients. This is managed by parameters set by the board to constrain total gross and net positions held with each such institution.

The Company is subject to the ILAS regime per the FCA's handbook (BIPRU 12), by which it is required to keep the certain buffers to handle potential margin call stress, and must manage its liquidity as a standalone entity, not dependent on any liquidity resources that are shared with other group companies. A maturity analysis of financial instruments as shown below.

Financial Risk Review – *continued*

	2020			
	Total	**1 month**	**1 -3 months**	**3-12 months**
	$	**$**	**$**	**$**
Liabilities				
Derivative financial instruments	(413,090,386)	(413,090,386)	-	-
Trade payables	(695,349,278)	(695,349,278)		
Other current liabilities	(36,963,876)	(36,963,876)	-	-
	(1,145,403,540)	(1,145,403,540)	-	-
Assets				
Derivative financial instruments	355,843,414	355,843,414	-	-
Trade and other receivables	736,485,504	702,073,406	315,077	34,097,021
Financial instruments at FVOCI	85,964,467	85,964,467	-	-
Inventory	26,762,454	26,762,454	-	-
Cash at bank	250,205,981	250,205,981	-	-
	1,455,261,821	1,420,849,722	315,077	34,097,021
Net Current Assets	309,858,280	275,446,182	315,077	34,097,021

	2019			
	Total	**1 month**	**1 -3 months**	**3-12 months**
	$	**$**	**$**	**$**
Liabilities				
Derivative financial instruments	(399,362,512)	(399,362,512)	-	-
Trade payables	(507,691,368)	(507,691,368)		
Other current liabilities	(32,638,583)	(32,638,583)	-	-
	(939,692,463)	(939,692,463)	-	-
Assets				
Derivative financial instruments	279,846,452	279,846,452	-	-
Trade and other receivables	615,501,168	581,824,268	102,963	33,573,937
Financial instruments at FVOCI	98,407,073	98,407,073	-	-
Inventory	7,057,616	7,057,616	-	-
Cash at bank	225,778,984	225,778,984	-	-
	1,226,591,293	1,192,914,393	102,963	33,573,937
Net Current Assets	286,898,830	253,221,930	102,963	33,573,937

Market risk

The Company does not take positional risk as a strategy but is able to take some risk as market maker if required in accordance with risk approved limits.

Financial Risk Review – *continued*

The largest ten foreign exchange positions in the Global Payments business (representing the main currency exposures on the Statement of Financial Position within the balances shown in notes 15 and 17) for each period end (the most active market maker in foreign exchange) expressed in absolute $ and a 5% upward or downward move against $:

		Net Position $
		2020
Currency	**Asset**	**Liability**
Ethiopian Birr	-	(630,033)
Euro	3,543,485	-
Iraqi Dinar	-	(917,873)
Jordanian Dinar	-	(648,837)
Malagasy Ariary	-	(755,212)
Nepalese Rupee	-	(1,128,577)
Philippine peso	-	(586,949)
Paraguayan Guarani	-	(1,751,491)
Central African CFA Franc	-	(1,179,764)
West African CFA Franc	-	(2,310,423)
Other	1,283,542	(6,590,368)
Total	4,827,027	(16,499,527)
5% move	*241,351*	*824,976*

		Net Position $
		2019
Currency	**Long**	**Short**
Afghan Afghani	-	(600,595)
Bolivian Boliviano	-	(1,084,276)
Brazilian Real	-	(611,407)
Euro	3,770,032	-
Gambian Dalasi	-	(2,101,771)
Kenyan Shilling	-	(995,920)
Malaysian Ringgit	-	(1,051,914)
Rwandan Franc	-	(553,812)
Central African CFA Franc	-	(2,868,092)
West African CFA Franc	-	(1,339,806)
Other	2,465,489	(6,042,650)
Total	6,235,521	(17,250,243)
5% move	*311,776*	*862,512*

Operational Risk

Operational risk management (ORM) forms part of the day-to-day responsibilities of management at all levels. The ORM framework includes qualitative and quantitative methodologies and tools to assist management to identify, assess and monitor operational risks and to provide management with information for determining appropriate controls and mitigating measures. The framework is based around risk and control self-assessments (RCSA), key risk indicators (KRIs) and incident reporting. All incidents are reported to the executive directors, as are KRI reports. In addition, the Operational Risk Department escalates where appropriate to work with management to mitigate any risks.

Financial Risk Review – *continued*

While routine operational risk mitigation is embedded by application of necessary controls at all levels of management, and can be the subject of internal audit, the Company's board continues to focus on all major risks.

All ORM incidents are logged, regardless of any losses incurred, and analysed to ensure that adequate management action is taken in respect of the cause of losses. ORM incident trends are included in the Company's regular assessment of the adequacy of the pillar 2 capital requirement.

Assessments are continuous but four specific operational risks are generally identified with a potential for the material adverse financial impact after mitigation. These are:

- Business continuity (failure of data lines, server centres, systems failure, inability to access offices)
- Regulatory changes (remaining current around many regulatory changes and their implementation)
- Failure of controls in the safeguarding of client assets and third party payments
- Client and Company data loss or compromise from external, third party, action including cyber attacks

Each of these risks has received the full attention of management, and effective mitigation designed and implemented, as have all others with the potential to incur material financial cost (pre mitigation). Mitigation includes back up data server centres across two continents with tested failover processes, duplicate data lines into London offices, operation across two offices, available serviced offices for critical staff, well-resourced internal audit and compliance departments, and a dedicated data security department.

New projects and products are subjected to Operational Risk review before proposals are accepted.

All identified risks are reviewed by the Operational Risk department and at least once a year the whole management team is invited to challenge the impact and effectiveness of mitigation, in a process overseen by the board of the Company. The Company is in frequent communication with regulators on matters that arise from its normal business operations. While there are inherent difficulties in predicting the outcome of any of these communications, the directors of the Company consider that none of these matters will have a material adverse effect on the financial position or results of the Company.

Capital risk

This is the risk that the Company's capital and leverage ratios fall short of the requirements imposed by regulation. The Company calculates both in accordance with the EU's Capital Requirements Directive IV and associated Regulations frequently: typically, at least once a week, and has throughout the year held capital in excess of its Pilar 1 requirements. The Company met its minimum capital requirements during the year. All the Company's capital is classed as valued Common Equity Tier 1 (**CET1**) for regulatory purposes, subject to minor adjustments:

	2020	**2019**
	$'000	**$'000**
Capital and retained earnings	321,931	298,087
Less: intangible assets	(939)	(3,738)
Less: Deferred Tax Assets relying on future profitability	(1,030)	(882)
Less: Free Deliveries	(6,281)	(5,985)
Own Funds (CET1 only) at 30 September	313,681	287,482

25. Subsequent events

There were no material subsequent events.

26. Ultimate parent company

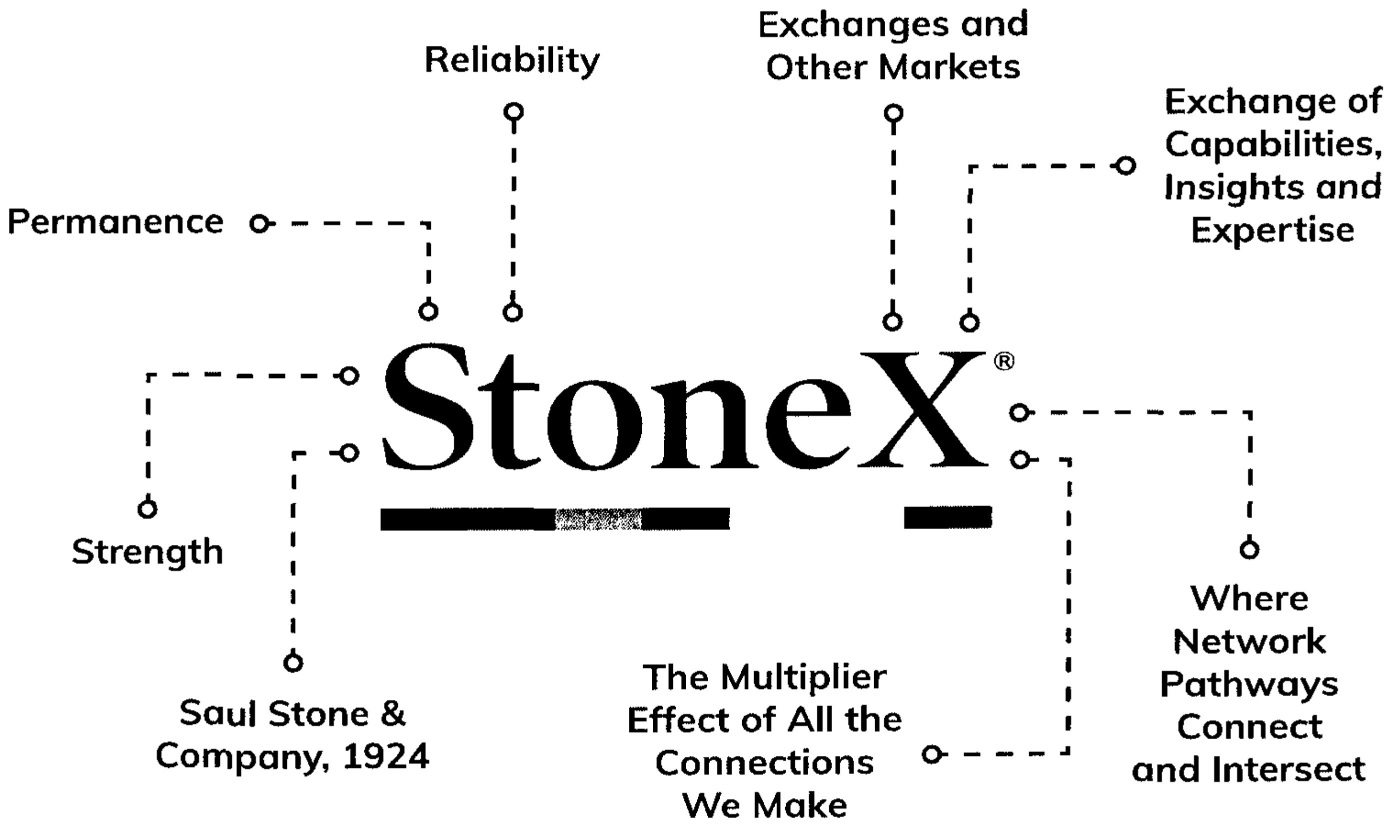
The Company is a subsidiary undertaking of and controlled by INTL Netherlands BV, a company registered in the Netherlands with its registered office at Krijn Taconiskade 430, 1087 HW Amsterdam, Netherlands. The ultimate controlling party and parent company of this Company is StoneX Group Inc., a company registered in Delaware, United States of America, whose head office is registered in 155 East 44th Street, Suite, New York, NY10017, United States of America, and whose shares are listed on the US NASDAQ exchange (NASDAQ: SNEX). StoneX Group Inc. is considered to be the Company's ultimate controlling party by virtue of its 100% ownership of the ordinary share capital of the Company through intermediate subsidiaries.

The results and financial position of the Company are incorporated into the consolidated financial statements of the ultimate parent company, StoneX Group Inc., and these may be obtained at https://www.stonex.com/ in the section on Investor Relations. The intermediate parent company, INTL Netherlands BV, is exempt from filing consolidated group financial statements.

StoneX®

2020 ANNUAL REPORT

SAME COMPANY.



NEW NAME.

We connect clients to the global markets ecosystem through institutional-grade platforms, end-to-end clearing and execution, and high-touch expertise.

FINANCIAL HIGHLIGHTS

OPERATING REVENUES (IN MILLIONS)

2020	$1,308.3

INCOME BEFORE TAX (IN MILLIONS)

2020	$206.7

TOTAL ASSETS (IN MILLIONS)

2020	$13,474.9

STOCKHOLDERS' EQUITY (IN MILLIONS)

2020	$767.5

NET ASSET VALUE PER SHARE

2020	$39.61

(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)	2020	2019	2018	2017	2016
Operating revenues	$ 1,308.3	$ 1,106.1	$ 975.8	$ 784.0	$ 671.0
Transaction-based clearing expenses	222.5	183.5	179.7	136.3	129.9
Introducing broker commissions	113.8	114.7	133.8	113.0	68.9
Interest expense	80.4	142.0	70.5	32.7	19.5
Interest expense on corporate funding	23.6	12.7	10.2	9.4	8.8
Net operating revenues	**868.0**	**653.2**	**581.6**	**492.6**	**443.9**
Compensation and other expenses:					
Compensation and benefits	518.7	393.1	337.7	295.7	263.9
Trading systems and market information	46.3	38.8	34.7	34.4	28.0
Professional fees	30.2	21.0	18.1	15.2	14.0
Non-trading technology and support	28.4	20.1	13.9	11.6	7.1
Occupancy and equipment rental	23.5	19.4	16.5	15.2	13.3
Selling and marketing	12.2	5.2	6.2	4.0	5.1
Travel and business development	8.9	16.2	13.8	13.3	11.5
Communications	7.0	6.6	5.4	5.0	4.7
Depreciation and amortization	19.7	14.0	11.6	9.8	8.2
Bad debts, net of recoveries and impairment	18.7	2.5	3.1	4.3	4.4
(Recovery) bad debt on physical coal	—	(12.4)	1.0	47.0	—
Other	29.6	23.2	20.1	21.9	17.2
Total compensation and other expenses	**743.2**	**547.7**	**482.1**	**477.4**	**377.4**
Gain on acquisition and other gains	81.9	5.5	2.0	—	6.2
Income before tax	206.7	111.0	101.5	15.2	72.7
Income tax expense	37.1	25.9	46.0	8.8	18.0
Net income	**$ 169.6**	**$ 85.1**	**$ 55.5**	**$ 6.4**	**$ 54.7**
Earnings per share:					
Basic	$ 8.78	$ 4.46	$ 2.93	$ 0.32	$ 2.94
Diluted	$ 8.61	$ 4.39	$ 2.87	$ 0.31	$ 2.90
Number of shares:					
Basic	18,824,328	18,738,905	18,549,011	18,395,987	18,410,561
Diluted	19,180,479	19,014,395	18,934,830	18,687,354	18,625,372
Selected Balance Sheet Information:					
Total assets	$13,474.9	$9,936.1	$7,824.7	$6,243.4	$5,950.3
Lenders under loans	$ 268.1	$ 202.3	$ 355.2	$ 230.2	$ 182.8
Senior secured term loan, net	$515.5	$167.6	—	—	—
Senior unsecured notes	—	—	—	—	$ 45.5
Stockholders' equity	$ 767.5	$ 594.2	$ 505.3	$ 449.9	$ 433.8
Other Data:					
Return on average stockholders' equity	24.9%	15.5%	11.6%	1.5%	13.2%
Employees, end of period	2,950	2,012	1,701	1,607	1,464
Compensation and benefits as a percentage of operating revenues	39.6%	35.5%	34.6%	37.7%	39.3%

VISION & PHILOSOPHY

In 2003, the current management team reconfigured the company as a provider of financial services focused on under-served clients in niche markets. We started out with 10 people and less than $10 million in equity – but also with the conviction that relentless effort and execution, a clear focus on providing great service and value for our clients and a commitment to doing the right thing rather than the easy thing, would enable us to build a credible and recognized global financial franchise.

Since then, we have focused on harnessing the remarkable power of compounding on our shareholder capital to become a bigger and more valuable business. This approach also enables us to create our own capital runway for growth – making us less dependent on the capital markets and allowing us to be flexible and opportunistic when we do seek capital.

Ironically, the great financial crisis of 2008 created unexpected opportunities for us to accelerate our growth. In the face of a more rigorous and complex regulatory framework, we decided to invest in retaining our broad capabilities to better serve our clients, while many of our competitors withdrew from markets and narrowed their offerings. When these regulatory and related capital pressures forced consolidation amongst smaller players, we became an opportunistic consolidator – and at valuations that allowed us to keep compounding our book value without the need to incur significant amounts of goodwill.

Since 2003, our steady, determined and disciplined approach has helped us achieve our compounding strategy, with our book value and market value both increasing at a compound annual growth rate of 30%, off the back of revenues that grew at 33% C.A.G.R. These growth rates remained in the mid-20% range despite headwinds resulting from the aftermath of the financial crisis and from becoming a larger and more mature business. We believe these rates make us a positive outlier in our industry.

Today, operating under our new StoneX brand, we connect our clients to 36 derivatives exchanges, 175 foreign exchange markets, most global securities markets, and numerous bi-lateral liquidity venues. In addition to execution of financial trades, we also provide vertically integrated post-trade settlement, clearing and custody services. This is a unique product suite outside of the bulge-bracket banks, and it enables us to serve clients with bulge-bracket needs who have been cast aside or ignored by those institutions because of the regulatory burdens associated with serving them. This capability also creates “sticky” relationships with our clients. Through these relationships, we help our clients pursue trading opportunities, make investments, manage market risk and improve their performance.

Increasingly, our ability to help clients access a broad array of financial products and markets with our combination of high-touch service and institutional-grade digital platforms is setting us apart from our peers and driving acquisition of new clients across four segments: commercial clients, institutional clients, retail clients and international payments clients.

Our revenue stream is diversified by the client types above, by asset class and by geography, with a significant portion of recurring revenue derived from monetizing client balances in the form of interest and fee earnings on the float.

Our businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platforms and our team of more than 2,900 employees, who serve 32,000 commercial and institutional clients, and 330,000 retail clients, from more than 40 offices spread across five continents (as of September 30, 2020).

1924
Saul Stone, a door-to-door egg wholesaler, formed Saul Stone and Company, predecessor to FCStone.

1930
In the 1930's, Saul Stone and Company became one of the first clearing members of the Chicago Mercantile Exchange (CME).

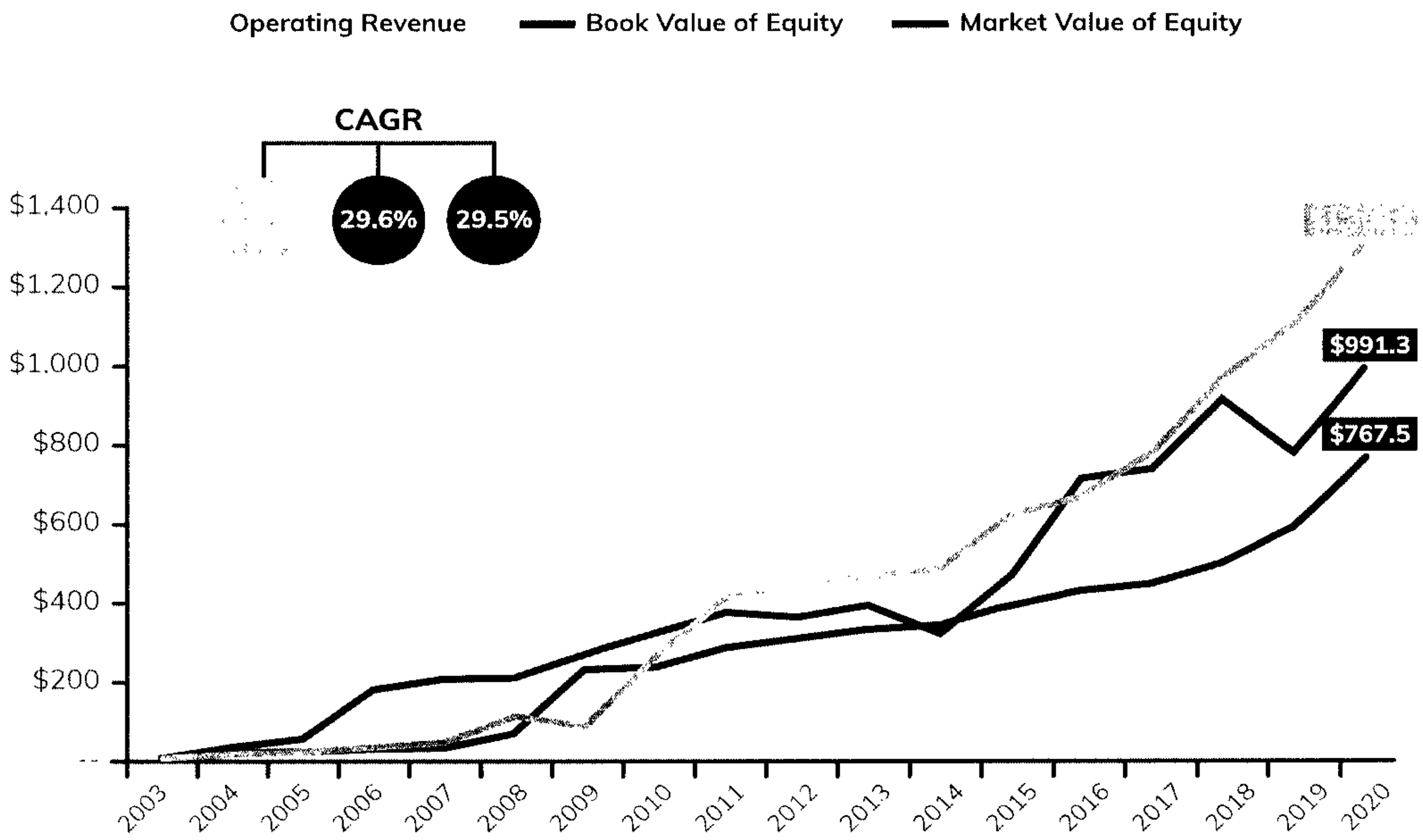
1970
In the early 1970's, Saul Stone and Company became one of the major innovators on the CME's International Monetary Market, bringing financial futures to the forefront of the industry.

1978
A new entity called Farmers Commodities Corporation was formed to accommodate the grain hedging brokerage services.

1981
International Assets was established as an internationally focused boutique brokerage firm.

1983
Farmers Commodities Corporation (FCC) became a clearing member of the Kansas City Board of Trade in 1983 and in 1985 purchased its first seat on the Chicago Board of Trade.

StoneX Growth (US$ millions)



1994
International Assets was listed on NASDAQ.

2000
FCC acquired Saul Stone and Company to become one of the nation's largest commercial grain brokerage firms.

2003
Current management team takes control of International Assets with a strategy to focus on wholesale execution.

2004
International Assets acquired global payments business Global Currencies, thereby establishing a London office.

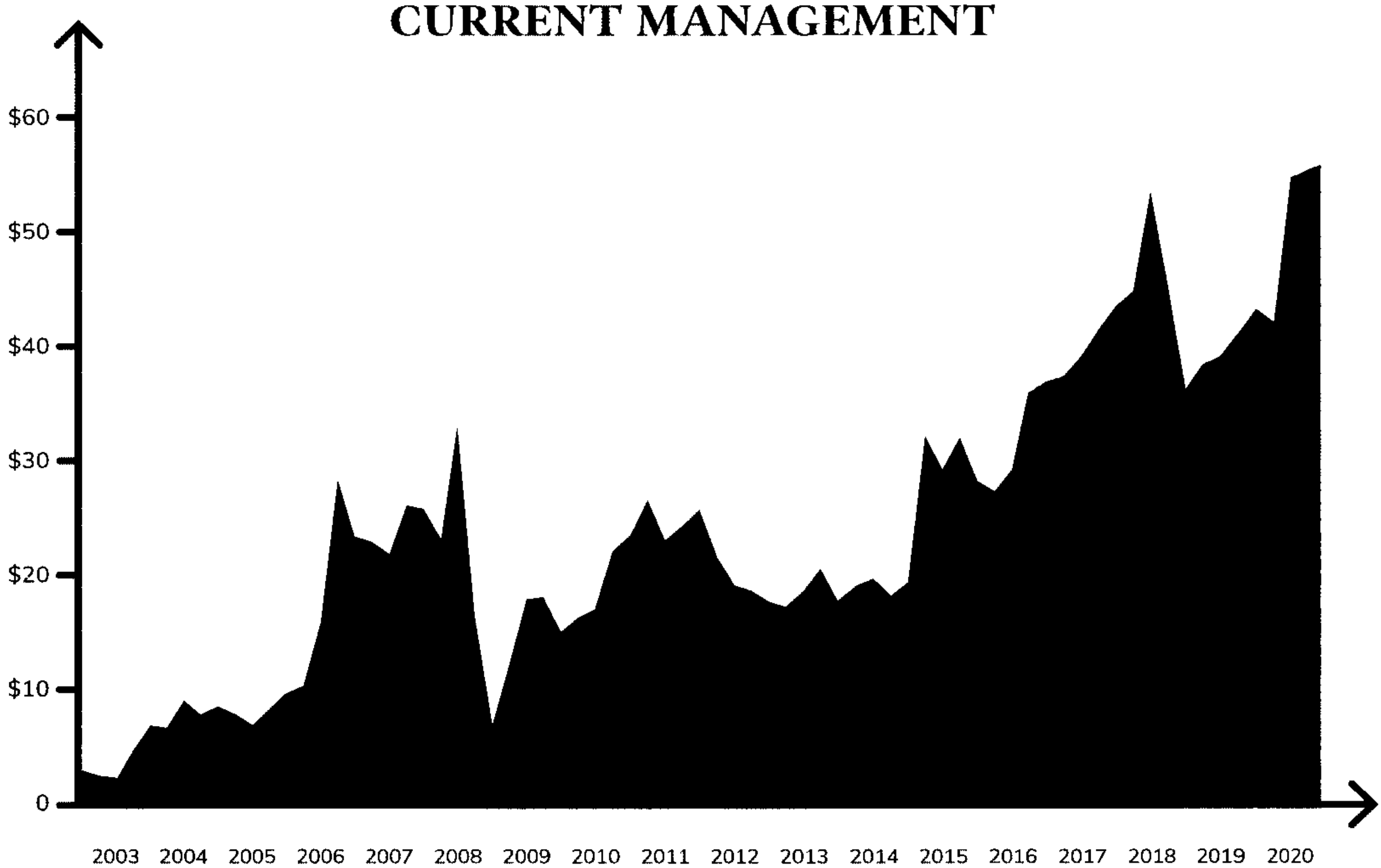
2007
International Assets acquired Gainvest group in South America, specializing in asset management and asset backed securities.

2007
FCStone acquired Chicago-based Downes-O'Neill, dairy specialists.

2008
FCStone acquired Nashville-based Globecot, cotton specialists.

StoneX®

SHARE PRICE UNDER CURRENT MANAGEMENT



2009
International Assets Holding Corporation and FCStone Group, Inc. merged.

2010
Risk Management Incorporated, energy risk management specialists, was acquired by the newly merged company.

2010
The Company acquired Hanley Group companies to expand the group's OTC trading business.

2010
The Company acquired the futures division of Hencorp, coffee, cocoa and sugar specialists.

2011
International Assets Holding Corporation changed name to INTL FCStone Inc.

2011
Ambrian Commodities Limited ("ACL"), was acquired to provide commodities execution capabilities in the key LME market.

2011
The Company acquired the business of the Metals Division of MF Global and upgraded to LME Category One ring dealing membership.

36 Exchanges

15,000+ OTC Products

140 Currencies

Global Execution and Clearing Across Equities, Fixed Income, FX, Commodities, Metals and Crypto

32,000+ Institutional Clients

$11B ADV + 168M Derivatives Contracts

$768M Equity Capital

40+ Offices

2,900+ Employees

180 Countries

$639.5M Net Segment Contribution

2012 The Company acquired TRX Futures Ltd., a London-based brokerage and clearing firm for commercial coffee and cocoa customers that also offers energy and financial products.

2012 Online news and analysis subscription service Commodity Network is launched.

2012 The institutional accounts of Tradewire Securities, LLC. are acquired.

2013 INTL FCStone Markets LLC registers as a swap dealer.

2013 The Company exits its physical base metals business.

2013 Accounts of First American Capital and Trading Corp. acquired, adding correspondent clearing service capabilities.

2014 The Company completes the consolidation of its two UK subsidiaries, INTL FCStone Ltd and INTL Global Currencies Ltd.

2015 The Company completes the acquisition of G.X. Clarke & Co., an institutional dealer in U.S. government securities, federal agency and mortgage-backed securities.

Tested in 2020 by a global pandemic and significant macroeconomic tumult, your company responded by achieving a record return on equity of 24.9% and record earnings per share of $8.61. That this performance took place amid such unprecedented socioeconomic upheaval deepens our humility and our perspective, and our sympathies go out to all who have suffered personal loss during these trying times.

Indeed, fortune plays a role in any success or hardship, and we recognize that our relative good fortune in 2020 puts us in the minority as compared to many other businesses that have struggled or failed during the pandemic. However, fortune also favours those who are prepared, and as such, we view our record results in 2020 as confirming the wisdom, resilience and efficacy of our strategy, our business model and our approach to managing risk.

As a case in point, the international spread of COVID-19 caused an explosion in volatility of unprecedented proportions. Among the countless examples, the move of WTI crude oil into negative territory perhaps stands out most. This increase in volatility caused a massive expansion of our volumes, and with it, a corresponding increase in our risk – and at a time when our operational risk was exacerbated in unprecedented fashion by having nearly 95% of our people working from home. Yet, we succeeded in capitalizing on the opportunity that the increased transaction flow affords our model while limiting losses related to that same extreme volatility.

Amid 2020's challenges, your company also completed one of the largest and most immediately successful transactions in its history with GAIN Capital Holdings, Inc. We announced the deal in February – prior to the global onset of the pandemic and the market chaos that ensued – with terms based on GAIN's 2019 calendar year financial performance, which included net revenue of $233.9 million and a loss of $60.8 million. Looking beyond the numbers at the time, we believed that adding GAIN's businesses and electronic platform expertise would be immediately accretive to our earnings and ROE (per our acquisition criteria) while expanding our client base in the retail financial markets. Yet, the effects of the pandemic-driven volatility benefited GAIN's business even more than ours, as GAIN posted net income of $91.6 million for the six months ending June 30, 2020. The transaction was completed on our initial terms in fiscal Q4 2020 and resulted in a substantial bargain purchase gain of $81.8 million in that quarter.

Again, while fortune favoured us with the unexpected boost to GAIN's performance (which accrued entirely to our shareholders), our preparation and approach over the longer arc of the process enabled us to capitalize on what has become one of the best financial deals your company has done.

As a final note on this matter, the GAIN acquisition also marked our first foray into the institutional debt markets, as we worked with our investment bankers to raise $350 million in senior secure notes to help us finance the deal. While the price was higher than our liking, the notes were trading at a premium to the issue price at the time of this writing and, perhaps more importantly, this offering opens a new avenue for capital access should we need it in the future.

Unfortunately, our record performance and our outlook going forward are not without headwinds. While market volatility spiked in response to the pandemic, interest rates plummeted to nearly zero across

2015	2016	2016	2017	2018	2018
INTL FCStone Inc. consolidates its securities, rates and FCM businesses into INTL FCStone Financial Inc.	The Company completes acquisition of the correspondent securities clearing business and independent wealth management business from Sterne Agee, LLC.	The Company agrees to acquire the London-based EMEA oils business of ICAP plc, expanding the Company's global energy capabilities.	The company re-launches the former independent wealth advisory service of Sterne Agee LLC as SA Stone Wealth Management Inc.	The Company bolsters its Global Payments offering by acquiring the SWIFT Service Bureau of PayCommerce.	The Company secures a post-Brexit footprint in the EU by acquiring Luxembourg-based Carl Kliem SA.

the globe. Interest income on our cash balances is a significant component of our revenue mix and an important driver of earnings, but lower rates led to decreasing interest revenue – even while our cash balances increased significantly due to the GAIN acquisition and our successful organic growth. If, as the Federal Reserve projects, interest rates remain at virtually zero for the next few years, we may have to consider repricing our service offerings.

In June of 2020, the company renamed itself StoneX Group Inc. and began the process of applying the new StoneX brand across our customer-facing subsidiary companies and platforms. More detail can be found in the pages that follow, but I'll note that the new name was well received by the market and our client base and is, in my opinion, a massive improvement over its unwieldy predecessor.

Talented and dedicated people also drive the value of our company, and in this context, I am pleased to welcome Annabelle Bexiga to our Board. She joined us in March 2020 after a distinguished career that includes leadership positions at AIG, J.P. Morgan, Bain Capital and TIAA. We are excited for the IT expertise Annabelle brings to our Board at a time when we are investing heavily in our systems and electronic platforms as keys to our future. In addition, the acquisition of GAIN allowed us to bolster our management ranks with Glenn Stevens (former GAIN CEO) and Diego Rotsztain (former GAIN General Counsel/Head of Corporate Development). They join our own Abbey Perkins (StoneX Group Inc. CIO) as the newest members of our Executive Committee. Numerous GAIN management team members have also taken on expanded responsibilities with us.

As each year passes, we inevitably lose key members, too. This year, we bid a grateful but regretful adieu to Bruce Fields, who has retired from his role as Treasurer. Bruce did an outstanding job for us in managing our liquidity, the lifeblood of our business, enabling us to continue to achieve organic growth and pursue external acquisition targets. Bruce gives way to Kevin Murphy, who knows our company well through his work with us while at JP Morgan and Barclays.

So we come to the end of a record year in which your company demonstrated the ability to grow and prosper in the most difficult conditions. Credit goes to our strategy, our management team and our model, but also to our response to the COVID-19 pandemic as led by our Business Continuity team and carried out by our employees.

Those efforts enabled us to continue our story of consistent, long-term value creation for our shareholders. Since 2002, your company has grown operating revenue from $5.2 million to $1,308.3 million and net income from a loss of $300,000 to a profit of $169.6 million this year. Over the same period, shareholder equity has grown from $4.3 million to $767.5 million.

While recognising the potential headwinds that ebbing volatility and persistently low interest rates may pose to our performance, I remain optimistic that the financial network and platforms we are building will continue to prosper and grow, and deliver increasing value to our shareholders and clients – now and over the long term.

My thanks go to our shareholders for your continued confidence and support, and to our employees and service providers for all of the value they bring to our efforts each day.

JOHN RADZIWILL
Chairman

2018
INTL FCStone expands its institutional offering with the acquisition of US-based broker-dealer GMP Securities LLC (formerly Miller Tabak Roberts).

2019
The company acquires the futures and options brokerage business of Singapore-based UOB and becomes a fully regulated FCM in the Asia-Pacific region.

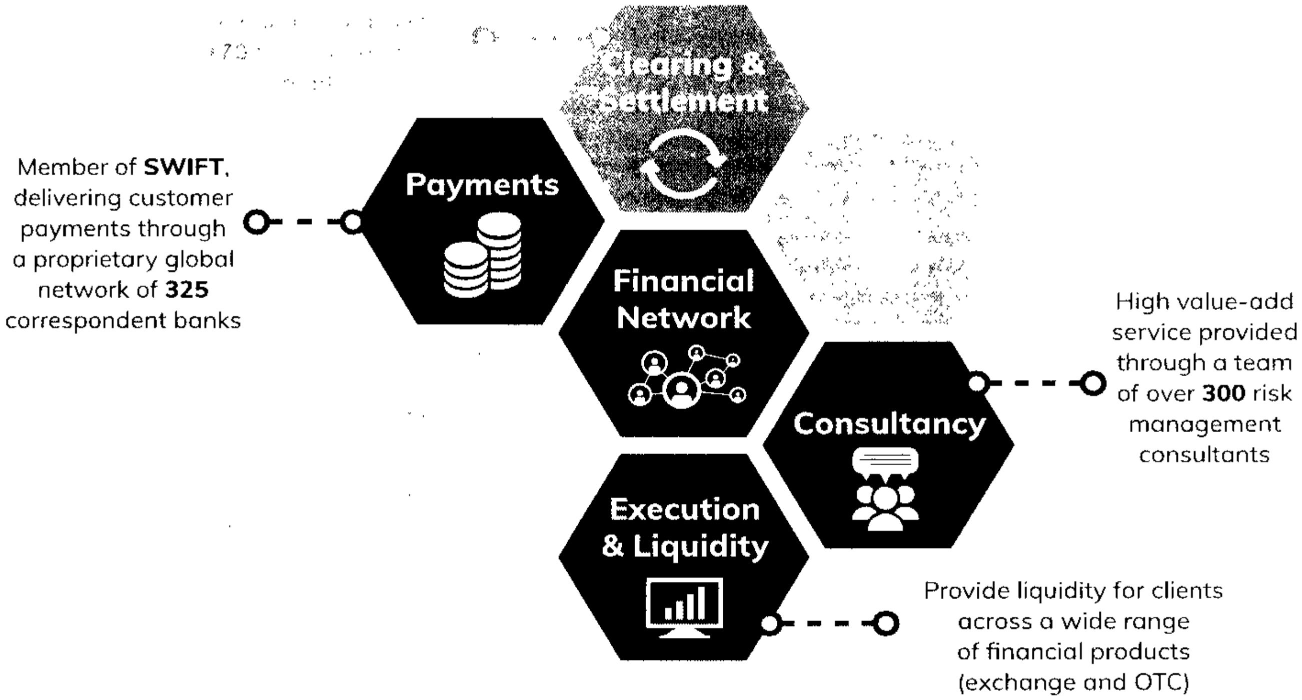
2020
INTL FCStone acquires the brokerage businesses of Tellimer Group in order to expand its capabilities in frontier and emerging markets.

2020
The company acquires Giroxx GmbH and IFCM GmbH to strengthen its offering in Europe.

2020
The company acquires GAIN Capital Holdings, Inc., significantly expanding its retail footprint through the addition of FOREX.com and City Index.

2020
INTL FCStone rebrands itself as StoneX, as the parent company becomes StoneX Group Inc. and its customer-facing subsidiaries change their names to incorporate the new brand name.

INTEGRAL PART OF THE GLOBAL FINANCIAL INFRASTRUCTURE

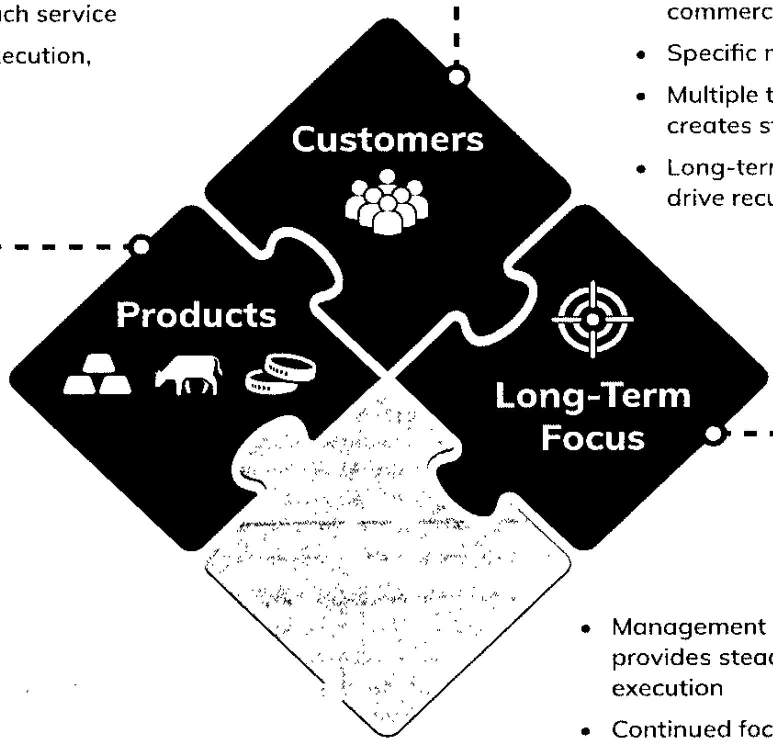


We operate a global financial network that our clients use to trade, invest, manage risk and improve performance. We monetize activity over this network through commissions and spreads on trades, interest earned on client deposits and fees for our expertise and market intelligence.

DIVERSE AND RESILIENT BUSINESS MODEL

- Global access to over 36 exchanges and 15,000 OTC products
- Global payment solutions in over 170+ countries and 140+ currencies
- **Forex.com** and **City Index**, two of the largest and best-known retail trading brands in the world
- Combination of digital trading platforms and high-touch service
- Vertically integrated execution, clearing & custody

- Clients in over 180 countries served by global footprint of 2,900 staff
- Local presence provides "Boots on the Ground" to serve clients in virtually every global marketplace
- Diversified across 330,000 retail and 32,000 institutional and commercial clients
- Specific mid-market focus
- Multiple touch points with clients creates stickiness
- Long-term customer relationships drive recurring revenue



- Management continuity since 2003 provides steady focus on strategy execution
- Continued focus on key metric of 15% Return on Equity to compound capital
- Diligent risk management to underpin growth and preserve capital growth
- Disciplined focus on strategic acquisitions to complement organic growth
- Increase the value of our network by adding new products, capabilities, markets and liquidity venues
- Expand into client segments and geographies
- Integrate our offerings, platforms, marketing strategy and client experience more tightly through digitization of our platforms

We have set out some simple but effective long-term key performance indicators to monitor our strategic progress and hold ourselves accountable to our goals. Given the constant evolution of our business, we make a point of evaluating periodically whether a given metric or target – and the rationale behind it – remains relevant to our performance and our goals. As such, we may add, adjust or discontinue certain KPIs from year to year.

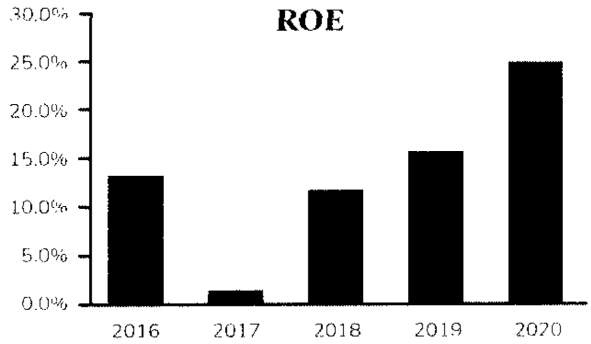
Compounding Capital

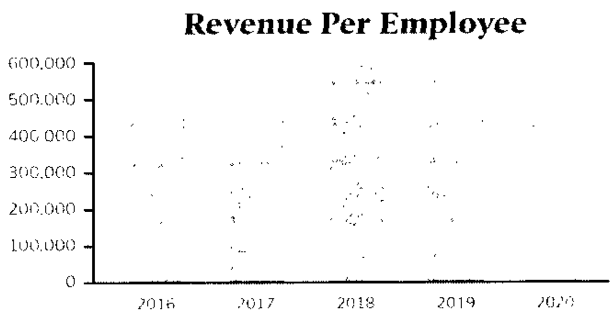
Target: Annual shareholder return on equity of 15%

TARGET: MET

RATIONALE:

Implies growing our net earnings by a similar amount annually as our retained earnings grow.





Measures productivity and efficiency in driving revenue through use of technology, leveraging existing client relationships and expanding our products and capabilities.

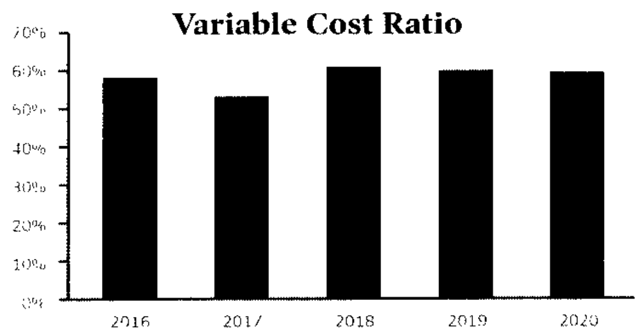
Flexible Cost Structure

Target: >50% of our total costs variable to revenue

TARGET: MET

RATIONALE:

A highly flexible cost structure helps us protect our bottom line from the inherent cyclicality of the markets. However, our ratio of fixed costs to variable costs will begin to rise in coming years as we increase the digitization and scalability of our global network.



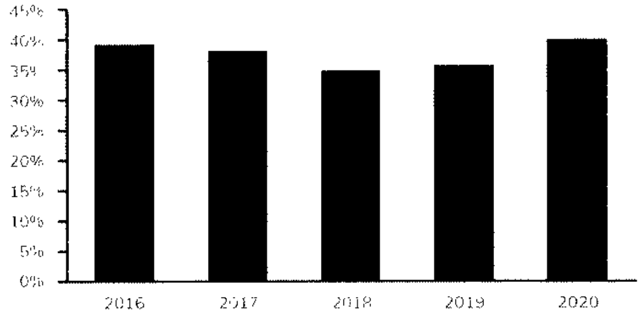
Compensation Ratio
Target: Total compensation to operating revenue ratio of <40%

TARGET: MET

RATIONALE:

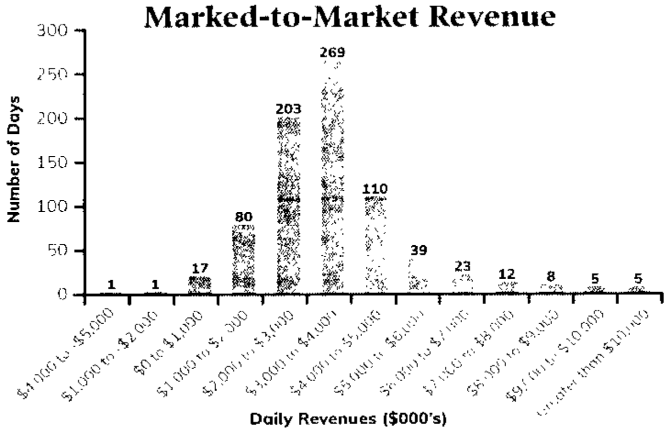
Ensure that overall compensation cost is proportional to the return shareholders require for supporting the costs, capital and risks associated with our platform.

Compensation to Operating Revenue



Acting as a facilitator to our clients in accessing the global trading markets while taking minimal directional risk to ensure stable, consistent revenues.

Marked-to-Market Revenue



Risk Metrics – Bad Debt Expense
Target: Bad debt <1% of annual operating income

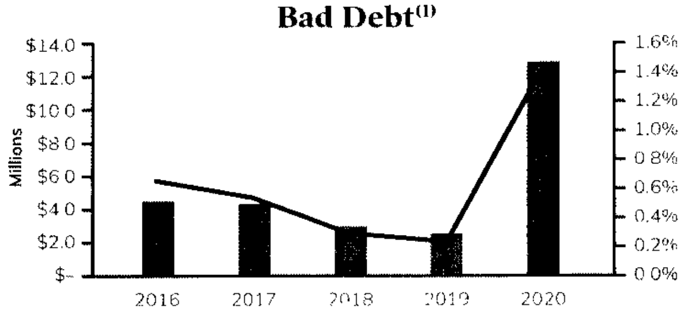
TARGET: MET

RATIONALE:

Calibrate our risk tolerance to avoid catastrophic losses that would impede our ability to function normally; ensure that bad debt is proportional to our annual operating revenue and earnings.

(1) In fiscal 2017 and 2018, bad debt excludes bad debt on physical coal of $47.0 million and $1.0 million, respectively. In fiscal 2019, bad debt excludes recoveries on bad debt on physical coal of $12.4 million.

Bad Debt(1)



Amid unprecedented global market conditions in 2020, StoneX achieved record results in nearly every respect – proving the resiliency of our business while increasing the strength, depth and breadth of our global franchise.

Operating revenues exceeded $1.3 billion, shareholder equity now exceeds $767 million and net income reached $169.6 million, significantly eclipsing our prior year's record performance.

Earnings per share (diluted) rose to a record $8.61, up 96% over the prior year. We achieved a 24.9% ROE (return on equity), which exceeds our long-term target of 15%.

OVERVIEW

We recorded impressive growth in all of our key operational metrics, including trade volumes for listed derivatives (up 20%), OTC contracts (up 19%), average daily volume for securities (up 20%), average daily volume for FX/CFD's (up 611%), and aggregate client balances. These strong transactional metrics drove growth in operating revenue for each of our segments, while total segment income grew by 29% over 2019. Please see page 22-23 for a segment overview.

We avoided any significant disruption to our business by COVID-19, as we continued to meet our clients' needs while protecting the safety of our employees – approximately 95% of whom transitioned to a work-from-home environment once the scope of the pandemic became clear. More details on our coronavirus response can be found below.

We completed the acquisition of GAIN Capital Holdings, Inc. our largest transaction to date, which has significantly deepened and broadened our retail client segment and added a leading digital capability that we can leverage more broadly. (More to follow.)

Our customer float, a strong indicator of our market share and customer engagement, reached nearly $5 billion after the acquisition, almost doubling from 18 months ago. We now serve more than 32,000 institutional and commercial clients and more than 330,000 retail clients.

The earnings power of the company has been fundamentally transformed by the GAIN acquisition and the strong growth of our client base. This is evidenced by our 2020 results, which speak to the earning power of the combined companies – albeit in a favorable market environment for both.

We rebranded the company as StoneX because we believe it better reflects the company we are today and better serves our goal of becoming a leading global financial franchise.

The continued expansion of our capabilities and the growth of our client footprint stand in stark contrast to many of our peers, and we have increased our recognition among clients and talent across the globe as a trusted financial service partner.

For years now, we've been pursuing many of the principles and best practices that now fall under the rubric of environment, social and governance (ESG) policy through our existing corporate culture and its emphasis on ethical conduct toward, and fair treatment of, our clients, employees and other stakeholders. This year, we provide more detail on our approach to ESG on page 24.

In any typical year, our record financial performance would be the lead story of this letter by a long shot. Of course, 2020 proved to be anything but typical, as it posed historic challenges to all of our stakeholders. Yet, this past year also saw us seize some transformative opportunities.

COVID-19 RESPONSE

Clearly, our most significant challenge in 2020 was the global onset of the COVID-19 pandemic, and we share our sympathy and our empathy with those among us who have suffered personal loss. The coronavirus has also roiled markets worldwide and disrupted daily life in countless ways, creating exceptional hardships – and yes, in some cases, opportunities – for nearly all of our clients.

> "Throughout the pandemic, we have successfully met our clients' needs while also protecting the safety of our employees."

Throughout the pandemic, we have remained focused on maintaining our ability to meet our clients' needs while also protecting the safety of our employees, vendors and other stakeholders. From the beginning, we monitored the virus with an eye toward reacting with prudence over panic. As the global scope and potential impacts of COVID-19 became clear, we acted swiftly to institute new workplace policies and practices to ensure business continuity and safety. These included the transition to a 95% work-from-home model, in-office protocols aimed at reducing potential virus transmission, compliance with all applicable local health guidelines, a pause on all non-essential employee travel, and the dissemination of personal health and prevention guidance informed by CDC guidelines.

One of the most notable successes of our coronavirus response was the nearly seamless transition of our robust in-person events program to an all-virtual footing. Company-hosted events play integral roles in how we deliver value to our clients, and they help drive the client acquisition efforts of our brokers and sales professionals. When the spread of COVID-19 in March 2020 began to trigger mass cancellations of in-person events in favor of "virtual" replacements, our Global Events team and Lead Generation team worked together to adapt their registration and promotional systems for virtual use quickly, as well as identify and fully implement a new virtual hosting platform in less than 30 days. This nimbleness and flexibility enabled us to not only host nearly as many events in fiscal 2020 as we did in fiscal 2019, but also increase registration for those events by 58% over the prior year.

As a result of our success in these efforts, we've enabled our clients to continue to pursue their business objectives and our employees and vendors to continue supporting their families and their communities. We could not be prouder of the efforts of our Business Continuity and our management teams in "running toward" this challenge and acting decisively to provide solutions. Nor could we be more grateful to our employees for the vigilance, diligence and resolve they've displayed in providing exemplary service to our clients under these fluid and often difficult circumstances.

As global commerce continues, however, so does our need to assess the market trends and dynamics that may affect our business going forward. The economic crises spurred by the effects of COVID-19 have led to increased market volatility and a reduction of interest rates globally. Our business performs best when we have moderate volatility and can earn a carry on our customer float. Volatility can increase risks for hedgers and provides money-making opportunities for speculators, so moderately higher volatility drives more activity over our platform from both types of clients. Conversely, low interest rates limit the amount of revenue we can generate from our customer account deposits. In 2020, our performance suggests that the benefits we captured from elevated volatility outweighed the drag from lower interest rates in the latter half of our fiscal year. While neither trend is likely to change until the pandemic abates, we can't assume that their relative balance will persist in our favor over this time. Therefore, we will keep a close eye on volatility and maintain strict adherence to our risk controls as we move through 2021.

GAIN CAPITAL AND OTHER ACQUISITIONS

In July 2020, we completed our purchase of GAIN Capital Holdings, Inc. for $6.00 per share in an all-cash transaction representing approximately $237 million in equity value and a total transaction value of $329 million – a premium of 12% to GAIN's tangible book value at the time. We financed the purchase consideration with a $350 million high-yield bond issue – effectively making our debut into the institutional debt markets. This in itself was a big step for our company and we were pleased that the offering was well received and many times oversubscribed and has traded strongly in the market since issue. This opens a new avenue for capital to fund our ongoing growth, if needed. Over time, we believe that we will be able to achieve even more-competitive financing terms as we further establish our credit market credentials.

Founded more than 20 years ago with the intention of providing traders with low-cost access to foreign exchange markets, GAIN serves more than 130,000 retail and institutional investors through its FOREX.com and City Index online platforms, as well as a complementary futures business. It is the largest retail FX firm in the U.S. and has a significant presence in the UK, Europe and Asia.

GAIN's businesses add significant transaction flow from a new and large global retail client base – that we can process through our existing clearing and execution infrastructure. This enables us to aggregate flow and cross spreads internally more efficiently – in turn driving increased revenue capture. Additionally, our vertically integrated offering of both execution and post-trade clearing services allows us to internalize margins previously paid to third parties. The integration of GAIN into our business also added nearly $1bn in customer float and provided some obvious cost synergies through the elimination of GAIN's public company costs and the consolidation of our two global infrastructures.

From a strategic standpoint, we are adding a new retail segment that offers a substantial addressable market for us. We can leverage our global network and our products and services to enhance GAIN's product offering to drive market share growth by capturing additional business from existing clients, as well as enable the acquisition of new clients. Finally, our integration of GAIN's digital assets and expertise will also accelerate the digitization of our own platforms, which remains a strategic priority.

At the time we agreed to the transaction in February 2020, we believed that this was a well-priced and structured transaction that achieved strategic objectives for both businesses and would be accretive in the short term to earnings, EPS and capital. What we could not foresee was the impact of COVID-19, which led to GAIN realizing record results as market volatility spiked, customer engagement soared, and record numbers of new accounts were opened. These positive results accrued to our shareholders under the terms of the contract and enabled us to realize a sizable gain through the income statement when we closed the transaction in July. GAIN's exceptional results significantly de-risked an already well-structured transaction, provided us with additional capital, and boosted our core operating results by some 6% in ROE terms.

"GAIN's exceptional results significantly de-risked an already well-structured transaction, provided us with additional capital, and boosted our core operating results by some 6% in ROE terms."

In addition to GAIN, we completed three smaller but strategically significant acquisitions over the course of 2020. In Q1, we purchased the brokerage businesses of Tellimer Group, which increases the access we can offer clients to securities in emerging and frontier markets globally. We also acquired two German firms, GIROXX GmbH and IFCM Commodities GmbH, with the goals of expanding our offerings and buttressing our business lines against disruptions stemming from potential regulatory changes in Europe.

GIROXX provides online payment and foreign exchange hedging services to small and medium sized enterprises (SME's) in Germany, Austria and Switzerland, and will partner with our Global Payments Division to offer SME's the ability to hedge all parts of their production processes through one digital payments and hedging platform. As a long-time partner of our Metals Division, IFCM specializes in providing commodity price-risk management solutions for base metals clients across Germany and continental Europe.

Each of these acquisitions falls in line with our patient and disciplined approach and met our longstanding criteria: a good cultural fit (client first), clear strategic value in the form of either client relationships or added capabilities and the ability to be financially accretive quickly.

As the trend toward consolidation across the financial industry persists, we will continue to pair our opportunistic approach to acquisitions with prudent investments in organic growth.

REBRAND TO STONEX

Following 2019, in which we achieved record financial performance; we grew our franchise not only in strength and reach but also in the esteem of customers, prospects, peers and talent; and we pushed the digitization of our offering further forward through new and innovative trading and analytic platforms, we came to realize that one critical element lagged behind all of it: our brand. A brand plays essential roles in how a company is valued by investors, how it wins business in the marketplace and defends it from competitors, and how it can withstand challenges and risks to its reputation.

For these reasons, we decided to rebrand the company with a forward-looking name that better captures the essence of the company we are today and where we plan to go from here: StoneX. While we considered other names, we chose StoneX for the following strengths: "Stone" is the most tangible, recognizable and long-standing component of our prior name – dating back to the original predecessor company founded by Saul Stone in 1924. In addition to providing continuity, it communicates strength and reliability. The "X" represents 1) exchanges, as in all of the markets we connect clients to, as well as execution and clearing on those exchanges, in OTC markets and within other liquidity venues, 2) the "exchange," or sharing, of our services, capabilities, insights and expertise with clients, 3) "exchange" in the network sense, as in the point where network components and pathways intersect and increase connectivity, and 4) the multiplier effect, or "X-factor" that our network delivers in value to all of our stakeholders. And to be perfectly frank, its brevity was also a plus.

"We decided to rebrand the company with a forward-looking name that better captures the essence of the company we are today and where we plan to go from here."

Although launched in June, the changeover to StoneX continues across our platforms and communications materials as we navigate the myriad legal and regulatory complexities involved in renaming all of our customer-facing subsidiaries across the globe. But we're confident that all our business lines are already deriving value from the change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

Increasingly, we find ourselves fielding questions from stakeholders and potential investors about our environmental, social and governance (ESG) policies, and what programs or initiatives we're pursuing to support them. Our approach has always been more akin to a philosophy than a "policy" per se. We believe in playing by the rules, treating all of our stakeholders fairly, creating opportunities for our employees and rewarding them on merit, and "doing the right thing over the easy thing" in all that we do. Over the years, we've let many of our practices that fall today under the rubric of ESG arise organically out of these tenets – without feeling a need to report, catalogue or communicate them beyond this context.

In having these ESG conversations, however, we are reminded of how essential our values, and the practices they inform, are to who we are as a company and the value we deliver to all our stakeholders. For this reason, we've decided to make a more concerted effort to share our efforts within the context of ESG going forward – beginning with a new section in this report (on pg. 26) that expresses our core vision. We are also developing a new section for our website that will provide a more thorough accounting of our ESG initiatives as they grow and progress.

One of the highlights of our progress in 2020 is the growth of our Women in StoneX employee affinity group. Organized by one of our female Executive Committee members with support from our Board, Women of StoneX provides a constructive forum in which all of our employees can discuss how women at our company can navigate common workplace challenges and share advice on how to handle performance assessments, advocate for their own advancement, and take greater advantage of the opportunities afforded by the company's entrepreneurial culture.

LOOKING AHEAD

Our core business performed strongly in 2020 despite the global economic tumult brought on by the pandemic, once again demonstrating both the resilience and the earnings power of our business model. Across the various – and often markedly different – market environments that have come and gone, we have been able to maintain our consistent record of growth. Since 2003, we have maintained a consistent record of significant growth – especially relative to peers and our industry overall. Specifically, we've grown operating revenue at a compound annual growth rate (CAGR) of 33%, book value at 30% CAGR and market value at 30% CAGR over this period. In many ways, it is in difficult and tumultuous markets that we see the most opportunity to differentiate ourselves to our customers by providing consistent service and trade execution when they need it most. These conditions also offer prime opportunities for us to expand our franchise through organic growth as other firms falter, or through disciplined acquisition as the industry continues to consolidate.

"It is in difficult and tumultuous markets that we see the most opportunity to differentiate ourselves to our customers by providing consistent service when they need it most."

We have reinvested our capital consistently into expanding our global financial services network, which offers market access across nearly all asset classes, vertically integrated execution and clearing and institutional-grade digital platforms. In effect, we offer bulge-bracket capabilities to mid-size clients, but pair those capabilities with high-touch, boots-on-the-ground service and expertise. This truly unique combination is nearly impossible to find in either the top or the second tier of our industry, and thus differentiates us from both larger and smaller competitors. It also creates "sticky" relationships that we can grow over the long term.

Past performance and present advantages will count for little unless we can leverage them to capture new opportunities, scale our enterprise further and fuel continued growth. The foundations for our continued success depend on management executing on the following key objectives.

- **Continue to build our ecosystem and expand our reach within the global financial markets** – We must ensure that we constantly remain relevant to our clients by offering the best and most efficient access to financial markets and products. This will drive increased engagement and wallet share from existing customers and continue to drive market share for us as we are seen as the leading market access firm in the industry. We will pursue this objective by adding new trading venues, exchanges and market liquidity sources both organically and through acquisition where appropriate.

- **Grow and diversify our customer base** – We estimate our market share on any given product or service we offer to be anywhere from <1% to 5%, which means that we have a significant addressable market and a long growth runway ahead of us. The financial markets are global and so is the opportunity they offer, which is why we have invested in a global footprint that enables us to seize that opportunity. Expanding the access we offer to the global markets ecosystem while our industry has been consolidating has driven organic customer growth and will continue to do so. We will also selectively look to grow our customer base through team hires and through acquisitions that meet our criteria. We will also look to diversify our customer base by geography, by size and by type, which adds to the resilience of our business model. We are unique in serving investors, speculators, banks, retail and commercial customers – all of which need the efficient access to the financial markets and the vertically integrated offering we provide.

- **Digitize our customer engagement** – We continue to invest significantly in digitizing our trading platforms and client interfaces in order to provide clients with easier and more intuitive ways to pursue their financial market objectives. Our goal remains to improve client engagement while driving down our delivery costs – enabling us to increase margins and scale up our business globally without being constrained by physical infrastructure.

- **Drive capital formation** – As a regulated financial services business, capital underpins our customer activity and our continued growth. As a public company, we have access to the equity capital markets and now more recently the institutional debt markets, as well as support from our banking partners. However, capital markets are fickle and our focus on ROE allows us to create our own capital runway to support our growth without being dependent on the markets.

As we pursue these objectives and the significant opportunity they represent, we should also recognize all of the people whose efforts power our success every day. On behalf of the executive management team, I want to thank all of our colleagues for their exceptional contributions during this year of unprecedented challenges and achievements, our Board and advisors for their guidance, our bankers for their financial support and our stockholders for entrusting their capital to us.

SEAN M. O'CONNOR
Chief Executive Officer

CLIENT TYPES & SEGMENT PERFORMANCE

StoneX exists to deliver value to our clients – full stop. We work to build long-term relationships with them through our commitment to treating them fairly and ethically, our attention to their needs, our expertise and flexibility, our global reach, our ability to provide access to liquidity in hard-to-reach markets, and our status as a well-capitalized and regulated organization.

Global Diversified Client Base	INSTITUTIONAL
Risk Profile	
Operating Revenue	$624mm
% of Total Revenue	48%
YoY +/-	+21%
Segment Income	$153mm
% of Total Income	39%
YoY +/-	+73%
Segment Margin	25%
Segment Description	• Global trading, execution, clearing and provision of liquidity for institutional customers • Multi asset-class offering including domestic and foreign equities and options, broad range of fixed income products across the global credit spectrum and access to 36 derivative exchanges • Growing suite of institutional grade trading and analytics platforms
Representative Clients/Own Brands	• Fund managers • Broker-dealers • Investment advisors • Banks • Insurance cos. • Hedge funds • Introducing brokers • Financial institutions

As such, we find value in evaluating our business and performance from a client-centric perspective. After completing our acquisition of Gain Capital Inc. and its significant retail client base, we officially reconfigured our SEC segment reporting according four client types: commercial, institutional, retail and payments. Overall, total segment income rose by 29% over the prior year to $395M.

Global Diversified Client Base	COMMERCIAL	PAYMENTS
Risk Profile	RISK HEDGERS	TREASURY MANAGEMENT
Operating Revenue	$432mm	$117mm
% of Total Revenue	33%	8%
YoY +/-	+7%	+4%
Segment Income	$142mm	$69mm
% of Total Income	36%	17%
YoY +/-	-2%	+4%
Segment Margin	33%	59%
Segment Description	• Tailored risk management solutions for commercial entities • Capabilities include listed derivatives, bespoke structured products, physical trading • Expertise across all commodity verticals as well as FX and interest rates	• Platform to provide efficient transfer of funds into 170 non-G20 countries • Full-fledged domestic payments capability handling in-bound and out-bound payments in Brazil • Network of over 325 in-country correspondent banks ensures efficient and effective payments
Representative Clients/Own Brands	• Commercial hedgers • Producers • Wholesalers & merchants • Corporations • Introducing brokers • Traders • Grain elevators • Merchandisers • Importers • Exporters	• Financial institutions • Nonprofits • Government organizations • NGOs • Corporations • SMEs

StoneX recognizes that our business, and how we choose to operate it, creates *impacts that reach beyond our client relationships and our bottom line to affect* our physical environment, our society and the climate in which companies like ours conduct business.

In our business philosophy, we strive to add value to our clients' businesses over the long-term with an approach rooted in transparency, ethical conduct, guidance and trust. In our environmental, social and governance (ESG) approach, we strive to complement the positive impacts generated by our pursuit of that business philosophy (i.e. the value of our services to clients and the global economy, the jobs we create, the taxes we pay, etc.) *while minimizing or offsetting the possible negative impacts (carbon footprint of operations, contribution to* or perpetuation of perceived economic injustice or inequality) – but we must do so within the context of our responsibility as a public company to balance the needs of our shareholders, clients, employees and other stakeholders appropriately.

In past years, we have let our approach to ESG arise organically from the corporate culture that we have cultivated since the current management team took over the company in 2003. The hallmarks of this culture that pertain most directly to ESG include:

- **Emphasis on ethical conduct, transparency and compliance with applicable regulations globally.**
- **Empowerment of employees through an entrepreneurial culture featuring equality of access to opportunity, merit-driven advancement and compensation, and training and support.**
- **Pursuit of diverse perspectives that add value throughout the organization and enhance our ability to conduct business globally.**
- **Commitment to governance that provides appropriate checks and balances within the executive structure and aligns incentives with desired behaviors.**

This organic, culture-driven approach has produced a number of initiatives and best practices of which we are very proud, some of which we highlight below. Indeed, we recognize that we have reached a scale as an enterprise where a more deliberate and purposeful approach to ESG policy and reporting aligns more closely with our values and generates more value for all of our stakeholders. For these reasons, we have committed ourselves to a continual process of evaluating our ESG efforts and how we report our performance from year to year.

ENVIRONMENT

As a financial services firm operating nearly exclusively from office environments and providing most services electronically (via phone, Internet, etc.), we have tended to view the direct environmental impact of our operations as arising primarily from the resources our offices consume and the waste that they produce. In most instances, we defer to the conservation, recycling and waste reduction measures put in place by the companies from whom we lease our office space, and we expect our employees to comply with those measures. We also stage and travel to hundreds of in-person seminars, conferences and trade shows each year, and our front-office personnel frequently travel to client sites when doing so helps them serve our clients better. We recognize that all of these activities produce environmental impacts, and we are aware of the practices that many companies like ours commonly pursue to mitigate those impacts. These include leasing offices space in LEED-certified buildings, purchasing energy from renewable sources, switching to "paperless" office environments, and purchasing carbon credits to offset travel. We have begun the process of evaluating whether practices like these would generate net value for all of our stakeholders, and will report our findings and progress in these regards on our website.

SOCIAL

As a company, we are client- and shareholder-focused, but employee driven. Our success depends in large part on our employees' ability and desire to provide exemplary service to our clients. We strive to empower them to do so through an entrepreneurial culture that rewards them for their efforts and initiative in the forms of competitive pay and benefits, opportunities to earn commissions (where applicable), merit-based bonuses and promotions, and opportunities to buy restricted stock in the company at reduced rates. Our employees are also full partners in our performance evaluation process and have access to numerous training and mentorship opportunities for developing their skills and advancing their careers.

Employee Diversity

As a global financial services business, StoneX Group Inc. recognizes the importance of diversity as it provides us with broader knowledge and skills to enhance performance and the service we can provide to our clients, as well as helping us to expand our understanding of the markets in which we operate. In addition to seeking out and including diverse perspectives and talent in our ranks, we also want to ensure that employees from diverse backgrounds feel empowered to share their experiences employees with similar diverse backgrounds and also with other employees with different backgrounds. Our newly established Affinity Group policy provides a framework for doing so that gives voice and agency to those of us with diverse backgrounds and experiences – but in ways that enlarge the perspective of all of our employees and bring us closer together as a company.

Employee Safety & Wellness

We believe that doing our part to maintain the health and welfare of our employees is a critical element for achieving commercial success. As such, we provide our employees with comprehensive health benefits and offer a wellness program that focuses on employee health strategies and includes a discount to employee medical premiums for the completion of wellness initiatives. We promote a culture of hard work and achievement that also strives to provide an appropriate work-life balance for our employees. We conduct employee surveys from time-to-time to collect feedback and incorporate into our planning. In addition, we offer employee assistance programs, including confidential assistance for financial, mental and physical well-being.

Supply Chain Human Rights

The history of commodity production and extraction is rife with human rights abuses, and there remain parts of the world where such practices persist today. As buyers and sellers of select physical commodities, including precious metals, we recognize the significant adverse impacts which may be associated with extracting, trading, handling and exporting commodities from conflict-affected and high-risk areas. Specifically, we are committed to ensuring that there is no modern slavery or human trafficking in our supply chain, and that our business activities do not help finance conflict in regions destabilized by war and abuse of human rights. For more detail about how we are pursuing these commitments, we invite you to read our Responsible Sourcing Policy and our Anti-Slavery Policy – both of which are available on our website.

Community Giving

As part of our promotion of a healthy work-life balance among our employees, we recognize that "life" takes place not only at home, but also in our broader communities. We also understand that employees feel more connected to both their communities and the company when we can help empower them to impact their communities in positive ways through volunteer efforts and charitable giving. For years, our employees have banded together with like-minded officemates and drawn on our resources and support to hold fundraisers, participate in fitness challenges, and host charity outings and dinners.

We prefer this "democratic" approach over having executives direct our charitable giving to their own favored causes – however worthy those may be. To facilitate it, and to make it even easier for employees to make the difference that they want to make in our communities, we have developed StoneX Cares, an online portal that enables our employees to find local charities they support and donate their time or money, which we then match – up to a total for the company of $500,000 annually.

GOVERNANCE

Executive & Board Diversity

Our commitment to harnessing the value of diverse perspectives for all of our stakeholders reaches to the very top of our organization. Two women serve on our nine-person Board of Directors – while two others serve on our 10-person Executive Management Committee, which is our highest-level strategic/operational body. We recognize that these somewhat recent additions do not constitute sea changes in our management composition, and may even seem overdue to some observers in the ESG space. However, they do represent progress for us – especially within a global financial services industry not known especially for its diversity – and we could not be more pleased with the ongoing value these women provide to our company through their talent, acumen and perspectives.

Board Independence

We are committed to maintaining the independence of our board as it relates to applicable rules and industry best practices because we believe doing so serves the best interests of our shareholders. No director is considered independent if he or she is an executive officer or employee of the Company or has a relationship which, in the opinion of the Company's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In its annual review based on this criteria (in line with Rule 5600 of the NASDAQ Stock Exchange), the Nominating & Governance Committee of the Board determined that each of our directors qualifies as independent, with the exception of Sean O'Connor, who is the company's CEO. While Mr. O'Connor is on the board, he does not serve as its Chairman. The roles of Chairman and CEO are split in accordance with widely recognized best practices with regard to maintaining board independence. John Radziwill serves as the company's Chairman.

Executive Pay Tied to Performance

The pay for the members of our executive committee is closely tied to the financial performance of the company. Specifically, the annual cash bonus for each executive is based entirely on the company's return on equity, a metric that is considered to be closely linked to stock price appreciation. A substantial portion of the annual cash bonus – generally 30% – is paid in the form of restricted company stock, which is purchased at a discount but vests over a three-year period. In addition, executives receive long-term cash awards, which generally vest five years following grant and their growth in value is also tied to the company's return on equity. Executive compensation figures for 2020 can be found in our latest proxy statement.

Financial Interest Requirements for Directors and CEO

We require directors and our CEO to own a substantial equity stake in company stock. This requirement has been based on a meaningful percentage of the director's or CEO's most recent year's cash compensation. In 2020, we reviewed our shareholding requirement and now require our directors and CEO to own an amount of company stock equal in value to three times their annual cash compensation, subject to a phase-in period for new directors.

HEADQUARTERS

[illegible]

US OFFICES

[illegible]

INTERNATIONAL OFFICES

[illegible]

Corporate Governance Statement

The Company is committed to high standards of corporate governance and has put in place a framework that fosters good governance, is practical for a company of our size and satisfies our current listing and regulatory requirements. The Company has instituted a Code of Ethics that demands honest and ethical conduct from all employees. Specific topics covered are conflicts of interest, fair dealing, compliance with regulations, accurate financial reporting, and diversity and inclusion.

Executives

The roles of Chairman and CEO are split and the Chairman is a non-executive independent director. The CEO and CFO make all necessary representations to satisfy regulatory and listing requirements. Executive compensation is determined by a Compensation Committee composed exclusively of independent directors.

Board Of Directors

The Company has a Board of Directors consisting of one executive and eight independent directors. The Chairman is a non-executive director. The Board oversees the strategy, finances, operations and regulatory compliance of the Company through regular quarterly meetings and additional special meetings when required. The non-executive directors regularly meet independently of the executive director. The Nominating & Governance, Audit, Compensation and Risk Committees are each composed of at least three independent directors. The Audit Committee meets the SEC requirement that at least one of its members should be a financial expert.

Financial Reporting And Internal Control

The Company strives to present clear, accurate and timely financial statements. Management has a system of internal controls in place, regularly assesses the effectiveness of these controls and modifies them as necessary. Risk management is an important aspect of this system of internal controls, and the Risk Committee monitors compliance with risk policies.

Investor Relations

The Company seeks to provide accurate and timely information to stockholders and other stakeholders to facilitate a better understanding of the Company and its activities. The Company seeks to distribute such information as widely as possible through filings on Form 8-K, press releases and postings on its website, www.stonex.com.

Forward-Looking Statements

This Annual Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control, including adverse changes in economic, political and market conditions, losses from the Company's activities arising from customer or counterparty failures, changes in market conditions, the possible loss of key personnel, the impact of increasing competition, the impact of changes in government regulation, the possibility of liabilities arising from violations of laws or regulations and the impact of changes in technology on our businesses. Although the Company believes that its forward-looking statements are based upon reasonable assumptions regarding its businesses and future market conditions, there can be no assurances that the Company's actual results will not differ materially from any results expressed or implied by the Company's forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned that any forward-looking statements are not guarantees of future performance.

Executive Director

Sean O'Connor
Chief Executive Officer/President

Officers

William Dunaway
Chief Financial Officer

Xuong Nguyen
Chief Operating Officer

Philip Smith
CEO – StoneX Financial Ltd

Charles Lyon
Executive Vice President
of StoneX Financial Inc.

Mark Maurer
CEO – StoneX Markets LLC

Kevin Murphy
Group Treasurer

Tricia Harrod
Chief Risk Officer

Diego Rotsztain
Chief Governance & Legal Officer

Aaron Schroeder
Chief Accounting Officer

David Bolte
Corporate Secretary

Abbey Perkins
Chief Information Officer

Glenn Stevens
Head of Retail and Foreign Exchange

Non-Executive Directors

John Radziwill
Chairman
Private Investor
Company Director

Scott Branch
Retired Company President
Chairman Risk Committee
Member Audit Committee

John M. Fowler
Chairman Compensation Committee
Member Nominating & Governance Committee
Private Investor
Independent Consultant

Annabelle Bexiga
Member Audit Committee
Member Compensation Committee
Independent Consultant
Company Director

Diane Cooper
Member Audit Committee
Member Risk Committee
Company Director

Bruce Krehbiel
Member Risk Committee
Member Compensation Committee
Chief Executive Officer, Kanza Cooperative Association

Eric Parthemore
Chairman Nominating & Governance Committee
Member Compensation Committee
Independent Consultant

Steve Kass
Chairman Audit Committee
Member Nominating & Governance Committee
Independent Consultant

Corporate Headquarters And Stockholder Relations

155 East 44th Street, Suite 900
New York, NY 10017, USA
Tel: +1 212 485 3500

Stock Listing

The Company's common stock trades on NASDAQ under the symbol "SNEX".

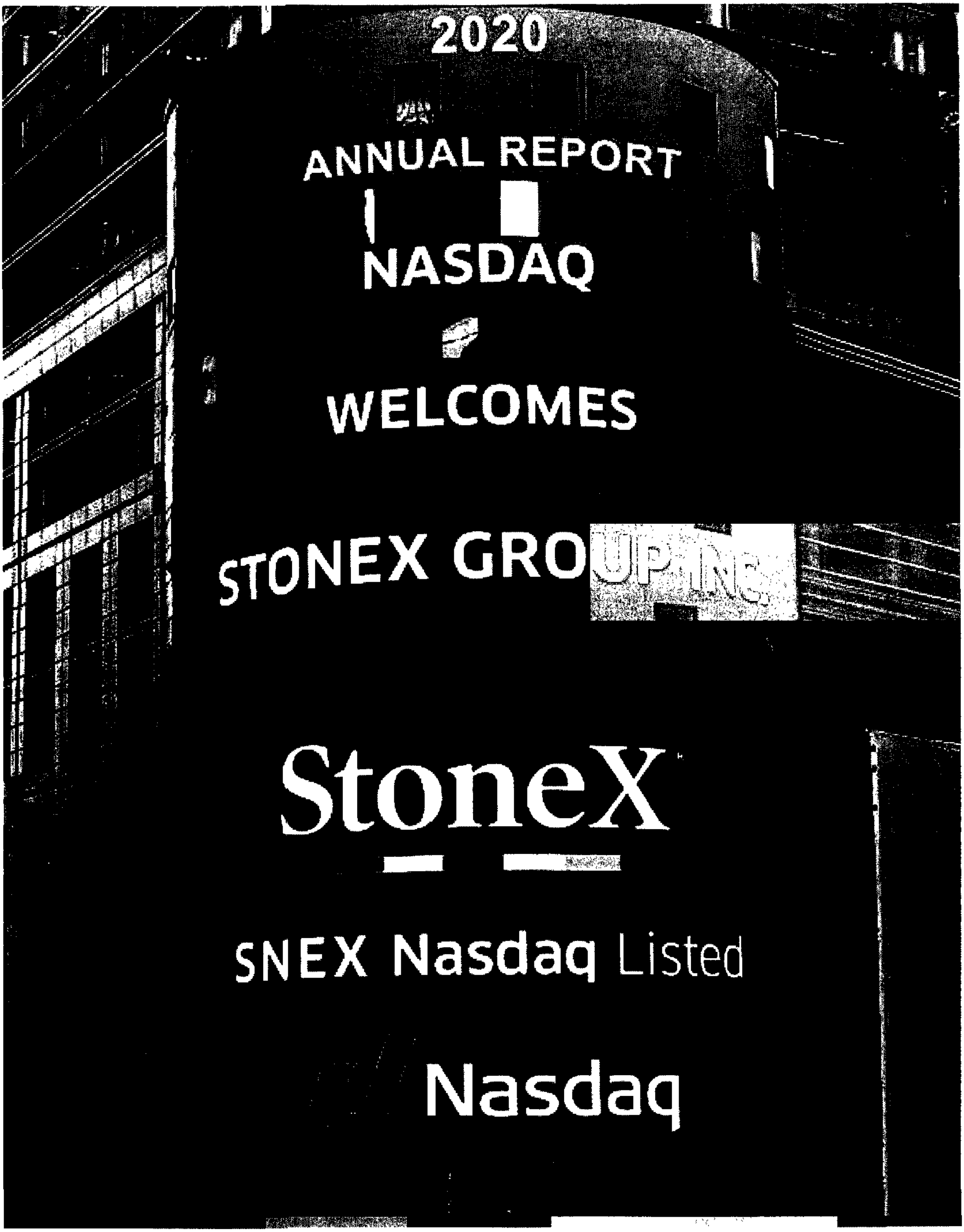
Company Information

To receive Company material, including additional copies of this annual report, Forms 10-K or 10-Q, or to obtain information on other matters of investor interest, please contact Group Treasurer Kevin Murphy at the Stockholder Relations address or visit our website at www.stonex.com.

Stock Transfer Agent And Registrar

Computershare is the transfer agent and registrar for StoneX Group Inc. Inquiries about stockholders' accounts, address changes or certificates should be directed to Computershare.

To contact by mail:
462 South 4th Street, Suite 1600
Louisville, KY 40202


2020
ANNUAL REPORT
NASDAQ
WELCOMES
STONEX GROUP INC.
StoneX
SNEX Nasdaq Listed
Nasdaq

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

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended September 30, 2020

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File Number 000-23554

StoneX

StoneX Group Inc.

(Exact name of registrant as specified in its charter)

DELAWARE	**59-2921318**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
155 East 44th Street, Suite 900	
New York, NY	**10017**
(Address of principal executive offices)	*(Zip Code)*

(212) 485-3500
(Registrant's telephone number, including area code)

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE ACT:		
Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	SNEX	The Nasdaq Stock Market LLC

SECURITIES REGISTERED UNDER SECTION 12(G) OF THE ACT:
NONE

Indicate by check mark	**YES**	**NO**
• if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☐	☑
• if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
• whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
• whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☑	☐
• whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐ Emerging growth company ☐		
• If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.	☐	
• whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	☐	☑

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

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

DOCUMENT INCORPORATED BY REFERENCE

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

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Cautionary Statement about Forward-Looking Statements

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

PART I

ITEM 1 Business

Overview of Business and Strategy

We operate a global financial services network that connects companies, organizations, traders and investors to the global market ecosystem through a unique blend of digital platforms, end-to-end clearing and execution services, high touch service and deep expertise. We strive to be the one trusted partner to our clients, providing our network, product and services to allow them to pursue trading opportunities, manage their market risks, make investments and improve their business performance. Our businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platforms and our team of more than 2,950 employees as of September 30, 2020. We believe our client-first approach differentiates us from large banking institutions, engenders trust and has enabled us to establish leadership positions in a number of complex fields in financial markets around the world.

We offer a vertically integrated product suite, beginning with high-touch and electronic access to nearly all major financial markets worldwide, as well as numerous liquidity venues. We deliver this access through the entire lifecycle of a trade, from deep market expertise and on-the-ground intelligence, to best execution and finally post-trade clearing, custody and settlement services. We believe this is a unique product offering outside of the bulge bracket banks, which creates long-term relationships with our clients. Our business model has created a revenue stream that is diversified by asset class, client type and geography, earning commissions and spreads as clients execute transactions across our financial network, monetizing non-trading client activity including interest and fee earnings on client balances as well as earning consulting and fees for our market intelligence and risk management services.

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

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

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

We focus on mitigating exposure to market risk, ensuring adequate liquidity to maintain our daily operations and making non-interest expenses variable, to the greatest extent possible. Our strategy is to utilize a centralized and disciplined process for capital allocation, risk management and cost control, while delegating the execution of strategic objectives and day-to-day management to experienced individuals. This requires high quality managers, a clear communication of performance objectives and strong financial and compliance controls. We believe this strategy will enable us to build a more scalable and significantly larger organization that embraces an entrepreneurial approach to business, supported and underpinned by strong centralized financial and compliance controls.

Available Information

Our internet address is www.stonex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, statements of changes in beneficial ownership and press releases are available free of charge in the Investor Relations section of this website. Our website also includes information regarding our corporate governance, including our Code of Ethics, which governs our directors, officers and employees. The content of our website is not incorporated by reference into this report or any other filings with the SEC.

Capabilities

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

Execution

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

Clearing

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

Global Payments

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

Advisory Services

We provide value-added advisory services and high-touch trade execution across a variety of financial markets, including commodities, foreign currencies, interest rates, institutional asset management and independent wealth management. For commercial clients with exposure to commodities, foreign currencies and interest rates, we work through our proprietary Integrated Risk Management Program ("IRMP®") to systematically identify and quantify their risks and then develop strategic plans to effectively manage these risks with a view to protecting their margins and ultimately improving their bottom lines.

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

Market Intelligence

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

Physical Trading

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

OTC / Market-Making

We offer clients access to the OTC markets for a broad range of traded commodities, foreign currencies, contracts for difference ("CFDs") and interest rates, as well as to global securities markets. For clients with commodity price and financial risk, our customized and tailored OTC structures help mitigate those risks by integrating the processes of product design, execution of the underlying components of the structured risk product, transaction reporting and valuation.

We provide market-making and execution in a variety of financial products including commodity derivatives, unlisted American

Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs"), foreign ordinary shares, and foreign currencies. In addition, we are an institutional dealer in fixed income securities including U.S. Treasury, U.S. government agency, agency mortgage-backed, asset-backed, corporate, emerging market, and high-yield securities.

Operating Segments

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

Commercial

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

Our risk management consulting services are designed to quantify and monitor commercial entities' exposure to commodity and financial risk. Upon assessing this exposure, we develop a plan to control and hedge these risks with post-trade reporting against specific client objectives. Our clients are assisted in the execution of their hedging strategies through a wide range of products from listed exchange-traded futures and options, to basic OTC instruments that offer greater flexibility, to structured OTC products designed for customized solutions.

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

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

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

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

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

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

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

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

Competitors in the Commercial segment include independent (non-bank) FCMs, FCMs affiliated with large commodity producers, global banks and independent and bank-owned swaps dealers. Although global banks represent the vast majority of client segregated assets, they tend to focus on larger clients. Independent, non-bank FCMs tend to focus on serving small- to mid-sized commercial clients where they face less competition from the global banks. Over the last 11 years since the financial crisis, the global banks have increased the minimum size of clients they are willing to serve, in part due to decreasing profit margins often driven by regulation, such as the Dodd-Frank Wall Street

Reform and Consumer Protection Act (the "Dodd-Frank Act") in the United States and the revised Markets in Financial Instruments Directive ("MiFID II") and accompanying regulation, Markets in Financial Instruments Regulation ("MiFIR") in Europe. This has presented an opportunity for smaller players in this industry, such as us, to acquire small and mid-sized clients and take market share.

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

Institutional

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

We provide value-added solutions that facilitate cross-border trading in equity securities and believe our clients value our ability to manage complex transactions, including foreign exchange, utilizing our local understanding of market convention, liquidity and settlement protocols around the world. Our clients include U.S.-based regional and national broker-dealers and institutions investing or executing client transactions in international markets and foreign institutions seeking access to the U.S. securities markets. We are one of the leading market makers in foreign securities, making markets in more than 5,000 ADRs, GDRs and foreign ordinary shares, of which over 3,600 trade in the OTC market. In addition, we will, on request, make prices in more than 10,000 unlisted foreign securities. We are also a broker-dealer in Argentina and Brazil, where we are active in providing institutional executions in the local capital markets.

We act as an institutional dealer in fixed income securities, including U.S. Treasury, U.S. government agency, agency mortgage-backed and asset-backed securities as well as investment grade, high yield, convertible and emerging market debt to a client base including asset managers, commercial bank trust and investment departments, broker-dealers and insurance companies.

We are an independent full-service provider to introducing broker-dealers ("IBD's") of clearing, custody, research, syndicated and security-based lending products and services, including a proprietary technology platform which offers seamless connectivity to ensure a positive client experience through the clearing and settlement process. We believe we are one of the leading mid-market clearers in the securities industry, with approximately 70 correspondent clearing relationships with over $18 billion in assets under management or administration as of September 30, 2020.

We operate an asset management business in which we earn fees, commissions and other revenues for management of third party assets and investment gains or losses on our investments in funds and proprietary accounts managed either by our investment managers or by independent investment managers.

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

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

We provide prime brokerage foreign exchange ("FX") services to financial institutions and professional traders. We provide our clients with the full range of OTC products, including 24-hour a day execution of spot, forwards and options as well as non-deliverable forwards in both liquid and exotic currencies.

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

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

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

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

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

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

Retail

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

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

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

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

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

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

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

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

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

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

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

Global Payments

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

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

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

Through this single comprehensive platform and our commitment to client service, we believe we are able to provide simple and fast execution, ensuring delivery of funds in local currency to any of these countries quickly through our global network of approximately 325 correspondent banks. In this business, we primarily act as a principal in buying and selling foreign currencies on a spot basis. We derive revenue from the difference between the purchase and sale prices.

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

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

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

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

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

Acquisitions during Fiscal Year 2020

Gain Capital Holdings, Inc.

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

Regulation

Overview

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

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

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

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

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

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

U.S. Regulation

The commodities industry in the U.S. is subject to extensive regulation under federal law. We are required to comply with a wide range of requirements imposed by the Commodity Futures Trading Commission (the "CFTC") and the National Futures Association (the "NFA"). Similarly, the securities industry in the U.S. is subject to extensive regulation under federal and state securities laws. We must comply with a wide range of requirements imposed by the SEC, state securities commissions, the Municipal Securities Rulemaking Board ("MSRB") and the Financial Industry Regulatory Authority ("FINRA"). These regulatory bodies safeguard the integrity of the financial markets and protect the interests of investors in these markets. They also impose minimum capital requirements on regulated entities.

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

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

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

We maintain client segregated deposits from our clients relating to their trading of futures and options on futures on U.S. commodities exchanges, making it subject to CFTC regulation 1.20, which specifies that such funds must be held in segregation and not commingled with the firm's own assets. We maintain acknowledgment letters from each depository at which we maintain client segregated deposits in which the depository acknowledges the nature of funds on deposit in the account. In addition, CFTC regulations require filing of a daily segregation calculation which compares the assets held in clients segregated depositories ("segregated assets") to the firm's total segregated assets held on deposit from clients ("segregated liabilities"). The amount of client segregated assets must be in excess of the segregated liabilities owed to clients and any shortfall in such assets must be immediately communicated to the CFTC.

In addition, we are subject to CFTC regulation 1.25, which governs the acceptable investment of client segregated assets. This regulation allows for the investment of client segregated assets in readily marketable instruments including U.S. Treasury securities, municipal securities, government sponsored enterprise securities, certificates of deposit, commercial paper and corporate notes or bonds which are guaranteed by the U.S. under the Temporary Liquidity Guarantee Program, interest in money market mutual funds, and repurchase transactions with unaffiliated entities in otherwise allowable securities. We predominately invest our client segregated assets in U.S. Treasury securities and interest-bearing bank deposits.

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

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

We maintain client secured deposits from its clients relating to their trading of futures and options on futures traded on, or subject to the rules of, a foreign board of trade, making it subject to CFTC Regulation 30.7, which requires that such funds must be carried in separate accounts in an amount sufficient to satisfy all of our current obligations to clients trading foreign futures and foreign options on foreign commodity exchanges or boards of trade, which are designated as secured clients' accounts.

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

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

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

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

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

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

Certain provisions of the Dodd-Frank Act have yet to be implemented and we will continue to monitor all applicable developments in the ongoing implementation of the Dodd-Frank Act. The legislation and implementing regulations affect not only us, but also our clients and counterparties.

The U.S. maintains various economic sanctions programs administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). The OFAC administered sanctions take many forms, but generally prohibit or restrict trade and investment in and with sanctions targets, and in some cases require blocking of the target's assets. Violations of any of the OFAC-administered sanctions are punishable by civil fines, criminal fines, and imprisonment. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with applicable OFAC requirements.

We are subject to a variety of statutory and regulatory requirements concerning our relationships with customers and the review and monitoring of their transactions. Specifically, we are subject to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), which requires that we maintain a comprehensive anti-money laundering (AML) program, a customer identification program (CIP), designate an AML compliance officer, provide specified employee training and conduct an annual independent audit of our AML program. The USA PATRIOT Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside of the U.S. contain similar provisions. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the USA PATRIOT Act and other anti-money laundering laws.

European and United Kingdom Regulation

The Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the U.K., regulates several of our subsidiaries as Markets in Financial Instruments Directive ("MiFID") investment firms under part IV of the Financial Services and Markets Act 2000. Applicable regulations impose regulatory capital, as well as conduct of business, governance, and other requirements on these entities.

The conduct of business rules include those that govern the handling of client money and other assets which, under certain circumstances must be segregated from the firm's own assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other International Regulation

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

Exchange Memberships

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

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

Human Capital Management

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

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

Employee Compensation and Incentives

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

Evaluation of Employee Performance, Training and Talent Development

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

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

Employee Health and Welfare

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

Diversity and Inclusion

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

Foreign Operations

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

Intellectual Property

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

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

Business Risks

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

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

ITEM 1A Risk Factors

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

Macroeconomic Risks

Our ability to achieve consistent profitability is subject to uncertainty due to the nature of our businesses and the markets in which we operate.

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

- market conditions, such as price levels and volatility in the commodities, securities and foreign exchange markets in which we operate;
- changes in the volume of our market-making and trading activities;
- changes in the value of our financial instruments, currency and commodities positions and our ability to manage related risks; and
- the level and volatility of interest rates.

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

Our net operating revenues may decrease due to changes in client trading volumes which are dependent in large part on commodity prices and commodity price volatility.

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

Factors that are particularly likely to affect price volatility and price levels of commodities include supply and demand of commodities, weather conditions affecting certain commodities, national and international economic and political conditions, perceived stability of commodities and financial markets, the level and volatility of interest rates and inflation and financial strength of market participants.

Low short-term interest rates negatively impact our profitability.

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

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

The COVID-19 pandemic could have a material adverse effect on our business.

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

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

Business Risks

We face risks associated with our market-making and trading activities.

A significant portion of our operating revenues are generated through our market making and trading activities. The success of our market-making and trading activities principally depends on:

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

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

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

Declines in the volume of securities, commodities and derivative transactions and in market liquidity generally may result in lower revenues from market-making and trading activities. Changes in price levels of securities and commodities and other assets, and interest and foreign exchange rates also may result in reduced trading activity and reduce our revenues from market-making transactions. Changed price levels also can result in losses from changes in the fair value of securities, commodities and other assets held in inventory. Sudden sharp changes in fair values of securities, commodities and other assets can result in a number of adverse conditions for our business, including illiquid markets, fair value losses arising from positions held by us, and the failure of buyers and sellers of securities, commodities and other assets to fulfill their settlement obligations. Any change in market volume, price or liquidity or any other of these factors could have a material adverse effect on our business, financial condition and operating results.

We operate as a principal in the OTC derivatives markets which involves the risks associated with commodity derivative instruments.

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

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

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

OTC derivative transactions are subject to unique risks.

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

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

OTC derivative transactions may generally only be modified or terminated only by mutual consent of the parties to any such transaction (other than in certain limited default and other specified situations (e.g., market disruption events)) and subject to agreement on individually negotiated terms. Accordingly, it may not be possible to modify, terminate or offset obligations or exposure to the risk associated with a transaction prior to its scheduled termination date.

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

We are subject to margin funding requirements on short notice.

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

We are exposed to counterparty credit risk whereby the failure by persons with whom we do business to meet their financial obligations could adversely affect our business, financial condition and results of operations.

We are exposed to the risk that our counterparties fail to meet their obligations to us or to other parties, resulting in significant financial loss to us. These risks include:

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

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

We are subject to risk of default by financial institutions that hold our funds and our customers' funds.

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

We rely on relationships with introducing brokers for obtaining some of our clients and our business or reputation could be harmed by such introducing broker misconduct or errors.

We have relationships with introducing brokers who assist us in establishing new client relationships and provide marketing and client service functions for some of our clients. Many of our relationships with introducing brokers are non-exclusive or may be canceled on relatively short notice. In addition, our introducing brokers have no obligation to provide new client relationships or minimum levels of transaction volume. To the extent any of our competitors offers more attractive compensation terms to one or more of our introducing brokers, we could lose the brokers' services or be required to increase the compensation we pay to retain the brokers. Further, we may agree to set the compensation for one or more introducing brokers at a level where, based on the transaction volume generated by customers directed to us by such brokers, it would have been more economically attractive to seek to acquire the customers directly rather than through the introducing broker. Our failure to maintain these relationships with these introducing brokers, to develop new relationships with introducing brokers or the failure of these introducing brokers to establish and maintain client relationships would result in a loss of revenues, which could adversely affect our business.

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

Products linked to cryptocurrencies could expose us to technology, regulatory and financial risks.

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

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

The manner in which we account for certain of our precious metals and energy commodities inventory may increase the volatility of our reported earnings.

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

Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risk, which could harm our business.

Our risk management policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Our risk management policies and procedures require, among other things, that we record and monitor thousands of transactions each day and we face the significant risk that we are not able to appropriately manage the risk associated with the large volume of transactions.

Our risk management policies and procedures rely on a combination of technical and human controls and supervision that are subject to error and failure. Some of our methods for managing risk are discretionary by nature and are based on internally developed controls and observed historical market behavior, and also involve reliance on standard industry practices. These methods may not adequately prevent losses, particularly as they relate to extreme market movements, which may be significantly greater than historical fluctuations in the market. In addition, our risk management policies and procedures also may not adequately prevent losses due to technical errors if our testing and quality control practices are not effective in preventing software or hardware failures. To the extent that we elect to adjust our risk management policies and procedures to allow for an increase in risk tolerance, we will be exposed to the risk of greater losses. Even if we our risk management procedures are effective in mitigating known risks, new unanticipated risks may arise and we may not be protected against significant financial loss. These new risks may emerge if, among other reasons, regulators adopt new interpretations of existing laws, new laws are adopted or third-parties initiate litigation against us based on new, novel or unanticipated legal theories. Our risk management policies and procedures may not prevent us from experiencing a material adverse effect on our financial condition and results of operations and cash flows.

Technology and Cybersecurity Risks

Internal or third-party computer and communications systems failures, capacity constraints and breaches of security could increase our operating costs and/or credit losses, decrease net operating revenues and cause us to lose clients.

We are heavily dependent on the capacity and reliability of the computer and communications systems supporting our operations, whether owned and operated internally or by third parties, including those used for execution and clearance of our client's trades and our market-making activities. We receive and process a large portion of our trade orders through electronic means, such as through public and private communications networks. These computer and communications systems and networks are subject to performance degradation or failure from any number of reasons, including loss of power, acts of war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism, client error or misuse, lack of proper maintenance or monitoring and similar events. While we currently maintain business continuity and disaster recovery plans (the "BCPs"), which are intended to minimize service interruptions and secure data integrity, our BCPs may not work effectively during an emergency.

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

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

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

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

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

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

System failures, inadvertent disclosure of customer personal information and/or cybersecurity breaches expose us to financial losses, regulatory fines or sanctions and third-party litigation.

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

Debt Financing and Indebtedness Risks

The success of our business depends on us having access to significant liquidity.

Our business requires substantial cash to support our operating activities, including in connection with the establishment and carrying of substantial open positions for clients on futures exchanges and in the OTC derivatives markets by posting and maintaining margin or credit support for these positions. Although we collect margin or other deposits from our clients for these positions, significant adverse price movements can occur which will require us to post margin or other deposits on short notice, whether or not we are able to collect additional margin or credit support from our clients. We have systems in place to collect margin and other deposits from clients on a same-day basis, however, there can be no assurance that these facilities and systems will be enable us to obtain additional cash on a timely basis. As such, the Company is highly dependent on its lines of credit and other financing facilities in order to fund margin calls and other operating activities and the loss of access to these sources of financing could have a material adverse effect on our results of operations, financial condition and cash flows.

Our significant level of indebtedness could adversely affect our financial condition.

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

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

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

Committed credit facilities currently available to us might not be renewed.

We currently have four committed credit facilities under which we may borrow up to $736.6 million, consisting of:

- a $376.6 million facility for general working capital requirements, committed until February 22, 2022;
- a $75.0 million facility for short-term funding of margin to commodity exchanges, committed until April 2, 2021;
- a $260.0 million committed facility for financing commodity financing arrangements and commodity repurchase agreements, committed until January 29, 2022; and
- a $25.0 million facility for short-term funding of margin to commodity exchanges, committed until October 14, 2021.

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

The agreements governing our notes and other debt contain financial covenants that impose restrictions on our business.

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

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

Global Regulatory Risks

The scope and complexity of the regulation to which we are subject creates significant risks for us.

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

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

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

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

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

We are exposed to significant risk from civil litigation and regulatory enforcement actions against us.

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

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

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

Certain of our subsidiaries are required to maintain significant levels of net capital and if our subsidiaries fail to meet these requirements, we face suspension, expulsion or limitation on our product lines.

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

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

Changes in existing net capital rules or the issuance of new rules could restrict our operations or limit our ability to issue dividends or repay debt.

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

International Operations Risks

Our international operations involve special challenges that we may not be able to meet, which could adversely affect our financial results.

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

Fluctuations in currency exchange rates could negatively impact our earnings.

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

Our international operations are subject to the political, legal and economic risks associated with politically unstable and less developed regions of the world, including the risk of war and other international conflicts and actions by governmental authorities, insurgent groups, terrorists and others.

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

As we operate in certain jurisdictions without local registration, licensing or authorization, we may be subject to possible enforcement action and sanction for our operations in such jurisdictions if our operations are determined to have violated regulations in those jurisdictions. Further, we may be required to cease operations in one or more of the countries in which we operate without registration, licensing or authorization, or our growth may be limited by newly imposed regulatory or other restrictions.

A portion of our retail trading volume was attributable to customers in jurisdictions in which we or our white label partners are not currently licensed or authorized by the local government or applicable self-regulatory organization. This includes jurisdictions, such as China, from which we derive revenue and profit and in which the local government has not adopted specific regulations governing the trading of foreign exchange and CFD products of the types we offer to retail clients. We determine the nature and extent of services we can offer and the manner in which we conduct our business in the various jurisdictions in which we serve customers based on a variety of factors, including legal advice received from local counsel, our review of applicable U.S. and local laws and regulations and, in some cases, our discussions with local regulators. In cases in which we operate in jurisdictions based on local legal advice and/or cross border in a manner that we believe does not require us to be regulated in a particular jurisdiction, we are exposed to the risk that our legal, regulatory and other analysis is subsequently determined by a local regulatory agency or other authority to be incorrect and that we have not been in compliance with local laws or regulations, including local licensing or authorization requirements, and to the risk that the regulatory environment in a jurisdiction may change, including in a circumstance where laws or regulations or licensing or authorization requirements that previously were not enforced become subject to enforcement.

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

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

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

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

Our operations are required to comply with specific anti-corruption and record-keeping laws and regulations applicable to companies conducting business internationally, and if we violate these laws and regulations, it could adversely affect our business and subject us to broader liability.

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

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

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

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

Competition Risk

We are subject to intense competition.

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

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

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

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

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

Recent advances in computing and communications technology are substantially changing the means by which market-making services are delivered, including more direct access on-line to a wide variety of services and information. This has created demand for more sophisticated levels of client service. Providing these services may entail considerable cost without an offsetting increase in revenues. In addition, current and potential competitors have established or may establish cooperative relationships or may consolidate to enhance their services and products. New competitors or alliances among competitors may emerge and they may acquire significant market share.

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

Organizational Risks

Our growth has depended significantly on acquisitions.

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

There are numerous significant risks associated with acquisitions and our failure to adequately manage these risks could lead to financial loss and a failure to realize the benefits of the transactions.

There are a number of significant challenges that need to be overcome in order to realize the benefits of acquisitions, including:

- integrating the management teams, strategies, cultures, technologies and operations of the acquired companies;
- retaining and assimilating the key personnel of acquired companies;
- retaining existing clients of the acquired companies;
- creating uniform standards, controls, procedures, policies and information systems; and
- achieving revenue growth.

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

Acquisitions give rise to unforeseen issues.

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

We depend on our ability to attract and retain key personnel.

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

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

Certain provisions of Delaware law and our charter may adversely affect the rights of holders of our common stock and make a takeover of us more difficult.

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

ITEM 1B Unresolved Staff Comments

We have received no written comments regarding our periodic or current reports from the staff of the SEC that were issued 180 days or more preceding the end of our fiscal year 2020 that remain unresolved.

ITEM 2 Properties

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

Our corporate headquarters is located in New York, New York. All of our offices and other principal business properties are leased, except for a portion of our space in Buenos Aires, which we own. We believe that our leased and owned facilities are adequate to meet anticipated requirements for our current lines of business.

ITEM 3 Legal Proceedings

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

ITEM 4 Mine Safety Disclosures

Not applicable.

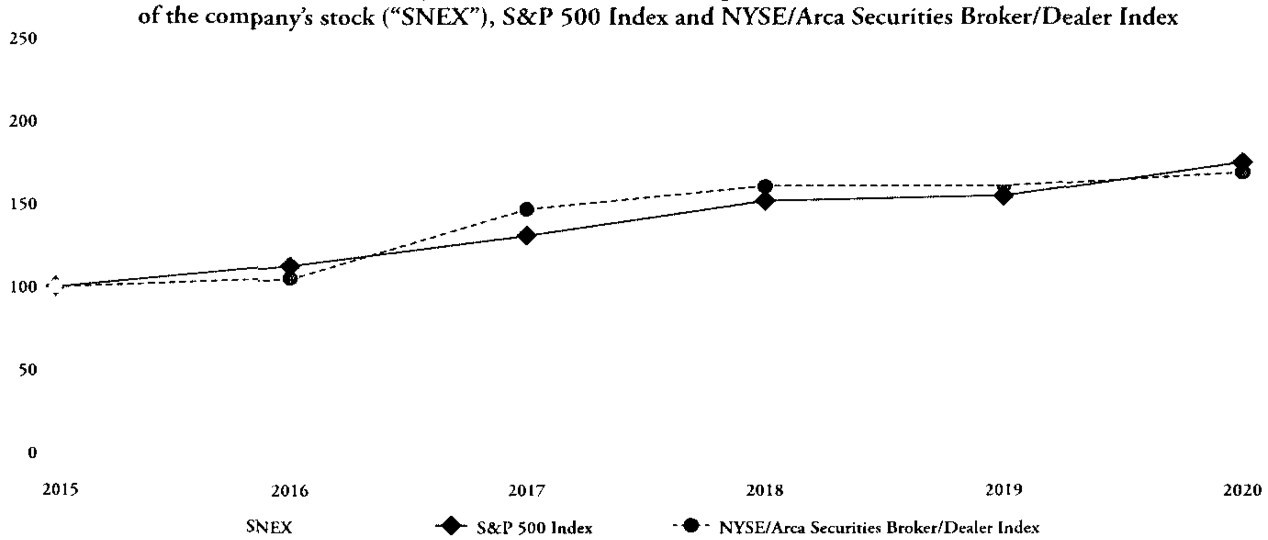
PART II

ITEM 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on The NASDAQ Stock Market LLC ("NASDAQ") under the symbol 'SNEX'. Our common stock trades on the NASDAQ Global Select Market. As of September 30, 2020, there were approximately 336 registered holders of record of our common stock. The high and low sales prices per share of our common stock for each full quarterly period during fiscal 2020 and 2019 were as follows:

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

Value over 5 years of $100 invested on September 30, 2015 in each of the company's stock ("SNEX"), S&P 500 Index and NYSE/Arca Securities Broker/Dealer Index



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

On August 13, 2019, our Board of Directors authorized the repurchase of up to 1.5 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on August 14, 2019 and ending on September 30, 2020. The repurchases are subject to the discretion of the senior management team to implement our stock repurchase plan, and subject to market conditions and as permitted by securities laws and other legal, regulatory and contractual requirements and covenants. As of the date of this filing, there has been no subsequent authorization by our Board of Directors to repurchase shares of our common stock.

Our common stock repurchase program activity for the three months ended September 30, 2020 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares Remaining to be Purchased Under the Program(1)
July 1, 2020 to July 31, 2020	—	$ —	—	1,200,000
August 1, 2020 to August 31, 2020	—	—	—	1,200,000
September 1, 2020 to September 30, 2020	—	—	—	—
Total	—	$ —	—	

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

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

ITEM 6 Selected Financial Data

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

SELECTED SUMMARY FINANCIAL INFORMATION

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

SELECTED BALANCE SHEET INFORMATION:

	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Total assets	$ 13,474.9	$ 9,936.1	$ 7,824.7	$ 6,243.4	$ 5,950.3
Lenders under loans	$ 268.1	$ 202.3	$ 355.2	$ 230.2	$ 182.8
Senior secured borrowings, net	$ 515.5	$ 167.6	$ —	$ —	$ —
Senior unsecured notes, net	$ —	$ —	$ —	$ —	$ 44.5
Stockholders' equity	$ 767.5	$ 594.2	$ 505.3	$ 449.9	$ 433.8

ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

Overview

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

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

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

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

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

The StoneX Group Inc. name and its trade name "StoneX" carry forward the foundation established by Saul Stone in 1924 to today's modern financial services firm. Today, we provide an institutional-grade financial services ecosystem connecting our clients to 36 derivatives exchanges, 175 foreign exchange markets, nearly every global securities marketplace, and a number of bi-lateral liquidity venues via our network of highly integrated digital platforms and experienced professionals. Our platform delivers support throughout the entire lifecycle of a transaction, from consulting and boots-on-the-ground intelligence, to efficient execution, to post-trade clearing, custody and settlement.

COVID Impact

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

Current Results of Operations

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

Impact on Current Balance Sheet and Liquidity

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

Impact on Clients

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

Employees

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

Business Continuity Plans

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

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

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

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

Fiscal 2020 Highlights

- Realized records in operating revenues of $1,308.3 million, net operating revenues of $868.0 million, and net income of $169.6 million.
- Achieved a return on average stockholders' equity of 24.9%, exceeding our internal target of 15%.
- Rebranded the Company to StoneX Group Inc. and changed the NASDAQ ticker symbol to SNEX.
- Closed on the issuance of $350 million Senior Secured Notes due 2025 to fund the purchase of Gain Capital Holding, Inc.

- Completed the acquisition of Gain Capital Holdings, Inc., a global provider of trading services and solutions in spot foreign exchange, precious metals and CFDs in an all-cash transaction.
- Completed the acquisition of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited.
- Completed the acquisitions of the brokerage business of Tellimer Group, commodity risk manager IFCM Commodities GmbH, and online payment and foreign exchange service provider GIROXX GmbH.

Executive Summary

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

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

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

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

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

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

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

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

Finally, segment income in our Commercial segment, declined $2.7 million, or 2% versus fiscal 2019, as strong growth in net operating revenues from physical transactions, most notably precious metals were offset by a $14.5 million decline in interest income earned on client balances in our listed and OTC derivative businesses. In addition, we recorded a lower of cost or net realizable adjustment for certain physical energy inventories as well as $7.2 million increase in bad debts, net of recoveries and impairment versus fiscal 2019. Also, fiscal 2019 included recoveries on the bad debt on physical coal of $12.4 million.

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

Selected Summary Financial Information

Results of Operations

Set forth below is our discussion of the results of our operations, as viewed by management, for the fiscal years ended September 30, 2020, 2019, and 2018.

Financial Overview

The following table shows an overview of our financial results:

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

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

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

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

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

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

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

Operating Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest and Transactional Expenses

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

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

Interest expense: Interest expense directly attributable to trading activities, interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments decreased $61.6 million, or 43%, to $80.4 million during fiscal 2020 compared to $142.0 million in fiscal 2019 primarily due to the impact of changes in the short-term interest rate environment. During fiscal 2020, interest expense directly associated with serving as an institutional dealer in fixed income securities decreased $40.4 million to $33.5 million compared to $73.9 million in fiscal 2019. Additionally, as a result of the impact of lower short-term interest rates, during fiscal 2020 interest expense directly attributable to securities lending activities decreased $10.8 million to $25.0 million compared to $35.8 million in fiscal 2019 and interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments decreased $10.4 million to $21.9 million compared to $32.3 million, primarily from the decrease in short-term interest rates along with lower average borrowings outstanding on our physical commodities financing facilities.

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

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

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

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

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

Net Operating Revenues

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

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

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

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

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

Compensation and Other Expenses

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

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

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

Compensation and Benefits: Total compensation and benefits expense increased $125.6 million, or 32%, to $518.7 million in fiscal 2020 compared to $393.1 million in fiscal 2019. Total compensation and benefits were 40% of operating revenues in fiscal 2020 compared to 36% in fiscal 2019. The variable portion of compensation and benefits increased $85.2 million, or 40%, to $296.8 million in fiscal 2020 compared to $211.6 million in fiscal 2019. Variable compensation and benefits were 34% of net operating revenues in fiscal 2020 compared to 32% in fiscal 2019. The primary driver of the increase in variable compensation is the increased front office variable incentive compensation of $71.5 million. Additionally, administrative, centralized and local operations and executive incentive compensation increased $13.7 million to $45.8 million in fiscal 2020 compared to $32.1 million in fiscal 2019, primarily due to increased headcount and company performance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Unallocated Costs and Expenses

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

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

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

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

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

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

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

Variable vs. Fixed Expenses

We seek to make our non-interest expenses variable to the greatest extent possible, and to keep our fixed costs as low as possible. The table below sets forth our variable expenses and non-variable expenses as a percentage of total non-interest expenses for the periods indicated.

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

Our variable expenses include variable compensation paid to traders and risk management consultants, bonuses paid to operational, administrative, and executive employees, transaction-based clearing expenses and introducing broker commissions. As a percentage of total non-interest expenses, variable expenses were 59% in fiscal 2020, 61% in fiscal 2019 and 61% in fiscal 2018.

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

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

Segment Information

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

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

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

StoneX Group Inc.

Commercial	Institutional	Retail	Global Payments
Primary Activities:	*Primary Activities:*	*Primary Activities:*	*Primary Activities:*
- Financial Ag & Energy	- Equity Capital Markets	- Retail Forex	- Global Payments
- Physical Ag & Energy	- Debt Capital Markets	- Retail Precious Metals	- Payment Technology Services
- Precious Metals	- FX Prime Brokerage	- Independent Wealth Management	
- Derivative Voice Brokerage	- Exchange-Traded Futures & Options		
	- Correspondent Clearing		

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

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

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

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

Total Segment Results

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

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

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

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

Commercial

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

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

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

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Operating Revenues (in millions):					
Listed derivatives	$ 176.9	(4)%	$ 184.5	4%	$ 178.2
OTC derivatives	111.0	13%	98.3	3%	95.3
Physical contracts	109.6	49%	73.5	29%	56.9
Interest / fees earned on client balances	14.5	(50)%	29.0	27%	22.8
Other	19.5	2%	19.1	3%	18.6
	$ 431.5	7%	$ 404.4	9%	$ 371.8
Select data (all \$ amounts are U.S. dollar equivalent):					
Listed derivatives (contracts, 000's)	29,255	5%	27,985	1%	27,587
Listed derivatives, average rate per contract[1]	$ 5.48	—%	$ 5.49	2%	$ 5.36
Average client equity - listed derivatives (millions)	$ 1,019	8%	$ 948	1%	$ 938
Over-the-counter ("OTC") derivatives (contracts, 000's)	2,113	19%	1,772	12%	1,583
OTC derivatives, average rate per contract	$ 52.19	(5)%	$ 55.19	(8)%	$ 60.08

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

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

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

The increase in operating revenues derived from physical transactions led the overall increase, benefiting from a significant increase in customer demand for precious metals and a widening of spreads due to market dislocations related to the COVID-19 global pandemic and the resulting effect on the global precious metals market. Partially offsetting the increase in physical contract operating revenues, we recorded lower of cost or net realizable value adjustments for certain physical inventories of crude oil and low sulfur fuel oil primarily based on quality degradation and consideration of costs to sell of $7.6 million. These adjustments are included in 'cost of sales of physical commodities'. We are attempting to recover this write down from our supplier, however there is substantial uncertainty as to whether we will be successful. We continues to pursue all legal avenues available to us regarding this matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Segment income increased 22% to $144.6 million in fiscal 2019 compared to $118.3 million in fiscal 2018 driven by the increase in operating revenues as well as the recovery on the bad debt on physical coal. The increase in operating revenues was partially offset by a $4.7 million increase in interest expense as well as a $2.6 million increase in non-variable compensation and benefits.

Institutional

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

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

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

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Operating Revenues (in millions):					
Listed derivatives	$ 151.6	14%	$ 132.6	(18)%	$ 161.5
OTC derivatives	0.2	n/m	—	n/m	—
Securities	376.1	48%	253.6	43%	176.9
FX contracts	24.0	10%	21.8	23%	17.7
Interest/fees earned on client balances	26.5	(50)%	52.9	38%	38.2
Other	45.7	(16)%	54.1	65%	32.8
	$ 624.1	21%	$ 515.0	21%	$ 427.1
Volumes and Other Select Data (all $ amounts are U.S. dollar equivalents):					
Listed derivatives (contracts, 000's)	125,397	24%	100,913	(1)%	101,900
Listed derivatives, average rate per contract[(1)]	$ 1.17	(6)%	$ 1.25	(18)%	$ 1.52
Average client equity - listed derivatives (millions)	$ 1,746	55%	$ 1,125	(9)%	$ 1,242
Securities ADV (millions)	$ 1,729	20%	$ 1,440	44%	$ 1,003
Securities RPM[(2)]	$ 845	23%	$ 685	(1)%	$ 692
Average money market / FDIC sweep client balances (millions)	$ 1,130	43%	$ 791	(1)%	$ 802
FX contracts ADV (millions)	$ 1,322	(3)%	$ 1,361	(13)%	$ 1,561
FX contracts RPM	$ 72	26%	$ 57	27%	$ 45

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Segment income increased 13% to $88.6 million in fiscal 2019 compared to $78.2 million in fiscal 2018, primarily as a result of the increase in net operating revenues noted above, which were tempered by higher interest expense in our institutional fixed income dealer as well as in our conduit securities lending activities combined with a decline in profitability in our municipal securities business. Non-variable direct expenses, excluding bad debts, increased $9.9 million, or 17% versus fiscal 2018, primarily as a result of the acquisitions of GMP Securities and Carl Kliem as well as the launch of our securities prime brokerage, institutional sales and Canadian initiatives.

Retail

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

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

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

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

	Year Ended September 30,				
	2020	% Change	2019	% Change	2018
Operating Revenues (in millions):					
Securities	$ 82.2	9%	$ 75.7	6%	$ 71.1
FX / CFD contracts	42.9	n/m	—	n/m	—
Physical contracts	12.8	2,460%	0.5	n/m	—
Interest / fees earned on client balances	1.7	(15)%	2.0	(9)%	2.2
Other	0.4	n/m	—	n/m	—
	$ 140.0	79%	$ 78.2	7%	$ 73.3
Select data (all $ amounts are U.S. dollar equivalents):					
FX / CFD contracts ADV (millions)[1]	$ 8,357	n/m	$ —	n/m	$ —
FX / CFD contracts RPM[2]	$ 120	n/m	$ —	n/m	$ —

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Global Payments

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

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

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

	Year Ended September 30,				
	2020	**% Change**	**2019**	**% Change**	**2018**
Operating Revenues (in millions):					
Payments	$ 114.6	3%	$ 110.8	12%	$ 99.0
Other	2.8	40%	2.0	900%	0.2
	$ 117.4	4%	$ 112.8	14%	$ 99.2
Select data (all $ amounts are U.S. dollar equivalents):					
Global Payments ADV (millions)	$ 45	—%	$ 45	7%	$ 42
Global Payments RPM[1]	$ 10,092	3%	$ 9,805	4%	$ 9,456

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

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

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

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

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

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

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

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

Liquidity, Financial Condition and Capital Resources

Overview

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

StoneX Financial Inc. is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). In addition, StoneX Financial is registered as a futures commission merchant with the CFTC and NFA, and a member of various commodities and futures exchanges in the U.S. and abroad. StoneX Financial has a responsibility to meet margin calls at all exchanges on a daily basis and intra-day basis, if necessary. We require our clients to make any required margin deposits the next business day, and we require our largest clients to make intra-day margin payments during periods of significant price movement. Margin required to be posted to the exchanges is a function of the net open positions of our clients and the required margin per contract. StoneX Financial is subject to minimum capital requirements under Section 4(f)(b) of the Commodity Exchange Act, Part 1.17 of the rules and regulations of the CFTC and the SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934.

StoneX Financial is also subject to the Rule 15c3-3 of the Securities Exchange Act of 1934, as amended ("Customer Protection Rule").

Gain Capital Group, LLC is registered as a futures commission merchant and forex dealer subsidiary and is also subject to minimum capital requirements under Section 4(f)(b) of the Commodity Exchange Act, Part 1.17 of the rules and regulations of the CFTC and NFA Financial Requirements, Sections 1 and 11.

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

StoneX Financial Ltd (formerly INTL FCStone Ltd) is regulated by the Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the U.K. and is subject to regulations which impose regulatory capital requirements. StoneX Financial Ltd is a member of various commodities and futures exchanges in the U.K. and Europe and has the responsibility to meet margin calls at all exchanges on a daily basis and intra-day basis, if necessary. StoneX Financial Ltd is required to be compliant with the U.K.'s Individual Liquidity Adequacy Standards ("ILAS"). To comply with these standards, we have implemented daily liquidity procedures, conduct periodic reviews of liquidity by stressed scenarios, and have created liquidity buffers.

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

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

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

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

As of September 30, 2020, we had total equity capital of $767.5 million, outstanding loans under revolving credit facilities of $268.1 million, outstanding senior secured term loan of $179.5 million and $336.0 million outstanding on our senior secured notes, net of deferred financing costs.

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

As of September 30, 2020, we had deferred tax assets totaling $36.9 million. We are required to assess our deferred tax assets and the need for a valuation allowance at each reporting period. In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that we will not realize some or all of the deferred tax assets. We are required to record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. The valuation allowance for deferred tax assets as of September 30, 2020 and September 30, 2019 was $12.4 million and $8.5 million, respectively. The valuation allowances as of September 30, 2020 and September 30, 2019 were primarily related to U.S. state and local, and foreign net operating loss carryforwards and foreign tax credits acquired through the merger with Gain that, in the judgment of management, are not more likely than not to be realized.

Client and Counterparty Credit and Liquidity Risk

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

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

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

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

We enter into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions to, among other things, finance financial instruments, acquire securities to cover short positions, acquire securities for settlement, and to accommodate counterparties' needs. In connection with these agreements and transactions, it is our policy to receive or pledge cash or securities to adequately collateralize such agreements and transactions in accordance with general industry guidelines and practices. The value of the collateral is valued daily and we may require counterparties to deposit additional collateral or return collateral pledged, when appropriate.

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

OptionSellers

In November 2018, balances in approximately 300 accounts of the futures commission merchant ("FCM") division of our wholly owned subsidiary, StoneX Financial Inc. ("StoneX Financial"), declined below required maintenance margin levels, primarily as a result of significant and unexpected price fluctuations in the natural gas markets. All positions in these accounts, which were managed by OptionSellers.com Inc. ("OptionSellers"), an independent Commodity

Trading Advisor ("CTA"), were liquidated in accordance with the StoneX Financial's client agreements and obligations under market regulation standards. OptionSellers, in its role as a CTA, had been granted by each of its clients full discretionary authority to manage the trading in the client accounts, while StoneX Financial acted solely as the clearing firm in its role as the FCM.

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

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

Bad Debt and Recoveries on Physical Coal

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

During fiscal 2019, we reached settlements with clients, paying $8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during fiscal 2018 and fiscal 2017, and accordingly we recorded a recovery on the bad debt on physical coal of $2.4 million.

Additionally, in September 2019, we received $10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery.

Primary Sources and Uses of Cash

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

Our assets and liabilities may vary significantly from period to period due to changing client requirements, economic and market conditions and our growth. Our total assets as of September 30, 2020 and September 30, 2019, were $13.5 billion and $9.9 billion, respectively. Our operating activities generate or utilize cash as a result of net income or loss earned or incurred during each period and fluctuations in our assets and liabilities. The most significant fluctuations arise from changes in the level of client activity, commodities prices and changes in the balances of financial instruments and commodities inventory. StoneX Financial and StoneX Financial Ltd occasionally utilize their margin line credit facilities, on a short-term basis, to meet intraday settlements with the commodity exchanges prior to collecting margin funds from their clients.

The majority of the assets of StoneX Financial, StoneX Financial Ltd, Gain Capital Group, LLC and GAIN Capital U.K. Ltd. are restricted from being transferred to its parent or other affiliates due to specific regulatory requirements. This restriction has no impact on our ability to meet our cash obligations, and no impact is expected in the future.

We have liquidity and funding policies and processes in place that are intended to maintain significant flexibility to address both company-specific and industry liquidity needs. The majority of our excess funds are held with high-quality institutions, under highly liquid reverse repurchase agreements, U.S. government obligations, interest earning cash deposits and AA-rated money market investments.

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

Senior Secured Notes

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

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

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

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

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

Committed Credit Facilities

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

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

Additional information regarding the committed bank credit facilities can be found in Note 12 of the Consolidated Financial Statements. As reflected above, $75.0 million of our committed credit facilities are scheduled to expire during fiscal 2021. We intend to renew or replace these facilities as they expire, and based on our liquidity position and capital structure, we believe we will be able to do so.

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

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

Our facility agreements contain certain financial covenants relating to financial measures on a consolidated basis, as well as on a certain stand-alone subsidiary basis, including minimum tangible net worth, minimum regulatory capital, minimum net unencumbered liquid assets, maximum net loss, minimum fixed charge coverage ratio and maximum funded debt to net worth ratio. Failure to comply with any such covenants could result in the debt becoming payable on demand. As of September 30, 2020, we and our subsidiaries are in compliance with all of our financial covenants under the outstanding facilities.

In accordance with required disclosure as part of our three-year syndicated revolving loan facility, during the trailing twelve months ended September 30, 2020, interest expense directly attributable to trading activities includes $33.5 million in connection with trading activities conducted as an institutional dealer in fixed income securities, and $25.0 million in connection with securities lending activities.

Other Capital Considerations

Our activities are subject to various significant governmental regulations and capital adequacy requirements, both in the U.S. and in the international jurisdictions in which we operate. Certain other of our non-U.S. subsidiaries are also subject to capital adequacy requirements promulgated by authorities of the countries in which they operate. Our subsidiaries are in compliance with all of their capital regulatory requirements as of September 30, 2020. Additional information on our subsidiaries subject to significant net capital and minimum net capital requirements can be found in Note 14 of the Consolidated Financial Statements.

The Dodd-Frank Act created a comprehensive new regulatory regime governing the OTC swaps and imposed further regulations on listed derivatives. The Dodd-Frank Act also created a registration regime for new categories of market participants, such as "swap dealers", among others.

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

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

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

Cash Flows

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

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

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

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

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

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

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

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

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

On August 13, 2019, our Board of Directors authorized the repurchase of up to 1.5 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on August 14, 2019 and ending on September 30, 2020. The repurchases were subject to the discretion of the senior management team to implement our stock repurchase plan, and subject to market conditions and as permitted by securities laws and other legal, regulatory and contractual requirements and covenants. As of the date of this filing, there has been no subsequent authorization by our Board of Directors to repurchase shares of our common stock.

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

Contractual Obligations

The following table summarizes our cash payment obligations as of September 30, 2020:

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

(1) Represents an estimate of contractual purchase commitments in the ordinary course of business primarily for the purchase of precious metals and agricultural and energy commodities. Unpriced contract commitments have been estimated using September 30, 2020 fair values. The purchase commitments for less than one year will be partially offset by corresponding sales commitments of $5,162.4 million

Total contractual obligations exclude defined benefit pension obligations. We comply with the minimum funding requirements, and accordingly contributed $0.1 million to our defined benefit pension plans during the year ended September 30, 2020. In fiscal 2021, we anticipate making future benefit payments of $2.1 million related to the defined benefit plans. Additional information on the funded status of these plans can be found in Note 17 of the Consolidated Financial Statements.

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

Off Balance Sheet Arrangements

We are party to certain financial instruments with off-balance sheet risk in the normal course of business as a registered securities broker-dealer, futures commission merchant, U.K. based financial services firm, provisionally registered swap dealer and from our market-making and proprietary trading in the foreign exchange and commodities and debt securities markets. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and OTC options, To Be Announced ("TBA") securities and interest rate swaps. Derivative financial instruments involve varying degrees of off-balance sheet market risk whereby changes in the fair values of underlying financial instruments may result in changes in the fair value of the financial instruments in excess of the amounts reflected in the consolidated balance sheets. Exposure to market risk is influenced by a number of factors, including the relationships between the financial instruments and our positions, as well as the volatility and liquidity in the markets in which the financial instruments are traded. The principal risk components of financial instruments include, among other things, interest rate volatility, the duration of the underlying instruments and changes in commodity pricing and foreign exchange rates. We attempt to manage our exposure to market risk through various techniques. Aggregate market limits have been established and market risk measures are routinely monitored against these limits. Derivative contracts are traded along with cash transactions because of the integrated nature of the markets for such products. We manage the risks associated with derivatives on an aggregate basis along with the risks associated with our proprietary trading and market-making activities in cash instruments as part of our firm-wide risk management policies.

A significant portion of these instruments are primarily the execution of orders for commodity futures and options on futures contracts on behalf of our clients, substantially all of which are transacted on a margin basis. Such transactions may expose us to significant credit risk in the event margin requirements are not sufficient to fully cover losses which clients may incur. We control the risks associated with these transactions by requiring clients to maintain margin deposits in compliance with both clearing organization requirements and internal guidelines. We monitor required margin levels daily and, therefore, may require clients to deposit additional collateral or reduce positions when necessary. We also establish contract limits for clients, which are monitored daily. We evaluate each client's creditworthiness on a case-by-case basis. Clearing, financing, and settlement activities may require us to maintain funds with or pledge securities as collateral with other financial institutions. Generally, these exposures to exchanges are subject to netting of open positions and collateral, while exposures to clients are subject to netting, per the terms of the client agreements, which reduce the exposure to us by permitting receivables and payables with such clients to be offset in the event of a client default. Management believes that the margin deposits held as of September 30, 2019 are adequate to minimize the risk of material loss that could be created by positions held at that time. Additionally, we monitor collateral fair value on a daily basis and adjust collateral levels in the event of excess market exposure. Generally, these exposures to both counterparties and clients are subject to master netting agreements and the terms of the client agreements, which reduce our exposure.

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

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

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

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

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

We are a member of various exchanges that trade and clear futures and option contracts. We are also a member of and provide guarantees to securities clearinghouses and exchanges in connection with client trading activities. Associated with our memberships, we may be required to pay a proportionate share of the financial obligations of another member who may default on its obligations to the exchanges. While the rules governing different exchange memberships vary, in general our guarantee obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guarantee obligation would be apportioned among the other non-defaulting members of the exchange. Our liability under these arrangements is not quantifiable and could exceed the cash and securities we have posted as collateral at the exchanges. However, management believes that the potential for us to be required to make payments under these arrangements is remote. Accordingly, no contingent liability for these arrangements has been recorded in the condensed consolidated balance sheets as of September 30, 2020 and September 30, 2019.

Effects of Inflation

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

Critical Accounting Policies

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

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

The application of the valuation process for financial instruments and foreign currencies is critical because these items represent a significant portion of our total assets and total liabilities. Valuations for substantially all of the financial instruments held are available from independent publishers of market information. The valuation process may involve estimates and judgments in the case of certain financial instruments with limited liquidity and OTC derivatives. Given the wide availability of pricing information, the high degree of liquidity of the majority of our assets, and the relatively short periods for which they are typically held in inventory, there is insignificant sensitivity to changes in estimates and insignificant risk of changes in estimates having a material effect on our consolidated financial statements. The basis for estimating the valuation of any financial instruments has not undergone any change.

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

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

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

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

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

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

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

Accounting Standards Update

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

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which significantly changes the ways entities recognize credit losses on financial instruments. The guidance is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2019. In April 2019, the FASB issued ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments", which among other things, included several amendments to ASU No. 2016-13 changing how a company considers expected recoveries and contractual extensions or renewal options when estimating expected credit losses.

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

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

ITEM 7A Quantitative and Qualitative Disclosures about Market Risk

See also Note 6 to the Consolidated Financial Statements, 'Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk'.

Market Risk

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

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

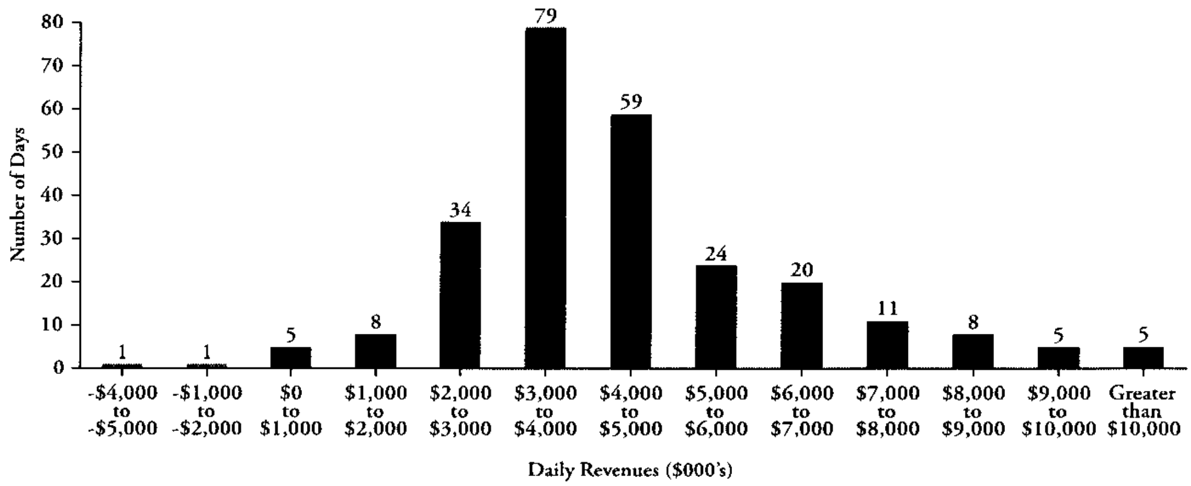
- Diversification of business activities and instruments;
- Limitations on positions;
- Allocation of capital and limits based on estimated weighted risks; and
- Daily monitoring of positions and mark-to-market profitability.

We utilize derivative products in a trading capacity as a dealer to satisfy client needs and mitigate risk. We manage risks from both derivatives and non-derivative cash instruments on a consolidated basis. The risks of derivatives should not be viewed in isolation, but in aggregate with our other trading activities.

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

Management believes that the volatility of revenues is a key indicator of the effectiveness of its risk management techniques. The graph below summarizes volatility of our daily revenue, determined on a marked-to-market basis, during the year ended September 30, 2020.

Marked-to-Market Revenues



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

Interest Rate Risk

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

In addition, we generate interest income from the positive spread earned on client deposits. We typically invest in U.S. Treasury bills, notes, and obligations issued by government sponsored entities, reverse repurchase agreements involving U.S. Treasury bills and government obligations or AA-rated money market funds. In some instances, we maintain interest earning cash deposits with banks, clearing organizations and counterparties. We have an investment policy which establishes acceptable standards of credit quality and limits the amount of funds that can be invested within a particular fund, institution, clearing organization or counterparty. We estimate that as of September 30, 2020, an immediate 25 basis point decrease in short-term interest rates would result in approximately $6.4 million less in annual pretax income.

We manage interest expense using a combination of variable and fixed rate debt. The debt instruments are carried at their unpaid principal balance which approximates fair value. As of September 30, 2020, $448.2 million of outstanding principal debt was variable-rate debt. We are subject to earnings and liquidity risks for changes in the interest rate on this debt. As of September 30, 2020, $350.0 million of outstanding principal debt was fixed-rate long-term debt.

Foreign Currency Risk

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

ITEM 8 Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 14, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

/s/ KPMG LLP

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

Kansas City, Missouri
December 14, 2020

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

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

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

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

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Kansas City, Missouri
December 14, 2020

Consolidated Balance Sheets

(in millions, except par value and share amounts)	September 30, 2020	September 30, 2019
ASSETS		
Cash and cash equivalents	$ 952.6	$ 471.3
Cash, securities and other assets segregated under federal and other regulations (including $2.6 million and $306.0 million at fair value at September 30, 2020 and September 30, 2019, respectively)	1,920.2	1,049.9
Collateralized transactions:		
Securities purchased under agreements to resell	1,696.2	1,424.5
Securities borrowed	1,440.0	1,423.2
Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net (including $1,775.8 million and $626.9 million at fair value at September 30, 2020 and September 30, 2019, respectively)	3,629.9	2,540.5
Receivable from clients, net	411.4	422.3
Notes receivable, net	1.7	2.9
Income taxes receivable	16.6	5.2
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of $468.6 million and $478.8 million at September 30, 2020 and September 30, 2019, respectively)	2,727.7	2,175.2
Physical commodities inventory, net (including $215.7 million and $151.9 million at fair value at September 30, 2020 and September 30, 2019, respectively)	281.1	229.3
Deferred income taxes, net	36.9	18.0
Property and equipment, net	62.1	43.9
Operating right of use assets	101.5	—
Goodwill and intangible assets, net	109.5	67.9
Other assets	87.5	62.0
Total assets	$ 13,474.9	$ 9,936.1
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including $1.5 million and $1.8 million at fair value at September 30, 2020 and September 30, 2019, respectively)	$ 272.6	$ 157.5
Operating lease liabilities	118.7	—
Payables to:		
Clients	5,689.0	3,589.5
Broker-dealers, clearing organizations and counterparties (including $14.7 million and $5.6 million at fair value at September 30, 2020 and September 30, 2019, respectively)	537.5	266.2
Lenders under loans	268.1	202.3
Senior secured borrowings, net	515.5	167.6
Income taxes payable	22.6	10.4
Collateralized transactions:		
Securities sold under agreements to repurchase	3,155.5	2,773.7
Securities loaned	1,441.9	1,459.9
Financial instruments sold, not yet purchased, at fair value	686.0	714.8
Total liabilities	12,707.4	9,341.9
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding	—	—
Common stock, $0.01 par value. Authorized 30,000,000 shares; 21,798,551 issued and 19,376,594 outstanding at September 30, 2020 and 21,297,317 issued and 19,075,360 outstanding at September 30, 2019	0.2	0.2
Common stock in treasury, at cost - 2,421,957 shares at September 30, 2020 and 2,221,957 shares at September 30, 2019	(57.6)	(50.1)
Additional paid-in-capital	292.6	276.8
Retained earnings	572.4	402.1
Accumulated other comprehensive loss, net	(40.1)	(34.8)
Total equity	767.5	594.2
Total liabilities and stockholders' equity	$ 13,474.9	$ 9,936.1

See accompanying notes to consolidated financial statements.

Consolidated Income Statements

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Year Ended September 30,		
(in millions)	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 169.6	$ 85.1	$ 55.5
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
(Recovery) bad debt on physical coal	—	(2.4)	1.0
Depreciation and amortization	19.7	14.0	11.6
Amortization of operating right of use assets	9.9	—	—
Provision for bad debts, net of recoveries and impairment	18.7	2.5	3.1
Deferred income taxes	4.1	3.7	22.3
Amortization and extinguishment of debt issuance costs	6.5	1.5	1.0
Actuarial gain on pension and postretirement benefits	(0.2)	(0.3)	(0.3)
Amortization of share-based compensation expense	10.3	8.1	6.6
Gain on acquisition	(81.9)	(5.5)	—
Changes in operating assets and liabilities, net:			
Cash, securities and other assets segregated under federal and other regulations	293.0	337.2	(626.7)
Securities purchased under agreements to resell	(271.7)	(553.7)	(464.9)
Securities borrowed	(16.8)	(1,197.7)	(138.8)
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties	(326.0)	(241.7)	(292.9)
Receivable from clients, net	0.9	(134.3)	(24.3)
Notes receivable, net	1.2	0.9	6.8
Income taxes receivable	(11.1)	(4.2)	(1.3)
Financial instruments owned, at fair value	(552.5)	(113.3)	(308.7)
Physical commodities inventory	(51.8)	3.0	(98.7)
Other assets	(3.7)	(8.3)	(3.3)
Accounts payable and other accrued liabilities	42.7	6.7	18.6
Operating lease liabilities	(9.5)	—	—
Payable to clients	2,093.7	(46.8)	520.0
Payable to broker-dealers, clearing organizations and counterparties	270.8	176.4	(27.8)
Income taxes payable	(0.3)	1.8	3.2
Securities sold under agreements to repurchase	381.8	837.0	543.7
Securities loaned	(18.0)	1,182.0	166.8
Financial instruments sold, not yet purchased, at fair value	(28.8)	(156.1)	153.9
Net cash provided by (used in) operating activities	1,950.6	195.6	(473.6)
Cash flows from investing activities:			
Cash paid for acquisitions	(225.0)	(28.9)	(3.7)
Sale of clearing organization common stock	—	—	0.8
Purchase of property and equipment	(16.6)	(11.9)	(12.5)
Net cash used in investing activities	(241.6)	(40.8)	(15.4)

	Year Ended September 30,		
(in millions)	2020	2019	2018
Cash flows from financing activities:			
Net change in lenders under loans with maturities 90 days or less	99.7	(162.6)	125.8
Proceeds from lenders under loans with maturities greater than 90 days	608.5	357.2	—
Repayments of lenders under loans with maturities greater than 90 days	(642.0)	(346.7)	—
Proceeds from issuance of senior secured term loan	21.5	175.0	—
Repayments of senior secured term loan	(9.8)	(6.6)	—
Proceeds from issuance of senior secured notes	344.8	—	—
Repayment of senior secured notes	(92.1)	—	—
Repayments of note payable	(0.4)	(0.8)	(0.8)
Deferred payments on acquisitions	(0.9)	—	(5.5)
Share repurchase	(7.5)	(3.8)	—
Debt issuance costs	(15.0)	(3.3)	(0.4)
Exercise of stock options	5.5	1.2	2.6
Withholding taxes on stock option exercises	—	—	(0.8)
Net cash provided by financing activities	312.3	9.6	120.9
Effect of exchange rates on cash, segregated cash, cash equivalents, and segregated cash equivalents	(4.2)	(0.7)	(4.1)
Net increase (decrease) in cash, segregated cash, cash equivalents, and segregated cash equivalents	2,017.1	163.7	(372.2)
Cash, segregated cash, cash equivalents, and segregated cash equivalents at beginning of period	2,451.3	2,287.6	2,659.8
Cash, segregated cash, cash equivalents, and segregated cash equivalents at end of period	$ 4,468.4	$ 2,451.3	$ 2,287.6
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 90.4	$ 153.2	$ 78.9
Income taxes paid, net of cash refunds	$ 44.0	$ 24.6	$ 22.2
Supplemental disclosure of non-cash investing and financing activities:			
Identified intangible assets and goodwill on acquisitions	$ 11.8	$ 10.8	$ 3.9
Additional consideration payable related to acquisitions	$ 21.6	$ 1.8	$ —
Acquisition of businesses:			
Assets acquired	$ 1,169.2	$ 47.1	$ 1.7
Liabilities acquired	(359.5)	(8.9)	(1.9)
Total net assets acquired	$ 809.7	$ 38.2	$ (0.2)

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

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

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

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

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1 Description of Business and Significant Accounting Policies

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

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

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

Basis of Presentation

The accompanying consolidated financial statements include the accounts of StoneX Group Inc. and all other entities in which the Company has a controlling financial interest. All material intercompany transactions and balances have been eliminated in consolidation.

Unless otherwise stated herein, all references to fiscal 2020, fiscal 2019, and fiscal 2018 refer to the Company's fiscal years ended September 30.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant of these estimates and assumptions relate to fair value measurements for financial instruments, revenue recognition, the provision for probable losses from bad debts, valuation of inventories, and incomes taxes and contingencies. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. The Company reviews all significant estimates affecting the financial statements on a recurring basis and records the effect of any necessary adjustments prior to their issuance. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

Internal Subsidiaries Consolidation

As discussed further in Note 21, on January 14, 2019 the Company acquired 100% of the U.S.-based broker-dealer GMP Securities LLC ("GMP"). Subsequent to the acquisition date, the legal name of GMP was changed to INTL FCStone Credit Trading LLC ("IFT"). Effective May 1, 2019, the Company merged IFT into StoneX Financial Inc. ("StoneX Financial"). As such, the assets, liabilities and equity of IFT were transferred into StoneX Financial.

Reclassifications

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

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

Foreign Currency Translation

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

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

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

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

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

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

Cash and Cash Equivalents

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

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

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

Collateralized Transactions

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

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

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

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

Deposits with and receivables from broker-dealers, clearing organizations, and counterparties also includes guaranty deposits with clearing exchanges. The guaranty deposits are held by the clearing exchanges for use in potential default situations by one or more members of the clearing exchanges. The guaranty deposits may be applied to the Company's obligations to the clearing exchange, or to the clearing exchange's obligations to unrelated parties.

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

Management has considered guidance required by ASC 860, Transfers and Servicing as it relates to securities pledged by clients to margin their futures and options on futures trading accounts. Based on a review of the agreements with the client, management believes the transferor surrenders control over those assets because: (a) the transferred assets have been isolated from the transferor—put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (b) each transferee has the right to pledge or exchange the assets (or beneficial interests) it received, and no condition both constrains the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor and (c) the transferor does not maintain effective control over the transferred assets through either (1) an agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity or (2) the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call. Under this guidance, the Company reflects the client collateral assets and corresponding liabilities in the Company's consolidated balance sheets as of September 30, 2020 and September 30, 2019.

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

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

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

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

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

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

Receivable from and Payable to Clients

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

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

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

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

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

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

The future collectability of receivables from clients can be impacted by the Company's collection efforts, the financial stability of its clients, and the general economic climate in which it operates. The Company evaluates accounts that it believes may become uncollectible on a specific identification basis, through reviewing daily margin deficit reports, the historical daily aging of the receivables, and by monitoring the financial strength of its clients. The Company may unilaterally close client trading positions in certain circumstances. In addition, to evaluate client margining and collateral requirements, client positions are stress tested regularly and monitored for excessive concentration levels relative to the overall market size. Furthermore, in certain instances, the Company is indemnified, and able to charge back, introducing broker-dealers for bad debts incurred by their clients.

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

Notes Receivable

Accrual of commodity financing income on any note is discontinued when, in the opinion of management, there is reasonable doubt as to the timely collectability of interest or principal. Nonaccrual notes are returned to an accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely payment of principal and interest. The Company records a charge against earnings for notes receivable losses when management believes that the collection of outstanding principal is not probable.

Physical Commodities Inventory

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

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

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

Property and Equipment

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

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

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

Acquisitions

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

Goodwill and Identifiable Intangible Assets

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

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

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

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

Identifiable intangible assets subject to amortization are amortized using the straight-line method over their estimated period of benefit, ranging from five to twenty years. Identifiable intangible assets are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. Residual value is presumed to be zero for all identifiable intangible assets.

Financial Instruments Owned and Sold, Not Yet Purchased

Financial instruments owned and sold, not yet purchased, at fair value consist of financial instruments carried at fair value on a recurring basis or amounts that approximate fair value, with related realized and unrealized gains and losses recognized in current period earnings. Realized and unrealized gains and losses on financial instruments owned and sold, not yet purchased, are included in 'principal gains, net', 'interest income', 'interest expense', and 'cost of sales of physical commodities' in the consolidated income statements. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

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

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

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

The Company holds proprietary positions in its foreign exchange line of business. On a limited basis, the Company's foreign exchange trade desk will accept a client transaction and will offset that transaction with a similar but not identical position with a counterparty. These unmatched transactions are intended to be short-term in nature and are often conducted to facilitate the most effective transaction for the Company's client. These spot and forward contracts are accounted for as free-standing derivatives and reported in the consolidated balance sheets at their fair values.

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

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

Exchange and Clearing Organization Memberships

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

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

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

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

Product Financing Arrangements

In the normal course of operations, the Company executes notes receivable under repurchase agreements with clients whereby the clients sell certain commodity inventory or other investments to the Company and agree to repurchase the commodity inventory or investment at a future date at a fixed price. These transactions are short-term in nature, and in accordance with the guidance contained in ASC 860, Transfer and Servicing, are treated as secured borrowings rather than commodity inventory and purchases and sales in the Company's consolidated financial statements. These transactions are reflected as 'notes receivable' in the consolidated balance sheet. Commodities or investments sold under repurchase agreements are reflected at the amount of cash received in connection with the transactions. The Company may be required to provide additional collateral based on the fair value of the underlying asset.

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

Lenders Under Loans

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

Senior Secured Borrowings

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

Contingent Consideration

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

Revenue Recognition

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

Cost of Sales of Physical Commodities

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

Interest Expense

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

Compensation and Benefits

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

Share-Based Compensation

The Company accounts for share-based compensation in accordance with the guidance in ASC 718-10, Compensation - Stock Compensation. The cost of employee services received in exchange for a share-based award is generally measured based on the grant-date fair value of the award. Share-based employee awards that require future service are amortized over the relevant service period. Forfeitures are accounted for as they occur in determining share-based employee compensation expense. For option awards granted, compensation cost is recognized on a straight-line basis over the vesting period for the entire award.

Transaction-Based Clearing Expenses

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

Introducing Broker Commissions

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

Income Taxes

Income tax expense includes U.S. federal, state and local and foreign income taxes. Certain items of income and expense are not reported in tax returns and financial statements in the same year. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year. The Company utilizes the asset and liability method to provide income taxes on all transactions recorded in the consolidated financial statements. This method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for book and tax purposes. Accordingly, a deferred tax asset or liability for each temporary difference is determined based on the tax rates that the Company expects to be in effect when the underlying items of income and expense are realized. Judgment is required in assessing the future tax consequences of events that have been recognized in the Company's financial statements or tax returns, including the repatriation of undistributed earnings of foreign subsidiaries. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based upon the technical merits of the position. The tax benefit recognized in the consolidated financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. See Note 20 for further information on the Company's income taxes.

Additional Paid-In Capital

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

Comprehensive Income

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

Preferred Stock

The Company is authorized to issue one million shares of preferred stock, par value of $0.01 per share, in one or more classes or series to be established by the Company's board of directors. As of September 30, 2020 and September 30, 2019, no preferred shares were outstanding and the Company's board of directors had not yet established any class or series of shares.

Accounting Standards Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This update requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset. The guidance also requires certain qualitative and quantitative disclosures about the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases and ASU 2018-11, Leases (Topic 842) Targeted Improvements. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) Codification Improvements. Among other things, this updated guidance provides an optional transition method, which allows for the initial application of the new accounting standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. The Company adopted the new ASUs on October 1, 2019, using the effective date modified retrospective transition approach and has not restated comparative periods. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to not reassess contracts to determine if they contain leases, lease classification and initial direct costs. The Company's application of the new standard resulted in changes to the condensed consolidated balance sheet but did not have an impact on the condensed consolidated income statement. See Note 2 for more information.

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

NOTE 2 Leases

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 3 Revenue from Contracts with Clients

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

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

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

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

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

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

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

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

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

Commission and Clearing Fees

Commission revenue represents sales and brokerage commissions generated by internal brokers, introducing broker-dealers, or registered investment advisors of introducing-broker dealers for their clients' trading activity in futures, options on futures, OTC derivatives, fixed income securities, equity securities, mutual funds, and annuities. The Company views the selling, distribution, and marketing, or any combination thereof, of mutual funds and insurance and annuity products to clients on the Company's registered investment advisor ("RIA") platform as a single performance obligation to the product sponsors.

The Company is the principal for commission revenue, as it is responsible for the execution of the clients' purchases and sales, and maintains relationships with product sponsors for trailing commission.

Introducing broker dealers and registered investment advisors assist the Company in performing its obligations. Accordingly, total commission revenues are reported on a gross basis.

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

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

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

Trade Conversion Fees

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

Underwriting Fees

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

Asset Management Fees

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

Advisory and Consulting Fees

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

Sweep Program Fees

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

Client Accounts Fees

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

Physical Precious Metals Trading

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

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

Physical Agricultural and Energy Product Trading

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

Principal Gains, Net

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

Interest Income

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

Remaining Performance Obligations

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

Practical Expedients

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

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

NOTE 4 Earnings per Share

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

The following is a reconciliation of the numerator and denominator of the diluted net income per share computations for the periods presented below.

	Year Ended September 30,		
(in millions, except share amounts)	2020	2019	2018
Numerator:			
Net income	$ 169.6	$ 85.1	$ 55.5
Less: Allocation to participating securities	(4.0)	(1.5)	(0.9)
Net income allocated to common stockholders	$ 165.6	$ 83.6	$ 54.6
Denominator:			
Weighted average number of:			
Common shares outstanding	18,824,328	18,738,905	18,549,011
Dilutive potential common shares outstanding:			
Share-based awards	356,151	275,490	385,819
Diluted shares outstanding	19,180,479	19,014,395	18,934,830

The dilutive effect of share-based awards is reflected in diluted net income per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense.

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

NOTE 5 Assets and Liabilities, at Fair Value

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

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

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

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

Level 1 - Valuation is based upon unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Level 1 consists of financial assets and liabilities whose fair values are estimated using quoted market prices.

Level 2 - Valuation is based upon quoted prices for identical or similar assets or liabilities in markets that are less active, that is, markets in which there are few transactions for the asset or liability that are observable for substantially the full term. Included in Level 2 are those financial assets and liabilities for which fair values are estimated using models or other valuation methodologies. These models are primarily industry-standard models that consider various observable inputs, including time value, yield curve, volatility factors, observable current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures.

Level 3 - Valuation is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity). Level 3 comprises financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are not readily observable from objective sources. Level 3 includes contingent liabilities that have been valued using an income approach based upon management developed discounted cash flow projections, which are an unobservable input. The Company had $1.5 million and $1.8 million of contingent liabilities classified within Level 3 of the fair value hierarchy as of September 30, 2020 and September 30, 2019 , respectively. The Company had no Level 3 assets as of September 30, 2020 and September 30, 2019.

Financial and nonfinancial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A market is active if there are sufficient transactions on an ongoing basis to provide current pricing information for the asset or liability, pricing information is released publicly, and price quotations do not vary substantially either over time or among market makers. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

The guidance requires the Company to consider counterparty credit risk of all parties of outstanding derivative instruments that would be considered by a market participant in the transfer or settlement of such contracts (exit price). The Company's exposure to credit risk on derivative financial instruments relates to the portfolio of OTC derivative contracts as all exchange-traded contracts held can be settled on an active market with a credit guarantee from the respective exchange. The Company requires each counterparty to deposit margin collateral for all OTC instruments and is also required to deposit margin collateral with counterparties. The Company has assessed the nature of these deposits and used its discretion to adjust each based on the underlying credit considerations for the counterparty and determined that the collateral deposits minimize the exposure to counterparty credit risk in the evaluation of the fair value of OTC instruments as determined by a market participant.

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

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

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

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

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

Cash equivalents, debt and equity securities, commodities warehouse receipts, physical commodities inventory, derivative financial instruments and contingent liabilities are carried at fair value, on a recurring basis, and are classified and disclosed into three levels in the fair value hierarchy.

The following section describes the valuation methodologies used by the Company to measure classes of financial instruments at fair value and specifies the level within the fair value hierarchy where various financial instruments are classified.

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

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

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

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

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

The fair value estimates presented herein are based on pertinent information available to management as of September 30, 2020 and 2019. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

The following tables set forth the Company's financial and nonfinancial assets and liabilities accounted for at fair value, on a recurring basis, as of September 30, 2020 and September 30, 2019 by level in the fair value hierarchy. Except as disclosed in Note 8, there were no assets or liabilities that were measured at fair value on a nonrecurring basis as of September 30, 2020 and September 30, 2019.

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

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

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

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

Realized and unrealized gains and losses are included in 'principal gains, net', 'interest income', and 'cost of sales of physical commodities' in the consolidated income statements.

Information on Level 3 Financial Liabilities

The acquisition of Fillmore Advisors, LLC, as further discussed in Note 21, included a contingent consideration arrangement as a component of the purchase price. Pursuant to the contingent consideration agreement, the Company is required to make additional future cash payments based on certain financial performance measures of the acquired business. As of September 30, 2020 and 2019, the Company has classified its liability for the contingent consideration within Level 3 of the fair value hierarchy because the fair value was determined using significant unobservable inputs, which included projected cash flows. During the year ended September 30, 2020, the Company recorded cash settlements against the liability of $0.9 million, partially offset by remeasurement losses of $0.6 million, which are included in 'Other' expenses on the consolidated income statement for the year ended September 30, 2020.

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

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

Additional disclosures about the fair value of financial instruments that are not carried on the Consolidated Balance Sheets at fair value

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

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

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

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

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

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

NOTE 6 Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of its business. The Company has sold financial instruments that it does not currently own and will therefore be obliged to purchase such financial instruments at a future date. The Company has recorded these obligations in the consolidated financial statements as of September 30, 2020 at the fair values of the related financial instruments. The Company will incur losses if the fair value of the underlying financial instruments increases subsequent to September 30, 2020. The total of $686.0 million as of September 30, 2020 includes $176.8 million for derivative contracts, which represent a liability to the Company based on their fair values as of September 30, 2020.

Derivatives

The Company utilizes derivative products in its trading capacity as a dealer in order to satisfy client needs and mitigate risk. The Company manages risks from both derivatives and non-derivative cash instruments on a consolidated basis. The risks of derivatives should not be viewed in isolation, but in aggregate with the Company's other trading activities.

The Company's derivative positions are included in the consolidating balance sheets in 'deposits with and receivables from broker-dealers, clearing organizations, and counterparties', 'receivables from clients, net', 'financial instruments owned and sold, not yet purchased, at fair value', 'payables to clients' and 'payables to broker-dealers, clearing organizations and counterparties'.

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

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

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

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

The Company transacts in derivative instruments, which consist of futures, mortgage-backed TBA securities and forward settling transactions, that are used to manage risk exposures in the Company's fixed income portfolio. The fair value of these transactions is recorded in deposits with and receivables from and payables to broker-dealers, clearing organizations, and counterparties. Realized and unrealized gains and losses on securities and derivative transactions are reflected in 'principal gains, net'. The Company enters into TBA securities transactions for the sole purpose of managing risk associated with the purchase of mortgage pass-through securities.

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

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

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

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

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

Credit Risk

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

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

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

The Company evaluates each client's creditworthiness on a case by case basis. Clearing, financing, and settlement activities may require the Company to maintain funds with or pledge securities as collateral with other financial institutions. Generally, these exposures to both clients and counterparties are subject to master netting, or client agreements, which reduce the exposure to the Company by permitting receivables and payables with such clients to be offset in the event of a client default. Management believes that the margin deposits held as of September 30, 2020 and September 30, 2019 were adequate to minimize the risk of material loss that could be created by positions held at that time. Additionally, the Company monitors collateral fair value on a daily basis and adjusts collateral levels in the event of excess market exposure.

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

NOTE 7 Allowance for Doubtful Accounts

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

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

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

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

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

During the year ended September 30, 2018, the Company recorded bad debt expense, net of recoveries, of $3.1 million, including a net increase in provision for bad debts of $2.9 million, direct write-offs of $0.3 million, and recoveries of $0.1 million. The increase in provision for bad debts during fiscal 2018 primarily related to $2.8 million of agricultural OTC derivative client accounts deficits in the Commercial segment and $0.4 million of client exchange-traded futures and options on futures account deficits in the Institutional segment, partially offset by a provision decrease in the physical agricultural and energy business of the Commercial segment. Additionally, during the year ended September 30, 2018, the Company recorded charges to earnings of $1.0 million, to record an additional allowance for doubtful accounts related to a bad debt incurred in the physical coal business. See additional information in Note 19.

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

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

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

NOTE 8 Physical Commodities Inventory

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

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

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

(2) *Precious metals held by the Company's subsidiary, StoneX Financial Ltd, a U.K. based broker-dealer subsidiary, is measured at fair value, with changes in fair value included as a component of 'principal gains, net' on the consolidated income statements, in accordance with U.S. GAAP accounting requirements for broker-dealers*

(3) *Precious metals inventory held by subsidiaries that are not broker-dealers are valued at the lower of cost or net realizable value*

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

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

NOTE 9 Property and Equipment, net

Property and equipment are stated at cost, and reported net of accumulated depreciation on the consolidated balance sheets. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment range from 3 to 10 years. During the fiscal years ended September 30, 2020, 2019, and 2018, depreciation expense was $13.3 million, $11.2 million, and $9.4 million, respectively.

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

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

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

NOTE 10 Goodwill

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

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

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

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

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

NOTE 11 Intangible Assets

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

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

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

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

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

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

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

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

(in millions)	
Fiscal 2021	$ 15.1
Fiscal 2022	13.8
Fiscal 2023	12.2
Fiscal 2024	4.7
Fiscal 2025 and thereafter	3.7
	$ 49.5

NOTE 12 Credit Facilities

Committed Credit Facilities

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

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

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

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

- An unsecured committed line of credit under which $75.0 million is available to the Company's wholly owned subsidiary, StoneX Financial Inc to provide short term funding of margin to commodity exchanges as necessary. This line of credit is subject to annual review, and the continued availability of this line of credit is subject to StoneX Financial Inc's financial condition and operating results continuing to be satisfactory as set forth in the agreement. Unused portions of the margin line require a commitment fee of 0.50% on the unused commitment. Borrowings under the margin line are on a demand basis and bear interest at the Base Rate, as defined, plus 2.00%, which was 5.25% as of September 30, 2020. The agreement contains financial covenants related to StoneX Financial Inc's tangible net worth, excess net capital and maximum net loss over a trailing twelve month period, as defined. StoneX Financial Inc was in compliance with these covenants as of September 30, 2020. The facility is guaranteed by the Company.

- A syndicated committed borrowing facility under which $260.0 million is available to the Company's wholly owned subsidiary, FCStone Merchant Services, LLC ("FCStone Merchants") to finance commodity financing arrangements and commodity repurchase agreements. The facility is secured by the assets of FCStone Merchants, and guaranteed by the Company. Unused portions of the borrowing facility require a commitment fee of 0.35% on the unused commitment. The borrowings outstanding under the facility bear interest at a rate per annum equal to the Eurodollar Rate plus Applicable Margin, as defined, or the Base Rate plus Applicable Margin, as defined. Borrowings under the Base Rate and Eurodollar options were subject to interest rates of 3.25% and 2.4%, respectively, as of September 30, 2020. The agreement contains financial covenants related to tangible net worth, as defined. FCStone Merchants was in compliance with this covenant as of September 30, 2020.

- An unsecured syndicated committed borrowing facility under which $25.0 million is available to the Company's wholly owned subsidiary, StoneX Financial Ltd for short term funding of margin to commodity exchanges. The borrowings outstanding under the facility bear interest at a rate per annum equal to 2.50% plus LIBOR, as defined. The agreement contains financial covenants related to net tangible assets, as defined. StoneX Financial Ltd was in compliance with this covenant as of September 30, 2020. The facility is guaranteed by the Company. This facility matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially similar terms.

Uncommitted Credit Facilities

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

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

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

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

The Company had a secured, uncommitted loan facility under which FCStone Merchant Services, LLC could borrow up to $20.0 million to facilitate the financing of inventory of commodities and other products or goods approved by the lender in its sole discretion, subject to certain terms and conditions of the loan facility agreement. There were $3.4 million in borrowings outstanding under this credit facility as of September 30, 2019. The credit facility was terminated during the three months ended March 31, 2020, in connection with the refinancing and extension of FCStone Merchant Services, LLC's committed credit facility.

Note Payable to Bank

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

Senior Secured Notes

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

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

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

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

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

Financing Bridge Commitment

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

The following table sets forth a listing of credit facilities, the current committed amounts as of the report date on the facilities, and outstanding borrowings on the facilities as well as indebtedness on a promissory note and the Senior Secured Notes as of the periods indicated:

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

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

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

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

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

As reflected above, $75.0 million of the Company's committed credit facilities are scheduled to expire during the fiscal year ended September 30, 2021. The Company intends to renew or replace these facilities as they expire, and based on the Company's liquidity position and capital structure, the Company believes it will be able to do so.

NOTE 13 Commitments and Contingencies

Legal and Regulatory Proceedings

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

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

From time to time and in the ordinary course of business, the Company is involved in various legal actions and proceedings, including tort claims, contractual disputes, employment matters, workers' compensation claims and collections. The Company carries insurance that provides protection against certain types of claims, up to the limits of the respective policy. Additionally, the Company is subject to extensive regulation and supervision by U.S. federal and international governmental agencies and various self-regulatory organizations. The Company and its advisors periodically engage with such regulatory agencies and organizations, in the context of examinations or otherwise, to respond to inquiries, informational requests, and investigations. From time to time, such engagements result in regulatory complaints or other matters, the resolution of which can include fines and other remediation.

As of September 30, 2020 and 2019, the consolidated balance sheets include loss contingency accruals, recorded during and prior to these fiscal years then ended, which are not material, individually or in the aggregate, to the Company's financial position or liquidity. In the opinion of management, possible exposure from loss contingencies in excess of the amounts accrued, and in addition to the possible losses discussed below, is not material to the Company's earnings, financial position or liquidity.

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

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

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

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

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

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

Contractual Commitments

The Company determines an estimate of contractual purchase commitments in the ordinary course of business primarily for the purchase of precious metals and agricultural and energy commodities. Unpriced contract commitments have been estimated using September 30, 2020 fair values. The purchase commitments and other obligations as of September 30, 2020 for less than one year, one to three years, three to five years, and after five years were $5,230.9 million, $19.2 million, $17.2 million, and $3.2 million respectively. The purchase commitments for less than one year will be offset by corresponding sales commitments of $5,162.4 million.

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

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

The Company self-insures its costs related to medical and dental claims. The Company is self-insured, up to a stop loss amount, for eligible participating employees and retirees, and for qualified dependent medical and dental claims, subject to deductibles and limitations. Liabilities are recognized based on claims filed and an estimate of claims incurred but not reported. The Company has purchased stop-loss coverage to limit its exposure on a per claim basis and in aggregate in the event that aggregated actual claims would exceed 120% of actuarially estimated claims. The Company is insured for covered costs in excess of these limits. Although the ultimate outcome of these matters may exceed the amounts recorded and additional losses may be incurred, the Company does not believe that any additional potential exposure for such liabilities will have a material adverse effect on the Company's consolidated financial position or results of operations. As of September 30, 2020 and September 30, 2019, the Company had $1.1 million and $0.8 million, respectively, accrued for self-insured medical and dental claims included in 'accounts payable and other liabilities' in the consolidated balance sheets.

NOTE 14 Regulatory Requirements and Subsidiary Dividend Restrictions

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

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

StoneX Financial as a registered securities carrying broker dealer is also subject to Rule 15c3-3 of the Securities Exchange Act of 1934 ("Rule 15c3-3"), which requires the Company to maintain separate accounts for the benefit of securities clients and proprietary accounts of broker dealers ("PABs"). These client protection rules require the Company to maintain special reserve bank accounts ("SRBAs") for the exclusive benefit of securities clients and PABs. As of September 30, 2020, StoneX Financial prepared reserve computations for the client accounts and PAB accounts in accordance with the customer reserve computation guidelines set forth in Rule 15c3-3. Based upon these computations, the customer reserve requirement was $18.5 million as of September 30, 2020. The Company held $17.3 million in the customer SRBA as of September 30, 2020 and made additional deposits of $6.2 million on October 2, 2020, to meet the customer segregation and segregated deposit timing requirements of Rule 15c3-3. The PAB reserve requirement was $2.2 million as of September 30, 2020. The Company held $2.1 million in the PAB SRBA as of September 30, 2020, and made additional deposits of $1.1 million on October 2, 2020, to meet the PAB segregation and segregated deposit timing requirements of Rule 15c3-3.

Pursuant to the requirements of the Commodity Exchange Act, funds deposited by clients of StoneX Financial and Gain Capital Group, LLC relating to their trading of futures and options on futures on a U.S. commodities exchange must be carried in separate accounts which are designated as segregated clients' accounts. Pursuant to the requirements of the CFTC, funds deposited by clients of StoneX Financial and Gain Capital Group, LLC relating to their trading of futures and options on futures traded on, or subject to the rules of, a foreign board of trade must be carried in separate accounts in an amount sufficient to satisfy all of StoneX Financial's and Gain Capital Group, LLC's current obligations to clients trading foreign futures and foreign options on foreign commodity exchanges or boards of trade, which are designated as secured clients' accounts. As of September 30, 2020, StoneX Financial had client segregated and client secured funds of $3,089.9 million and $162.6 million, respectively, compared to a minimum regulatory requirement of $3,030.6 million and $150.1 million, respectively. As of September 30, 2020, Gain Capital Group, LLC had client segregated and client secured funds of $340.4 million and $4.3 million, respectively, compared to a minimum regulatory requirement of $319.8 million and $2.5 million, respectively.

The Company's subsidiaries StoneX Financial Ltd. and Gain Capital U.K. Ltd. are regulated by the Financial Conduct Authority ("FCA"), the regulator of the financial services industry in the U.K. The regulations impose regulatory capital, as well as conduct of business, governance, and other requirements. The conduct of business rules include those that govern the treatment of client money and other assets which under certain circumstances for certain classes of client must be segregated from the firm's own assets. As of September 30, 2020, StoneX Financial Ltd. and Gain Capital U.K. Ltd. had client segregated funds of $516.5 million and $206.9 million, respectively, compared to a minimum regulatory requirement of $505.6 million and $205.6 million, respectively.

StoneX Financial Pte. Ltd. is regulated by the Monetary Authority of Singapore ("MAS") and operates as an approved holder of a Capital Market Services License. StoneX Financial Pte. Ltd. is subject to the requirements of MAS and pursuant to the Securities and Futures Act. The regulations include those that govern the treatment of client money and other assets which under certain circumstances must be segregated from the firm's own assets. As of September 30, 2020, StoneX Financial Pte. Ltd. had client segregated funds of $340.6 million compared to a minimum regulatory requirement of $338.9 million.

The following table details the Company's subsidiaries with a minimum regulatory net capital requirement in excess of $5.0 million as well as the actual regulatory capital of the subsidiary as of September 30, 2020 (in millions):

Subsidiary	Regulatory Authority	Actual	Minimum Requirement
StoneX Financial Inc.	SEC and CFTC	$ 229.8	$ 137.6
StoneX Financial Ltd.	FCA	$ 264.3	$ 145.1
Gain Capital Group, LLC	CFTC	$ 71.5	$ 32.2
Gain Capital U.K. Ltd.	FCA	$ 185.4	$ 65.2

Certain other subsidiaries of the Company, each with a minimum requirement less than $5.0 million, are also subject to net capital requirements promulgated by authorities in the countries in which they operate. As of September 30, 2020, all of the Company's subsidiaries were in compliance with their local regulatory requirements.

NOTE 15 Securities and Commodity Financing Transactions

The Company enters into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions to, among other things, fund principal debt trading, acquire securities to cover short positions, acquire securities for settlement, and to accommodate counterparties' needs under matched-book trading strategies. These agreements are recorded as collateralized financings at their contractual amounts plus accrued interest. The related interest is recorded in the consolidated income statements as interest income or interest expense, as applicable. In connection with these agreements and transactions, it is the policy of the Company to receive or pledge cash or securities to adequately collateralize such agreements and transactions in accordance with contractual agreements. The collateral is valued daily and the Company may require counterparties to deposit additional collateral or return collateral pledged.

The Company pledges financial instruments owned to collateralize repurchase agreements. At September 30, 2020 and 2019, financial instruments owned, at fair value of $468.6 million and $478.8 million, respectively, were pledged as collateral under repurchase agreements. The counterparty has the right to repledge the collateral in connection with these transactions. These financial instruments owned have been pledged as collateral and have been parenthetically disclosed on the consolidated balance sheets.

In addition, as of September 30, 2020 and 2019, the Company pledged financial instruments owned, at fair value of $1,266.4 million and $1,228.9 million, respectively, to cover collateral requirements for tri-party repurchase agreements. These securities have not been parenthetically disclosed on the consolidated balance sheets since the counterparties do not have the right to sell or repledge the collateral. The Company also repledged securities received under reverse repurchase agreements of $1,484.7 million and $1,175.1 million, respectively, to cover collateral requirements for tri-party repurchase agreements.

The Company also has repledged securities borrowed and client securities held under custodial clearing arrangements to collateralize securities loaned agreements with a fair value of $1,410.3 million and $1,414.0 million as of September 30, 2020 and 2019, respectively.

At September 30, 2020 and 2019, the Company had accepted collateral that it is permitted by contract to sell or repledge. This collateral consists primarily of securities received in reverse repurchase agreements, securities borrowed agreements, and margin securities held on behalf of correspondent brokers. The fair value of such collateral at September 30, 2020 and 2019 was $3,303.1 million and $3,060.2 million, respectively, of which $285.7 million and $329.8 million, respectively, was used to cover securities sold short which are recorded in financial instruments sold, not yet purchased on the consolidated balance sheets. In the normal course of business, this collateral is used by the Company to cover financial instruments sold, not yet purchased, to obtain financing in the form of repurchase agreements, and to meet counterparties' needs under lending arrangements and matched-book trading strategies.

The following tables provide the contractual maturities of gross obligations under repurchase and securities lending agreements as of the periods indicated (in millions):

	September 30, 2020				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 1,736.3	$ 1,069.2	$ 325.0	25.0	$ 3,155.5
Securities loaned	1,441.9	—	—	—	1,441.9
Gross amount of secured financing	$ 3,178.2	$ 1,069.2	$ 325.0	$ 25.0	$ 4,597.4

	September 30, 2019				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 1,553.9	$ 565.8	$ 654.0	—	$ 2,773.7
Securities loaned	1,459.9	—	—	—	1,459.9
Gross amount of secured financing	$ 3,013.8	$ 565.8	$ 654.0	—	$ 4,233.6

The following table provides the underlying collateral types of the gross obligations under repurchase and securities lending agreements as of the periods indicated (in millions):

Securities sold under agreements to repurchase	September 30, 2020		September 30, 2019	
U.S. Treasury obligations	$	815.8	$	108.8
U.S. government agency obligations		279.5		359.5
Asset-backed obligations		18.0		96.7
Agency mortgage-backed obligations		1,990.0		2,208.7
Corporate bonds		52.2		—
Total securities sold under agreement to repurchase	$	3,155.5	$	2,773.7
Securities loaned				
Equity securities		1,441.9		1,459.9
Total securities loaned		1,441.9		1,459.9
Gross amount of secured financing	$	4,597.4	$	4,233.6

The following tables provide the netting of securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned as of the periods indicated (in millions):

	September 30, 2020					
Offsetting of collateralized transactions:		**Gross Amounts Recognized**		**Amounts Offset in the Consolidated Balance Sheet**		**Net Amounts Presented in the Consolidated Balance Sheet**
Securities purchased under agreements to resell	$	1,696.2	$	—	$	1,696.2
Securities borrowed	$	1,440.0	$	—	$	1,440.0
Securities sold under agreements to repurchase	$	3,155.5	$	—	$	3,155.5
Securities loaned	$	1,441.9	$	—	$	1,441.9

	September 30, 2019					
Offsetting of collateralized transactions:		**Gross Amounts Recognized**		**Amounts Offset in the Consolidated Balance Sheet**		**Net Amounts Presented in the Consolidated Balance Sheet**
Securities purchased under agreements to resell	$	1,474.4	$	(49.9)	$	1,424.5
Securities borrowed	$	1,423.2	$	—	$	1,423.2
Securities sold under agreements to repurchase	$	2,823.6	$	(49.9)	$	2,773.7
Securities loaned	$	1,459.9	$	—	$	1,459.9

NOTE 16 Share-Based Compensation

Share-based compensation expense is included in 'compensation and benefits' in the consolidated income statements and totaled $10.3 million, $8.1 million and $6.6 million for the fiscal years ended September 30, 2020, 2019, and 2018, respectively.

Stock Option Plans

The Company sponsors a stock option plan for its directors, officers, employees and consultants. The 2013 Stock Option Plan, which was approved by the Company's Board of Directors and shareholders, authorizes the Company to issue stock options covering up to 2.0 million shares of the Company's common stock. As of September 30, 2020, there were 0.7 million shares authorized for future grant under this plan. Awards that expire or are canceled generally become available for issuance again under the plan. The Company settles stock option exercises with newly issued shares of common stock.

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

	Fiscal Year Ended September 30, 2020		
	2020[1]	**2019**	**2018**
Expected stock price volatility	—%	27%	30%
Expected dividend yield	—%	—%	—%
Risk free interest rate	—%	1.86%	1.23%
Average expected life *(in years)*	0.00	6.05	3.06

(1) There were no stock options granted under the plan during the year ended September 30, 2020.

Expected stock price volatility rates are primarily based on the historical volatility. The Company has not paid dividends in the past and does not currently expect to do so in the future. Risk free interest rates are based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option or award. The average expected life represents the estimated period of time that options or awards granted are expected to be outstanding, based on the Company's historical share option exercise experience for similar option grants. The weighted average fair value of options issued during fiscal years ended September 30, 2020, 2019, and 2018 was $0.00, $10.47 and 9.79, respectively.

The following is a summary of stock option activity for the year ended September 30, 2020:

	Shares Available for Grant	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term *(in years)*	Aggregate Intrinsic Value *($ millions)*
Balances at September 30, 2019	692,652	1,684,378	$ 37.59	$ 11.32	4.62	$ 9.2
Exercised		(244,511)	$ 30.56	$ 11.36		
Forfeited	13,662	(13,662)	$ 39.64	$ 8.62		
Expired	18,169	(18,169)	$ 37.30	$ 8.19		
Balances at September 30, 2020	724,483	1,408,036	$ 38.79	$ 11.38	4.16	$ 17.4
Exercisable at September 30, 2020		423,112	$ 29.25	$ 12.64	1.38	$ 9.3

The total compensation cost not yet recognized for non-vested awards of $7.2 million as of September 30, 2020 has a weighted-average period of 5.35 years over which the compensation expense is expected to be recognized. The total intrinsic value of options exercised during fiscal years ended September 30, 2020, 2019, and 2018 was $4.2 million, $0.7 million and $2.1 million, respectively.

The options outstanding as of September 30, 2020 broken down by exercise price are as follows:

Exercise Price			Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Term *(in years)*
$ —	-	$ 5.00	—	n/a	n/a
$ 5.00	-	$ 10.00	—	n/a	n/a
$ 10.00	-	$ 15.00	—	n/a	n/a
$ 15.00	-	$ 20.00	—	n/a	n/a
$ 20.00	-	$ 25.00	—	n/a	n/a
$ 25.00	-	$ 30.00	420,000	$ 25.91	1.36
$ 30.00	-	$ 35.00	—	n/a	n/a
$ 35.00	-	$ 40.00	126,161	$ 39.65	2.02
$ 40.00	-	$ 45.00	859,875	$ 44.92	5.84
$ 45.00	-	$ 50.00	—	n/a	n/a
$ 50.00	-	$ 55.00	—	n/a	n/a
$ 55.00	-	$ 60.00	2,000	$ 55.28	1.89
			1,408,036	$ 38.79	4.16

Restricted Stock Plan

The Company sponsors a restricted stock plan for its directors, officers and employees. The Company's 2017 restricted stock plan, which was approved by the Company's Board of Directors and shareholders, authorizes up to 1.5 million shares to be issued. As of September 30, 2020, 0.9 million shares were authorized for future grant under the restricted stock plan. Awards that expire or are canceled generally become available for issuance again under the plan. The Company utilizes newly issued shares of common stock to make restricted stock grants.

The following is a summary of restricted stock activity through September 30, 2020:

	Shares Available for Grant	Number of Shares Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Term *(in years)*	Aggregate Intrinsic Value *($ millions)*
Balances at September 30, 2019	1,156,902	350,778	$ 40.06	1.36	$ 14.4
Granted	(299,858)	299,858	$ 44.94		
Vested	—	(161,880)	$ 40.26		
Forfeited	4,410	(4,410)	$ 44.23		
Balances at September 30, 2020	861,454	484,346	$ 42.97	1.37	$ 24.8

The total compensation cost not yet recognized of $15.6 million as of September 30, 2020 has a weighted-average period of 1.37 years over which the compensation expense is expected to be recognized. Compensation expense is amortized on a straight-line basis over the vesting period. Restricted stock grants are included in the Company's total issued and outstanding common shares.

NOTE 17 Retirement Plans

Defined Benefit Retirement Plans

The Company has a frozen qualified defined benefit pension plan (the "Qualified Plan") and a nonqualified defined benefit pension plan (the "Nonqualified Plan"), and recognizes their funded status, measured as the difference between the fair value of the plan assets and the projected benefit obligation, in "other assets" or "accounts payable and other accrued liabilities" in the consolidated balance sheets, depending on the funded status of each plan.

The Qualified Plan assets, which are managed in a third-party trust, primarily consist of a diversified blend of approximately 80% debt securities and 20% equity investments and had a total fair value of $40.8 million and $38.9 million as of September 30, 2020 and 2019, respectively. All Qualified Plan assets fall within Level 2 of the fair value hierarchy. The benefit obligation associated with the Qualified Plan will vary over time only as a result of changes in market interest rates, the life expectancy of the plan participants, and benefit payments, since the accrual of benefits was suspended when the Qualified Plan was frozen in 2006. The benefit obligation was $38.1 million and $36.5 million and the discount rate assumption used in the measurement of this obligation was 2.55% and 3.10% as of September 30, 2020 and 2019, respectively. Related to the Qualified Plan, the Company's net pension obligation was in a funded status of $2.7 million and $2.4 million as of September 30, 2020 and 2019, respectively.

The Nonqualified Plan assets had a total fair value of less than $0.1 million as of September 30, 2020 and 2019. The benefit obligation associated with the Nonqualified Plan will vary over time only as a result of changes in market interest rates, the life expectancy of the plan participants, and benefit payments. There are no active participants in the Nonqualified plan. The benefit obligation was $1.6 million and $1.7 million as of September 30, 2020 and 2019, respectively. Related to the Nonqualified Plan, the Company's unfunded pension obligation was $1.6 million as of September 30, 2020 and 2019.

The Company recognized a net periodic benefit of $0.4 million, $0.1 million and $0.2 million for the year ended September 30, 2020, 2019 and 2018, respectively. The expected long-term return on plan assets assumption was 4.35% for 2020. The Company made contributions of $0.1 million to the plans in the years ended September 30, 2020 and 2019. The Company complies with minimum funding requirements. The estimated undiscounted future benefit payments are expected to be $2.1 million in 2021, $2.1 million in 2022, $2.1 million in 2023, $2.1 million in 2024, $2.0 million in 2025 and $9.5 million in 2026 through 2030.

Defined Contribution Retirement Plans

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

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

For fiscal year ended September 30, 2020, 2019 and 2018, the Company's contributions to these defined contribution plans were $10.1 million, $7.5 million and $6.8 million, respectively.

NOTE 18 Other Expenses

Other expenses for the years ended September 30, 2020, 2019, and 2018 are comprised of the following:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Insurance	$ 4.7	$ 3.4	$ 2.6
Office supplies and printing	1.8	1.9	1.7
Other clearing related expenses	2.8	2.5	2.5
Other non-income taxes	6.6	4.6	4.9
Contingent consideration, net	0.5	—	—
Other	13.2	10.8	8.4
Total other expenses	$ 29.6	$ 23.2	$ 20.1

NOTE 19 Bad Debt on Physical Coal

During the year ended September 30, 2018 and 2017, the Company recorded charges to earnings of $1.0 million and $47.0 million, respectively, to record an allowance for doubtful accounts related to a bad debt incurred in the physical coal business, conducted solely in the Company's Singapore subsidiary, StoneX APAC Pte. Ltd., with a coal supplier. Components of the bad debt on physical coal included allowances on amounts due to the Company from its supplier related to: coal paid for but not delivered to clients; reimbursement of demurrage claims, dead freight and other charges paid by StoneX APAC Pte. Ltd. to its clients; reimbursement due for deficiencies in the quality of coal delivered to clients; and losses incurred related to the cancellation of open sales contracts. During the year ended September 30, 2018, the Company completed its exit of the physical coal business.

During the year ended September 30, 2019, the Company reached settlements with clients, paying $8.4 million related to demurrage, dead freight, and other penalty charges regarding coal supplied during fiscal 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during fiscal 2018 and fiscal 2017, and accordingly the Company recorded a recovery on the bad debt on physical coal of $2.4 million. During the year ended September 30, 2019, the Company also received $10.0 million through an insurance policy claim related to the physical coal matter, and recorded the insurance proceeds as an additional recovery. The Company has presented the bad debt on physical coal and subsequent recoveries separately as a component of income before tax in the consolidated income statements.

During the year ended September 30, 2020, the Company charged off $35.6 million of receivables against the allowance for doubtful accounts related to the physical coal business as the Company had exhausted all economically sensible means of recovery.

NOTE 20 Income Taxes

Effects of the Tax Cuts and Jobs Act

On December 22, 2017, the President of the United States signed and enacted into law H.R. 1, the Tax Cuts and Jobs Act ("the Tax Reform"). Among the significant changes to the U.S. Internal Revenue Code, the Tax Reform lowered the U.S. federal corporate income tax rate from 35% to 21%, effective January 1, 2018. The Company computed its income tax expense for the years ending September 30, 2020 and 2019 using a U.S. statutory tax rate of 21%. The Company computed income tax expense for the year ended September 30, 2018 using a U.S. statutory tax rate of 24.5%. The Tax Reform imposed a mandatory repatriation transition tax on previously untaxed accumulated and current earnings and profits ("E&P") of certain foreign subsidiaries for the year ended September 30, 2018.

The Tax Reform also established new tax laws that affected the years ending September 30, 2020 and 2019, including, but not limited to, (1) elimination of the corporate alternative minimum tax, (2) a new provision designed to tax global intangible low-taxed income ("GILTI"), (3) limitations on the utilization of net operating losses incurred in tax years beginning after September 30, 2018 to 80% of taxable income per tax year, (4) the creation of the base erosion anti-abuse tax ("BEAT"), (5) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries, and (6) limitations on the deductibility of interest expense and certain executive compensation. The Company made the policy election to treat GILTI as a current period expense when incurred.

For the year ended September 30, 2018, the Company recorded income tax expense of $8.6 million related to the remeasurement of deferred tax assets and liabilities, which increased the effective tax rate by 8.5%.

The Tax Reform also included a mandatory repatriation transition tax on previously untaxed accumulated and current E&P of certain of the Company's foreign subsidiaries. To determine the amount of the transition tax, the Company determined, in addition to other factors, the amount of post 1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. The Company recorded a transition tax obligation of $11.2 million during the year ended September 30, 2018, which increased the effective tax rate by 11% during the year ended September 30, 2018.

Coronavirus Aid, Relief, and Economic Security Act

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which provides economic relief in response to the coronavirus pandemic. The CARES Act, among other things, includes provisions to allow certain net operating losses to be carried-back up to five years, to increase interest deduction limitations, accelerates the refunds of alternative minimum tax credits, and makes technical corrections to tax depreciation methods for qualified leasehold improvement property. The Company evaluated and properly accounted for the provisions of the CARES Act and there was no material impact to the Company's consolidated financial statements.

Income tax expense (benefit) for the years ended September 30, 2020, 2019, and 2018 was allocated as follows:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Income tax expense attributable to income from operations	$ 37.1	$ 25.9	$ 46.0
Taxes allocated to stockholders' equity, related to pension liabilities	—	(0.2)	0.1
Total income tax expense	$ 37.1	$ 25.7	$ 46.1

The components of income tax expense (benefit) attributable to income from operations were as follows:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Current taxes:			
U.S. federal	$ (0.6)	$ (1.9)	$ 0.8
U.S. State and local	2.3	(0.8)	0.5
International	31.3	24.9	22.4
Total current taxes	33.0	22.2	23.7
Deferred taxes	4.1	3.7	22.3
Income tax expense	$ 37.1	$ 25.9	$ 46.0

U.S. and international components of income (loss) from operations, before tax, was as follows:

	Year Ended September 30,		
(in millions)	2020	2019	2018
U.S.	$ 88.8	$ (2.6)	$ 9.9
International	117.9	113.6	91.6
Income from operations, before tax	$ 206.7	$ 111.0	$ 101.5

Items accounting for the difference between income taxes computed at the federal statutory rate and income tax expense were as follows:

	Year Ended September 30,		
	2020	2019	2018
Federal statutory rate effect of:	21.0%	21.0%	24.5%
U.S. State and local income taxes	1.0%	(1.5)%	0.8%
Foreign earnings and losses taxed at different rates	0.1%	0.7%	(0.8)%
Change in foreign valuation allowance	1.0%	1.0%	(0.8)%
Change in state valuation allowance	0.2%	0.5%	—%
U.S. permanent items	0.9%	0.1%	(0.2)%
Foreign permanent items	0.5%	0.7%	2.1%
U.S. bargain purchase gain	(8.3)%	(1.0)%	—%
Remeasurement of deferred tax	—%	—%	8.5%
Repatriation Transition tax	—%	—%	11.0%
GILTI	0.7%	2.2%	—%
Other reconciling items	0.9%	(0.4)%	0.2%
Effective rate	18.0%	23.3%	45.3%

The components of deferred income tax assets and liabilities were as follows:

(in millions)	September 30, 2020	September 30, 2019
Deferred tax assets:		
Share-based compensation	$ 3.1	$ 3.3
Deferred compensation	4.1	3.6
Foreign net operating loss carryforwards	5.4	2.6
U.S. State and local net operating loss carryforwards	9.0	9.2
U.S. federal net operating loss carryforwards	1.8	1.1
Intangible assets	9.9	4.8
Bad debt reserve	4.4	1.3
Tax credit carryforwards	0.2	0.5
Foreign tax credit carryforwards	2.4	5.0
Other compensation	5.8	2.2
Property and equipment	7.3	—
Other	1.9	1.1
Total gross deferred tax assets	55.3	34.7
Less valuation allowance	(12.4)	(8.5)
Deferred tax assets	42.9	26.2
Deferred income tax liabilities:		
Unrealized gain on securities	2.4	3.2
Prepaid expenses	3.4	2.2
Property and equipment	—	2.6
Pension liability	0.2	0.2
Deferred income tax liabilities	6.0	8.2
Deferred income taxes, net	$ 36.9	$ 18.0

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

As of September 30, 2020 and September 30, 2019, the Company has net operating loss carryforwards for U.S. federal, state, local, and foreign income tax purposes of $6.9 million and $7.1 million, net of valuation allowances, respectively, which are available to offset future taxable income in these jurisdictions. The state and local net operating loss carryforwards of $4.7 million, net of valuation allowance, begin to expire after September 2022.

The Company also has $0.6 million, net of valuation allowances, of federal net operating loss carryforwards, which consist of a portion that will expire in tax years ending 2031 through 2036. The remaining portion of the federal net operating loss carryforwards do not expire, but cannot be utilized until after 2037 and are limited by Internal Revenue Code ("IRC") Section 382. As of September 30, 2020, Gain Capital UK Ltd. has a net operating loss carryforward of $0.9 million.

As a result of Tax Reform, the AMT credit carryforward deferred tax asset was reclassified to income taxes receivable during the year ended September 30, 2018. As a result of the CARES Act, the AMT credit carryforward was 50% refundable during the year ending September 30, 2019 and the remaining 50% is refundable in the year ended September 30, 2020, to the extent it is not used to offset regular income tax liability. During the year ended September 30, 2018, the Company generated $5.1 million in foreign tax credit carryforwards as part of the mandatory repatriation transition tax. These credits are being fully utilized during the year ended September 30, 2020. The Company also has $1.3 million, net of valuation allowance, in foreign tax credits due to the merger with Gain, as further discussed in Note 21, which expire in 2023. In the judgment of management, the Company believes that sufficient taxable income will be earned to utilize the foreign tax credit carryforwards, net of valuation allowance, before they expire.

The valuation allowance for deferred tax assets as of September 30, 2020 was $12.4 million. The net change in the total valuation allowance for the year ended September 30, 2020 was an increase of $3.9 million. Of this amount, $1.1 million was related to foreign tax credits acquired through the merger with Gain, which are limited by provision of IRC Section 383 and expire in 2023. The remaining increase is related to foreign and state net operating loss carryforwards. The valuation allowances as of September 30, 2020 and September 30, 2019 were primarily related to U.S. state and local and foreign net operating loss carryforwards that, in the judgment of management, are not more likely than not to be realized.

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

The Company had a de minimis balance of unrecognized tax benefits as of September 30, 2020, 2019, and 2018 that, if recognized, would affect the effective tax rate.

Accrued interest and penalties are included in the related tax liability line in the consolidated balance sheets. The Company had no accrued interest and penalties included in the consolidated balance sheets as of September 30, 2020 and September 30, 2019.

The Company recognizes accrued interest and penalties related to income taxes as a component of income tax expense. The Company had a de minimus amount of interest, net of federal benefit, and penalties recognized as a component of income tax expense during the years ended September 30, 2020, 2019, and 2018.

The Company and its subsidiaries file income tax returns with the U.S. federal jurisdiction and various U.S. state and local and foreign jurisdictions. The Company has open tax years ranging from September 30, 2012 through September 30, 2020 with U.S. federal and state and local taxing authorities. In the U.K., the Company has open tax years ending September 30, 2018 to September 30, 2020. In Brazil, the Company has open tax years ranging from December 31, 2015 through December 31, 2019. In Argentina, the Company has open tax years ranging from September 30, 2013 to September 30, 2020. In Singapore, the Company has open tax years ranging from September 30, 2016 to September 30, 2020.

NOTE 21 Acquisitions

The Company's consolidated financial statements include the operating results and cash flows of the acquired businesses from the dates of acquisition.

Acquisitions in Fiscal 2020

On February 26, 2020, the Company entered into a definitive merger agreement to acquire Gain. The Company agreed to acquire Gain for $6.00 per share in an all-cash transaction. Gain is a global provider of trading services and solutions to institutional and retail investors, specializing in both OTC products and exchange-traded futures and options on futures. Gain provides its clients with access to a diverse range of global OTC financial markets, including spot foreign exchange, precious metals, and CFDs (where permitted). As a result of the acquisition, the Company added a new digital platform to its global financial network, significantly expanded its offerings to retail clients, as well as added a complementary exchange-traded futures and options on futures business. The acquisition of Gain is also expected to accelerate the digitization of the Company's trading platforms.

The merger closed on July 30, 2020 ("the Gain acquisition date") subsequent to approval by Gain's shareholders, approval by regulators, and the completion of customary closing conditions.

On the Gain acquisition date, each issued and outstanding share of Gain common stock (other than shares of Gain common stock held by those Gain stockholders who had properly demanded and not waived or withdrawn appraisal rights under Delaware law as further discussed below) automatically converted into the right to receive $6.00 per share in cash.

Purchase Price

The aggregate merger consideration was (in millions):

Aggregate cash consideration	$	215.0
Accrual for merger cash consideration		21.6
Total merger consideration	$	236.6

Subsequent to the Gain acquisition date, holders of 3.6 million shares of Gain common stock outstanding at the Gain acquisition date who did not vote to approve the merger ("Dissenting Holders", and the shares held by such Dissenting Holders, the "Dissenting Shares") purportedly demanded appraisal rights pursuant to Section 262 of the Delaware General Corporation Law in the Court of Chancery of the State of Delaware. The $21.6 million accrual for merger consideration included in the aggregate merger consideration was based upon 3.6 million Dissenting Shares assuming a right to receive $6.00 per share at the Gain acquisition date. Any subsequent settlement with the Dissenting Holders will be considered the settlement of a post-acquisition contingency to be included in the Company's post-acquisition consolidated income statements.

Preliminary Purchase Price Allocation

The consolidated financial statements have been prepared using the acquisition method of accounting under U.S. GAAP with the Company treated as the acquirer of Gain for accounting purposes. Under the acquisition method of accounting, the aggregate merger consideration was allocated to the assets acquired and liabilities assumed generally based on their fair value at the Gain acquisition date. The Company has made significant estimates and assumptions in determining the fair value of assets acquired and liabilities based upon discussions with management and informed insights into the industries in which Gain operates. These significant estimates and assumptions include, but are not limited to, projected cash flows of the acquired business, client attrition rates, discount rates, royalty rates, and economic lives of the identified assets.

The Company engaged a third party valuation specialist to assist with assessing the overall reasonableness of the bargain purchase gain as further discussed below and determining the fair value of the net identifiable assets acquired.

The following table summarizes the preliminary purchase price allocation as of the Gain acquisition date (in millions):

	Preliminary Purchase Price Allocation
Cash and cash equivalents	$ 507.2
Cash, securities and other assets segregated under federal and other regulations	497.4
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties[1]	249.7
Receivables from clients, net[2]	2.0
Income taxes receivable	0.4
Deferred income taxes, net	23.0
Property and equipment, net	6.1
Right of use assets, net	15.0
Other assets	17.9
Total fair value of tangible assets acquired	1,318.7
Accounts payable and other accrued liabilities	52.7
Operating lease liabilities	15.0
Payable to clients	863.4
Payable to broker-dealers, clearing organizations, and counterparties	0.5
Income taxes payable	12.4
Convertible senior notes[3]	92.0
Total fair value of tangible liabilities assumed	1,036.0
Fair value of tangible net assets acquired[4]	**282.7**
Identifiable intangible assets acquired	
Trademarks/domain names[5]	3.7
Software programs/platforms[5]	22.2
Customer base[5]	9.8
Total fair value of intangible assets acquired	35.7
Fair value of identifiable net assets acquired	318.4
Total merger consideration	236.6
Bargain purchase gain	$ 81.8

(1) *Amount represents the contractual amount of deposits with and receivables from broker-dealers, clearing organizations, and counterparties, all of which the Company expects to be collectible as of the Gain acquisition date.*

(2) *Amount represents the contractual amount of receivables due from clients for trading activity, all of which the Company expects to be collectible as of the Gain acquisition date.*

(3) *As $91.5 million of the $92.0 million in aggregate principal of the Gain Notes were redeemed on September 1, 2020, the Company believes that the face value of the Gain Notes approximated their fair value as of the Gain acquisition date due to the fundamental change right provided for in the Gain Notes indenture. Refer to Note 12 for further discussion of the Gain Notes redemption.*

(4) *With the exception of deferred income taxes and the convertible senior notes, the Company believes that the fair value of the tangible assets acquired and tangible liabilities assumed approximate their carrying values as of the Gain acquisition date due either to their short-term nature, the Company's ability to initiate the withdrawal and settlement of client related trading balances, or the fact that the balances are recorded at fair value on a recurring basis.*

(5) *The trademark/domain names, software programs/platforms, and customer base intangible assets have been assigned useful lives of 5 years, 3 years, and 4 years, respectively.*

The Company believes that the transaction resulted in a bargain purchase gain primarily due to the significant market volatility experienced during the first calendar quarter of 2020, primarily as a result of the COVID-19 pandemic. The market volatility experienced during 2020 through the Gain acquisition date increased significantly compared to corresponding historical periods. This resulted in Gain generating windfall profits and a corresponding increase in net tangible book value. The bargain purchase gain is included in 'Gain on acquisitions and other gains' on the Company's consolidated income statement for the year ended September 30, 2020.

Post-Acquisition Results and Unaudited Pro Forma Information

Gain's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to July 31, 2020. For the year ended September 30, 2020, the Company's results include total revenues and net income from Gain of $49.0 million and $1.8 million, respectively.

The following unaudited pro forma financial information (in millions, except per share amounts) has been adjusted to give effect to the Gain merger as if it were consummated on October 1, 2018.

	Year Ended September 30, 2020	Year Ended September 30, 2019
Total revenues	$ 54,414.1	$ 33,160.0
Net income	$ 138.5	$ 38.3
Basic earnings per share	$ 7.17	$ 2.01
Diluted earnings per share	$ 7.02	$ 1.97

The unaudited pro forma financial information includes material, nonrecurring pro forma adjustments directly attributable to the Gain acquisition primarily including the adjustment for a goodwill impairment loss, adjustment for the bargain purchase gain, adjustments to the amortization of intangible assets, and adjustments for direct and incremental acquisition-related costs and the related tax effects. The unaudited pro forma financial information does not include any revenue or cost saving synergies from operating efficiencies or the effect of incremental costs incurred from integrating the companies.

The Company incurred costs related to the merger of $5.2 million for the year ended September 30, 2020, that are included within 'Professional fees' on the consolidated income statement.

The business acquired has been assigned to the Company's Retail and Institutional reportable segments.

On March 19, 2019, the Company's subsidiary StoneX Financial Pte Ltd executed an asset purchase agreement to acquire the futures and options brokerage and clearing business of UOB Bullion and Futures Limited ("UOB"), a subsidiary of United Overseas Bank Limited. Closing was conditional upon receiving regulatory approval by the Monetary Authority of Singapore. This acquisition provides the Company access to an established institutional client base and also augments the Company's global service capabilities in Singapore. The cash purchase price for the acquired assets was $5.0 million of which $2.5 million was due upon the execution of the asset purchase agreement and the remaining $2.5 million was due upon the closing of the acquisition, which occurred on October 7, 2019.

The purchase price allocation resulted in the recognition of liabilities assumed related to the futures and options on futures client account balances of approximately $351.8 million as of the acquisition date, which was recorded within 'payables to clients' on the consolidated balance sheet, and an equal and offsetting amount of assets acquired. The carrying amount of the client assets and related liabilities was assumed to approximate fair value due to their short-term nature, the Company's ability to initiate the withdrawal and settlement of client related trading balances, and the fact that the open derivative positions are recorded at fair value on a recurring basis.

The Company also acquired certain client base intangible assets and property and equipment in connection with the acquisition. The Company engaged a third-party valuation specialist to assist with the valuation of the acquired intangible assets and property and equipment. As of the acquisition date, $0.8 million of the purchase price was allocated to the fair value of the property and equipment acquired and $3.1 million was allocated to the fair value of the client base intangible assets acquired. The remaining excess of the purchase price over the fair value of the net assets acquired of $1.1 million was allocated to goodwill. The Company believes the goodwill represents the synergies that can be realized from integrating the acquired business into its existing exchange-traded futures and option business. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed is considered final as of September 30, 2020.

The business acquired has been assigned to the Company's Institutional reportable segment. The client base intangible assets have been assigned a useful life of 5 years.

UOB's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to October 7, 2019. For the year ended September 30, 2020, the Company's results include total revenues and net loss from UOB of $10.3 million and $1.4 million, respectively.

In December 2019, the Company executed a definitive purchase agreement to acquire the brokerage businesses of Tellimer Group ("Tellimer"). This transaction involved the stock purchase of 100% of Exotix Partners, LLP, based in the United Kingdom, and the stock purchase of 100% of Tellimer Capital Ltd based in Nigeria. The closing of this transaction was subject to limited conditions including regulatory approval in the relevant jurisdictions. The cash purchase price was equal to the net tangible book value of the acquired entities upon closing.

Regulatory approval for the acquisition of Exotix Partners, LLP, was obtained during the period with the acquisition closing on April 1, 2020. The cash purchase price for the acquisition of Exotix Partners, LLP, was $4.7 million. The final allocation of the cash purchase price to the fair value of assets acquired and liabilities assumed resulted in the recognition of $1.0 million in cash and cash equivalents, $1.0 million in receivables from clients, net, $0.3 million in property and equipment, net, $3.4 million in other assets, and $1.0 million in liabilities assumed.

Regulatory approval for the acquisition of Tellimer Capital Ltd was obtained during the period with the acquisition closing on June 1, 2020. The cash purchase price for the acquisition of Tellimer Capital Ltd and the related allocation to the fair value of assets acquired and liabilities assumed was not material to the Company's consolidated financial statements.

Tellimer's results of operations and cash flows have been included in the Company's consolidated financial statements from the dates of acquisition. For the year ended September 30, 2020, the Company's results include total revenues and net loss from Tellimer of $5.9 million and less than $0.1 million, respectively.

The acquired business have been assigned to the Company's Institutional reportable segment.

On January 2, 2020, the Company's wholly owned subsidiary, INTL Netherlands B.V., executed and closed on a stock purchase agreement to acquire 100% of the equity interests of IFCM Commodities GmbH ("IFCM") based in Germany. IFCM specializes in providing commodity price risk management solutions for base metals serving clients across Germany and continental Europe and historically introduced clients to StoneX Financial Ltd. This purchase is part of the Company's overall strategic plan to expand the Company's footprint in Germany and continental Europe in order to handle European clients and regional metals business following Brexit.

The cash purchase price of $1.9 million was equal to net tangible book value upon closing plus a premium of $1.0 million. The excess of the cash consideration over the fair value of the net tangible assets acquired on the closing date was allocated to the fair value of IFCM's client relationships. This client base intangible asset has been assigned, and will be amortized over, a useful of five years.

IFCM's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to January 2, 2020. For the year ended September 30, 2020, the Company's results include total revenues and net income from IFCM of $1.8 million and $0.5 million, respectively.

In January 2020, the Company's wholly owned subsidiary, StoneX Financial Ltd, executed a stock purchase agreement to acquire 100% of GIROXX based in Germany. Through its digital platform, GIROXX provides online payment and foreign exchange hedging services to small and medium sized enterprises in Germany, Austria, and Switzerland. The Company offers a wide range of financial services including advisory and execution services in commodities, which will be offered to GIROXX's institutional client base. This purchase completes a series of acquisitions and restructurings to ensure that all clients of the Company are secure with their continuity of service and market access following Brexit. The closing of the transaction was conditional upon the approval of financial services regulators in Germany, which was obtained during the period with the transaction closing on May 1, 2020.

The cash purchase price for the acquisition of GIROXX was $4.4 million. The preliminary allocation of the cash purchase price to the fair value of tangible assets acquired and liabilities assumed resulted in the recognition of cash and cash equivalents of $6.5 million, property and equipment of $0.1 million, accounts payables and other accrued liabilities of $0.6 million, and payables to clients of $5.8 million as of the acquisition date.

The Company acquired certain identifiable intangible assets in connection with the acquisition of GIROXX, primarily related to a business license permitting the Company to facilitate payment transactions in the European Union and certain proprietary developed software. The Company has preliminarily allocated $0.4 million and $1.5 million of the excess purchase price over net tangible assets acquired to the business license and proprietary developed software, respectively. The remaining excess purchase price over the net tangible assets acquired of $2.3 million has preliminary been allocated to goodwill. The Company believes the preliminary allocation to goodwill represents the synergies that can be realized from integrating the acquired business into its existing Global Payments reportable segment.

The Company is in the process of gathering the information necessary to complete a valuation analysis of the intangible assets acquired. Once the valuation analysis is complete, the Company will record measurement period adjustments to reflect the final determination of the fair value of the identifiable intangible assets acquired with any remaining excess consideration allocated to goodwill.

The acquired business license has been assigned an indefinite life and the proprietary developed software has been preliminarily assigned a useful life of 3 years.

GIROXX's results of operations and cash flows have been included in the Company's consolidated financial statements for the period subsequent to May 1, 2020. For the year ended September 30, 2020, the Company's results include total revenues and net loss from GIROXX of $0.5 million and $0.6 million, respectively.

The acquired business has been assigned to the Company's Global Payments reportable segment.

Asset Acquisitions

In August 2019, the Company's subsidiary, SA Stone Wealth Management, executed an asset purchase agreement to acquire certain client accounts of Quest Capital Strategies, Inc. The asset purchase agreement was subject to FINRA approval and other conditions to closing. FINRA approval was obtained and the other conditions to closing were fulfilled and the closing of the transaction occurred on December 9, 2019. The cash purchase price for the acquired client accounts was equal to $1.7 million. This transaction was accounted for as an asset acquisition at cost. The cash purchase price was allocated to the fair value of the client lists and relationships obtained and has been assigned, and will be amortized, over a useful life of seven years.

Acquisitions in Fiscal 2019

On November 30, 2018, the Company acquired the entire issued and outstanding share capital of Carl Kliem S.A., an independent interdealer broker based in Luxembourg, which provides foreign exchange, interest rate and fixed income products to institutional clients across the European Union ("E.U."). Carl Kliem S.A. employs approximately 40 people and has more than 400 active institutional clients. This acquisition provides the Company with access to additional European institutional clients that can benefit from the Company's full suite of financial services and a E.U.-based entity in anticipation of the U.K.'s planned exit from the E.U. The purchase price was $2.1 million of cash consideration, and was equal to the net tangible book value on the closing date less restructuring costs. The Company subsequently renamed Carl Kliem S.A. to StoneX Financial Europe S.A.

The final purchase price allocation resulted in cash and cash equivalents of $1.7 million, receivables from clients of $1.1 million, property and equipment of $0.1 million, income tax receivables of $0.1 million, accounts payable and other accrued liabilities of $0.6 million, and payable to broker-dealers, clearing organizations, and counterparties of $0.2 million. The net fair value of the assets acquired exceeded the aggregate cash purchase price; accordingly, the Company recorded a bargain purchase gain of $0.1 million during the year ended September 30, 2019, which is presented within 'Gain on acquisitions and other gains' in the consolidated income statement.

The business activities of INTL FCStone Europe S.A. have been included within the Company's Institutional reportable segment. The Company's consolidated income statement for the year ended September 30, 2019 includes operating revenues and a net loss of $4.2 million and $2.3 million, respectively, for the post-acquisition results of the acquired business.

On January 14, 2019 the Company acquired 100% of the U.S.-based broker-dealer GMP Securities LLC ("GMP"), formerly known as Miller Tabak Securities, LLC, an independent, SEC-registered broker-dealer and Financial Industry Regulatory Authority, Inc. ("FINRA") member. GMP has an institutional fixed-income trading business which deals in high yield, convertible and emerging market debt and makes markets in certain equity securities. This transaction also involved the purchase of GMP's U.S.-based parent. This acquisition allows the Company to expand its fixed income product offerings to clients and adds new institutional clients who can benefit from the Company's full suite of financial services.

The purchase price was $8.2 million of cash consideration was equal to the final net tangible book value determined as of the acquisition date less $2.0 million. The net fair value of the assets acquired exceeded the aggregate cash purchase price, and accordingly the Company recorded a bargain purchase gain of $5.4 million during the year ended September 30, 2019, which is presented within 'Gain on acquisitions and other gains' in the consolidated income statement. The Company believes the transaction resulted in a bargain purchase gain due to the Company's ability to incorporate GMP's business activities into its existing business structure, and its ability to utilize certain deferred tax assets, including net operating loss carryforwards, and other assets while operating the business that may not have been likely to be realized by the seller nor was contemplated in the purchase price.

On May 1, 2019, GMP was merged into the Company's wholly owned regulated U.S. subsidiary, StoneX Financial. The Company's consolidated income statement includes the post-acquisition results, which include operating revenues and a net loss before tax of $8.2 million and $2.1 million, respectively, for the year ended September 30, 2019. The acquired businesses are included within the Company's Institutional reportable segment.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

		Fair Value
Cash and cash equivalents	$	1.1
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties[1]		7.7
Financial instruments owned, at fair value[2]		7.1
Deferred income taxes		2.7
Property and equipment		0.7
Other assets		0.7
Total fair value of assets acquired		20.0
Accounts payable and other accrued liabilities		1.9
Payable to broker-dealers, clearing organizations, and counterparties		0.1
Financial instruments sold, not yet purchased, at fair value[2]		4.4
Total fair value of liabilities assumed		6.4
Fair value of net assets acquired		13.6
Purchase price		8.2
Bargain purchase gain	$	5.4

(1) Amount represents the contractual amount of deposits and receivables due from the clearing organization for trading activity as of the acquisition date.

(2) Financial instruments owned and sold, not yet purchased, at fair value primarily includes equity securities and high yield, convertible and emerging market fixed income securities. Equity securities have been included within Level 1 of the fair value hierarchy and fixed income securities have been included in Level 2 of the fair value hierarchy as disclosed in Note 4.

On April 1, 2019, the Company's subsidiary StoneX (Netherlands) B.V. acquired 100% of the outstanding shares of Coininvest GmbH and European Precious Metal Trading GmbH. Through the websites coininvest.com and silver-to-go.com, Coininvest GmbH and European Precious Metal Trading GmbH are leading European online providers of gold, silver, platinum, and palladium products to retail investors, institutional investors, and financial advisors. The addition of Coininvest GmbH and European Precious Metal Trading GmbH to the Company's global product suite expands its offering, providing clients the ability to purchase physical gold and other precious metals, in multiple forms, and in denominations of their choice, to add to their investment portfolios.

The purchase price consisted of cash consideration of $22.0 million, including $11.2 million for the purchase of shareholders loans outstanding with the acquired entities. The cash consideration transferred exceeded the final fair value of the tangible net assets acquired on the closing date by $6.8 million.

The Company acquired certain identifiable intangible assets, including website domain names and internally developed software. The Company has engaged a third-party valuation specialist to assist with the valuation of these acquired intangible assets. Based upon the final valuation analysis, the Company allocated $2.1 million and $2.5 million of the excess consideration over the final fair value of tangible net assets acquired on the closing date to the identifiable domain names and internally developed software, respectively. The remaining excess of $2.2 million was allocated to goodwill. The goodwill represents the synergies expected to be achieved by combining the acquired business with the Company's existing precious metals offering and the acquired assembled workforce.

The internally developed software was assigned to the Retail reportable segment and is being amortized over a useful life of 5 years. The useful life of the domain names was determined to be indefinite.

The Company's consolidated income statement includes the post-acquisition results, including operating revenues and a net loss before tax of $0.6 million and $0.3 million, respectively, for the year ended September 30, 2019. Operating revenues during the year ended September 30, 2019 include unrealized losses on derivatives held to manage the downside price risk of physical commodities inventory, which is valued at the lower of cost or net realizable value; therefore, inventory was not recorded above its cost basis. The acquired businesses are included within the Company's Commercial reportable segment.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

		Fair Value
Cash and cash equivalents	$	2.0
Receivables from clients[(1)]		1.2
Receivable from affiliate		1.1
Income tax receivable		0.1
Physical commodities inventory		9.8
Deferred tax assets, net		0.2
Other assets		1.2
Total fair value of tangible assets acquired		15.6
Accounts payable and other accrued liabilities		0.2
Payables to clients		0.2
Total fair value of tangible liabilities assumed		0.4
Fair value of net tangible assets acquired		15.2
Purchase price		22.0
Excess purchase price over fair value of tangible net assets acquired	$	6.8
Excess purchase price over fair value of tangible net assets acquired allocated to identifiable intangible assets:		
Domain names	$	2.1
Internally developed software		2.5
Total excess purchase price allocated to identifiable intangible assets		4.6
Remaining excess allocated to goodwill	$	2.2

(1) Amount represents the contractual amount of receivables due from clients for trading activity, all of which was collected.

On September 1, 2019, the Company acquired 100% of the U.S.-based trading firm Fillmore Advisors, LLC ("Fillmore"). Fillmore is an independent, SEC-registered broker-dealer firm and FINRA member firm and a leading provider of outsourced trading solutions and operational consulting to institutional asset managers. The firm, headquartered in Park City, Utah, is composed of traders that specialize in global buy-side and sell-side experience. Institutional clients can benefit from Fillmore's comprehensive product coverage offering for equities, equity-linked, foreign exchange, credit, rates, and commodities. Fillmore will become an extension of the newly established prime brokerage division of the Company's Institutional reportable segment.

The purchase price consists of $1.4 million of cash consideration and also includes a contingent earn-out with payments over the eight quarters following the acquisition. The contingent earn-out payments are variable in nature and equal to 50% of Segment Income, as defined in the SPA, for each quarterly period. The fair value of the contingent consideration was estimated at $1.8 million as of the closing date. See Note 5 for fair value measurement considerations.

The Company acquired certain identifiable intangible assets related to Fillmore's client base. Based upon the final valuation analysis, the Company has allocated $0.7 million of the excess consideration over the final fair value of tangible net assets acquired on the closing date to this intangible asset. The remaining excess of $1.9 million was allocated to goodwill. The goodwill represents the synergies expected to be achieved by combining the acquired business with the Company's existing prime brokerage offering and the acquired assembled workforce.

The client base intangible asset and goodwill were assigned to the Institutional reportable segment. The client base intangible asset will be amortized over a useful life of 5 years.

The following represents the final allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed as of the acquisition date (in millions):

		Fair Value
Cash and cash equivalents	$	0.2
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties		0.3
Receivables from clients, net(1)		0.2
Other assets		0.4
Total fair value of tangible assets acquired		1.1
Accounts payable and other accrued liabilities		0.5
Total fair value of tangible liabilities assumed		0.5
Fair value of net tangible assets acquired		0.6
Purchase price(2)		3.2
Excess purchase price over fair value of tangible net assets acquired	$	2.6
Excess purchase price over fair value of tangible net assets acquired allocated to identifiable intangible assets:		
Client relationships	$	0.7
Total excess purchase price allocated to identifiable intangible assets		0.7
Remaining excess allocated to goodwill	$	1.9

(1) Amount represents the contractual amount of receivables due from clients for trading activity, all of which was collected.
(2) Includes the fair value of contingent consideration of $1.8 million.

Acquisitions in Fiscal 2018

On September 5, 2018, the Company acquired all of the outstanding membership interests of PayCommerce Financial Solutions, LLC ("PCFS"). Subsequent to the acquisition, the Company renamed PCFS to INTL Technology Services, LLC ("ITS"). ITS is a fully accredited Society for Worldwide Interbank Financial Telecommunication ("SWIFT") Service Bureau provider. This acquisition enables the Company to act as a SWIFT Service Bureau for its 300-plus correspondent banking network, thus providing another important service for delivering local currency, cross-border payments to the developing world.

The purchase price was approximately $3.8 million of cash consideration. The final purchase price allocation resulted in $0.7 million in receivables, $0.8 million in property, plant, and equipment, a $0.5 million equity investment related to a minority interest in the joint venture entity Akshay Financeware, Inc., and $2.2 million in liabilities assumed. Additionally, the Company acquired identifiable, definite-lived client relationship and client list assets that have been assigned a fair value of $1.3 million and a useful life of 5 years. The fair value of the consideration transferred exceeded the final fair value of identifiable assets acquired and liabilities assumed. The excess of the purchase consideration over the final fair value of net tangible and identifiable intangible assets acquired of $2.6 million was recorded as goodwill as of September 30, 2018.

On February 13, 2019, the Company paid $0.2 million to acquire the majority interest in Akshay Financeware, Inc. The acquisition of the majority interest in Akshay Financeware, Inc. was accounted for as a step acquisition. As a result, the Company changed the classification and measurement of the $0.5 million previously held equity interest and recognized all identifiable assets and liabilities of the wholly-owned entity at fair value. The Company recorded $2.7 million of indefinite-lived intangible assets related to SWIFT licenses held by the acquired entity and an associated deferred tax liability of $0.7 million. Additionally, the Company recorded a measurement period adjustment to goodwill of $1.3 million. As of September 30, 2019, the Company had recorded goodwill of $1.3 million related to the acquisition of PCFS and the step acquisition of Akshay Financeware, Inc.

Management believes that the goodwill represents the synergies expected from the incremental revenue that can be realized from combining the technologies acquired with the Company's pre-existing correspondent banking network. This business has been included within the Company's Global Payments Segment. The Company's consolidated income statement for the year ended September 30, 2018 includes the post-acquisition results of ITS, which was immaterial in relation to the Company's consolidated results.

NOTE 22 Accumulated Other Comprehensive (Loss) Income

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

The following table summarizes the changes in accumulated other comprehensive loss for the year ended September 30, 2020.

(in millions)	Foreign Currency Translation Adjustment	Pension Benefits Adjustment	Accumulated Other Comprehensive Loss
Balances as of September 30, 2019	$ (31.5)	$ (3.3)	$ (34.8)
ASU 2018-02 cumulative transition adjustment	—	(0.7)	(0.7)
Adjusted Balances as of September 30, 2019	(31.5)	(4.0)	(35.5)
Other comprehensive loss	(4.5)	(0.2)	(4.7)
Amounts reclassified from AOCI, net of tax	—	0.1	0.1
Other comprehensive loss	(4.5)	(0.1)	(4.6)
Balances as of September 30, 2020	$ (36.0)	$ (4.1)	$ (40.1)

NOTE 23 Segment and Geographic Information

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

In light of this fundamental change and reassessment described above, the Company has modified the operating segments it uses to evaluate its performance. Accordingly, its operating segments are now based primarily on the nature of the clients we serve (commercial, institutional, and retail), and a fourth operating segment, its global payments business. The Company manages its business in this manner due to its large global footprint, in which it has more than 2,900 employees allowing it to serve clients in more than 180 countries.

Following the acquisition of Gain, the Company's business activities are managed as operating segments and organized into reportable segments as follows:

- *Commercial*
- *Institutional*
- *Retail*
- *Global Payments*

All segment information has been revised to reflect the operating segment reorganization retroactive to October 1, 2017.

Commercial

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

Institutional

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

Retail

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

Global Payments

The Company provides customized foreign exchange and treasury services to banks and commercial businesses as well as charities and non-governmental organizations and government organizations. The Company provides transparent pricing and offers payments services in more than 170 countries and 140 currencies, which it believes is more than any other payments solution provider.

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The total revenues reported combine gross revenues from physical contracts for subsidiaries that are not broker-dealers and net revenues for all other businesses. In order to reflect the way that the Company's management views the results, the table below also reflects the segment contribution to 'operating revenues', which is shown on the face of the consolidated income statements and which is calculated by deducting physical commodities cost of sales from total revenues.

Segment data includes the profitability measure of net contribution by segment. Net contribution is one of the key measures used by management to assess the performance of each segment and for decisions regarding the allocation of the Company's resources. Net contribution is calculated as revenue less direct cost of sales, transaction-based clearing expenses, variable compensation, introducing broker commissions, and interest expense. Variable compensation paid to risk management consultants/traders generally represents a fixed percentage of revenues generated, and in some cases, revenues generated less transaction-based clearing expenses, base salaries and an overhead allocation.

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

Inter-segment revenues, expenses, receivables and payables are eliminated upon consolidation, except revenues and expenses related to foreign currency transactions undertaken on an arm's length basis by the foreign exchange trading business for the securities business. The foreign exchange trading business competes for this business as it does any other business. If its rates are not competitive, the securities businesses buy or sell their foreign currency through other market participants.

Total revenues, operating revenues and net operating revenues shown as "Corporate Unallocated" primarily consist of interest income from its centralized corporate treasury function. In the normal course of operations, the Company operates a centralized corporate treasury function in which it may sweep excess cash from certain subsidiaries, where permitted within regulatory limitations, in exchange for a short-term interest bearing intercompany payable, or provide excess cash to subsidiaries in exchange for a short-term interest bearing intercompany receivable in lieu of the subsidiary borrowing on external credit facilities. The intercompany receivables and payables are eliminated during consolidation; however, this practice may impact reported total assets between segments.

Net costs not allocated to operating segments include costs and expenses of certain shared services such as information technology, accounting and treasury, credit and risk, legal and compliance, and human resources and other activities.

Information for the reportable segments is shown in accordance with the Segment Reporting Topic of the ASC as follows

(in millions)	Year Ended September 30, 2020	2019	2018
Total revenues:			
Commercial	$ 52,970.1	$ 32,125.4	$ 27,018.7
Institutional	624.1	515.0	427.1
Retail	432.7	148.1	73.3
Global Payments	117.4	112.8	99.2
Corporate Unallocated	14.6	20.8	23.9
Eliminations	(19.3)	(25.1)	(19.5)
Total	$ 54,139.6	$ 32,897.0	$ 27,622.7
Operating revenues:			
Commercial	$ 431.5	$ 404.4	$ 371.8
Institutional	624.1	515.0	427.1
Retail	140.0	78.2	73.3
Global Payments	117.4	112.8	99.2
Corporate Unallocated	14.6	20.8	23.9
Eliminations	(19.3)	(25.1)	(19.5)
Total	$ 1,308.3	$ 1,106.1	$ 975.8
Net operating revenues (loss):			
Commercial	$ 353.4	$ 321.2	$ 299.4
Institutional	363.8	220.1	176.3
Retail	63.8	15.7	12.7
Global Payments	111.5	107.0	93.5
Corporate Unallocated	(24.5)	(10.8)	(0.3)
Total	$ 868.0	$ 653.2	$ 581.6
Net contribution:			
(Revenues less cost of sales of physical commodities, transaction-based clearing expenses, variable compensation, introducing broker commissions and interest expense)			
Commercial	$ 242.2	$ 224.6	$ 210.0
Institutional	248.9	157.0	135.6
Retail	58.8	14.6	11.8
Global Payments	89.6	86.6	75.0
Total	$ 639.5	$ 482.8	$ 432.4
Segment income (loss):			
(Net contribution less non-variable direct segment costs)			
Commercial(1)	$ 141.9	$ 144.6	$ 118.3
Institutional	152.9	88.6	78.2
Retail	31.7	6.4	5.6
Global Payments	68.6	66.1	59.8
Total	$ 395.1	$ 305.7	$ 261.9
Reconciliation of segment income to income before tax:			
Segment income	$ 395.1	$ 305.7	$ 261.9
Net costs not allocated to operating segments	(270.3)	(200.2)	(162.4)
Gain on acquisitions and other gains	81.9	5.5	2.0
Income before tax	$ 206.7	$ 111.0	$ 101.5

(1) During fiscal 2019, the Company recorded recoveries on the bad debt on physical coal of $12.4 million. During fiscal 2018, the Company recorded charges to earnings of $1.0 million to record an allowance for doubtful accounts related to a bad debt incurred in the physical coal business with a coal supplier, as further discussed in Note 19.

(in millions)	As of September 30, 2020	As of September 30, 2019	As of September 30, 2018
Total assets:			
Commercial	$ 2,753.6	$ 2,386.4	$ 2,349.5
Institutional	8,740.8	7,111.2	5,168.1
Retail	1,245.9	12.4	—
Global Payments	315.9	278.2	206.6
Corporate unallocated	418.7	147.9	100.5
Total	$ 13,474.9	$ 9,936.1	$ 7,824.7

Information regarding revenues and operating revenues for the years ended September 30, 2020, 2019, and 2018, and information regarding long-lived assets (defined as property, equipment, leasehold improvements and software) as of September 30, 2020, 2019, and 2018 in geographic areas were as follows:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Total revenues:			
United States	$ 2,223.3	$ 1,947.6	$ 1,587.6
Europe	532.6	280.2	189.6
South America	58.9	56.5	59.5
Middle East and Asia	51,317.1	30,606.9	25,781.4
Other	7.7	5.8	4.6
Total	$ 54,139.6	$ 32,897.0	$ 27,622.7
Operating revenues:			
United States	$ 928.3	$ 799.4	$ 695.3
Europe	237.9	209.6	189.0
South America	58.9	56.5	58.0
Middle East and Asia	75.5	34.8	28.9
Other	7.7	5.8	4.6
Total	$ 1,308.3	$ 1,106.1	$ 975.8

(in millions)	As of September 30, 2020	As of September 30, 2019	As of September 30, 2018
Long-lived assets, as defined:			
United States	$ 55.4	$ 33.9	$ 33.0
Europe	3.1	6.6	6.8
South America	2.1	2.1	1.4
Middle East and Asia	1.3	1.0	1.2
Other	0.2	0.3	—
Total	$ 62.1	$ 43.9	$ 42.4

NOTE 24 Quarterly Financial Information (Unaudited)

The Company has set forth certain quarterly unaudited financial data for the past two years in the tables below:

	For the 2020 Fiscal Quarter Ended			
(in millions, except per share amounts)	**September 30**	**June 30**	**March 31**	**December 31**
Total revenues	$ 14,284.9	$ 8,243.4	$ 20,366.3	$ 11,245.0
Cost of sales of physical commodities	13,942.8	7,920.8	19,999.5	10,968.2
Operating revenues	342.1	322.6	366.8	276.8
Transaction-based clearing expenses	57.1	55.3	63.8	46.3
Introducing broker commissions	34.0	24.0	29.6	26.2
Interest expense	10.0	11.5	27.8	31.1
Interest expense on corporate funding	14.8	3.9	2.2	2.7
Net operating revenues	226.2	227.9	243.4	170.5
Compensation and benefits	145.5	132.5	136.7	104.0
Bad debts, net of recoveries and impairment	12.5	1.8	4.4	—
Other expenses	70.1	44.6	46.2	44.9
Total compensation and other expenses	228.1	178.9	187.3	148.9
Gain on acquisitions(1)	81.8	—	—	0.1
Income before tax	79.9	49.0	56.1	21.7
Income tax expense	2.5	12.4	16.8	5.4
Net income	$ 77.4	$ 36.6	$ 39.3	$ 16.3
Net basic earnings per share	$ 4.00	$ 1.90	$ 2.03	$ 0.85
Net diluted earnings per share	$ 3.90	$ 1.87	$ 2.00	$ 0.84

	For the 2019 Fiscal Quarter Ended			
(in millions, except per share amounts)	**September 30,**	**June 30,**	**March 31,**	**December 31,**
Total revenues	$ 11,279.6	$ 7,873.0	$ 7,192.2	$ 6,552.2
Cost of sales of physical commodities	10,992.7	7,589.6	6,921.1	6,287.5
Operating revenues	286.9	283.4	271.1	264.7
Transaction-based clearing expenses	45.0	45.7	42.7	50.1
Introducing broker commissions	27.7	29.6	24.8	32.6
Interest expense	37.2	39.4	35.2	30.2
Interest expense on corporate funding	3.6	3.1	3.2	2.8
Net operating revenues	173.4	165.6	165.2	149.0
Compensation and benefits	105.2	100.9	97.9	89.1
Bad debts, net of recoveries	1.0	0.5	0.7	0.3
Recovery of bad debt on physical coal(2)	(10.0)	—	—	(2.4)
Other expenses	43.2	42.6	41.1	37.6
Total compensation and other expenses	139.4	144.0	139.7	124.6
Gain on acquisitions(3)	0.1	—	5.4	—
Income before tax	34.1	21.6	30.9	24.4
Income tax expense	6.9	5.3	7.5	6.2
Net income (loss)	$ 27.2	$ 16.3	$ 23.4	$ 18.2
Net basic (loss) earnings per share	$ 1.42	$ 0.85	$ 1.23	$ 0.96
Net diluted (loss) earnings per share	$ 1.40	$ 0.84	$ 1.21	$ 0.94

(1) *During the fourth quarter ended September 30, 2020, the Company recorded a bargain purchase gain of $81.8 million related to the acquisition of Gain. See Note 21 for additional information.*

(2) *During the fourth quarter ended September 30, 2019, the Company recorded a recovery on the bad debt on physical coal received through an insurance policy claim related to the matter. See Note 19 for additional information.*

(3) *During the second quarter ended March 31, 2019, the Company recorded a bargain purchase gain of $5.4 million related to the acquisition of INTL FCStone Credit Trading, LLC (formerly GMP Securities LLC). See Note 21 for additional information.*

SCHEDULE I StoneX Group Inc. Condensed Balance Sheets

(in millions)	September 30, 2020	September 30, 2019
ASSETS		
Cash and cash equivalents	$ 7.4	$ 2.0
Receivable from subsidiaries, net	—	17.6
Receivable from clients	0.4	0.5
Notes receivable, net	1.7	2.8
Income taxes receivable	46.2	15.7
Investment in subsidiaries[1]	834.0	399.4
Deferred income taxes, net	4.3	8.2
Property and equipment, net	42.1	26.9
Operating right of use assets	69.0	—
Other assets	20.1	13.0
Total assets	$ 1,025.2	$ 486.1
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities	$ 73.4	$ 29.4
Operating lease liabilities	85.4	—
Payable to clients	0.3	0.3
Payable to subsidiaries, net	96.5	—
Payable to lenders under loans	23.0	70.4
Senior secured borrowings, net	515.1	167.6
Financial instruments sold, not yet purchased, at fair value	1.1	84.5
Total liabilities	794.8	352.2
EQUITY:		
StoneX Group Inc. (Parent Company Only) stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding	—	—
Common stock, $0.01 par value. Authorized 30,000,000 shares; 21,798,551 issued and 19,376,594 outstanding at September 30, 2020 and 21,297,317 issued and 19,075,360 outstanding at September 30, 2019	0.2	0.2
Common stock in treasury, at cost - 2,421,957 shares at September 30, 2020 and 2,221,957 shares at September 30, 2019	(57.6)	(50.1)
Additional paid-in capital	292.6	276.8
Retained earnings[1]	(4.8)	(93.0)
Total StoneX Group Inc. (Parent Company Only) stockholders' equity	230.4	133.9
Total liabilities and equity	$ 1,025.2	$ 486.1

(1) Within the Condensed Balance Sheets and Condensed Statements of Operations of StoneX Group Inc. - Parent Company Only, the Company has accounted for its investment in wholly owned subsidiaries using the cost method of accounting. Under this method, the Company's share of the earnings or losses of such subsidiaries are not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries were presented under the equity method of accounting, investment in subsidiaries and retained earnings would each increase by $577.2 million as of September 30, 2020, respectively, and $495.1 million, as of September 30, 2019, respectively.

SCHEDULE I StoneX Group Inc. Condensed Statements of Operations

	Year Ended September 30,		
(in millions)	2020	2019	2018
Revenues:			
Management fees from affiliates	$ 45.1	$ 43.2	$ 40.4
Trading losses, net	0.6	—	—
Consulting fees	0.3	0.1	—
Interest income	2.4	1.5	2.3
Dividend income from subsidiaries[2]	111.8	85.7	41.9
Total revenues	160.2	130.5	84.6
Interest expense	30.0	19.7	15.7
Net revenues	130.2	110.8	68.9
Non-interest expenses:			
Compensation and benefits	88.0	79.7	73.0
Clearing and related expenses	0.3	0.9	1.1
Trade systems and market information	3.9	6.4	5.8
Occupancy and equipment rental	3.8	3.4	2.6
Professional fees	12.9	7.3	6.7
Travel and business development	1.7	2.9	2.6
Non-trading technology and support	19.8	12.5	9.1
Depreciation and amortization	6.7	5.2	4.8
Communications	0.7	0.8	0.9
Impairment	2.5	—	—
Management services fees to affiliates	2.3	0.5	—
Other	10.8	5.8	6.9
Total non-interest expenses	153.4	125.4	113.5
Gain on acquisitions	81.9	5.3	—
Income (loss) before tax	58.7	(9.3)	(44.6)
Income tax expense	29.5	24.6	7.4
Net income (loss)	$ 88.2	$ 15.3	$ (37.2)

(2) *Within the Condensed Balance Sheets and Condensed Statements of Operations of StoneX Group Inc. - Parent Company Only, the Company has accounted for its investment in wholly owned subsidiaries using the cost method of accounting. Under this method, the Company's share of the earnings or losses of such subsidiaries are not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries were presented under the equity method of accounting, revenues would also include income from investment in subsidiaries of $81.4 million, $69.8 million, and $92.7 million for the years ended September 30, 2020, 2019, and 2018, respectively.*

SCHEDULE I StoneX Group Inc. Condensed Statements of Cash Flows

	Year Ended September 30,		
(in millions)	2020	2019	2018
Cash flows from operating activities:			
Net income (loss)	$ 88.2	$ 15.3	$ (37.2)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	6.7	5.2	4.8
Amortization of operating right of use assets	4.4	—	—
Deferred income taxes	—	0.6	18.0
Amortization and extinguishment of debt issuance costs	6.1	1.2	0.7
Amortization of share-based compensation expense	9.2	7.1	6.1
Impairment	2.5	—	—
Gain on acquisition	(81.9)	(5.4)	—
Changes in operating assets and liabilities:			
Due to/from subsidiaries	149.3	8.3	(69.4)
Receivables from clients, net	0.1	(0.5)	—
Notes receivable, net	1.1	(1.0)	2.9
Income taxes receivable	(48.4)	(0.8)	(6.6)
Financial instruments owned, at fair value	—	4.4	(4.4)
Other assets	(7.7)	(4.4)	(0.7)
Accounts payable and other accrued liabilities	24.0	4.6	8.6
Operating lease liabilities	(2.8)	—	—
Payable to clients	—	(1.4)	(0.3)
Financial instruments sold, not yet purchased, at fair value	(83.4)	25.2	34.0
Net cash provided by (used in) operating activities	67.4	58.4	(43.5)
Cash flows from investing activities:			
Capital contribution in affiliates	(251.9)	(75.8)	(4.5)
Purchase of property and equipment	(10.2)	(6.2)	(5.9)
Net cash used in investing activities	(262.1)	(82.0)	(10.4)
Cash flows from financing activities:			
Proceeds from revolving credit facility			
Net change in lenders under loans	(47.0)	(138.2)	58.2
Payments of notes payable	(0.4)	(0.8)	(0.8)
Proceeds from issuance of senior secured term loan	21.5	175.0	—
Repayments of senior secured term loan	(9.8)	(6.6)	—
Proceeds from issuance of senior secured notes	344.8	—	—
Repayments of senior secured notes	(92.1)	—	—
Deferred payments on acquisitions	(0.9)	—	(5.5)
Share repurchase	(7.5)	(3.8)	—
Debt issuance costs	(14.0)	(3.0)	—
Exercise of stock options	5.5	1.2	2.6
Withholding taxes on stock option exercises	—	—	(0.8)
Net cash provided by financing activities	200.1	23.8	53.7
Net increase (decrease) in cash and cash equivalents	5.4	0.2	(0.2)
Cash and cash equivalents at beginning of period	2.0	1.8	2.0
Cash and cash equivalents at end of period	$ 7.4	$ 2.0	$ 1.8
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 15.3	$ 18.9	$ 15.0
Income taxes (received) paid, net of cash refunds	$ (4.3)	$ (23.9)	$ (18.4)
Supplemental disclosure of non-cash investing and financing activities:			
Additional consideration payable related to acquisitions	$ 21.6	$ 1.8	$ —

ITEM 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

In connection with the filing of this Form 10-K, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2020. We seek to design our disclosure controls and procedures to provide reasonable assurance that the reports we file or submit under the Exchange Act contain the required information and that we submit these reports within the time periods specified in SEC rules and forms. We also seek to design these controls and procedures to ensure that we accumulate and communicate correct information to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2020.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

There are limitations inherent in any internal control, such as the possibility of human error and the circumvention or overriding of controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met, and may not prevent or detect misstatements. As conditions change over time, so too may the effectiveness of internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the Company's internal control over financial reporting as of September 30, 2020, based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2020 excluded the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, acquired with effect from October 7, 2019; IFCM Commodities GmbH, acquired with effect from January 2, 2020; Exotix Partners, LLP, acquired with effect from April 1, 2020; GIROXX GmbH, acquired with effect from May 1, 2020; Tellimer Capital Ltd, acquired with effect from June 1, 2020; and Gain Capital Holdings, Inc. acquired with effect from July 30, 2020. These acquired businesses had aggregate total assets of $1.788.2 billion and total revenues of $67.5 million included in the Company's consolidated financial statements as of and for the year ended September 30, 2020.

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2020.

KPMG LLP, an independent registered public accounting firm, was engaged to audit the effectiveness of our internal control over financial reporting as of September 30, 2020 and has issued an audit report regarding their assessment of the effectiveness of internal control over financial reporting which is included on page 66 in this Annual Report on Form 10-K.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B Other Information

None.

PART III

ITEM 10 Directors, Executive Officers and Corporate Governance

We will include a list of our executive officers and biographical and other information about them and our directors in the definitive Proxy Statement for our 2021 Annual Meeting of Stockholders to be held on February 24, 2021. We will file the proxy within 120 days of the end of our fiscal year ended September 30, 2020 (the "2021 Proxy Statement"). The 2021 Proxy Statement is incorporated herein by reference. Information about our Audit Committee may be found in the Proxy Statement. That information is incorporated herein by reference.

We adopted a code of ethics that applies to the directors, officers and employees of the Company and each of its subsidiaries. The code of ethics is publicly available on our Website at www.intlfcstone.com/ethics.aspx. If we make any substantive amendments to the code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer, we will disclose the nature of the amendment or waiver on that website or in a report on Form 8-K.

ITEM 11 Executive Compensation

We will include information relating to our executive officer and director compensation and the compensation committee of our board of directors in the 2021 Proxy Statement and is incorporated herein by reference.

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We will include information relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management in the 2021 Proxy Statement and is incorporated herein by reference.

The following table provides information generally as of September 30, 2020, the last day of fiscal 2021, regarding securities to be issued on exercise of stock options, and securities remaining available for issuance under our equity compensation plans that were in effect during fiscal 2021.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by stockholders	1,408,036	$ 38.79	724,483
Equity compensation plans not approved by stockholders	—	—	—
Total	1,408,036	$ 37.59	724,483

ITEM 13 Certain Relationships and Related Transactions, and Director Independence

We will include information regarding certain relationships and related transactions and director independence in the 2021 Proxy Statement and is incorporated herein by reference.

ITEM 14 Principal Accountant Fees and Services

Information regarding principal accountant fees and services will be included in the 2021 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15 Exhibits

2.1	Agreement and Plan of Merger, dated as of February 26, 2020, by and among the Company, Merger Sub and GCAP (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed by the Company on February 27, 2020).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 8, 2009).
3.2	Amended and Restated By-laws (incorporated by reference from the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2007).
3.3	Certificate of Amendment of Certificate of Incorporation (incorporated by reference from the Company's Form 10-Q filed with the SEC on August 6, 2020).
4.1	International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company's Proxy Statement on Schedule 14A filed on January 14, 2003).
4.2	Amendment to International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on February 11, 2004).
4.3	Amendment to International Assets Holding Corporation 2003 Stock Option Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 23, 2006).
4.4	INTL FCStone Inc. 2013 Stock Option Plan (incorporated by reference from the Company's Proxy Statement on Schedule 14A filed on January 11, 2013).
4.5	Description of Registrant's Securities *
4.6	Indenture by and among the Company, the guarantors party thereto from time to time and The Bank of New York Mellon, as trustee and collateral agent, dated as of June 11, 2020 (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on June 11, 2020).
4.7	Form of 8.625% Senior Secured Notes due 2025 (included in Exhibit 4.1) (incorporated by reference from the Company's Current Report on Report 8-K filed with the SEC on June 11, 2020).
4.8	First Supplemental Indenture, dated as of July 31, 2020, by and among the Company, the Guaranteeing Subsidiaries and the Trustee and Collateral Agent (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020).
4.9	Security and Pledge Agreement, dated as of July 31, 2020, by and among the Company, the Domestic Guaranteeing Subsidiaries and the Collateral Agent (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020).
4.10	Joinder to the Amended and Restated Credit Agreement, dated as of July 31, 2020, by and among the GAIN Guaranteeing Subsidiaries and the Administrative Agent (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 31, 2020).
10.1	Registration Rights Agreement, dated October 22, 2002, by and between the Company, and Sean O'Connor (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 24, 2002).
10.2	First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and Sean O'Connor (incorporated by reference from the Company's Form 8-K filed with the SEC on December 10, 2002).
10.3	Registration Rights Agreement, dated October 22, 2002, by and between the Company and John Radziwill (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on October 24, 2002).
10.4	First Amendment to Registration Rights Agreement, dated December 6, 2002, by and between the Company and John Radziwill (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on December 10, 2002).
10.5	2012 Restricted Stock Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 13, 2012).
10.6	INTL FCStone Inc. 2016 Executive Performance Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016).
10.7	INTL FCStone Inc. 2016 Long-Term Performance Incentive Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 15, 2016).
10.8	2017 Restricted Stock Plan (incorporated by reference from the Company's Proxy Statement on Form 14A filed with the SEC on January 13, 2017).
10.9	Farmers Commodities Corporation Supplemental Nonqualified Pension Plan (incorporated by reference from Amendment No. 2 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 9, 2004)

10.10	Form of Director Indemnification Agreement (incorporated by reference from Amendment No. 3 to the Registration Statement on Form S-4 filed by FCStone Group, Inc. with the SEC on December 30, 2004)
10.11	Amended and Restated Credit Agreement made as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Bank of America Merrill Lynch and Capital One, National Association, as Joint Lead Arrangers and Joint Bookrunners, and Signature Bank, BMO Harris Bank N.A., BankUnited, N.A., CIBC Bank USA, Barclays Bank PLC, Cadence Bank, N.A., The Huntington National Bank, Webster Bank, National Association, and TriState Capital Bank, as additional Lenders, and with the lenders from time to time parties thereto. (incorporated by reference from the Company's Report on Form 8-K filed with the SEC on February 27, 2019).
10.12	Lender Joinder Agreement dated as of October 3, 2019, to the Amended and Restated Credit Agreement, dated as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, by and among Bank of Hope, as New Lender, INTL FCStone Inc., as Borrower, and Bank of America, N.A., as Administrative Agent.*
10.13	Lender Joinder Agreement dated as of November 20, 2019, to the Amended and Restated Credit Agreement, dated as of February 22, 2019 by and between INTL FCStone Inc. as Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, by and among Investors Bank, as New Lender, INTL FCStone Inc., as Borrower, and Bank of America, N.A., as Administrative Agent.*
10.14	Amended and Restated Credit Agreement, made as of June 21, 2010, by and between FCStone, LLC, as borrower, FCStone Group, Inc., as a guarantor, International Assets Holding Corporation, as a guarantor, Bank of Montreal, as administrative agent, BMO Capital Markets, as Sole Lead Arranger, and the lenders party thereto (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on June 24, 2010).
10.15	Loan Authorization Agreement entered into as of May 5, 2015, by and between FCStone, LLC, as Borrower, and BMO Harris Bank N.A., as Bank (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on May 8, 2015).
10.16	Reaffirmation and Assumption entered into as of June 30, 2015 with BMO Harris Bank N.A. (incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on July 7, 2015).
10.17	Seventeenth Amendment to Amended and Restated Credit Agreement entered into as of April 4, 2019 with Bank of Montreal, as Administrative Agent, and BMO Harris Financing, Inc., as a lender party thereto. *
10.18	Second Amended and Restated Credit Agreement, entered into as of January 29, 2020, by and among FCStone Merchant Services, LLC, as Borrower, INTL FCStone Inc., as Guarantor, the several financial institutions from time to time party to this Agreement, as Lenders, and COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Administrative Agent. *
10.19	License Agreement, dated August 9, 2007, by and between GAIN Capital Group, LLC and MetaQuotes Software Corp. *
10.20	Form of Indemnification Agreement with Gain Capital Holdings Inc.'s Non-Employee Directors.*
14	International Assets Holding Corporation Code of Ethics (incorporated by reference from the Company's Form 10-KSB filed with the SEC on December 29, 2003).
21	List of the Company's subsidiaries. *
23.1	Consent of KPMG LLP *
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a—14(a). *
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a—14(a). *
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

* *Filed as part of this report.*

Schedules and Exhibits Excluded

All schedules and exhibits not included are not applicable, not required or would contain information which is included in the Consolidated Financial Statements, Summary of Significant Accounting Policies, or the Notes to the Consolidated Financial Statements.

Signatures

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

StoneX Group Inc.

/s/ SEAN M. O'CONNOR
Sean M. O'Connor
Chief Executive Officer

Dated: December 14, 2020

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

Signature	Title	Date
/s/ JOHN RADZIWILL **John Radziwill**	*Director and Chairman of the Board*	December 14, 2020
/s/ SEAN M. O'CONNOR **Sean M. O'Connor**	*Director, President and Chief Executive Officer (Principal Executive Officer)*	December 14, 2020
/s/ ANNABELLE G. BEXIGA **Annabelle G. Bexiga**	*Director*	December 14, 2020
/s/ SCOTT J. BRANCH **Scott J. Branch**	*Director*	December 14, 2020
/s/ DIANE L. COOPER **Diane L. Cooper**	*Director*	December 14, 2020
/s/ JOHN M. FOWLER **John M. Fowler**	*Director*	December 14, 2020
/s/ STEVEN KASS **Steven Kass**	*Director*	December 14, 2020
/s/ BRUCE KREHBIEL **Bruce Krehbiel**	*Director*	December 14, 2020
/s/ ERIC PARTHEMORE **Eric Parthemore**	*Director*	December 14, 2020
/s/ WILLIAM J. DUNAWAY **William J. Dunaway**	*Chief Financial Officer (Principal Financial and Accounting Officer)*	December 14, 2020

EXHIBIT 21 Subsidiaries of the Registrant

Name	Place of Incorporation
Coininvest GmbH	Germany
European Precious Metal Trading GmbH	Germany
FCC Futures, Inc.	Iowa, U.S.
FCStone Commodity Services (Europe) Ltd	Ireland
FCStone do Brasil Ltda.	Brazil
FCStone Group, Inc.	Delaware, U.S.
FCStone Merchant Services, LLC	Delaware, U.S.
FCStone Paraguay S.R.L.	Paraguay
Gain Capital Australia Pty. Ltd.	Australia
Gain Capital Europe, Ltd.	Cyprus
Gain Capital – Forex.com Canada, Ltd.	Canada
Gain Capital – Forex.com Cyprus Ltd.	Cyprus
Gain Capital – Forex.com Hong Kong, Ltd.	Hong Kong
Gain Capital Group, LLC	Delaware, U.S.
Gain Capital Holdings International, B.V.	The Netherlands
Gain Capital Holdings International, LLC	Delaware, U.S.
Gain Capital Holdings Ltd.	England and Wales
Gain Capital Japan Co., Ltd.	Japan
Gain Capital Poland sp z.o.o.	Poland
Gain Capital Singapore Pte. Ltd.	Singapore
Gain Capital Technology Consulting Hong Kong Limited	Hong Kong
Gain Capital UK Limited	England and Wales
Gain Global Markets Bermuda, Ltd.	Bermuda
Gain Global Markets International, B.V.	The Netherlands
Gain Global Markets, Inc.	Cayman Islands
Gain GTX, LLC	Delaware, U.S.
Gain Holdings, LLC	Delaware, U.S.
Gainvest Asset Management Ltd.	British Virgin Islands
GCAM, LLC	Delaware
Global Asset Advisors, LLC	Illinois, U.S.
Global Futures & Forex, Ltd.	Michigan, U.S.
GTX SEF, LLC	Delaware, U.S.
INTL Capital S.A.	Argentina
INTL CIBSA S.A.	Argentina
INTL FCStone Banco de Cambio S.A.	Brazil
INTL FCStone (BVI) Limited	British Virgin Islands
INTL FCStone Commodities DMCC	Dubai, United Arab Emirates
INTL FCStone de Mexico, S. de R.L. de C.V.	Mexico
INTL FCStone DTVM Ltda.	Brazil
INTL FCStone Financial (Canada) Inc.	British Columbia, Canada
INTL FCStone Payments Ltd	United Kingdom
INTL FCStone Pty Ltd	Australia
INTL FCStone S.A.	Argentina
INTL FCStone (Shanghai) Trading Co., Ltd	China
INTL FCStone Technology Services Private Limited	India
INTL Fillmore Advisors Canada, ULC	British Columbia, Canada
INTL Fillmore Advisors LLC	Delaware, U.S.
INTL Gainvest S.A.	Argentina
INTL Netherlands B.V.	The Netherlands
INTL Pagos S.A.U.	Argentina
INTL Participacoes Ltda.	Brazil
Island Traders (Cayman), Limited	Cayman Islands

Name	Place of Incorporation
Jia Rao Network Technology Co. Ltd.	China
SA Stone Investment Advisors Inc.	Delaware, U.S.
SA Stone Wealth Management Inc.	Delaware, U.S.
StoneX Agency Services Limited	Nigeria
StoneX APAC Pte. Ltd.	Singapore
StoneX Bullion Inc.	Florida, U.S.
StoneX Credit Trading Inc.	Delaware, U.S.
StoneX Financial Europe S.A.	Luxembourg
StoneX Financial GmbH	Germany
StoneX Financial (HK) Ltd.	Hong Kong
StoneX Financial Inc.	Florida, U.S.
StoneX Financial Ltd	United Kingdom
StoneX Financial Nigeria Limited	Nigeria
StoneX Financial Pte. Ltd.	Singapore
StoneX Markets LLC	Iowa, U.S.
StoneX (Netherlands) B.V.	The Netherlands
StoneX Technology Services LLC	Delaware, U.S.
Top Third AG Marketing, LLC	Delaware, U.S.
Trade Facts Ltd.	England
Westown Commodities, LLC	Iowa, U.S.

EXHIBIT 23.1 Consent of Independent Registered Public Accounting Firm

The Board of Directors

StoneX Group Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-117544, 333-137992, 333-144719, 333-152461, 333-186704, 333-209912, and 333-231301 on Form S-3 and Nos. 333-108332, 333-142262, 333-196413, 333-197773, 333-216538, and 333-229807 on Form S-8) of StoneX Group Inc. of our reports dated December 14, 2020, with respect to the consolidated balance sheets of StoneX Group Inc. and subsidiaries (the Company) as of September 30, 2020 and 2019, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows, and consolidated statements of stockholders' equity, for each of the years in the three-year period ended September 30, 2020, and the related notes and financial statement schedule, and the effectiveness of internal control over financial reporting as of September 30, 2020, which reports appear in the September 30, 2020 annual report on Form 10-K of StoneX Group Inc.

Our report dated December 14, 2020, on the effectiveness of internal control over financial reporting as of September 30, 2020, contains an explanatory paragraph that states management's assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2020 excluded the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, acquired with effect from October 7, 2019; IFCM Commodities GmbH, acquired with effect from January 2, 2020; Exotix Partners, LLP, acquired with effect from April 1, 2020; GIROXX GmbH, acquired with effect from May 1, 2020; Tellimer Capital Ltd, acquired with effect from June 1, 2020; and Gain Capital Holdings, Inc., acquired with effect from July 30, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited, IFCM Commodities GmbH, Exotix Partners, LLP, GIROXX GmbH, Tellimer Capital Ltd, and Gain Capital Holdings, Inc.

/s/ KPMG LLP
Kansas City, Missouri

December 14, 2020

EXHIBIT 31.1 Section 302 Certification

I, Sean M. O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K of StoneX Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2020

/s/ SEAN M. O'CONNOR

Sean M. O'Connor
Chief Executive Officer

EXHIBIT 31.2 Section 302 Certification

I, William J. Dunaway certify that:

1. I have reviewed this Annual Report on Form 10-K of StoneX Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2020

/s/ WILLIAM J. DUNAWAY

William J. Dunaway
Chief Financial Officer

EXHIBIT 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of StoneX Group Inc. (the Company) on Form 10-K for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Sean M. O'Connor, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 14, 2020

/s/ SEAN M. O'CONNOR

Sean M. O'Connor

Chief Executive Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to StoneX Group Inc. and will be retained by StoneX Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of StoneX Group Inc. (the Company) on Form 10-K for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, William J. Dunaway, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

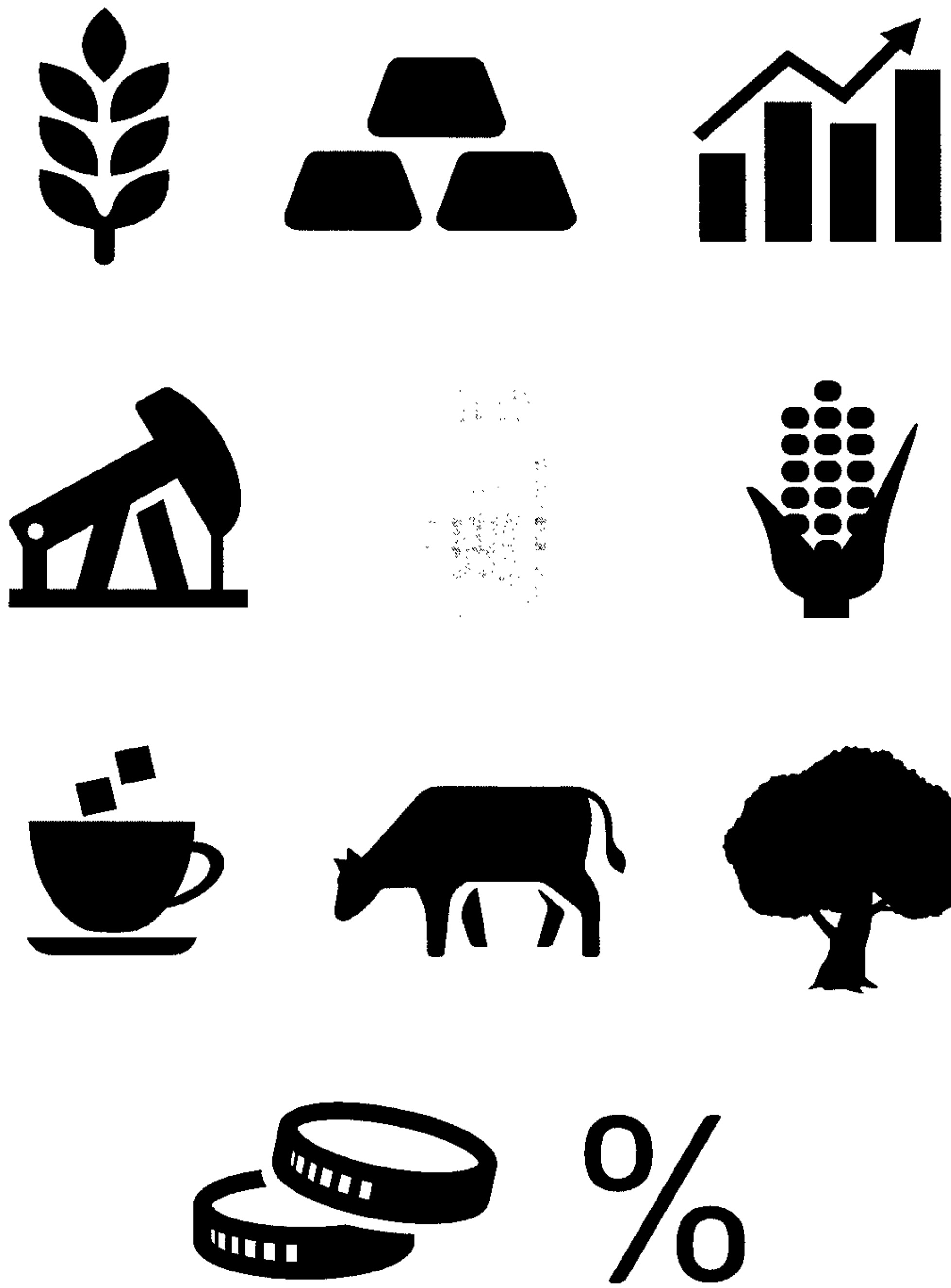
Dated: December 14, 2020

/s/ WILLIAM J. DUNAWAY

William J. Dunaway

Chief Financial Officer

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to StoneX Group Inc. and will be retained by StoneX Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



www.stonex.com