Company Registration Number 5616586

StoneX®

STONEX FINANCIAL LTD

Annual Report and Financial Statements

30 September 2021

STONEX FINANCIAL LTD

REPORT AND FINANCIAL STATEMENTS
30 September 2021

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S R Bailey
S A S Davison (Appointed 20 August 2021)
L J McNeile
S M O'Connor
D A Rotsztain (Appointed 17 May 2021)
P A Smith
J J van Wijngaarden
M J Wilde

COMPANY SECRETARY

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 2021

The directors present the Strategic Report of StoneX Financial Ltd (**Company**) for the year ended 30 September 2021 in accordance with Companies Act 2006, section 414C.

Business model and strategy

The Company is the main non-US operating entity of 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 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;
- It offers hedging advice to clients in the agricultural, energy and dairy sectors;
- It acts as broker in foreign exchange, oils and precious metals;
- It is a member of the London Stock Exchange and the Association for Financial Markets in Europe, providing institutional clients execution services in equities and fixed income securities; and
- From 1 March 2021 it included the provision of market-making and trading services for retail clients in a variety of financial products and markets following the transfer of the GAIN Capital UK Limited account balances and business activities as discussed below.

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

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

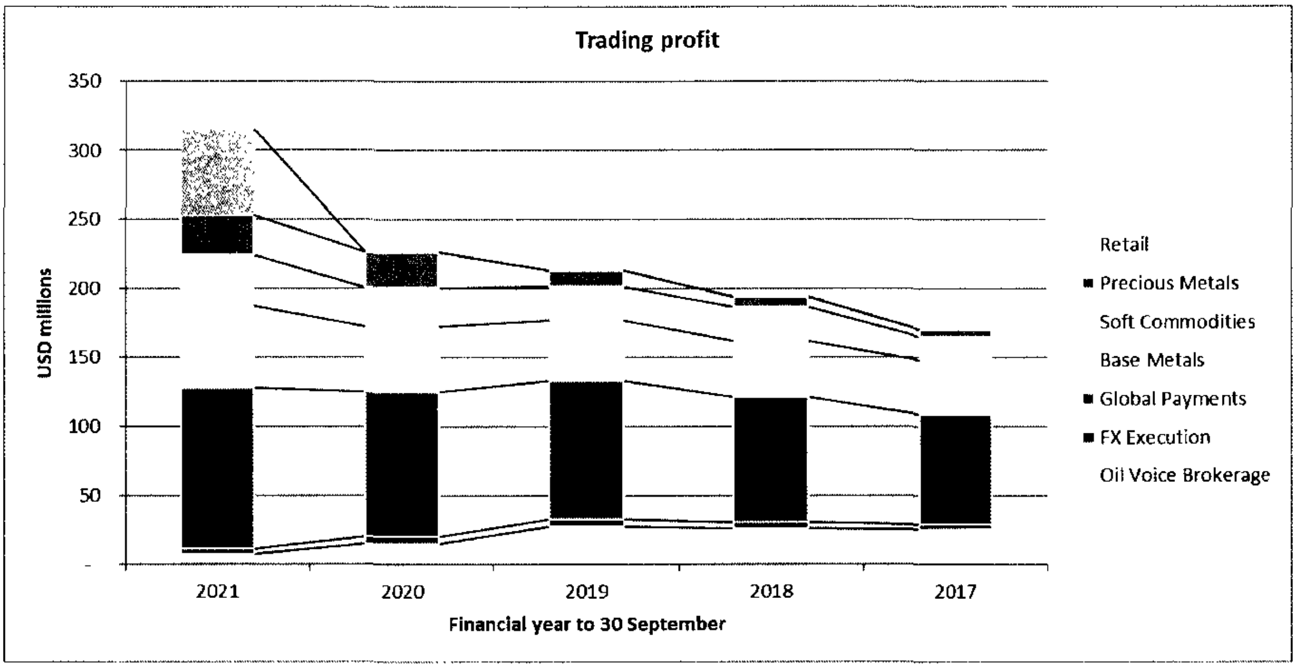
- provides clearing services for clients of US, Latin American and Far Eastern affiliates;
- receives trading services from New York, Chicago, Singapore and Hong Kong affiliates;
- receives hedging services for its retail related flows from Bermuda; and
- delivers operational trade support for precious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

Business review

The Company's main activities are:

- Global payments services (non-derivatives);
- Clearing and execution services on the 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 services;
- Trading in precious metals;
- Equities and fixed income securities brokerage;
- Oil voice brokerage;
- Market-making and spread-trading services for retail clients in a variety of financial products and markets.

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



In 2021 the largest generator of trading profit continued to be the Global Payments Services business.

Despite increasing revenues, the profit before tax fell from $59 million in 2020 to $44 million in 2021. While in general the portfolio of business lines performed well, including the addition of the new Retail business, 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. This included the overheads associated with the absorption of the Retail business from GAIN Capital UK Limited;
- Growth in the transfer of revenue to affiliate companies as their business grows; and
- An overall rationalisation of the Company's office space.

StoneX Group Inc acquisition of GAIN Capital Holdings, Inc and subsequent integration

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 City Index and FOREX.com platforms, among other channels.

The rationale for this acquisition was for GAIN's customers to benefit from a broader product offering and the expanded resources of a combined firm. StoneX Group Inc., in turn, added a new digital platform to its global financial network, significantly expanding its offering to retail clients and accelerating the overall digitalisation strategy.

As part of the global integration of this acquisition, during 2021 the business activities from GAIN's UK FCA regulated legal entity, GAIN Capital UK Limited, were transferred to the Company. The main aspects of this transfer under a formal transfer agreement included:

- the transfer of all employees under the UK Transfer of Undertakings (Protection of Employment) Regulations 2006;

- the transfer of the majority of the business assets and liabilities, leaving an amount in GAIN Capital UK Limited to satisfy any remaining regulatory capital requirements; and
- the asset and liabilities transferred were $217 million and $60 million respectively, representing $157 million of net assets overall. This was accounted for as a business combination under common control as discussed further in note 19.

This transfer added a new business to the Company in the form of a Retail segment. Aside from the financial integration, the business integration continues with further opportunities for system and process optimisation.

Change in immediate parent company

On 30 June 2021 the Company became a direct subsidiary undertaking of and directly controlled by StoneX Group Inc., a company registered in Delaware, United States of America, whose administrative head office is registered in 3411 Silverside Road, Rodney Building #104, Wilmington, New Castle County, 19819 Delaware, United States of America, and whose shares are listed on the US NASDAQ exchange (NASDAQ: SNEX). Previously the Company was 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.

During the year the ultimate controlling party and parent company of this Company continued to be StoneX Group Inc., either by virtue of its 100% ownership of the ordinary share capital of the Company directly or through intermediate subsidiaries.

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 profits of 12% and 10% respectively (2020: 19% and 15% respectively) of average period end net assets, which the Company's board considers adequate in light of the recent business expansion and increasing regulatory capital requirements due to the growth in balance sheet from the Gain Capital UK Limited transfer.

Risk management

The Company is regulated by the FCA as a MIFIDPRU investment firm and is subject to the FCA's capital requirements 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 and concerns over new variants have slowed economic growth although increased vaccination has provided more optimism on the timeframe for recovery.

Since the onset of the COVID-19 pandemic all businesses within the Company 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 all of the year and a significant part of the prior 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 its affiliates analysed their business activities within the EU and have implemented the following as mitigants.

- In connection with MiFID business, a StoneX Group Inc. affiliate 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.
- In connection with the Global Payments business, the Company utilises the services of its subsidiary, StoneX Financial GmbH, which is a German regulated company providing payments and foreign exchange services.

These changes have been fully implemented in post-Brexit environment and are providing the planned mitigation. There has been some impact of the performance of the Company in that revenues have been taken up by EU based affiliates although this is not seen as material to the overall Company's business model.

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) implemented a transition away from LIBOR towards alternative risk-free rates (**RFR**).

RFRs have been agreed for all LIBOR currencies. The Company has taken part in industry groups and the changes have not had a material impact to 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 integration of GAIN Capital UK Limited;

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 in the success of the business through award programmes including participation in share plans. The Company provides 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 including 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 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 engages 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. In particular, the integration of the former employees of GAIN Capital UK Limited into the Company involved many careful considerations including cultural alignment, wellbeing and bringing together in a hybrid working environment;

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 – evidenced through some of the strategic decisions with key IT providers during the COVID-19 pandemic and the transfer of suppliers to the Company during the GAIN Capital UK Limited business transfer. 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 reports to the board as appropriate. During the GAIN Capital UK Limited business transfer we engaged with the retail customers explaining the assignment process clearly including monitoring aspects of vulnerability where applicable. Feedback is actively sought from customers on how we can improve our 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. board 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 the StoneX Group Inc.'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. During the integration of the business of GAIN Capital UK Limited into the Company we carefully aligned our thinking and behaviours, taking the best of breed approach to community and environmental thinking. We recognise the importance of contributing positively to the societies and communities 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 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 the integration of GAIN Capital UK Limited with the Company; 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 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 StoneX Group Inc. 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: 21 February 2022

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.

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 $36,647,041 (2020: $45,181,234). The Company did not pay a dividend in the year (2020: $20,000,000).

Disclosure of information to the 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 may be found at www.StoneX.com.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: $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' REPORT

30 September 2021

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 A S Davison (Appointed 20 August 2021)
L J McNeile
S M O'Connor
D A Rotsztain (Appointed 17 May 2021)
P A Smith
J J van Wijngaarden
M J Wilde

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 2020, 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 2020 to 30 September 2021. The results show that the Company's total energy use and total gross Green House Gas (GHG) emissions amounted to 1,309,340 kWh (2020: 473,846 kWh) and approximately 395 tonnes (2020: 143 tonnes) of CO2e respectively in the financial year in the UK. The Company has chosen Tonnes of CO2e 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 0.82 (2020: 0.45). The increase year on year is due to increased office occupancy during the COVID-19 pandemic and the extra consumption in fitting out new office space.

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

Subsequent events

In November 2021 $26 million of the loan by StoneX Group Inc to the Company was utilised to purchase two million ordinary shares at $13 each. This was done to increase the Tier One Capital of the Company in advance of business growth and the new FCA prudential capital regulations for 2022.

On behalf of the board

P A Smith
Director

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

Date: 21 February 2022

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

30 September 2021

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: 21 February 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF STONEX FINANCIAL LTD

Opinion

We have audited the financial statements of StoneX Financial Ltd ("the Company") for the year ended 30 September 2021 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 2021 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 used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- the impact of a significant operational issue affecting the Company's ability to meet its daily cash payment obligations; and
- on-going COVID-19 related uncertainties.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and internal audit as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Inspection of correspondence with specific regulatory bodies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company generally enters into cash settled short term trades and there is little judgement applied in the timing of when revenue is recognised.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those containing specific words which were assessed to form part of the risk criteria.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, regulatory capital and liquidity, regulations applicable in respect of trading on specific exchanges and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 11, 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 member, 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 member 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 member, 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: 21 February 2022

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Year ended 30 September 2021

	Note	2021 $	2020 $
TRADING PROFIT	4	329,352,273	235,141,841
Administrative and operating expenses		(285,693,103)	(176,037,750)
PROFIT BEFORE TAXATION	5	43,659,170	59,104,091
Tax on profit	6	(7,012,129)	(13,922,857)
PROFIT FOR THE YEAR		36,647,041	45,181,234
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		36,647,041	43,844,363

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

The notes on pages 18 to 45 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Note		2021		2020
		$	$	$	$
Non-current assets					
Intangible assets	8	27,518,702		939,189	
Property, plant and equipment	9	46,321,426		7,775,105	
Equity investments at FVOCI	10	2,733,282		2,405,432	
Investment in Group undertakings	11	9,103,701		5,522,201	
Deferred taxation	13	7,055,525		1,030,341	
			92,732,636		17,672,268
Current assets					
Inventory	12	129,335,033		26,762,454	
Derivative financial instruments	14	387,660,911		355,843,414	
Trade and other receivables	15	964,189,788		736,485,505	
Financial instruments	20	108,983,167		85,964,467	
Cash at bank		413,124,547		250,205,981	
		2,003,293,446		1,455,261,821	
Current liabilities					
Derivative financial instruments	14	(582,669,785)		(413,090,386)	
Trade and other payables	17	(1,051,126,729)		(732,313,154)	
		(1,633,796,514)		(1,145,403,540)	
Net current assets			369,496,932		309,858,281
Non-current liabilities					
Lease liabilities	18	(38,651,439)		(5,599,461)	
			(38,651,439)		(5,599,461)
Net assets			423,578,129		321,931,088
Capital and reserves					
Called up share capital	19		95,000,000		90,000,000
Share premium	19		60,000,000		-
Other reserves	7		(1,336,871)		(1,336,871)
Retained earnings	19		269,915,000		233,267,959
Shareholder's funds			423,578,129		321,931,088

The financial statements were approved by the board of directors and authorised for issue on 21 February 2022 and are signed on their behalf by:

S R Bailey
Director

J J van Wijngaarden
Director

Company Registration No. 5616586

The notes on pages 18 to 45 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

As at 30 September 2021

	Share capital $	Share premium $	Other reserves $	Retained earnings $	Total $
At 1 October 2019	90,000,000	-	-	208,086,725	298,086,725
Total Comprehensive Income for the year	-	-	(1,336,871)	45,181,234	43,844,363
Dividends	-	-	-	(20,000,000)	(20,000,000)
At 30 September 2020	90,000,000	-	(1,336,871)	233,267,959	321,931,088
Ordinary shares	5,000,000	-	-	-	5,000,000
Share premium		60,000,000	-	-	60,000,000
Total Comprehensive Income for the year	-	-	-	36,647,041	36,647,041
Dividends	-	-	-	-	-
At 30 September 2021	95,000,000	60,000,000	(1,336,871)	269,915,000	423,578,129

The notes on pages 18 to 45 form part of these financial statements.

1. Accounting policies

General information

StoneX Financial Ltd (**Company**) is a private company incorporated, domiciled and registered in England and Wales. 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, retail foreign exchange and related services 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 – effective in the period

The following new applicable standards, amendments to standards and interpretations were effective for the period.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (the Phase 2 amendments) was effective from 1 October 2021 with early adoption permitted. The Company decided to early adopt but this change in accounting policy did not have any material impact on the financial statements.

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

There were no new applicable standards, amendments to standards and interpretations that were effective for the period and had a material effect on 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 will be relevant for future accounting periods:

Accounting policies – *continued*

- 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 and the directors have satisfied themselves that this is appropriate, having taken into consideration the Company's projections and stress testing covering 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 took into account the COVID-19 pandemic and its impact on the Company's viability. The going concern assessment included consideration of the changes to the business as a result of acquiring GAIN Capital UK Limited balances and the adequacy of the Company's operational resilience across all infrastructure was another factor considered as part of the overall going concern evaluation. 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.

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.

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.

Accounting policies – *continued*

Business combinations under common control

Business combinations under common control are accounted for by the receiving entity based on the nature of the transaction. The book-value method requires the receiving company to measure the assets and liabilities received using the book values of the transferred company, not the controlling party's book values. This methodology was utilised with the transfer of the GAIN Capital UK Limited business assets and liabilities during the year.

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

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 2020.

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.

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.

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.

Accounting policies – *continued*

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.

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.

Accounting policies – *continued*

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.

Trade receivables

Trade receivables includes amounts due from banks, brokers and other counterparties as part of the Company's main activities. Amounts due from brokers represent funds placed with hedging counterparties, a proportion of which are posted to meet broker margin requirements. All derivatives used as hedges held for trading are margin traded. Assets or liabilities resulting from profits or losses on open positions are recognised as financial instruments.

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.

Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it is incurred.

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

Software:	3 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:

Accounting policies – *continued*

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.

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. Inventory includes cryptocurrencies, which are owned and controlled by the Company for the purpose of hedging the Company's exposure to clients' cryptocurrency trading positions. The Company holds cryptocurrencies on exchange and are measured at fair value less cost to sell with changes in valuation being recorded within revenue in the income statement in the period in which they arise. Cryptocurrency assets are not financial instruments.

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.

Accounting policies – *continued*

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.

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

	2021	2020
	$	$
Staff costs including directors consist of:		
Salaries and performance related remuneration	103,326,039	75,308,883
Share based payments	245,109	47,816
Social security costs	14,723,165	9,578,235
Pension contributions (defined contribution plans)	3,790,829	1,840,643
	122,085,142	86,775,577

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

	2021	2020
	No.	No.
Traders and sales	221	131
Operations	86	73
Administration	174	117
	481	321

The Company does not have any defined benefit pension plans.

3. Directors' Emoluments

	2021	2020
	$	$
Directors' remuneration consists of:		
Emoluments for services as directors of the Company	5,275,366	4,768,350
Pension contributions (defined contribution plans)	29,555	18,523
	5,304,921	4,786,873
Emoluments of highest paid director:		
Emoluments	4,134,244	4,000,072
Pension (defined contribution plans)	11,920	12,761

During the year two of the directors participated in defined contribution pension schemes (2020: two). The Company does not offer any defined benefit pension schemes to the directors (2020: none).

During the current year, one director (2020: no directors) exercised share options that had been awarded in prior periods. The total gain, included in the figure above, made by the director was $709,463 (2020: NIL).

4. Trading profit

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

	2021	2020
	$	$
Trading and market making profits	172,854,541	162,415,779
Commission and fee income	65,867,167	58,503,799
Revenues received from affiliates	15,291,643	9,125,982
Costs recharged to affiliates	66,671,580	2,225,078
Foreign exchange profit/(loss)	4,533,901	(3,368,182)
Interest receivable and similar income	4,133,441	6,239,385
	329,352,273	235,141,841

Included within Trading and market making profits is a loss of $101,028 (2020: profit of $439,071) in respect of interest revenue on unpledged securities measured at FVOCI and $24,906 (2020: $565,706) in respect of pledged securities measured at FVOCI.

5. Profit before taxation

	2021	2020
	$	$
Profit before taxation is stated after charging:		
Fees payable to auditor - audit of the annual accounts	1,050,972	389,640
Fees payable to the auditor and its associates for other services:		
- audit related assurance services	-	129,020
- other non-audit services	20,211	6,451
Non-current assets depreciation and amortisation	9,395,650	3,027,730
Short-term lease costs	43,434	57,865
Finance cost – Interest payable and similar expenses	3,679,547	1,772,322

6. Tax on profit

	2021	2020
	$	$
Analysis of charge in the year		
Current tax:		
In respect of the year		
UK corporation tax based on the results for the year	7,452,313	13,812,518
Adjustment to prior years	567,855	258,463
Total current tax	8,020,168	14,070,981
Deferred tax		
Origination and reversal of timing differences	945,477	(148,124)
Change in tax rate	(1,953,516)	-
Total deferred tax (note 13)	(1,008,039)	(148,124)
Tax on profit	7,012,129	13,922,857

Tax on profit – *continued*

The tax assessed on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.0% (2020: 22.7%). An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

The impact on the deferred tax asset has been discussed in note 13.

The difference is explained below.

	2021	**2020**
	$	**$**
Profit before taxation	43,659,170	59,104,091
Profit by rate of tax: Rate 19.0% (2020: 22.7%)	8,295,242	13,416,629
Reconciling Items: *Permanent differences*		
Expenses not deductible for tax purposes	60,270	109,769
Adjustment to prior years	567,855	258,463
Effect of disallowed lease amortisation	2,346	98,199
Withholding tax lost	-	3,594
Tax effect of timing differences		
Tax effect of share incentives provided by the ultimate parent	68,773	79,504
Depreciation for the year in excess of capital allowances	310,192	86,354
Other timing differences	(1,284,510)	18,469
Total current tax	8,020,168	14,070,981

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 2019	-
Other Comprehensive Income - Revaluation of LME B shares	(1,336,871)
As at 30 September 2020	(1,336,871)
As at 1 October 2020	(1,336,871)
Other Comprehensive Income - Revaluation	-
As at 30 September 2021	(1,336,871)

8. Intangible assets

	Software development	Software	Total
	$	$	$
Cost			
As at 1 October 2020	-	5,552,774	5,552,774
Additions	9,829,262	897,890	10,727,152
GAIN Capital additions	85,710,502	-	85,710,502
As at 30 September 2021	95,539,764	6,450,664	101,990,478
Amortisation			
As at 1 October 2020	-	4,613,585	4,613,585
GAIN Capital additions	64,333,486	-	64,333,486
Charge for the year	4,989,088	535,567	5,524,655
As at 30 September 2021	69,322,574	5,149,152	74,471,726
Net book value			
As at 30 September 2021	26,217,190	1,301,512	27,518,702
As at 30 September 2020	-	939,189	939,189

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 2020	7,980,746	1,207,964	35,661	3,700,828	4,016,371	16,941,570
Additions	21,573,562	214,670	15,905	1,558,881	4,243,177	27,606,195
GAIN Capital additions	9,601,011	1,520,361		13,889,478	770,348	25,781,199
Disposals	(362,014)	(203,256)	-	-	(656,749)	(1,222,019)
As at 30 September 2021	38,793,305	2,739,739	51,566	19,149,187	8,373,147	69,106,944
Depreciation						
As at 1 October 2020	1,373,552	1,067,039	30,588	3,278,403	3,416,883	9,166,465
GAIN Capital additions	74,540	420,732		10,371,566	68,781	10,935,619
Charge for the year	1,389,596	322,924	15,652	1,508,944	633,879	3,870,995
Disposals	(327,556)	(203,256)	-	-	(656,749)	(1,187,561)
As at 30 September 2021	2,510,132	1,607,439	46,240	15,158,913	3,462,794	22,785,518
Net book value						
As at 30 September 2021	36,283,173	1,132,300	5,326	3,990,274	4,910,353	46,321,426
As at 30 September 2020	6,607,194	140,925	5,073	422,425	599,488	7,775,105

10. Equity investments at FVOCI

The Company had investments as follows:

	2021	2020
	$	$
Shares in LME – B Shares	2,064,249	2,064,249
Shares in SWIFT	669,033	341,183
	2,733,282	2,405,432

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**). These are valued using price levels from recent transactions provided by Britdaq Limited which runs a share matching service for unlisted companies.

The Company also holds 122 shares in Society for Worldwide Interbank Financial Telecommunication (**SWIFT**) as required to access the secure financial messaging service. During the year the Company acquired 49 shares. These are valued using the valuation provided by SWIFT.

11. Investment in group undertakings

Cost	Investment in StoneX Financial GmbH	Investment in Exotix Partners LLP	Total
	$	$	$
As at 1 October 2020	5,475,118	47,083	5,522,201
Additional capital invested	3,621,500	-	3,621,500
Capital repaid	-	(40,000)	(40,000)
As at 30 September 2021	9,096,618	7,083	9,103,701
Net book value			
At 30 September 2021			9,103,701
At 30 September 2020			5,522,201

The Company has the following investments in group undertakings.

	Registered office address	Class of shares held	Ownership 2021	Ownership 2020
StoneX Financial GmbH	Taunus Turm, Taunustor 1, 60310 Frankfurt am Main, Germany	Ordinary	100%	100%
Exotix Partners LLP	1st Floor Moor House, 120 London Wall, London, EC2Y 5ET, United Kingdom	Capital partnership share	1%	1%

StoneX Financial GmbH is a Germany based firm that provides payment services to its predominantly EU customer base, including those across the Group. During the year additional capital was invested to fund the growth in the EU based business.

Exotix Partners LLP is a UK headquartered firm and an executing broker in emerging markets fixed income and equities securities. In December 2021 the transfer of the business of Exotix Partners LLP over to the Company was completed and the process of liquidating the legal partnership commenced. During the year partnership capital was repaid in advance of the liquidation process.

12. Inventory

	2021	2020
	$	$
Cryptocurrency	18,117,059	-
Metals Inventory	111,217,974	26,762,454
	129,335,033	26,762,454

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:

	2021	2020
	$	$
Asset brought forward	1,030,341	940,859
Origination and reversal of temporary differences during the year	(945,477)	89,482
Change in tax rate	1,953,515	-
Transfer of GAIN Capital UK Limited balances	5,017,146	-
Asset carried forward	7,055,525	1,030,341

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

	2021	2020
	$	$
Accelerated capital allowances	4,881,500	304,316
Deferred share based payment	1,211,417	587,355
Other expenses to be claimed against future tax years	(806,194)	138,670
Tax losses	1,768,802	-
	7,055,525	1,030,341

In the UK Budget in 2021 it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023; as such the existing timing differences have been recognised at the new rate of 25% given substantial enactment at the date of the Statement of Financial Position.

Additionally, the UK Government announced, although not substantively enacted, that the banking surcharge on the profits of certain financial services companies would reduce from 8% to 3% with effect from 1 April 2023. There will also be an increase in the banking surcharge allowance from £25 million to £100 million.

As at the date of the Statement of Financial Position gross tax losses of $7,075,208 (2020: nil) have been recognised for deferred tax asset purposes with respect to specific use against taxable profits within the Company's Retail business segment. A further $3,578,309 (2020: nil) of tax losses have not been recognised for deferred tax asset purposes as these losses are not anticipated to be used in future periods.

14. Derivative financial instruments

	2021	2020
Derivative financial instruments - assets	$	$
OTC derivatives	126,274,002	171,230,544
Exchange traded derivatives	261,386,909	184,612,870
	387,660,911	355,843,414
Derivative financial instruments - liabilities		
OTC derivatives	(267,781,753)	(235,829,801)
Exchange traded derivatives	(314,888,032)	(177,260,585)
	(582,669,785)	(413,090,386)

15. Trade and other receivables

	2021	2020
	$	$
Trade receivables	552,588,017	456,611,427
Balances due from clearing houses	204,113,506	176,350,895
Amounts owed by group undertakings	145,656,068	59,934,368
Balances at clearing houses: default fund deposits	35,113,775	33,711,648
Other debtors	3,517,637	166,371
Accrued income	5,946,422	4,622,032
Financial assets	*946,935,425*	*731,396,741*
Other taxation and social security	1,167,639	384,420
Prepayments	16,086,724	4,704,344
	964,189,788	736,485,505

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 - collateral and pledged assets

The financial instruments comprise US Treasuries. At 30 September 2021, the Company had pledged $64,990,237 (2020: $49,979,211) 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 $43,992,930 (2020: $35,985,256) of unpledged US Treasuries.

17. Trade and other payables

	2021	2020
	$	$
Trade payables	923,273,311	695,349,278
Amounts owed to group undertakings	90,316,488	4,126,304
Accruals and deferred income	36,594,504	24,035,042
Financial liabilities	*1,050,184,303*	*723,510,624*
Current lease liability	386,582	1,643,472
Taxation and social security	555,844	7,159,058
	1,051,126,729	732,313,154

Trade and other payables – *continued*

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:

	2021	2020
	$	$
Current liabilities	386,582	1,643,472
Non-current liabilities	38,651,439	5,599,461
	39,038,021	7,242,933

19. Share capital and reserves

Share capital and share premium

	Allotted, called up and fully paid			
	2021	2020	2021	2020
	No.	No.	$	$
Ordinary shares of $1 each	95,000,000	90,000,000	95,000,000	90,000,000
Share premium			60,000,000	-

The increase in share capital and share premium during the year was due to the issuance of five million ordinary $1 shares at $13. 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:

	2021	2020
	$	$
NIL (2020: $0.22) per ordinary share	-	20,000,000
	-	20,000,000

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.
- Share premium – the difference between the share issuance price and the nominal value.
- 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.

During the year the Company purchased the assets and liabilities of another affiliate company, GAIN Capital UK Limited, in accordance with the accounting policy on *Business combinations under common control*. The asset and liabilities transferred were $217 million and $60 million respectively, representing $157 million of net assets overall. The assets and liabilities which were transferred were based on the GAIN Capital UK Limited book values as of transfer date which are maintained under the same accounting framework as the Company. This transfer was funded through existing funds and the increase in share capital above.

20. Financial instruments

2021

	Total	FVTPL	FVOCI	Amortised cost
	$	**$**	**$**	**$**
Non-current assets				
Equity investments at FVOCI	2,733,282	-	2,733,282	-
Current assets				
Derivative financial instruments	387,660,911	387,660,911	-	-
Trade and other receivables	964,189,788	-	-	964,189,788
Financial instruments	108,983,167	-	108,983,167	-
Cash at bank	413,124,547	-	-	413,124,547
Total financial assets	1,876,691,695	387,660,911	111,716,449	1,377,314,335
Current liabilities				
Derivative financial instruments	(582,669,785)	(582,669,785)	-	-
Trade & other payables	(1,051,126,729)	-	-	(1,051,126,729)
Total financial liabilities	(1,633,796,514)	(582,669,785)		(1,051,126,729)

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	731,396,741	-	-	731,396,741
Financial instruments	85,964,467	-	85,964,467	-
Cash at bank	250,205,981	-	-	250,205,981
Total financial assets	1,425,816,035	355,843,414	88,369,899	981,602,722
Current liabilities				
Derivative financial instruments	(413,090,386)	(413,090,386)	-	-
Trade & other payables	(723,510,624)	-	-	(723,510,624)
Total financial liabilities	(1,136,601,010)	(413,090,386)	-	(723,510,624)

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).

Financial instruments – *continued*

- *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.

	Level 1 $	Level 2 $	Level 3 $	Total $
30 September 2021				
Assets				
Cash at bank	-	413,124,547	-	413,124,547
Equity investments at FVOCI	-	-	2,733,282	2,733,282
Derivative financial instruments	-	387,660,911	-	387,660,911
Financial instruments	108,983,167	-	-	108,983,167
Trade and other receivables	-	964,189,788	-	964,189,788
Total	108,983,167	1,764,975,246	2,733,282	1,876,691,695
Liabilities				
Derivative financial instruments	-	(582,669,785)	-	(582,669,785)
Trade and other payables	-	(1,051,126,729)	-	(1,051,126,729)
Total	-	(1,633,796,514)	-	(1,633,796,514)

	Level 1 $	Level 2 $	Level 3 $	Total $
30 September 2020				
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	85,964,467	-	-	85,964,467
Trade and other receivables	-	731,396,741	-	731,396,741
Total	85,964,467	1,340,426,658	2,405,432	1,428,796,557
Liabilities				
Derivative financial instruments	-	(413,090,386)	-	(413,090,386)
Trade and other payables	-	(723,510,624)	-	(723,510,624)
Total	-	(1,136,601,010)	-	(1,136,601,010)

Fair value – Level 1
Financial instruments comprise US Treasury Bills. These were previously presented as level 2 and have been reclassified to level 1.

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. US Treasury Bills were previously presented as level 2 and have been reclassified to level 1.

Financial instruments – *continued*

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 include B Shares in London Metal Exchange Holdings Limited which enables the Company to trade directly on the London Metal Exchange. The Company holds additional investments which consist of shares in SWIFT. Both of these investments are treated as Equity investments at FVOCI. These are valued using the methods discussed in note 10.

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 $383 million (2020: $425 million) subject to offset and $582 million (2020: $441 million) not subject to offset. The total payables amount in note 17 includes the amount below of $707 million (2020: $558 million) subject to offset and $164 million (2020: $305 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**
2021						
			Financial assets			
Derivative financial instruments	6,108,997	(5,721,336)	**387,661**	(342,511)	-	**45,150**
Trade receivables	444,445	(61,868)	**382,577**	-	(54,850)	**327,727**
			Financial liabilities			
Derivative financial instruments	(6,111,408)	5,528,738	**(582,670)**	376,912	-	**(205,758)**
Trade payables	(961,526)	254,410	**(707,116)**	-	20,447	**(686,669)**

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
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)**

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
2021			$	$	$	
StoneX Financial Ltd	Broker/Dealer	United Kingdom	329,352,273	43,659,170	15,843,900	481
StoneX Financial GmbH	Payment services	Germany	5,581,489	(1,728,435)	-	24

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

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.

The 2021 amounts for the Company include the impact of the integration of the GAIN Capital UK Limited business which was integrated part-way through the year.

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 was $3,790,829 (2020: $1,840,643).

The contributions payable to the scheme at 30 September 2021 were $842,005 (2020: $233,136).

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 $35,113,775 at clearing houses as default deposits (2020: $33,711,648). 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 2021 the Company's most significant combined credit-related exposure was to LME of $119.8 million (2020: $124.8 million) comprising $17.1 million (2020: $17.4 million) in respect of the required default fund contribution and $102.7 million (2020: $ 107.4 million) 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 are 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:

Geographical location	2021 $	2020 $
Europe	586,721,478	425,241,905
Asia	188,662,425	213,926,750
North America	83,680,489	56,269,285
Latin America	52,891,527	20,451,742
Africa	47,479,126	17,740,297
Australasia	4,754,743	2,855,526
Total	964,189,788	736,485,505

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

Type of counterparty	2021 $	2020 $
Clearing houses	239,227,281	210,062,543
Clients and brokers	552,588,017	456,611,427
Affiliates	145,656,068	59,934,368
Other	26,718,422	9,877,167
Total	964,189,788	736,485,505

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*

	2021			
	Total	**1 month**	**1 -3 months**	**3-12 months**
	$	**$**	**$**	**$**
Liabilities				
Derivative financial instruments	(582,669,785)	(582,669,785)	-	-
Trade and other payables	(1,051,126,729)	(1,051,126,729)		
	(1,633,796,514)	(1,633,796,514)	-	-
Assets				
Derivative financial instruments	387,660,911	387,660,911	-	-
Trade and other receivables	964,189,788	921,634,292	1,827,144	40,728,352
Financial instruments at FVOCI	108,983,167	108,983,167	-	-
Inventory	129,335,033	129,335,033	-	-
Cash at bank	413,124,547	413,124,547	-	-
	2,003,293,446	1,960,737,950	1,827,144	40,728,352
Net Current Assets	369,496,932	326,941,436	1,827,144	40,728,352

	2020			
	Total	**1 month**	**1 -3 months**	**3-12 months**
	$	**$**	**$**	**$**
Liabilities				
Derivative financial instruments	(413,090,386)	(413,090,386)	-	-
Trade and other payables	(732,313,154)	(732,313,154)		
	(1,145,403,540)	(1,145,403,540)	-	-
Assets				
Derivative financial instruments	355,843,414	355,843,414	-	-
Trade and other receivables	736,485,505	702,073,407	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	1,420,849,723	315,077	34,097,021
Net Current Assets	309,858,281	275,446,183	315,077	34,097,021

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.

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 $:

Financial Risk Review – *continued*

		Net Position $ 2021
	Asset	**Liability**
Euro	15,641,951	-
Brazilian Real	-	(14,678,291)
Central African CFA Franc	-	(5,820,410)
Colombian Peso	-	(3,996,151)
Swiss Franc	2,460,289	
Malaysian Ringgit	-	(2,379,136)
Pound Sterling	2,106,424	
Jordanian Dinar	-	(1,368,643)
Canadian Dollar	1,367,722	
Guyanese Dollar	-	(1,084,800)
Other	3,602,841	(9,893,117)
Total	25,179,227	(39,220,548)
5% move	*1,258,961*	*1,961,027*

		Net Position $ 2020
Currency	**Long**	**Short**
Afghan Afghani	-	(630,033)
Bolivian Boliviano	3,543,485	-
Brazilian Real	-	(917,873)
Euro	-	(648,837)
Gambian Dalasi	-	(755,212)
Kenyan Shilling	-	(1,128,577)
Malaysian Ringgit	-	(586,949)
Rwandan Franc	-	(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*

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.

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.

Financial Risk Review – *continued*

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 due to cyber security events and/or failure of key systems
- Client and Company data loss or compromise from external, third party, action including cyber attacks
- Regulatory changes (remaining current around many regulatory changes and their implementation)
- Failure of controls in the safeguarding of client assets and third party payments

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, 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 FCA's capital requirements 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 and is analysed below.

	2021	**2020**
	$'000	**$'000**
Capital and reserves	423,578	321,931
Less: intangible assets *(adjusted)*	(15,891)	(939)
Less: Deferred Tax Assets relying on future profitability	(7,056)	(1,030)
Less: Free Deliveries	(2,510)	(6,281)
Own Funds (CET1 only) at 30 September	398,121	313,681

25. Subsequent events

In November 2021 $26 million of the loan by StoneX Group Inc to the Company was utilised to purchase two million ordinary shares at $13 each. This was done to increase the Tier One Capital of the Company in advance of business growth and the new FCA prudential capital regulations for 2022.

26. Ultimate parent company

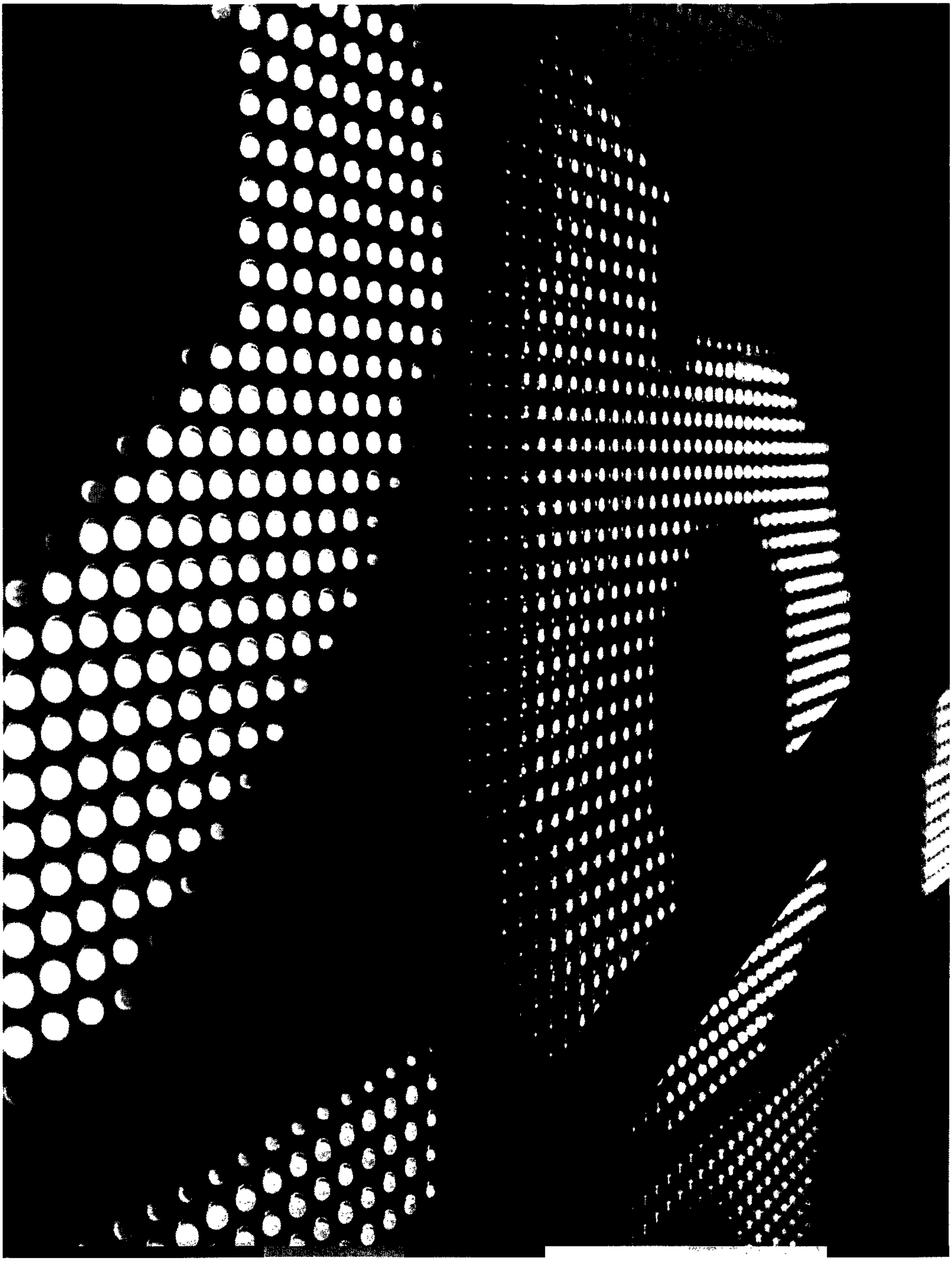
On 30 June 2021 the Company became a direct subsidiary undertaking of and directly controlled by StoneX Group Inc., a company registered in Delaware, United States of America, whose administrative head office is registered in 3411 Silverside Road, Rodney Building #104, Wilmington, New Castle County, 19819 Delaware, United States of America, and whose shares are listed on the US NASDAQ exchange (NASDAQ: SNEX).

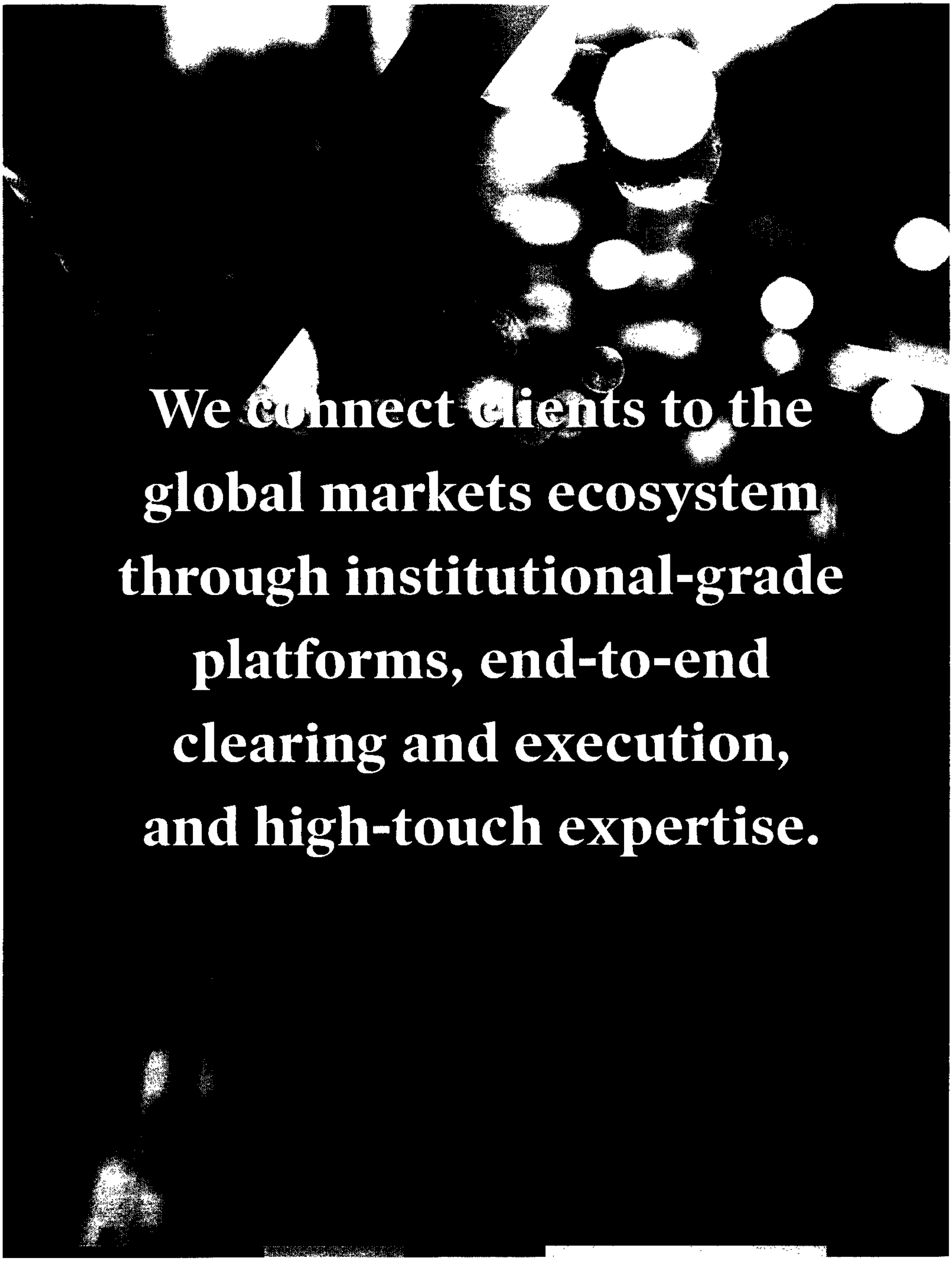
Previously the Company was a subsidiary undertaking of and controlled by INTL Netherlands BV, a company registered in the Netherlands with its registered office at Krijn Taconiskade 430, 1087 HW Amsterdam, Netherlands. During the year the ultimate controlling party and parent company of this Company continued to be StoneX Group Inc., either by virtue of its 100% ownership of the ordinary share capital of the Company directly or through INTL Netherlands BV.

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.

COMPANIES HOUSE

StoneX® | 2021 ANNUAL REPORT




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)

2021 $ 1,673.1

INCOME BEFORE TAX (IN MILLIONS)

2021 $154.1

TOTAL ASSETS (IN MILLIONS)

2021 $ 18,839.6

STOCKHOLDERS' EQUITY (IN MILLIONS)

2021 $904.0

NET ASSET VALUE PER SHARE

2021 $45.60

SELECTED SUMMARY FINANCIAL INFORMATION

(IN MILLIONS, EXCEPT SHARE AND PER SHARE AMOUNTS)	2021	2020	2019	2018	2017
Operating revenues	$ 1,673.1	$ 1,308.3	$ 1,106.1	$ 975.8	$ 784.0
Transaction-based clearing expenses	271.1	222.5	183.5	179.7	136.3
Introducing broker commissions	160.5	113.8	114.7	133.8	113.0
Interest expense	49.6	80.4	142.0	70.5	32.7
Interest expense on corporate funding	41.3	23.6	12.7	10.2	9.4
Net operating revenues	**1,150.0**	**868.0**	**653.2**	**581.6**	**492.6**
Compensation and other expenses:					
Compensation and benefits	679.1	518.7	393.1	337.7	295.7
Trading systems and market information	58.8	46.3	38.8	34.7	34.4
Professional fees	40.9	30.2	21.0	18.1	15.2
Non-trading technology and support	46.0	28.4	20.1	13.9	11.6
Occupancy and equipment rental	34.2	23.5	19.4	16.5	15.2
Selling and marketing	33.3	12.2	5.2	6.2	4.0
Travel and business development	4.5	8.9	16.2	13.8	13.3
Communications	9.3	7.0	6.6	5.4	5.0
Depreciation and amortization	36.5	19.7	14.0	11.6	9.8
Bad debts, net of recoveries and impairment	10.4	18.7	2.5	3.1	4.3
(Recovery) bad debt on physical coal	—	—	(12.4)	1.0	47.0
Other	46.3	29.6	23.2	20.1	21.9
Total compensation and other expenses	**999.3**	**743.2**	**547.7**	**482.1**	**477.4**
Gain on acquisitions and other gains	3.4	81.9	5.5	2.0	—
Income before tax	154.1	206.7	111.0	101.5	15.2
Income tax expense	37.8	37.1	25.9	46.0	8.8
Net income	**$ 116.3**	**$ 169.6**	**$ 85.1**	**$ 55.5**	**$ 6.4**
Earnings per share:					
Basic	$ 5.90	$ 8.78	$ 4.46	$ 2.93	$ 0.32
Diluted	$ 5.74	$ 8.61	$ 4.39	$ 2.87	$ 0.31
Number of shares:					
Basic	19,130,643	18,824,328	18,738,905	18,549,011	18,395,987
Diluted	19,678,168	19,180,479	19,014,395	18,934,830	18,687,354
Selected Balance Sheet Information:					
Total assets	$18,839.6	$13,474.9	$9,936.1	$7,824.7	$6,243.4
Payable to lenders under loans	$ 248.6	$ 268.1	$ 202.3	$ 355.2	$ 230.2
Senior secured borrowings, net	$507.0	$515.5	$167.6	—	—
Stockholders' equity	$ 904.0	$ 767.5	$ 594.2	$ 505.3	$ 449.9
Other Data:					
Return on average stockholders' equity	13.9%	24.9%	15.5%	11.6%	1.5%
Employees, end of period	3,242	2,950	2,012	1,701	1,607
Compensation and benefits as a percentage of operating revenues	40.6%	39.6%	35.5%	34.6%	37.7%

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. Specifically, we have leveraged this strategy to take advantage of industry consolidation in the wake of the financial crisis of 2008 by acquiring businesses at attractive valuations while still growing our capabilities organically.

In 2020, we fundamentally transformed our company's earnings power with our acquisition of GAIN Capital Holdings, Inc., which greatly increased our penetration into the retail trading segment and created significant opportunities for cross-selling, order-flow synergies, cost efficiency and digital innovation.

Over this time, through our steady, determined and disciplined approach to compounding capital, our book value and market value both increased at a compound annual growth rate ("CAGR") of 29%, off the back of revenues that grew at 32% CAGR. We believe these rates make us a positive outlier in our industry.

Today, we connect our clients to 36 derivatives exchanges, 185 foreign exchange markets, two industry-leading retail trading platforms, most global securities markets, and numerous bilateral 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 but who have been cast aside or ignored by those institutions because of the regulatory burdens associated with serving them. Through these relationships, we help our clients pursue trading opportunities, make investments, manage market risk and improve their business performance.

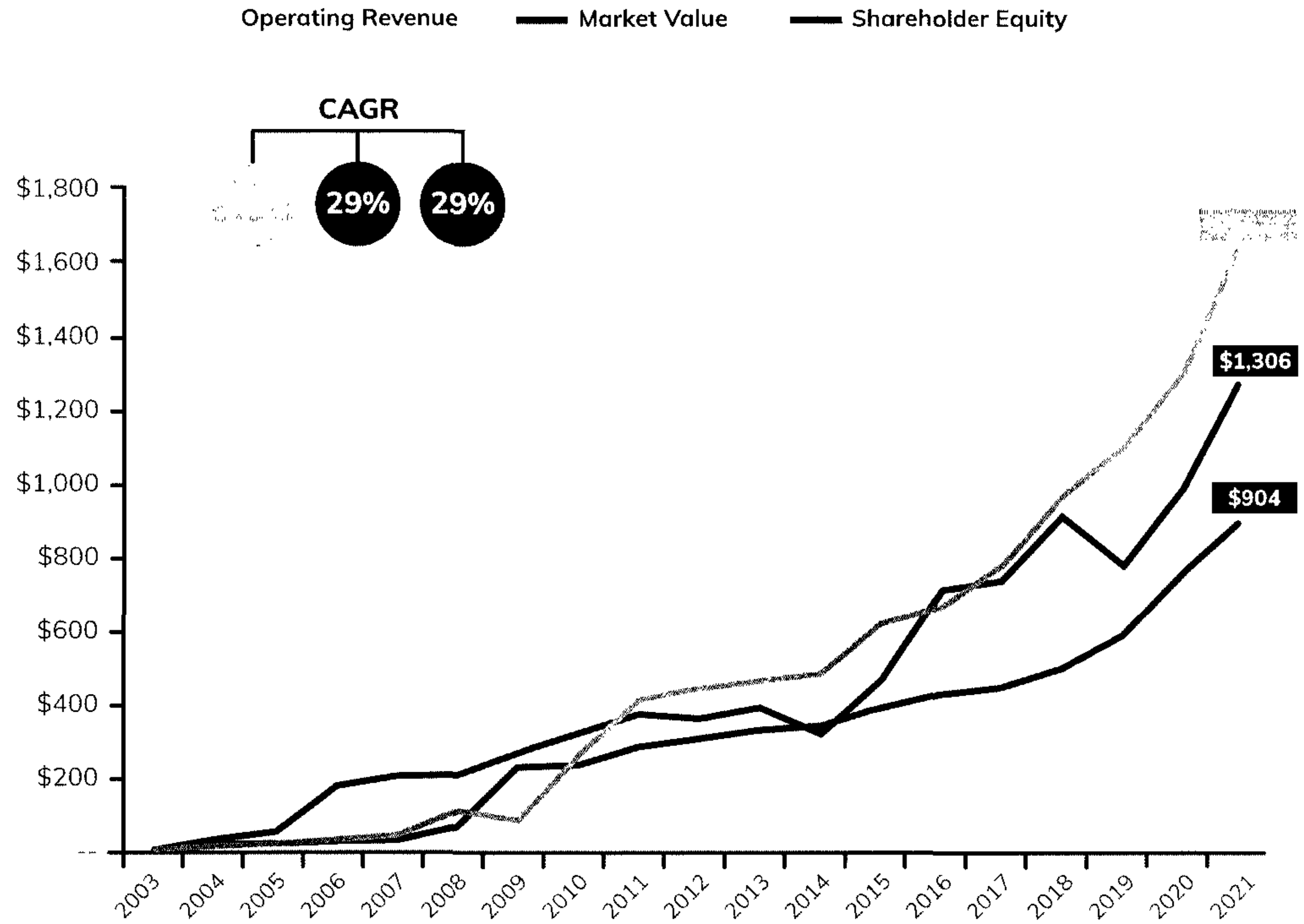
Increasingly, our ability to help clients access a broad array of financial products and markets with our combination of high-touch service and institutional-grade digital platforms is setting us apart from our peers and driving acquisition of new clients across four segments: commercial clients, institutional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

Our revenue is diversified by the client types above, by asset class and by geography, with the added potential for a significant portion of recurring revenue generated from monetizing client balances in the form of interest and fee earnings on the float, depending on market interest rates.

Our businesses are supported by our global infrastructure of regulated operating subsidiaries, our advanced technology platforms and our team of more than 3,200 employees, who serve 45,000 commercial and institutional clients, and 370,000 active retail accounts, from nearly 80 offices spread across six continents (as of September 30, 2021).

1924	1930	1970	1978	1981	1983
Saul Stone, a door-to-door egg wholesaler, formed Saul Stone and Company, predecessor to FCStone.	In the 1930's, Saul Stone and Company became one of the first clearing members of the Chicago Mercantile Exchange (CME).	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.	A new entity called Farmers Commodities Corporation was formed to accommodate the grain hedging brokerage services.	International Assets was established as an internationally focused boutique brokerage firm.	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.

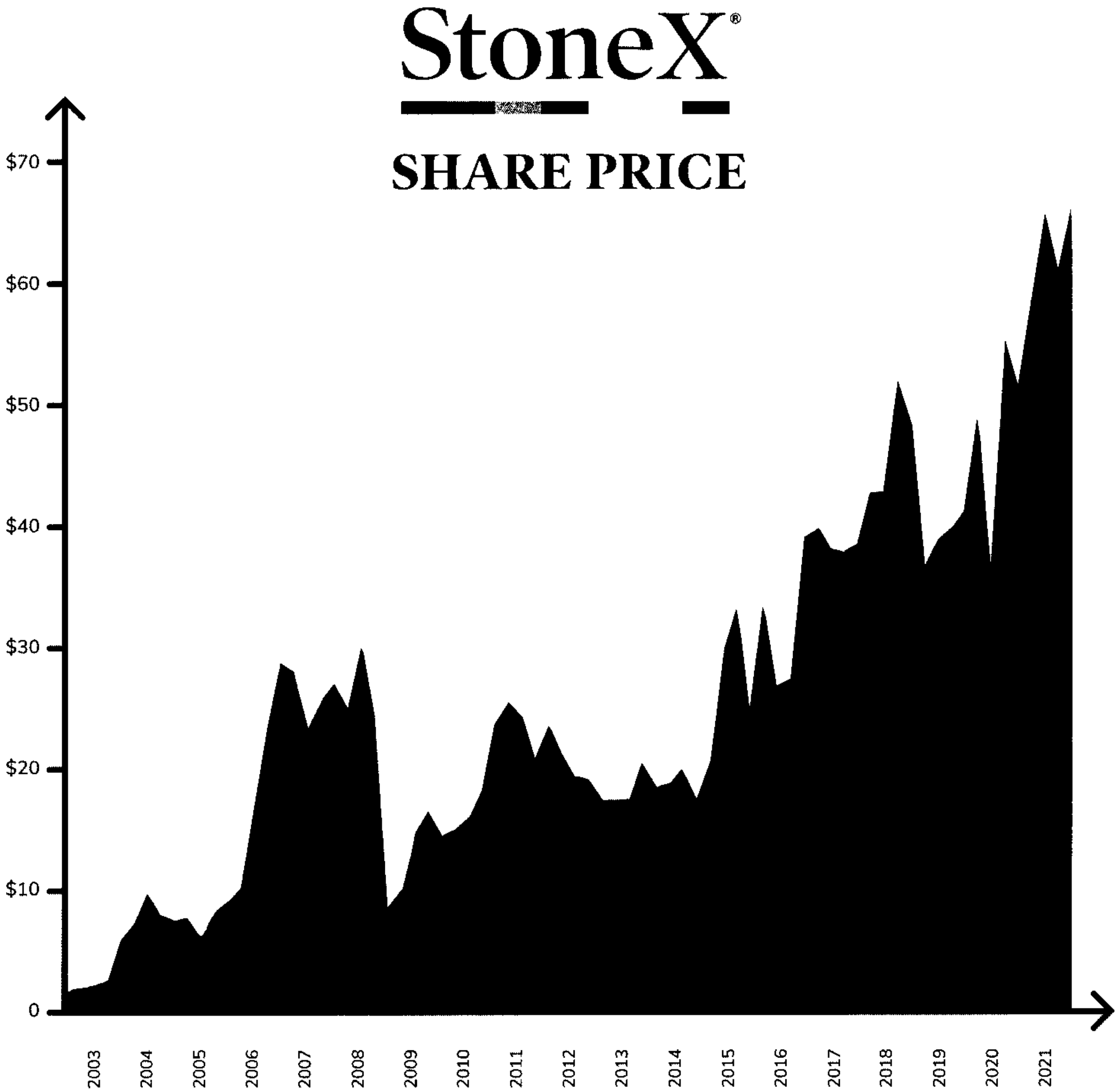
2004 — International Assets acquired global payments business Global Currencies, thereby establishing a London office.

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.

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.

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.

36
Exchanges

18,000+
OTC Products

140
Currencies

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

50,000+
Institutional, Commercial & Payments Clients

[illegible]
[illegible] Assets

$3.5T
Volume Traded*

146M
Listed Derivative Contracts Traded

Supported by Expansive Global Footprint

$904M
Equity Capital

3,200+
Staff

18
Countries across 6 continents

*Total volume traded of FX / CFD, Securities and Global Payments contracts on a trailing 12-month basis as of September 30, 2021

2012	2012	2013	2013	2013	2014	2015	2015
Online news and analysis subscription service Commodity Network is launched.	The institutional accounts of Tradewire Securities, LLC. are acquired.	INTL FCStone Markets LLC registers as a swap dealer.	The Company exits its physical base metals business.	Accounts of First American Capital and Trading Corp. acquired, adding correspondent clearing service capabilities.	The Company completes the consolidation of its two UK subsidiaries, INTL FCStone Ltd and INTL Global Currencies Ltd.	The Company completes the acquisition of G.X. Clarke & Co., an institutional dealer in U.S. government securities, federal agency and mortgage-backed securities.	INTL FCStone Inc. consolidates its securities, rates and FCM businesses into INTL FCStone Financial Inc.

As the world began to emerge – albeit haltingly – from its pandemic-driven lockdown and related international trade restrictions in 2021, your company achieved record results across a number of key metrics on its way to delivering earnings per share (EPS) of $5.74 (diluted) and a return on equity (ROE) of 13.9%.

While both EPS and ROE fell short of last year's exceptional performance, we believe both results are credible achievements given the decline in overall market volatility in 2021 as compared to the prior year, the return of near-zero interest rates, our expanded capital base, and the relatively high cost of the senior notes issued for our purchase of GAIN Capital Holdings, Inc. in 2020.

Indeed, our world is again a different place than it was even a year ago. Most immediately, the sudden surge in demand across all sectors as lockdown restrictions lifted has strained global logistics systems, has triggered supply shortages and has fuelled inflation. These conditions may well change as supply systems and industrial capacity readjust, but they will require management's attention as we move through 2022.

Perhaps more significantly, the sociological effects of the lockdown, working from home, and learning remotely seem to have prompted many in the workforce to re-evaluate their lifestyles, their priorities and their options going forward. This will present management issues with long-term consequences, although one fact of which we can be fairly sure is that we will be dealing with an increased cost environment in the near term.

Of course, COVID-19 is not the only driver of change in our world, and we are conscious of the shifts underway in attitudes toward, and understanding of, social and environmental issues globally. From the top down, both internally and externally, we are addressing these topics.

In terms of social initiatives, we have now achieved board diversity according to the guidelines set forth by NASDAQ. We have also partnered with Tigress Financial Partners, which is the first, and only, disabled- and female-owned broker/trader in our industry, to enable Tigress clients to access our offering and technology.

From the environmental perspective, we are poised to launch an upgraded carbon trading and advisory service whose first assignment will be to help us measure our own carbon footprint. As is the case in every "ESG sphere," however, we must balance the very real value of these pursuits with our responsibility to remain within the guidelines of good corporate and business practice.

During 2021, the business continued to grow and expand its capabilities. The integration of GAIN and the consequent increase in our retail operation has proceeded smoothly and helped us to expand our digital marketing capability using GAIN's state-of-the-art technology. We are also beginning to realize benefits from investments made in our technology infrastructure, which now enables us to see across our entire company, our products and our customers via one centralised database.

Within these contexts, we reported net income of $116.3 million in fiscal 2021 as compared to $169.6 million in fiscal 2020. However, after factoring out several distorting items related to the GAIN acquisition,

2016	2016	2017	2018	2018	2018
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.	INTL FCStone expands its institutional offering with the acquisition of US-based broker-dealer GMP Securities LLC (formerly Miller Tabak Roberts).

we achieved adjusted net income of $124.3 million for fiscal 2021, as compared to adjusted net income of $99.7 million in fiscal 2020. This represents an increase of 25%, and we believe, establishes a new record for our core operating results.

We value our public-company status because it reflects our culture of transparency, as we share our results with our clients and commercial counterparties, as well as our shareholders. It also gives us access to the capital markets, even though we have used them only selectively. A further benefit is the record of one investor who, since 2009, has bought our shares in a disciplined manner while ignoring the irrational swings of the markets over this same time. I refer to the roughly 2,600,000 shares of treasury stock which the company has acquired over the years at an average cost of $26.58 per share, which is significantly below both our current market price and our current book value per share of $45.60. This practice also reduced the stock outstanding by approximately 10% - further leveraging our results.

This year, we are pleased to welcome Dr. Dhamu Thamodaran to our board. After achieving a summa cum laude PhD in Agricultural Economics, Dr. Thamodaran joined Smithfield Foods (currently a client of ours) in 1995 as director of price risk management, rising to the position of executive vice president, chief strategy officer and chief commodity hedging officer by 2016 – a position he kept until his retirement in 2020. Also a member of the Chicago Mercantile Exchange Group's Agricultural Markets Advisory Council, Dr. Thamodaran is widely respected for his expertise in global macroeconomics and the agricultural markets worldwide, and will bring a wealth of experience to the board.

As we welcome Dr. Thamoduran, we must express our thanks and best wishes to Bruce Krehbiel, who has graciously agreed to step down from his position of many years on the board in the spirit of enabling us to add fresh perspectives and new areas of expertise to our board as necessary, going forward. We remain grateful to Bruce for his significant and invaluable contributions to the board during his tenure.

We must also bid a grateful goodbye to Tricia Harrod, who retired from her post as our chief risk officer in June. During her 12-year tenure, Tricia, along with the exceptional team she built, played an integral part in the remarkable success we achieved over this time. Her departure leaves enormous shoes to fill for Mark Maurer as he moves from his role as CEO of our swap dealer into the CRO position going forward. Mark brings his own record of achievement to the task, and our ability to tap him for this role speaks to the strength and depth of the executive bench we've assembled.

As we look back on 2021, and over the past 19 years, the achievement of the business is impressive. We have survived and prospered during financial crises and now the extreme volatility of the pandemic, and have built a company that has become a meaningful part of the global financial ecosystem. I am confident that this growth will continue given our record and the fact that we still only address a small part of the market available to us.

On this note of optimism, I will close by thanking and complimenting our most important asset, our employees, for their outstanding achievements in making the company what it is today, our shareholders who have made those achievements possible, and our clients who remain at the core of everything we do.

JOHN RADZIWILL
Chairman

2019
Company acquires coininvest.GmbH and European Precious Metal Trading GmbH to expand its retail precious metals offering.

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.

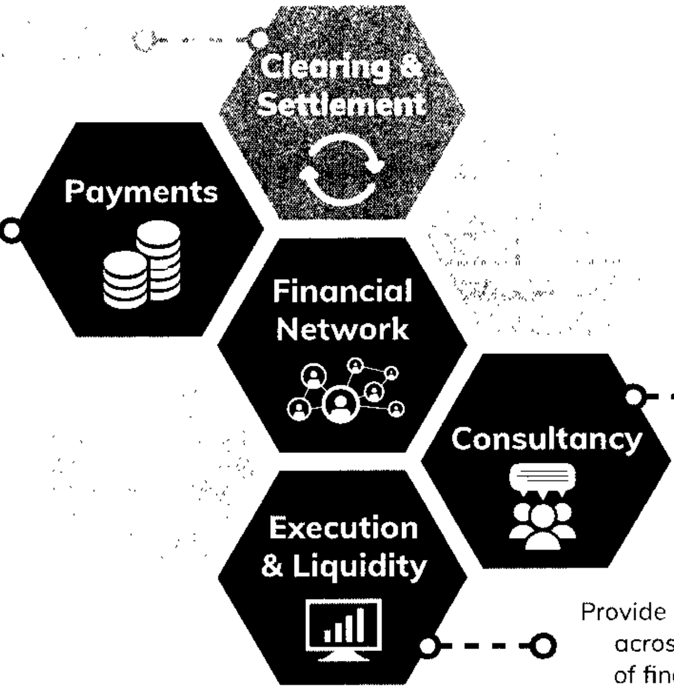
2020
INTL FCStone acquires the brokerage businesses of Tellimer Group in order to expand its capabilities in frontier and emerging markets.

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



Member of **SWIFT**, delivering customer payments through a proprietary global network of **375** correspondent banks

High value-add service provided through a team of over **300** risk management consultants

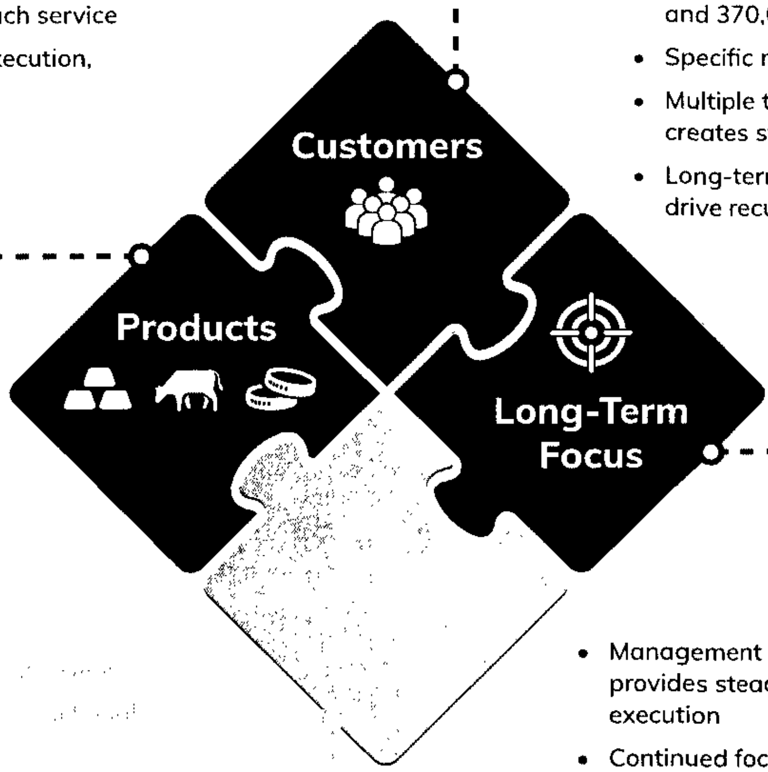
Provide liquidity for clients across a wide range of financial products (exchange and OTC)

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 18,000 OTC products
- Global payment solutions in 185 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 3,200 staff
- Local presence provides "Boots on the Ground" to serve clients in virtually every global marketplace
- Diversified across 45,000 institutional and commercial clients and 370,000 active retail accounts
- 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 new client segments and geographies
- Integrate our offerings, platforms, marketing strategy and client experience more tightly through digitization of our platforms

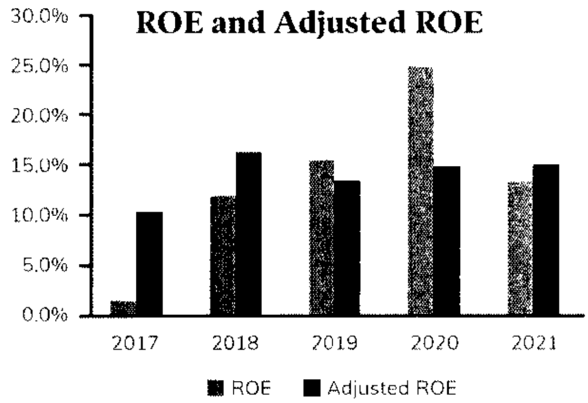
KEY PERFORMANCE INDICATORS

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.

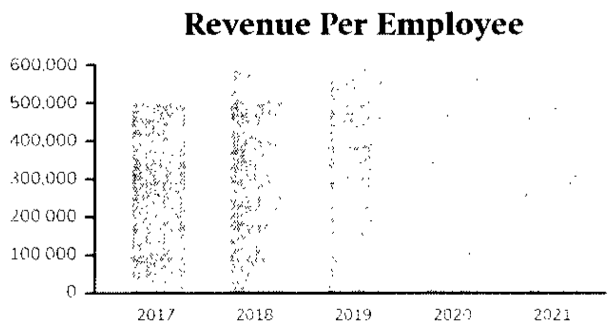
Compounding Capital
Target: Annual shareholder return on equity of 15%

TARGET: MISSED

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.

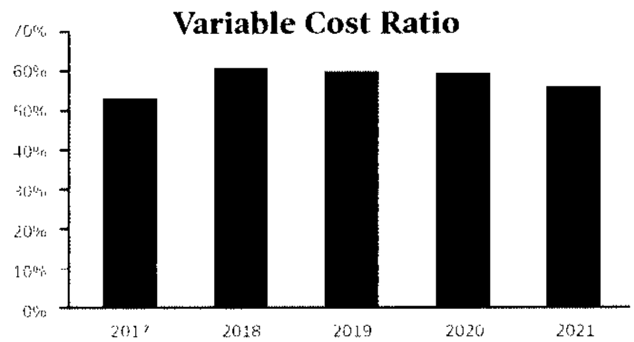


Flexible Cost Structure
Target: >50% of our total costs variable to revenue

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.

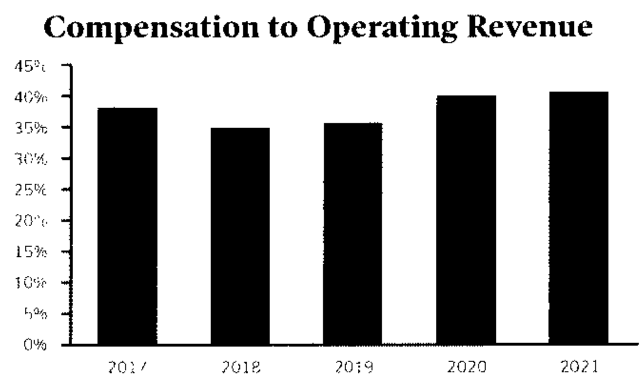


Compensation Ratio
Target: Total compensation to operating revenue ratio of <40%

TARGET: MISSED

RATIONALE:

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



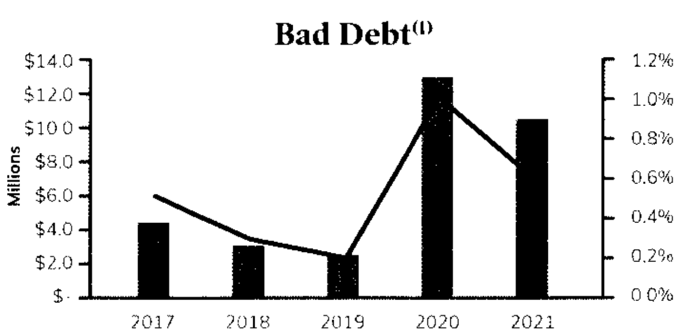
Risk Metrics – Bad Debt Expense
Target: Bad debt <1% of annual operating income

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.



In 2021, StoneX achieved strong results with record operating revenues and record core earnings on an adjusted basis – once again proving the resiliency of our business and continuing our progress toward becoming a premier financial services franchise globally.

Operating revenues climbed to nearly $1.7 billion while net income exceeded $116 million, up 25% on an adjusted basis, which excludes the accounting impact of the GAIN transaction in 2020 and 2021. Shareholder equity rose to $904 million, which is also a record.

Earnings per share (diluted) registered $5.74, and we achieved an adjusted ROE of 14.9%, even with a significantly larger capital base than in prior years.

Over the past 19 years, we have compounded operating revenue at 32% per annum and shareholder capital at 29% per annum. Our performance in these regards has been particularly strong in the past two years, during which time we have grown our operating revenues and our shareholder capital by more than 50% - all from retained earnings. Furthermore, we have managed to deploy this capital at or near our target of 15% ROE.

Overall, we are extremely proud of this track record and believe it is unsurpassed in our industry.

Our financial results are a direct validation of our client-first strategy to provide institutional-grade global market access, end-to-end clearing and execution, high-touch service and expertise through one trusted partner. All of our financial capital, intellectual talent and infrastructure are focused on this singular objective. We are pleased to see the continued strong growth in the depth and diversity of our client base, as well as significantly increased client trading collateral posted to support this activity, all of which points to gains in market share across the board.

We have an enormous total addressable market (TAM) ahead of us and estimate our market share to be less than a single basis point. We believe we have a unique offering and are working to better automate and digitize our offering to better attack the available TAM.

OVERVIEW

2021 was a year of strong growth and significant progress toward our long-term strategic objectives. We grew revenue by 28% and earnings by 25% (on an adjusted basis), both new records as compared to a very successful 2020, wherein volatility generated by the COVID-19 pandemic provided us with significant tailwinds. We also grew the scale and diversity of our client footprint significantly over the year. Notably, we have delivered this growth without any increase in our share count, although we did take on some high-priced, high-yield to fund the GAIN acquisition.

The GAIN retail platform delivered on its first-year expectations, although, as we anticipated, the results varied from quarter to quarter – with most of the bottom-line benefit accruing in Q2. The combination of this platform's more volatile revenue stream and the higher fixed costs stemming from the interest associated with the high yield notes required to complete the acquisition increased variability in our quarterly earnings. This variability did not surprise or concern us, given our focus on long-term performance over quarterly results.

Product volumes – in terms of trades and transactions – increased strongly across nearly every product. Volume increases were offset to some extent by reduced revenue capture - especially in securities, where market volatility declined somewhat as COVID's disruption to the global economy eased. Within this context, however, revenue capture in our listed derivatives, our most competitive product, increased by 29% as we actively re-priced our offering to institutional clients.

Our customer float grew to $5.8 billion – powered by growth in both listed derivatives and securities clearing – of 39% and 30% respectively. However, interest earnings on our float declined significantly compared to 2020, wherein interest rates were higher than in 2021 for much of the year. Although interest earnings on our customer float may seem immaterial in the context of operating revenues, these earnings fall directly to the bottom line.

These significant increases in both product volumes and customer float speak to increased client engagement and the continued expansion of our franchise.

Operating Revenue by Product	Key Operating Metrics	
Listed Derivatives	**Contracts ('000s) & Rate per Contract**	
$387.6mm Up 18%	**146,101** **Down 6%**	**$2.55** Up 29%
OTC Derivatives	**Contracts ('000s) & Rate per Contract**	
$143.4mm Up 29%	**2,557** Up 21%	**$55.70** Up 7%
[illegible]	[illegible]	
$533.6mm Up 16%	**$2,776** Up 61%	**$610** **Down 28%**
Global Payments	**ADV (USDmm) & RPM**	
$133.8mm Up 17%	**$54** Up 20%	**$9,921** **Down 2%**
[illegible]	[illegible]	
$242.0mm Up 262%	**$10,636** Up 10%	**$89** **Down 8%**
Client Balance Interest Earned	**Listed Deriv. Client Equity[1] & MMF/FDIC Sweep Balances[2]**	
$26.0mm **Down 39%**	**$3,842mm** Up 39%	**$1,471mm** Up 30%

Figures presented are annual; percentage changes reflect FY 2021 vs FY 2020. Key metrics presented do not account for all Operating Revenue generated
(1) Increase reflects acquisition of GAIN Capital Holdings Inc. in Aug 2020
(2) Listed Derivatives Client Equity balance pertains to client assets in our future and options business on which we retain a share of interest earnings.
(3) Money Market Fund / FDIC Sweep balance pertains to client assets in our correspondent securities clearing business on which we retain a share of fee income

From a client segment perspective, we saw strong performance across the board in both operating revenue and segment income. Our commercial segment increased operating revenues by 24% and segment income by 35% thanks to good market conditions and a strong performance from our precious metals business. Our institutional, retail and global payments segments also achieved year-over-year growth in both categories, despite the prevalence of largely more favorable market conditions during most of 2020. More details regarding segment performance and composition can be found on pages 24-25.

Our business performs best when we have moderate volatility and can earn a carry on our customer float. In 2021, intermittent increases in market volatility tied to the pandemic benefited a number of our businesses over the course of the year. These increases spurred heightened activity from hedgers and speculators alike, leading to increased transaction flow over our network. However, these benefits were counterbalanced by the return to near-zero interest rates in 2020, which limited the amount of revenue we were able to generate from our customer float, even as it continued to grow.

OUR STRATEGY IN ACTION

We believe that our strong performance in 2021 and our track record over the past 19 years speak to the efficacy of our strategy and to our focus and discipline in executing it relentlessly as we pursue our goal of becoming a premier financial services franchise globally. Indeed, we made significant progress in 2021 within each of the four primary components comprising this strategy.

Build Our Ecosystem – *We must remain relevant to our clients and prospects by adding more of the products and services they want and by providing them with the best ecosystem possible for accessing the global financial markets. Doing so enables us to increase engagement and wallet share from existing clients while attracting new clients who cannot satisfy their needs elsewhere, or who are dissatisfied with how those needs are being met.*

We continued to see increasing interest from our clients in the ability to access the growing crypto ecosystem. We have responded by facilitating trading for institutional and retail clients in a growing number of crypto related products such as listed derivatives as well as publicly listed ETF's, bitcoin exchanges and other participants. We are in the process of evaluating collaborations and partnership arrangements to further extend our crypto offering to our retail clients while also upgrading our market intelligence offering in support of this growing asset class.

We increased our efforts to tap into new or growing markets fueled by the rise of ESG initiatives globally, which is especially relevant to our global agricultural client base. These include renewable fuels and biodiesel, in which we are already leaders, certain base metals required by the electric car industry, and carbon trading, for which we are poised to launch a robust advisory service to complement our current trading capabilities.

We leveraged our presence in Asia to provide direct access to newly available listed derivative markets in China.

We continued to expand our institutional offering by building out our capabilities in securities prime brokerage (including outsourced trading) and fixed income.

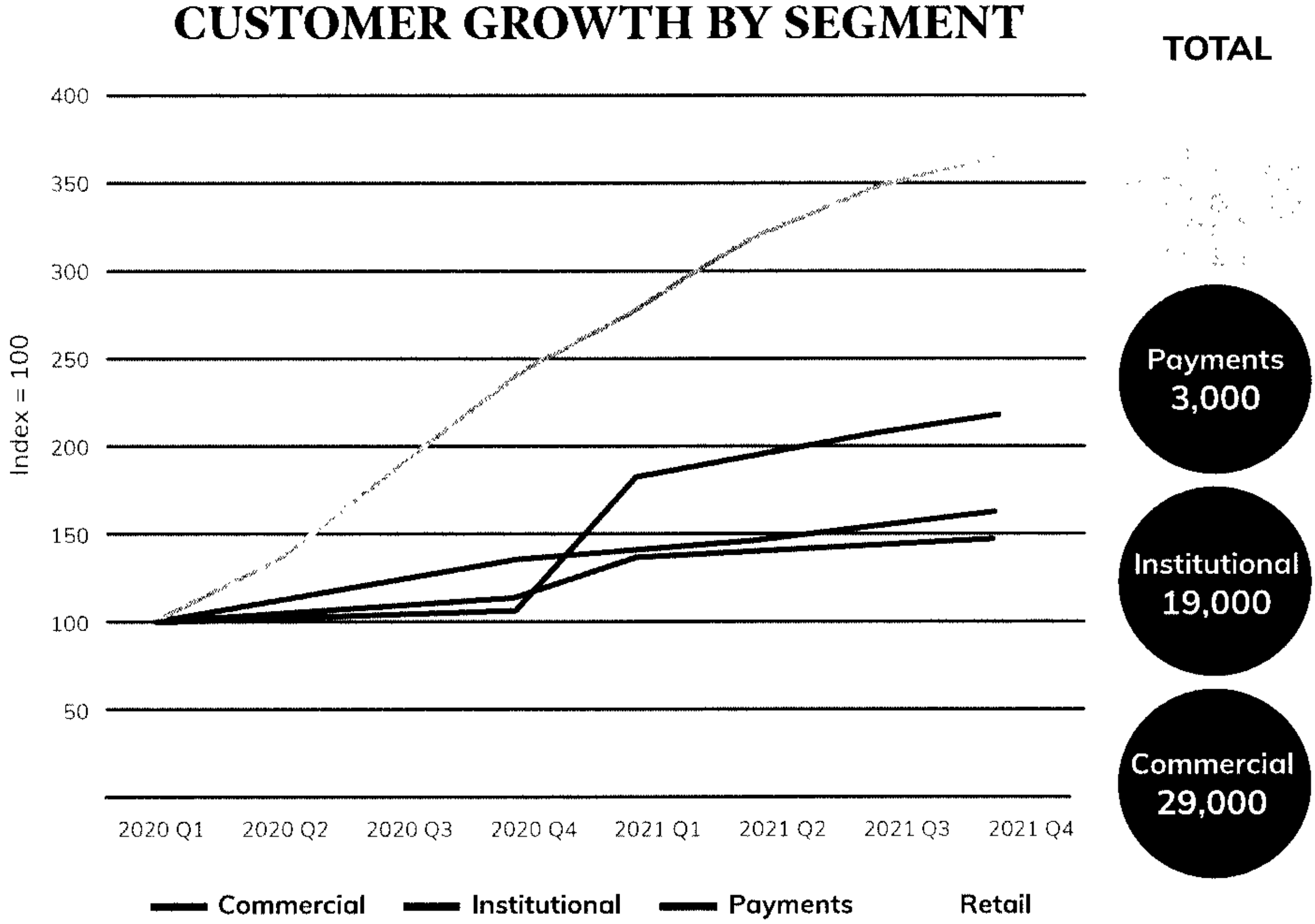
Grow/Diversify Customer Base – *We are a customer-centric business and strive to grow our customer footprint consistently by entering new markets, expanding market share in our existing markets, and adding new client segments and channels. Our broad range of capabilities enable us to serve customers of nearly every type, which creates a large addressable market for us and a significant opportunity for top-line growth – given that our current market penetration is likely in the single basis point range. Seizing this opportunity will enable us to increase volume and lower earnings volatility.*

We have very successfully expanded our reach within the U.S. wholesale precious metals market with the addition of a small but very experienced team in California. We will look to complement our U.S. presence by adding a digital retail capability via our coininvest digital retail platform.

We received all the regulatory permissions required to roll out our retail platform in the EU, which opens a significant new market for us.

We have completed the integration of GAIN's state-of-the-art digital marketing function into the larger business. Capabilities include the design and execution of digital marketing strategies, as well as the generation of the analytics required to measure and optimize results. This proven and talented group drives the retail platform revenue and increasingly will look to scale and grow our other client areas as they become more digitized and platform based.

CUSTOMER GROWTH BY SEGMENT



Digitize Our Business – *We firmly believe that the digitization of client platforms – backed by highly agile and efficient infrastructure – is a key requisite for our continued growth. Digitization will enable us to increase global market share in our massive total addressable market more efficiently while simultaneously providing scalability and margin expansion. Our keys to this approach are threefold: 1) aggregation and ease of access to data across the enterprise for strategic use, 2) open, flexible and modular architecture to enable scalability, and 3) opportunities for trade internalization across platforms that benefit our clients via better pricing and improve our bottom line via higher margins.*

Given our broad product offering, we have a complicated technology stack that uses a large number of industry-based systems of record for each of our core products. This requires a cumbersome "point-to-point" connection between all our support areas and client-facing platforms, which makes digitization difficult. We identified this as a major impediment to our strategy and, through many years of investment, have simplified our internal technology stack through the use of a centralized "data lake." Data from the majority of our client-facing applications and support systems now flows into this lake, where the information is stored and normalized, enabling for greater ease of access and analysis. As a result, our risk team can now access all client activity instantaneously across the organization – whether by product, location or legal entity. We can also view the profitability of each client against both their risk profile and specific capital requirements, which has been instrumental in our ability to reprice elements of our offering. This capability is especially useful in low-margin businesses like institutional listed derivatives.

In addition, we have been working for some time to create a flexible, open-architecture, API-based approach to our systems of record. This will enable us to combine access to our systems and products on client-facing platforms in a modular and efficient way. Combined with the data lake, this approach will allow us to create very flexible platforms for specific client types – giving them access to the products and capacities they need. This has also been a long-term project, but again, we are now seeing validation through an increased cadence of delivery.

We have developed one of the leading OTC derivatives and structured product platforms – taking some of our most complex products and making them easy to access, understand, design and then execute – all electronically.

We have rolled out a number of electronic trading applications for our equity market making business. These have not only fully automated what we have always done on the desk but also provide clients with additional capabilities and transparency when executing their orders.

We are poised to launch the internal pilot for StoneX One, a self-directed, multi-asset platform allowing clients to trade equities – both cash and options – and listed derivatives, with foreign exchange coming shortly thereafter. This app will work seamlessly across three very different regulatory environments, which is no easy feat. Once validated, we will then use the same technology to create a digital version for GAIN's self-directed retail platform – an objective we set out at the time of the GAIN acquisition and which will be transformational to their offering.

In summer 2022, we plan to make cash equities available on the GAIN retail platform outside of the US.

Compound Capital – *From our earliest days, we have focused on expanding our capital base by maintaining consistent profitability and reinvesting those profits back into the business so that we can create our own capital runway for growth. We try to deploy this capital wisely through a disciplined M&A approach focused on deals that will accrete immediately to earnings, and by making allocation decisions focused on ROE. We believe this approach has been key to our ability to achieve stable and consistent growth, and we will continue to pursue it going forward.*

In 2021, we achieved adjusted ROE of 14.9%, very near to our 15% target.

Over the past 10 years, we have tripled our shareholder funds, acquired more than 15 businesses and significantly expanded our client footprint – nearly all of which was financed organically from retained earnings and the unbelievable power of compounding.

While we had to take on some relatively high-priced debt to complete the GAIN acquisition, we have the ability to call the entire issue in June 2022. This timeline aligns with the extension of our holding company bank facilities, which allows us to strategically re-assess our capital structure in June 2022 to take advantage of the optimal combination of debt and bank funding, as well as hopefully drive down the cost of this capital significantly.

GAIN INTEGRATION

In late 2020, we acquired GAIN Capital Holdings, Inc. with the confidence that the merger would fundamentally transform our company's earnings power by 1) significantly expanding and deepening our retail customer segment, which we could serve more efficiently than GAIN through our existing infrastructure, and 2) by adding a leading digital capability that would give us an edge in capturing market share within the self-directed trading space. The latter represents an enormous and growing addressable market for us across our retail, commercial and institutional segments. Also, by integrating GAIN's business into our own, we created the opportunity to market the legacy products and services of both businesses seamlessly over all of our platforms and created increased opportunities to combine and internalize trade flows.

In 2021, we achieved significant progress in our integration efforts. We were able to secure all the significant regulatory approvals required, as well as merge key legal entities between the two companies in the U.K., U.S. and Singapore per our plan. In addition, all central support functions – accounting, risk management, core IT, legal, HR, marketing, etc. – have been integrated and now serve the entire enterprise. We are already realizing cost synergies from these integrations, and expect to capture even more as duplicative leases, vendor contracts and other commitments expire over time.

In terms of products, capabilities and trade flows, we have fully integrated the GAIN futures businesses and are clearing their transactions through our platform. We have also integrated the transaction flows for precious metals and FX – enabling us to provide better pricing while improving our spread capture and reducing our costs.

One of the most attractive aspects of this merger for us remains the opportunity to leverage some of our existing commercial and institutional products and capabilities via the GAIN retail platforms – effectively opening a new and significant market for them. One of our highest priorities for 2022 will be the addition of cash equities to the City Index (UK) and Forex.com (U.S.) platforms – in that order, due to the regulatory issues involved. This will open up an entirely new market for our equities inventory and augment what is already one of our signature strengths.

ESG PROGRESS

In last year's report, we provided information regarding our approach to Environment, Social and Governance policies and initiatives for the first time in our history. That approach continues to arise organically out of our company culture and remains balanced by our responsibility as a public company to our shareholders.

We are pleased to note that we have over a number of years worked to diversify our board to set the "tone at the top". We are pleased that we now satisfy the NASDAQ diversity standard and will continue to work hard to ensure StoneX is an inclusive and diverse organization. We do not see this merely as an ESG requirement but more as an essential ingredient to a high-performing company.

We provide updates to some of the internal policies and initiatives we reported last year on page 26. Among the highlights for 2021 is our investment in Tigress Financial Partners LLC, the nation's only disabled- and woman-owned financial services firm.

In addition to providing updates to internal policies and initiatives, we also detail some of the ways we are helping our clients achieve their ESG objectives, as well as the roles we are playing to facilitate the orderly and effective function of those new markets that have arisen to serve their needs. These include providing clients with education and access to carbon credit markets globally; facilitating participation for clients in the Brazilian government's signature decarbonization program under the Paris Agreement; our leadership in serving the U.S. and global biodiesel and renewable fuels markets; and our payments platform's ongoing track record of helping hundreds of charities and NGOs ensure that millions more dollars make it from their donors to their people on the ground carrying out their missions.

We recognize that these business activities are not directly analogous to – or a replacement for – pursuing our own internal ESG initiatives, and we would not engage in them if they were not profitable. However, we do believe it's important for all our stakeholders to understand the extent to which capital invested in StoneX generates significant and positive impacts across the ESG space.

COVID-19 IMPACT

Unfortunately, we cannot discuss our performance without acknowledging the broader context of COVID-19's impact on the global economy. Despite optimism early in the year that the global pandemic was subsiding and that a return to more normal conditions was near, COVID-19 is still impacting the global economy, the financial markets and our business significantly. We now expect these effects to remain present in some measure for the foreseeable future, and we will continue to adjust our strategy accordingly.

Within this context, meeting the needs of our clients while maintaining their safety and that of our employees, vendors and other stakeholders remains our highest priority. We pursued this goal in 2021 through a more even mix of work-from-home and in-office activity than in the prior year.

LOOKING FORWARD

As we move into 2022, we will look to leverage all the advantages achieved or cemented over the past year and more.

We have validated our acquisition of GAIN through our results so far, and have significantly expanded our footprint, client reach and product offering without issuing any stock – while preserving the opportunity next year to restructure and optimize our capital structure.

We have made large investments in technology over the last four to five years to put in place the foundations required to accelerate the digitization of our business – from enhanced connectivity and analytical capabilities across our internal systems to increased digital access to our products and services for clients through fewer platforms to a leading internal digital marketing capability to leverage these capabilities globally.

Building on these investments, we are poised to launch a number of new digital platforms that will more tightly integrate our offering by client type – making it more engaging for clients and more scalable and profitable for us.

We have a strong, customer-centric culture that will enable us to continue delivering exceptional experiences and service to our clients at every touchpoint – whether digital or person to person.

We have a unique and comprehensive financial ecosystem with an enormous TAM in front of us – offering significant white space in areas where we already have client relationships and demonstrable capabilities. We have perhaps single-basis-point market penetration within our total addressable market and are now positioned to expand market share to continue our growth and, through better leverage of technology, expand our margins.

The convergence of all these elements, coupled with the growing awareness across the global financial marketplace of StoneX and the unique financial ecosystem we offer, make this a very exciting next phase of the StoneX growth story.

Of course, our success will rest largely on the efforts of our talented, dedicated and industrious employees. On behalf of the executive management team, I want to thank all of my colleagues for their exceptional contributions during another challenging but productive year, along with 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

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	$668mm
% of Total Revenue	40%
YoY +/-	+7%
Segment Income	$168mm
% of Total Income	33%
YoY +/-	+10%
Segment Margin	40%
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 35 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 and its significant retail client base, we officially reconfigured our SEC segment reporting according four client types: institutional, retail, commercial and payments. Overall, total segment income rose by 28% over the prior year to $506M.

COMMERCIAL	PAYMENTS	Global Diversified Client Base
RISK HEDGERS	TREASURY MANAGEMENT	Risk Profile
$535mm	$137mm	Operating Revenue
32%	8%	% of Total Revenue
+24%	+17%	YoY +/-
$192mm	$79mm	Segment Income
38%	16%	*% of Total Income*
+35%	+14%	YoY +/-
44%	60%	Segment Margin
• 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 350 in-country correspondent banks ensures efficient and effective payments	Segment Description
• Commercial hedgers • Producers • Wholesalers & merchants • Corporations • Introducing brokers • Traders • Grain elevators • Merchandisers • Importers • Exporters	• Financial institutions • Nonprofits • Government organizations • NGOs • Corporations • SMEs	Representative Clients/Own Brands

POLICY STATEMENT

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 and trust. In our environment, social and governance (ESG) approach, we strive to complement the positive impacts generated by our pursuit of that business philosophy while minimizing or offsetting the possible negative impacts.

APPROACH TO CORPORATE & CLIENT ESG

Our approach to ESG arises 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.**
- **Embrace of good corporate citizenship and the pursuit of reasonable and responsible practices that aim to mitigate the environmental impact of our operations.**
- **Client-focused approach to enabling the companies we do business with to pursue their own ESG objectives through our global network and offering.**

Across our internal and our client-focused approaches, we pursue our ESG activities within the context of our responsibility as a public company to balance the needs of our shareholders, clients, employees and other stakeholders appropriately. 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.

This year, we provide notable metrics and initiatives for 2021 in support of select policies and sub-policies introduced in last year's report, as we continue to evaluate the benefits to all stakeholders of more extensive reporting – whether as part of this annual report or a separate report going forward, and/or on our corporate website.

ESG – CLIENT ENABLEMENT & IMPACT

StoneX is committed to helping our clients pursue their own ESG objectives through our global network and product/service suite. As partners in our clients' success, we are continually evaluating opportunities to add new products and services to our offering where doing so makes financial sense for our clients and for us. Below are notable examples in 2021.

Playing central roles in global carbon reduction efforts. Through our global financial network, we provide our clients with access to exchange-listed carbon instruments (e.g. carbon credits) via our execution and clearing and custody capabilities. In doing so, we help bring liquidity to this important marketplace, which is critical to its orderly function and success. To supplement this market access, we are in the process of building out an advisory component to our offering that aims to educate our clients on how the carbon credit markets work, how to estimate their carbon footprints, and how to use the carbon markets to offset their impacts or earn credits in ways that achieve their objectives and align with local, regional and global initiatives.

In the U.S., we are leaders in the renewable diesel and biodiesel markets – both in terms of supplying makers of these fuels with the physical feedstock (fats, oils and greases) they need for production and in terms of helping participants at nearly every point in the supply chain manage the price risk and either offset or reduce the carbon footprints associated with their inputs and outputs. Through our physical and financial trading services, we touched approximately 1.26 billion gallons of production in 2021, which equates to roughly 50% of the total of such fuels produced in the U.S. for all of 2020, the last year for which complete annual production data is available.

Similarly, in Brazil, StoneX is a significant participant in the country's signature decarbonization initiative (RenovaBio) under the Paris Agreement, providing both trading and origination/documentation/custody services to clients in the program's CO_2 credits (CBIOs), which are created via the manufacture and use of biofuels. Since October of 2020, we have helped clients originate more than 1.4 billion CBIOs, and trade more than 1.9 billion – representing approximately 15% of the total activity in Brazil's CBIO market.

Empowering greater diversity within the financial market ecosystem. In March, StoneX purchased a minority stake in Tigress Financial Partners, a premier diversity SEC/FINRA-registered full-service broker dealer and the nation's only disabled- and woman-owned investment firm. Through this partnership, Tigress clients can access our global network, broad product offering and best-in-class platforms, while we provide both capital and infrastructure support to help Tigress grow. In June, Tigress became the first firm of its kind to achieve membership on the New York Stock Exchange.

Increasing NGO impacts through payments efficiency. For years now, our fast, efficient and secure global payments service has been helping nongovernmental organizations, charities and other mission-driven groups ensure that higher percentages of their donors' dollars make it across international borders and into the hands of those carrying out their missions on the ground. In 2021, more than 900 NGOs used our platform to transfer nearly $6 billion in funds to those places across the globe that need the impact of those dollars most.

ENVIRONMENT

We operate from 70+ offices across six continents worldwide, providing most of our services to our clients electronically (via phone, Internet, etc.). As such, we view our environmental footprint 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 host and/or 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 continually evaluating whether common mitigation practices used by our peers would generate net value for all of our stakeholders.

We are poised to launch a new carbon trading and advisory service early in 2022, which will help our clients estimate their carbon footprints and develop and execute strategies to offset their impacts, and/or where possible, generate credits for their contributions to carbon reduction. We plan to be one of our own "first customers" in this regard and look forward to undertaking this process and positioning ourselves to make more informed decisions about our environmental impact – and how to mitigate it – going forward.

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.

Executive & Board Diversity

As a global financial services business, we are committed to including diverse perspectives in our governance and management structures, and we could not be more pleased with the ongoing value this approach provides to our company through the resulting diversity of talent, acumen and perspectives present on our Board and within our executive ranks. We also recognize that diversity is a relative concept, especially within a global financial services industry not known especially for its diversity, and as such, we are continually assessing what mix of perspectives will serve the interests of all of our stakeholders best.

- We achieved board diversity as defined by NASDAQ guidelines.
- Two women serve on our nine-person Board of Directors

Employee Diversity

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 with employees with similar diverse backgrounds and also with other employees with different backgrounds. As an example, our 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.

Launched in 2020, our Women of StoneX group continues to help our employees become more engaged in leveraging diversity and increasing inclusion, while simultaneously providing them with new avenues for professional development. In 2021, the group sponsored multiple global education and networking opportunities that brought together its more than 400 members to focus on their own executive presence and negotiation skills, as well as created leadership lectures and networking opportunities that further engaged and empowered its constituents. As the company grows, we expect this affinity group model to play a central role in our employee engagement strategy.

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 offer our employees heavily subsidized 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 it 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. Our responsible sourcing policy and our anti-slavery policy are available at ir.stonex.com.

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. Rather than catalogue every example across all of our nearly 80 offices, we choose to highlight representative efforts each year, as noted below.

Anti-Poverty Efforts – Over the course of 2021, our Brazilian colleagues continued their long tradition of donating time and resources to helping improve the lives and ease the suffering of some of the country's most impoverished and vulnerable populations. In prior years, these efforts have focused on providing opportunities and improving quality of life for disadvantaged and disabled children and teens through financial assistance, job training and programs aimed at reintegrating the destitute and disenfranchised back into society. This past year, our initiatives included the IMAGINA Project, which offers meals and basic necessities for the homeless, and an effort to provide food, medical assistance and counseling for addicts in Nova Luz, one of Sao Paolo's most drug-infested neighborhoods. This latter effort was brainstormed, organized, driven and managed by our own employees – not an outside organization – based on their own feeling of empowerment within the firm.

GOVERNANCE

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.

Board Of Directors

The Company has a Board of Directors consisting of one executive and nine 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, Risk, and Technology and Operations 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.

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, the company's CEO.

Executive Structure

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. 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.

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.

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.

OFFICE LOCATIONS

HEADQUARTERS

New York (US)
230 Park Avenue [illegible] Floor
New York, NY 1016[illegible], USA
Tel: +1 212 485 3500

US OFFICES

[illegible]

INTERNATIONAL OFFICES

[illegible]

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.

Kevin Murphy
Group Treasurer

Mark Maurer
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
Chairman Technology & Operations Committee
Member Compensation Committee
Independent Consultant
Company Director

Diane Cooper
Member Audit Committee
Member Technology & Operations Committee
Member Risk Committee
Company Director

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

Dr. Dhamu R. Thamodaran
Independent Consultant

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

Steven Kass
Chairman Audit Committee
Member Technology & Operations Committee
Member Nominating & Governance Committee
Independent Consultant
Company Director

Corporate Headquarters And Stockholder Relations

230 Park Avenue, 10th Floor
New York, NY 10169, 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

The "adjusted" non-GAAP amounts reflect each item after removing the impact of the gains on acquisitions and related transaction costs and other expenses for the years ended September 30, 2021 and 2020, respectively. Management believes that presenting our results excluding the gains on acquisitions and related transaction costs and other expenses is meaningful, as it increases the comparability of period-to-period results.

(in millions)	For the Year Ended			
Reconciliation of net income to adjusted non-GAAP amounts:	**September 30, 2020**	**September 30, 2021**	**$ Change**	**% Change**
Net income, as reported (GAAP)	$ 169.6	$ 116.3		
Gains on acquisitions, net of tax	(81.9)	(3.3)		
Acquisition related transaction costs and other expenses, net of tax	12.0	11.3		
Adjusted net income (non-GAAP)	$ 99.7	$ 124.3	$ 24.6	25%

(in millions)	For the Year Ended				
Reconciliation of net income to adjusted non-GAAP amounts:	**September 30, 2017**	**September 30, 2018**	**September 30, 2019**	**September 30, 2020**	**September 30, 2021**
Net income, as reported (GAAP)	$ 6.4	$ 55.5	$ 85.1	$ 169.6	$ 116.3
Bad debt (recovery) on physical coal, net of incentive recapture, net of tax	39.4	1.0	(11.2)	-	-
Impact of Tax Reform	-	19.8	-	-	-
Gains on acquisitions, net of tax	-	-	-	(81.9)	(3.3)
Acquisition related transaction costs and other expenses, net of tax	-	-	-	12.0	11.3
Adjusted net income (non-GAAP)	$ 45.8	$ 76.3	$ 73.9	$ 99.7	$ 124.3
Stockholders' Equity, beginning of fiscal year	$ 433.8	$ 449.9	$ 505.3	$ 594.2	$ 767.5
Stockholders' Equity, end of fiscal year	$ 449.9	$ 505.3	$ 594.2	$ 767.5	$ 904.0
Average of Stockholders' Equity	$ 441.9	$ 477.6	$ 549.8	$ 680.9	$ 835.8
Adjusted ROE	10.4%	16.0%	13.4%	14.6%	14.9%

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, 2021

☐ **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.)*
230 Park Ave, 10th Floor	
New York, NY	**10169**
(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**
• Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☐	☑
• Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
• Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
• Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☑	☐
• Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.	☑	☐

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

Large Accelerated filer ☑ 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.	☐	
• Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	☐	☑

As of March 31, 2021, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $793.8 million.

As of November 24, 2021, there were 19,947,689 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 March 2, 2022 are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

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

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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 3,200 employees as of September 30, 2021. 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 45,000 commercial and institutional clients, and over 370,000 retail accounts located in more than 180 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 $4.4 billion in required client segregated assets at our U.S. FCM as of September 30, 2021, and one of the leading market makers in foreign securities, making markets in approximately 16,000 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, Cityindex.com, Coininvest.com and Silver-to-go.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 Securities and Exchange Commission ("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 45,000 commercial and institutional clients and over 370,000 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.

OTC / Market-Making

We offer clients access to the OTC markets for a broad range of traded commodities, global securities, foreign currencies, contracts for difference ("CFDs") and interest rate products. 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.

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 more than 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 approximately 375 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.

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 12 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 16,000 ADRs, GDRs and foreign ordinary shares, of which over 7,000 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 80 correspondent clearing relationships with over $22 billion in assets under management or administration as of September 30, 2021.

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, 2021, our U.S. FCM held $4.4 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 500 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, 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 local currency payments services in more than 185 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 375 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 2021

Chasing Returns Limited

On August 3, 2021, the Company's wholly owned subsidiary, StoneX Netherlands B.V., acquired the majority of stock in Chasing Returns Limited, based in Ireland. Chasing Returns Limited specializes in financial behavioral science designed to assist traders in analyzing trends and decision making. The Company intends to use the capabilities of Chasing Returns Limited to enhance the Company's offerings to its retail clients.

EncoreFx Ltd.

Effective December 22, 2020, the Company acquired EncoreFx Inc., which is incorporated in the State of Washington, and is registered as a Money Services Business with FinCEN, having 33 state money transmitter licenses and whose primary operations include providing foreign-currency exchange risk management and global payment solutions services to small and medium sized businesses. Subsequent to the acquisition, the company was renamed as StoneX Payment Services Ltd.

Acquisitions during Fiscal Year 2020

Gain Capital Holdings, Inc.

On July 31, 2020, the Company acquired Gain Capital Holdings, Inc. ("Gain"), 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.

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 United Kingdom ("U.K."), Luxembourg, Germany, Cyprus, 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 collection, use, transfer and protection 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. 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. Also where appropriate 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, 2021. Additional information on our subsidiaries subject to significant net capital and minimum net capital requirements can be found in Note 22 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 our 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 recently extended to September 2022. Additionally, the CFTC finalized the proposed net capital rules applicable to swap dealers on July 22, 2020, 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.

Additionally, our US legal entities qualifying as covered financial institutions are subject to the Customer Due Diligence Rule ("the CDD Rule"), which clarifies and strengthens customer due diligence requirements. This applies to our US brokers dealer(s) in securities, futures commission merchants, and introducing brokers in commodities. The CDD Rule requires these covered financial institutions to identify and verify the identity of the natural persons (known as beneficial owners) of legal entity customers who own, control, and profit from companies when those companies open accounts.

The CDD Rule has four core requirements. It requires covered financial institutions to establish and maintain written policies and procedures that are reasonably designed to:

- identify and verify the identity of customer;
- identify and verify the identity of the beneficial owners of companies opening accounts;
- understand the nature and purpose of customer relationships to develop customer risk profiles; and
- conduct ongoing monitoring to identify and report suspicious transactions and, on a risk basis, to maintain and update customer information.

With respect to the requirement to obtain beneficial ownership information, financial institutions will have to identify and verify the identity of any individual who owns 25 percent or more of a legal entity, and an individual who controls the legal entity. A Beneficial Ownership Form is also required. These requirements are applied to customers which meet the CDD Rule Criteria.

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 client assets ("CASS") 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.

The FCA has adopted rules to ban the sale of CFDs referencing cryptocurrencies to retail consumers, which became 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 CASS oversight.

As in the U.S., our U.K. and European entities are subject to statutory and regulatory requirements concerning relationships with customers and the review and monitoring of their transactions. Regulated firms in both the U.K. and in the European Union ("E.U.") must have robust governance, effective risk procedures and adequate internal control mechanisms to manage the exposure to financial crime risk. The measures require the U.K. and E.U. 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 to identify anything suspicious.

Our U.K. and E.U. entities take a risk-based approach and senior management are responsible for addressing these risks. At least annually, there is a requirement to identify and assess the exposure to financial crime risk, enabling the targeting of financial crime resources on the areas of greatest risk. Procedures in the U.K. and E.U. are based on guidance and requirements issued both at a national and supranational level.

The FCA and the financial supervisory authorities in the E.U. require our entities to have systems and controls in place to enable them to identify, assess, monitor and manage financial crime 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 financial crime. As required, our EMEA Money Laundering Reporting Officer as well as the Money Laundering Reporting Officer appointed in respect of each of the entities in the E.U. provide 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 the local regulatory requirements.

Our financial crime systems and controls also include routine screening to identify where customers and others with whom we transact may be subject to financial sanctions, including measures initiated or adopted by *inter alia* the U.K. Treasury, E.U. or OFAC (as required in the U.S.)

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 II (Directive 2014/65/EU) ("MiFID II") requires 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.

In addition to the requirements described above, MiFID II requires that:

- firms carry out an appropriateness assessment before providing an execution only service to retail clients;
- transparency is given to derivatives traded on regulated markets, multi-lateral trading facilities ("MTFs"), and organized trading facilities ("OTFs");

- transactions are reported for those financial instruments traded on MTFs, OTFs, and those financial instruments where the underlying instrument is traded on a Trading Venue; and
- E.U. Member State regulators 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.

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 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 March 2022 to fully implement SCA on their platforms.

The U.K. left the E.U. in January 2020 pursuant to a Withdrawal Agreement. It entered into a transition period which expired on December 31, 2020. Following the expiration of this transition period, British investment and payment firms have lost the right to conduct business within European Economic Area ("EEA") states based on their 'home' state authorization. Without appropriate authorization, British firms are largely restricted to providing business to clients that are domiciled in the EEA on a 'reverse solicitation' basis. Furthermore, British investment firms have lost 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. An example is the provision of direct electronic access to trading venues authorized in the E.U.

StoneX Financial Ltd put in place a comprehensive Brexit contingency plan to mitigate the risks associated with Brexit. This included the transfer of assets, services and clients to StoneX Financial Ltd's subsidiary (StoneX Financial GmbH) and sister company (StoneX Financial Europe S.A).

Similarly, the group has executed a plan to mitigate the risks associated with Brexit for retail clients including the establishment of a licensed entity in Cyprus, StoneX Europe Ltd.

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 appropriate regime for 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. This new prudential regime entered into force in June 2021 in the E.U.

The E.U. Conflict Minerals Regulation ("CMR") became effective in January 2021. The U.K. adopted the CMR as it entered the U.K. statute book for Northern Ireland before the expiration of the Brexit transition period. The FCA is expected to recognize the Global Precious Metals Code in the U.K. following a recent consultation. 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 already applies. The firm has made some amendments to its policies and procedures in anticipation of the regulation and keeps these under review as part of its systems and controls.

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.

Privacy and Data Protection

Our business is subject to rules and regulations adopted by state, federal and foreign governments, and regulatory organizations governing data privacy, including for example the California Consumer Privacy Act (CCPA) and the European General Data Protection Regulation (GDPR). Additional states, as well as foreign jurisdictions, have enacted or are proposing similar data protection regimes, resulting in a rapidly evolving landscape governing how we collect, use, transfer and protect personal data.

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, ICE Futures Abu Dhabi, Small Exchange, Inc. 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, an assessment of company core competencies, 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 response and monitoring 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. We continually analyze and monitor gender and ethnicity across our employee population and report regularly into Executive Committee and the Board.

Foreign Operations

We operate in a number of foreign jurisdictions, including Canada, Ireland, the U.K., Cyprus, 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., the 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.

There have been significant declines in trading volumes in the financial markets generally in the past and there may be similar declines in trading volumes generally or across our platforms in particular in the future. Any one or more of the above factors may contribute to reduced trading volumes. Our revenues and profitability are likely to decline significantly during periods of stagnant economic conditions or decreased trading volume in the U.S. and global financial markets.

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.

Our clients' 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. In addition, 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 we collect 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, the perceived stability of commodities and financial markets, the level and volatility of interest rates and inflation and the 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 low levels of short-term interest rates, such as the levels currently in effect, have a material adverse effect on our profitability. For example, for the fiscal year ended September 30, 2021, our interest related income was $102.4 million as compared to $130.9 million during the fiscal year ended September 30, 2020. We expect our interest-related revenue to remain depressed 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 extension of the COVID-19 pandemic could have a material adverse effect on our business.

The COVID-19 pandemic has created significant market 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 continuation of the COVID-19 pandemic results in a global recession or slowdown, this could lead to extended periods of low short-term interest rates and decreased volatility which could adversely affect our profitability. We also may be exposed to increased counterparty default, liquidity and credit risk with respect to our client accounts, which means 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. In these circumstances, we may nonetheless be required to fund positions with counterparties using our own funds, which in turn would reduce our liquidity buffers. If any of these risks materialize, our operating results or ability to conduct our business may be materially adversely affected.

In addition, the continuation of the COVID-19 pandemic has led to increased operational and cybersecurity risks, including those related to a large number of our employees working remotely. These risks include, among others, increased demand on our information technology resources and systems, the increased risk of phishing and other cybersecurity attacks as cybercriminals try to exploit an increased number of points of possible attack, such as laptops and mobile devices, both of which are now being used in increased numbers. Any failure to effectively manage these increased operational and cybersecurity demands and risks, including to timely identify and appropriately respond to cyberattacks, may materially adversely affect our results of operations and the ability to conduct our business. For a further discussion of cybersecurity risks, see Technology and Cybersecurity Risks below.

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 resurgence of COVID-19 and its variants, possible future governmental limitations on commerce and travel, the effectiveness of our transition from work-from-home arrangements to a gradual 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 continuation of 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 future Quarterly Reports on Form 10-Q or other filings we make with the SEC.

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 sufficient 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 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 concentrated positions 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 in interest and foreign exchange rates also may result in reduced trading activity and reduce our revenues from market-making transactions. Changes in price levels also may result in losses in the fair value of securities, commodities and other assets held in inventory. Sudden sharp changes in the fair value of securities, commodities and other assets can result in a number of adverse consequences 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 significant risks associated with commodity derivative instruments in which we transact.

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 OTC derivative 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 our overall positions, the terms and liquidity of the instruments we offer to our clients and the amount of time the positions remain open.

While we mitigate market risk on OTC derivative positions with strict risk limits, limited holding periods and active risk management, adverse movements in the referenced 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 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 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 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. Transactions with these counterparties, therefore, carry heightened risk in the event that the counterparty defaults on its obligations to us.

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 in place procedures for collecting margin and other deposits from clients on a same-day basis; however, there can be no assurance that these facilities and procedures will provide us with sufficient funds to satisfy funds to satisfy any additional margin or credit support we may be required to post in the event of severe adverse price movements affecting the 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.

These and similar events could materially affect our business, financial condition and results of operations. While we have policies, procedures and automated controls in place to identify and manage our credit risk, there can be no assurance that they will effectively mitigate our credit risk exposure. If our policies, procedures and automated controls fail, our business, financial condition and results of operations may be adversely affected.

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, financial condition and results of operations 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, both domestic and international, who solicit clients for their execution and/or advisory services. Those introducing brokers work to establish execution and/or clearing accounts with our entities for those new client relationships but generally serve as the primary relationship and customer service point for those 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 our relationships with these introducing brokers or the failure of these introducing brokers to establish and maintain client relationships could result in a loss of revenues, which would 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 and there may be statements on such websites in relation to our services that may not be accurate and may not 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 technology 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 stemming from these unanticipated risks. 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 vendors or 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 due to 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, cyber attacks, 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 be sufficient or work effectively during an emergency.

Similarly, although some contracts with our third-party providers, such as our hosting facility providers, require adequate disaster recovery or business continuity capabilities, we cannot be certain that these will be adequate or implemented properly. Our disaster recovery and business continuity plans are heavily reliant on the availability of the internet and mobile phone technology, so any disruption of those systems would likely affect our ability to recover promptly from a crisis situation. If we are unable to execute our disaster recovery and business continuity plans, or if our plans prove insufficient for a particular situation or take longer than expected to implement in a crisis situation, our business, financial condition and results of operations could be materially adversely affected, and our business interruption insurance may not adequately compensate us for losses that may occur.

Our inability to avoid or adequately address the failure of our key computer and communication systems 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 large 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 not properly safeguarded.

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 in general and as it relates to our business. Our clients expect that we will adequately protect their personal information, and the regulatory environment surrounding information security and privacy is rapidly evolving and increasingly demanding. Protecting against security breaches, including cyber-security attacks, is an increasing challenge, and penetrated or compromised data systems or the intentional or inadvertent release or disclosure of data has in the past, and may in the future, 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 collect, 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 or 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 degradation or failure of the communications and computer systems on which we rely, due to internal system issues, vendor or other third party issues, cybersecurity attacks or for other reasons, or the significant theft, loss or fraudulent use of client information under any circumstances, may lead to financial losses, litigation or arbitration claims filed by or on behalf of our clients, and regulatory investigations and sanctions against us. 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.

Rapid market or technological changes may render our technology obsolete or decrease the attractiveness of our products and services to our clients.

We must continue to enhance and improve our electronic trading platforms. The financial services industry is characterized by significant structural changes, increasingly complex systems and infrastructures, changes in clients' needs and preferences and new business models. If new industry standards and practices emerge and our competitors release new technology before us, our existing technology, systems and electronic trading platforms may become obsolete or our existing business may be harmed. Our future success will depend on our ability to:

- enhance our existing products and services;
- develop and/or license new products and technologies that address the increasingly sophisticated and varied needs of our clients and prospective clients;
- continue to attract highly-skilled technology personnel; and
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Developing our electronic trading platforms and other technology entails significant technical and business risks. We may use new technologies ineffectively or we may fail to adapt our electronic trading platforms, information databases and network infrastructure to client requirements or emerging industry standards. If we face material delays in introducing new services, products and enhancements, our clients may forego the use of our platforms and use those of our competitors.

Further, the adoption of new internet, networking, cloud, telecommunications or blockchain technologies may require us to devote substantial resources to modify and adapt our services. We cannot assure that we will be able to successfully implement new technologies or adapt our proprietary technology and transaction-processing systems to client requirements or emerging industry standards. We cannot assure that we will be able to respond in a timely manner to changing market conditions or client requirements.

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 business, financial condition and results of operations.

As of September 30, 2021, our total consolidated indebtedness was $755.6 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 an increasing 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;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions, investments and general corporate requirements:
- limiting our flexibility in planning for, or reacting to, changes in the economy, the markets, regulatory requirements, our operations or business;
- increasing the risk of a future downgrade of our credit ratings, which could increase future debt costs; and restricting our ability to borrow additional funds or refinance existing debt as needed or take advantage of business opportunities as they arise.

We may 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.

Some of our borrowings are subject to variable interest rates and as such in periods of rising interest rates, our cost of funds will increase, which could reduce our net income.

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

As of September 30, 2021, we had four committed credit facilities under which we could borrow up to $806.4 million, consisting of:

- a $406.4 million facility for general working capital requirements, committed until August 22, 2022;
- a $75.0 million facility for short-term funding of margin to commodity exchanges, committed until April 1, 2022;

- a $300.0 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, 2022. On November 18, 2021, the facility was amended to increase the committed borrowing amount available to $50.0 million.

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, our business, financial condition and results of operations may be materially adversely affected. In addition, in such circumstances, we may need to raise additional debt or equity financing on terms that are unattractive or dilutive to our current shareholders. Moreover, 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 entered into 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, CySEC, 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, on or more of which could have a material adverse effect on our business, financial condition and results of operations.

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 regulatory requirements.

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

As a result of the broad scope of our highly regulated business activities and our large and diverse customer population, 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 that arises in connection with 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 also 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 developments could have a material adverse effect on our business, results of operations and financial condition.

In addition to these net capital requirements, certain of our subsidiaries are subject to the deposit and/or collateral requirements of the clearing houses and exchanges in which such subsidiaries participate. 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 such clearinghouses and exchanges, which could have a material adverse effect on our business, financial condition and results of operation.

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, financial condition and results of operation.

Rapidly evolving regulations regarding data privacy could increase our costs and adversely affect our business.

Our business is subject to rules and regulations adopted by state, federal and foreign governments, and regulatory organizations governing data privacy, including, but not limited to for example, the California Consumer Privacy Act (CCPA) and the European General Data Protection Regulation (GDPR). Additional states, as well as foreign jurisdictions, have enacted or are proposing similar data protection regimes, resulting in a rapidly evolving landscape governing how we collect, use, transfers and protect personal data. These new regulations, as well as changes to existing rules, could result in material increases in operating costs and impact the manner in which our products and services can be offered to our clients. Any failure to comply with the CCPA, GDPR or other applicable data protection regulations could subject us to risk of regulatory investigation, penalties, civil litigation and reputational harm, and could have a material adverse effect on our business, financial condition and results of operation.

International Operations Risks

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

We engage in a significant amount of business with clients in markets outside the United States. 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 are also subject to unexpected change, difficulties of debt collection and enforcement of contractual 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 results, there can be no assurance that we will be successful in managing our foreign exchange risk and potential movements in the U.S. Dollar against other currencies could adversely affect our results of operations. 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 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 or otherwise extend our services 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 trading volume is 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 clients, and jurisdictions in which we operate or otherwise extend our services in reliance on exemptions from the regulatory regime. 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 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, has caused disruptions to, and created uncertainty surrounding, our business in the U.K. and E.U., including the elimination of our historical right to serve customers in the E.U. from the U.K. on a passport basis and changes to U.K. and E.U. immigration policy, limiting our access to and ability to compete for and hire, skilled employees in both the U.K. and the E.U. 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 impact of the U.K.'s revised with the E.U. and others is unclear. 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, financial results and operations.

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 platforms, is rapidly evolving and intensely competitive. We expect competition to continue and increase in the future. We compete primarily with wholesale, national and regional broker-dealers and FCMs, as well as electronic communications networks and retail brokers. 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.

Alternatively, some of our competitors are smaller, subject to lower capital requirements, and may be able to adopt and implement emerging technologies more quickly.

Recent advances in computing and communications technology are substantially changing the means by which market-making and brokerage 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 a material adverse effect on our business, results of operation and financial condition.

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 $784.0 million in fiscal 2017 to $1,673.1 million in fiscal 2021 principally as a result of several acquisitions. 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.

From time to time, we may enter into negotiations for acquisitions or investments that are not ultimately consummated. Such negotiations could result in significant diversion of management time, as well as out-of-pocket costs.

The consideration paid in connection with an investment or acquisition also affects our financial results. If we were to proceed with one or more significant acquisitions in which the consideration included cash, we could be required to use a substantial portion of our available cash to consummate any acquisition. To the extent we issue shares of capital stock or other rights to purchase capital stock, including options or other rights, existing stockholders may be diluted and earnings per share may decrease. In addition, acquisitions may result in the incurrence of debt, large one-time write-offs, such as of acquired in-process research and development costs, and restructuring charges.

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 2021 that remain unresolved.

ITEM 2 Properties

We have offices, operations and data centers located around the world. Our corporate headquarters is located at 230 Park Avenue, New York, New York. We have significant operations located in London, Chicago, and Kansas City, along with many other locations globally. We believe that our facilities are adequate to meet our anticipated requirements for current lines of business. Most of our offices support multiple or all of our segments. All our offices and other principal business properties are leased, except for a portion of our space in Buenos Aires, which we own.

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

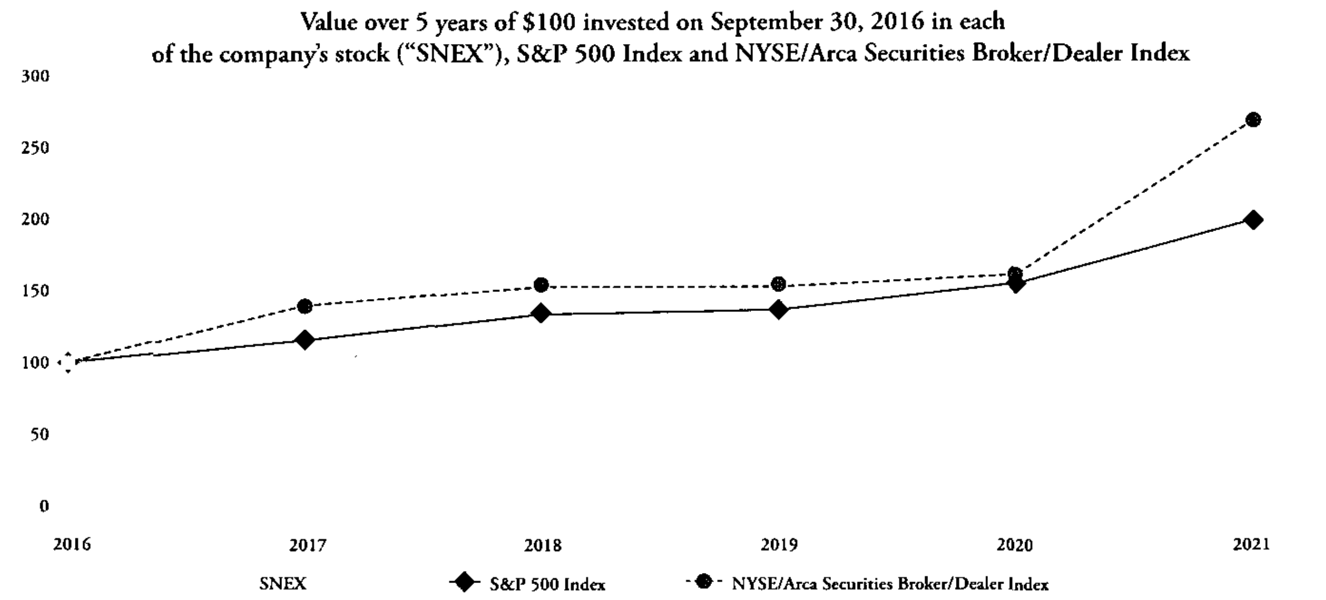
Not applicable.

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, 2021, there were approximately 351 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 2021 and 2020 were as follows:

	Price Range	
	High	Low
2021:		
Fourth Quarter	$ 70.00	$ 60.72
Third Quarter	$ 70.47	$ 58.26
Second Quarter	$ 66.87	$ 53.51
First Quarter	$ 65.02	$ 49.26
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



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 December 16, 2020, our Board of Directors authorized the repurchase of up to 1.0 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on December 23, 2020 and ending on September 30, 2021.

On August 25, 2021, our Board of Directors authorized the repurchase of up to 1.0 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on October 1, 2021 and ending on September 30, 2022. 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.

Our common stock repurchase program activity for the three months ended September 30, 2021 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, 2021 to July 31, 2021	94,142	$ 62.47	94,142	855,858
August 1, 2021 to August 31, 2021	41,224	65.41	41,224	814,634
September 1, 2021 to September 30, 2021	—	—	—	814,634
Total	135,366	$ 63.36	135,366	

(1) The maximum number of shares remaining to be purchased under the program was reestablished to 1.0 million shares effective October 1, 2021.

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)	2021	2020	2019	2018	2017
Revenues:					
Sales of physical commodities	$ 40,961.6	$ 52,899.2	$ 31,830.3	$ 26,682.4	$ 28,673.3
Principal gains, net	892.0	622.2	415.8	354.1	297.0
Commissions and clearing fees	487.2	403.6	372.4	391.8	318.6
Consulting, management and account fees	91.0	83.7	79.6	71.1	65.0
Interest income	102.4	130.9	198.9	123.3	69.7
Total revenues	42,534.2	54,139.6	32,897.0	27,622.7	29,423.6
Cost of sales of physical commodities	40,861.1	52,831.3	31,790.9	26,646.9	28,639.6
Operating revenues	1,673.1	1,308.3	1,106.1	975.8	784.0
Transaction-based clearing expenses	271.7	222.5	183.5	179.7	136.3
Introducing broker commissions	160.5	113.8	114.7	133.8	113.0
Interest expense	49.6	80.4	142.0	70.5	32.7
Interest expense on corporate funding	41.3	23.6	12.7	10.2	9.4
Net operating revenues	1,150.0	868.0	653.2	581.6	492.6
Compensation and other expenses:					
Compensation and benefits	679.1	518.7	393.1	337.7	295.7
Trading systems and market information	58.8	46.3	38.8	34.7	34.4
Professional fees	40.9	30.2	21.0	18.1	15.2
Non-trading technology and support	46.0	28.4	20.1	13.9	11.6
Occupancy and equipment rental	34.2	23.5	19.4	16.5	15.2
Selling and marketing	33.3	12.2	5.2	6.2	4.0
Travel and business development	4.5	8.9	16.2	13.8	13.3
Communications	9.3	7.0	6.6	5.4	5.0
Depreciation and amortization	36.5	19.7	14.0	11.6	9.8
Bad debts, net of recoveries and impairment	10.4	18.7	2.5	3.1	4.3
(Recovery) bad debt on physical coal	—	—	(12.4)	1.0	47.0
Other	46.3	29.6	23.2	20.1	21.9
Total compensation and other expenses	999.3	743.2	547.7	482.1	477.4
Gain on acquisitions and other gains	3.4	81.9	5.5	2.0	—
Income from continuing operations, before tax	154.1	206.7	111.0	101.5	15.2
Income tax expense	37.8	37.1	25.9	46.0	8.8
Net income	$ 116.3	$ 169.6	$ 85.1	$ 55.5	$ 6.4
Earnings per share:					
Basic	$ 5.90	$ 8.78	$ 4.46	$ 2.93	$ 0.32
Diluted	$ 5.74	$ 8.61	$ 4.39	$ 2.87	$ 0.31
Number of shares:					
Basic	19,130,643	18,824,328	18,738,905	18,549,011	18,395,987
Diluted	19,678,168	19,180,479	19,014,395	18,934,830	18,687,354
Other Data:					
Return on average stockholders' equity	13.9%	24.9%	15.5%	11.6%	1.5%
Employees, end of period	3,242	2,950	2,012	1,701	1,607
Compensation and benefits as a percentage of operating revenues	40.6%	39.6%	35.5%	34.6%	37.7%

SELECTED BALANCE SHEET INFORMATION:

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017
Total assets	$ 18,839.6	$ 13,474.9	$ 9,936.1	$ 7,824.7	$ 6,243.4
Lenders under loans	$ 248.6	$ 268.1	$ 202.3	$ 355.2	$ 230.2
Senior secured borrowings, net	$ 507.0	$ 515.5	$ 167.6	$ —	$ —
Stockholders' equity	$ 904.0	$ 767.5	$ 594.2	$ 505.3	$ 449.9

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

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 3,200 employees as of September 30, 2021. 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.

Our operating segments are based primarily on the nature of the clients we serve, consisting of Commercial, Institutional, Retail, and Global Payments clients. This structure allows us to efficiently serve clients in more than 180 countries and manage our large global footprint. See Segment Information for a listing of business activities performed within our reportable segments.

StoneX Group Inc. and its trade name "StoneX" carries 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, 185 foreign exchange markets, nearly every global securities marketplace, and a number of bi-lateral liquidity venues via our networks 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 fourth quarter of fiscal 2021, worldwide social and economic activity has been severely impacted by the spread and threat of COVID-19. In March 2020, COVID-19 was recognized as a global pandemic and spread to many regions of the world, including all countries in which we have operations. The responses 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 and various economic stimulus programs, have significantly impacted market volatility and general economic conditions. We have and continue to closely track 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 in the third quarter of fiscal 2020, as a result of periods of higher volatility in the global markets due to economic concerns related to the COVID-19 pandemic. We have also seen a significant increase in customer demand for precious metals in light of the COVID-19 global pandemic and the resulting effect on the global economy. This revenue growth has been partially offset by the effect of the actions of the Federal Open Market Committee ("FOMC"), which immediately reduced 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.

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. These steps leveraged our existing operational contingency plans at every level of the organization, ensuring business process and control continuity, while preventing major disruption to our clients and operations.

Business Continuity Plans

We deployed business continuity plans to ensure we continue to serve our customers while maintaining operational flexibility through the evolving conditions described above, including the ability to work remotely for all of our staff, as needed.

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, including variants of COVID-19 emerging from time-to-time, and the mitigation efforts by government entities, as well as our own immediate and continuing COVID-19 operational response. We have taken, 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.

Executive Summary

In fiscal 2021 we continued to benefit from our diversified product offering and client base, achieving operating revenue growth across all of our operating segments. Increased volatility in commodity prices drove significant growth in operating revenues from both listed and OTC derivatives, and while spreads in securities products have declined versus the prior year, which benefited from volatility related to the onset of the COVID-19 pandemic, we experienced significant growth in securities volumes leading to growth in operating revenues from securities contracts. We continue to face the headwind of historically low short-term interest rates, with interest and fee income on client balances declining $16.7 million, or 39%, to $26.0 million in the year ended September 30, 2021, however we experienced strong growth in our client balances, as average client equity and average money-market/FDIC sweep balances increased 39% and 30%, respectively compared to the year ended September 30, 2020.

Operating revenues increased $364.8 million, or 28%, to $1,673.1 million in the year ended September 30, 2021 compared to $1,308.3 million in the year ended September 30, 2020, led by our Retail segment, which added $208.0 million compared to the year ended September 30, 2020, principally related to the acquisition of Gain, effective August 1, 2020. In addition, our Commercial and Institutional segments added $103.3 million and $44.3 million, respectively, compared to the year ended September 30, 2020, while our Global Payments segment added $19.9 million.

Overall segment income increased $111.1 million, or 28%, compared to the year ended September 30, 2020. This growth in segment income was led by our Commercial segment which increased $50.3 million, or 35% compared to the year ended September 30, 2020, as a result of strong growth in operating revenues, benefiting from increased volatility and customer activity, primarily in agricultural and metal commodity markets.

Institutional segment income increased $14.8 million, or 10% compared to the year ended September 30, 2020. This growth was principally driven by an 7% increase in operating revenues, most notably in securities transactions, where securities average daily volumes ("ADV") increased 61% compared to the year ended September 30, 2020, which was partially offset by a 28% decline in securities rate per million ("RPM") earned. In addition, bad debts, net of recoveries and impairments in the Institutional segment declined $9.2 million compared to the year ended September 30, 2020. These net positive variances were partially offset by a $16.3 million decline in interest and fee income earned on average client equity and FDIC sweep balances compared to the year ended September 30, 2020.

Segment income in our Retail segment increased $36.1 million or 114% compared to the year ended September 30, 2020, primarily as a result of the acquisition of Gain as well as an increase in customer activity in our retail precious metal and independent wealth management businesses.

Finally, Global Payments segment income increased $9.9 million, or 14% compared to the year ended September 30, 2020, as average daily volumes increased 20% compared to the year ended September 30, 2020. This was partially offset by a $4.2 million increase in non-variable direct expenses, primarily fixed compensation and benefits.

Interest expense related to corporate funding purposes increased $17.7 million to $41.3 million in the year ended September 30, 2021 compared to $23.6 million in the year ended September 30, 2020, primarily due to incremental interest related to the issuance of senior secured notes during June 2020, partially offset by lower short-term interest rates on our senior secured syndicated loan facility.

On the expense side, we continue to focus on maintaining our variable cost model and limiting the growth of our non-variable expenses. Reflecting such efforts, variable expenses were 56% of total expenses in the current period compared to 59% in the prior year period. Non-variable expenses, excluding bad debts increased $183.5 million compared to the year ended September 30, 2020, principally due to the Gain acquisition in the fourth quarter of fiscal 2020.

Net income decreased $53.3 million to $116.3 million in the year ended September 30, 2021 compared to $169.6 million in the year ended September 30, 2020. Diluted earnings per share were $5.74 for the year ended September 30, 2021 compared to $8.61 in the year ended September 30, 2020. Net income includes gains on acquisitions of $3.3 million and $81.9 million for the years ended September 30, 2021 and 2020, respectively. These gains on acquisitions are non-taxable, and accordingly there is no corresponding income tax provision amounts recorded related to the gains.

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 periods indicated.

Financial Overview

	Year Ended September 30,				
(in millions)	2021	% Change	2020	% Change	2019
Revenues:					
Sales of physical commodities	$ 40,961.6	(23)%	$ 52,899.2	66%	$ 31,830.3
Principal gains, net	892.0	43%	622.2	50%	415.8
Commission and clearing fees	487.2	21%	403.6	8%	372.4
Consulting, management, and account fees	91.0	9%	83.7	5%	79.6
Interest income	102.4	(22)%	130.9	(34)%	198.9
Total revenues	42,534.2	(21)%	54,139.6	65%	32,897.0
Cost of sales of physical commodities	40,861.1	(23)%	52,831.3	66%	31,790.9
Operating revenues	1,673.1	28%	1,308.3	18%	1,106.1
Transaction-based clearing expenses	271.7	22%	222.5	21%	183.5
Introducing broker commissions	160.5	41%	113.8	(1)%	114.7
Interest expense	49.6	(38)%	80.4	(43)%	142.0
Interest expense on corporate funding	41.3	75%	23.6	86%	12.7
Net operating revenues	1,150.0	32%	868.0	33%	653.2
Compensation and benefits	679.1	31%	518.7	32%	393.1
Bad debts, net of recoveries and impairments	10.4	(44)%	18.7	648%	2.5
Recovery of bad debt on physical coal	—	—%	—	(100)%	(12.4)
Other expenses	309.8	51%	205.8	25%	164.5
Total compensation and other expenses	999.3	34%	743.2	36%	547.7
Gain on acquisitions and other gains	3.4	(96)%	81.9	1,389%	5.5
Income before tax	154.1	(25)%	206.7	86%	111.0
Income tax expense	37.8	2%	37.1	43%	25.9
Net income	$ 116.3	(31)%	$ 169.6	99%	$ 85.1

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,				
	2021	% Change	2020	% Change	2019
Operating Revenues (in millions):					
Listed derivatives	$ 387.6	18%	$ 328.5	4%	$ 317.1
OTC derivatives	143.4	29%	111.2	13%	98.3
Securities	533.6	16%	458.3	39%	329.3
FX / Contract for Difference ("CFD") contracts(1)	242.0	262%	66.9	207%	21.8
Global payments	133.8	17%	114.6	3%	110.8
Physical contracts	152.6	25%	122.4	65%	74.0
Interest / fees earned on client balances	26.0	(39)%	42.7	(49)%	83.9
Other	69.5	2%	68.4	(9)%	75.2
Corporate Unallocated	1.7	(88)%	14.6	(30)%	20.8
Eliminations	(17.1)	(11)%	(19.3)	(23)%	(25.1)
	$ 1,673.1	28%	$ 1,308.3	18%	$ 1,106.1

(1) Operating revenues from FX / CFD contracts for the year ended September 30, 2020 includes 43 trading days of Gain activity from the period post-acquisition of Gain, which was acquired effective August 1, 2020. Gain activity is shown in our Retail segment, along with our pre-existing FX activities, which are shown in our Institutional segment. Both had a full year of trading days during the year ended September 30, 2020.

	Year Ended September 30,				
	2021	% Change	2020	% Change	2019
Volumes and Other Select Data (all $ amounts are U.S. dollar or U.S. dollar equivalents):					
Listed derivatives (contracts, 000's)	146,101	(6)%	154,652	20%	128,898
Listed derivatives, average rate per contract (1)	$ 2.55	29%	$ 1.98	(9)%	$ 2.17
Average client equity - listed derivatives (millions)	$ 3,842	39%	$ 2,765	33%	$ 2,073
Over-the-counter ("OTC") derivatives (contracts, 000's)	2,557	21%	2,113	19%	1,772
OTC derivatives, average rate per contract	$ 55.70	7%	$ 52.19	(5)%	$ 55.19
Securities average daily volume ("ADV") (millions)	$ 2,776	61%	$ 1,729	20%	$ 1,440
Securities rate per million ("RPM") (2)	$ 610	(28)%	$ 845	23%	$ 685
Average money market / FDIC sweep client balances (millions)	$ 1,471	30%	$ 1,130	43%	$ 791
FX / CFD contracts ADV (millions) (3)	$ 10,636	10%	$ 9,679	611%	$ 1,361
FX / CFD contracts RPM	$ 89	(8)%	$ 97	70%	$ 57
Global Payments ADV (millions)	$ 54	20%	$ 45	—%	$ 45
Global Payments RPM	$ 9,921	(2)%	$ 10,092	3%	$ 9,805

(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) ADV for the year ended September 30, 2020 includes 43 trading days of Gain activity from the period post-acquisition of Gain, which was acquired effective August 1, 2020. Gain activity is shown in our Retail segment, along with our pre-existing FX activities, which are shown in our Institutional segment. Both had a full year of trading days during the year ended September 30, 2020.

Operating Revenues

Operating revenues increased $364.8 million, or 28%, to $1,673.1 million in the year ended September 30, 2021 compared to $1,308.3 million in the year ended September 30, 2020. The table above displays operating revenues disaggregated across the key products we provide to our clients.

Operating revenues derived from listed derivatives increased $59.1 million, or 18%, to $387.6 million in the year ended September 30, 2021 compared to $328.5 million in the year ended September 30, 2020, principally driven by a 29% increase in the average rate per contract, which was partially offset by a 6% decline in listed derivative volumes.

Operating revenues in OTC derivatives increased $32.2 million, or 29%, to $143.4 million in the year ended September 30, 2021 compared to $111.2 million in the year ended September 30, 2020. This growth was principally driven by increased customer activity in agricultural markets which drove a 21% increase in OTC contract volumes.

Operating revenue from securities transactions increased $75.3 million, or 16%, to $533.6 million in the year ended September 30, 2021 compared to $458.3 million in the year ended September 30, 2020. This was principally a result of a 61% increase in securities ADV driven by increased customer activity in fixed income markets and to a lesser extent equity products, which was partially offset by a 28% decline in RPM as a result of lower spreads in fixed income products.

Operating revenues from FX/CFD contracts increased $175.1 million, or 262%, to $242.0 million in the year ended September 30, 2021 compared to $66.9 million in the year ended September 30, 2020, as a result of an incremental $183.0 million increase in FX/CFD contracts operating revenues in our Retail segment resulting from the acquisition of Gain, which was partially offset by lower FX operating revenues in our Institutional FX prime brokerage business.

Operating revenues from global payments increased by $19.2 million, or 17%, to $133.8 million in the year ended September 30, 2021 compared to $114.6 million in the year ended September 30, 2020, principally as a result of a 20% increase in ADV.

Operating revenues from physical contracts increased $30.2 million, or 25%, to $152.6 million in the year ended September 30, 2021 compared to $122.4 million in the year ended September 30, 2020, principally due to increased customer activity in agricultural and energy commodities as well as continued strong customer demand for precious metals.

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 $16.7 million, or 39%, to $26.0 million in the year ended September 30, 2021 compared to $42.7 million in the year ended September 30, 2020, principally as a result of a significant decline in short term interest rates related to the FOMC's actions to reduce the federal funds rate in March 2020. Partially offsetting the decline in short term interest rates was an increase in average client equity and average FDIC sweep client balances of 39% and 30%, respectively.

Finally, related to the transfer of the majority of the operations of Gain's U.K. domiciled subsidiaries into StoneX Financial Ltd., a U.S. dollar denominated entity, which was completed during the quarter ended March 2021, operating revenues for the year ended September 30, 2021 include a $5.0 million loss on derivative positions entered into to mitigate our exposure to the British Pound in the Gain subsidiaries in advance of the transfer as well as a $0.4 million foreign currency gain on revaluation related to the Gain U.K. domiciled subsidiaries. Prior to the transfer, the assets and liabilities of Gain's U.K. subsidiaries were subject to translation to the U.S. dollar, and for the period beginning October 2020 through March 31, 2021, the foreign currency translation adjustment related to Gain's U.K. subsidiaries resulted in a $10.3 million increase in "accumulated other comprehensive income".

Operating revenues increased 18% to $1,308.3 million in the year ended September 30, 2020 compared to $1,106.1 million in the year ended September 30, 2019.

The table above displays operating revenues disaggregated across the products in which we conduct our business. Operating revenues in listed derivatives increased $11.4 million, or 4% to $328.5 million in the year ended September 30, 2020 compared to $317.1 million in the year ended September 30, 2019, 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 $12.9 million, or 13% to $111.2 million in the year ended September 30, 2020 compared to $98.3 million in the year ended September 30, 2019, 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 $129.0 million, or 39% to $458.3 million in the year ended September 30, 2020 compared to $329.3 million in the year ended September 30, 2019, primarily as a result of a 20% increase in securities 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 $45.1 million, or 207% to $66.9 million in the year ended September 30, 2020 compared to $21.8 million in the year ended September 30, 2019, as a result of a $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 $3.8 million, or 3% to $114.6 million in the year ended September 30, 2020 compared to $110.8 million in the year ended September 30, 2019, as a result of a 3% increase in the RPM as the ADV was relatively flat with the prior year at $45 as the results of the global economic slowdown related to the COVID-19 pandemic inhibited growth.

Operating revenues from physical contracts increased $48.4 million, or 65% to $122.4 million in the year ended September 30, 2020 compared to $74.0 million in the year ended September 30, 2019, 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 loss on a lower of cost or net realizable value adjustment for certain physical inventories in energy commodities in the year ended September 30, 2020.

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 $41.2 million, or 49% to $42.7 million in the year ended September 30, 2020 compared to $83.9 million in the year ended September 30, 2019 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 33% and 43%, respectively.

Interest and Transactional Expenses

TRANSACTION-BASED CLEARING EXPENSES

	Year Ended September 30,			
	2021	2020	$ Change	% Change
Transaction-based clearing expenses	$ 271.7	$ 222.5	$ 49.2	22%
Percentage of operating revenues	16%	17%		

The increase in transaction-based clearing expense is principally due to incremental costs in the retail forex business within our Retail segment related to the acquisition of Gain effective August 1, 2020, and also from higher clearing and exchange fees within our Institutional segment, resulting from the increase in securities ADV, and our Commercial segment, resulting from the increase in listed derivative contract volumes.

INTRODUCING BROKER COMMISSIONS

	Year Ended September 30,			
	2021	2020	$ Change	% Change
Introducing broker commissions	$ 160.5	$ 113.8	$ 46.7	41%
Percentage of operating revenues	10%	9%		

The increase in introducing broker commissions is principally due to increases in our Retail and Institutional segments related to incremental expense from the Gain acquisition. Additionally, higher revenues have resulted in increased costs within our Commercial segment and our Independent Wealth Management business.

INTEREST EXPENSE

	Year Ended September 30,			
	2021	2020	$ Change	% Change
Interest expense attributable to:				
Trading activities:				
Institutional dealer in fixed income securities	$ 9.6	$ 33.5	$ (23.9)	(71)%
Securities borrowing	17.6	25.0	(7.4)	(30)%
Short-term financing facilities of subsidiaries and other direct interest of operating segments	22.4	21.9	0.5	2%
	49.6	80.4	(30.8)	(38)%
Corporate funding	41.3	23.6	17.7	75%
Total interest expense	$ 90.9	$ 104.0	$ (13.1)	(13)%

The decrease in interest expense attributable to trading activities is principally due to the decrease in short-term interest rates. Interest expense on corporate funding increased principally due to incremental interest related to the issuance of our senior secured notes during June 2020, partially offset by lower short-term interest rates on our senior secured syndicated loan facility. In June 2020, we completed the issuance and sale of $350.0 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

	Year Ended September 30,			
	2020	2019	$ Change	% Change
Transaction-based clearing expenses	$ 222.5	$ 183.5	$ 39.0	21%
Percentage of operating revenues	17%	17%		

The increase in transaction-based clearing expenses 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 August 1, 2020.

INTRODUCING BROKER COMMISSIONS

	Year Ended September 30,			
	2020	2019	$ Change	% Change
Introducing broker commissions	$ 113.8	$ 114.7	$ (0.9)	(1)%
Percentage of operating revenues	9%	10%		

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

	Year Ended September 30,			
	2020	2019	$ Change	% Change
Interest expense attributable to:				
Trading activities:				
Institutional dealer in fixed income securities	$ 33.5	$ 73.9	$ (40.4)	(55)%
Securities borrowing	25.0	35.8	(10.8)	(30)%
Short-term financing facilities of subsidiaries and other direct interest of operating segments	21.9	32.3	(10.4)	(32)%
	80.4	142.0	(61.6)	(43)%
Corporate funding	23.6	12.7	10.9	86%
Total interest expense	$ 104.0	$ 154.7	$ (50.7)	(33)%

Interest expense attributable to trading activities decreased principally due to the impact of changes in the short-term interest rate environment. Interest expense on short-term financing facilities of subsidiaries and other direct interest expense of operating segments decreased principally due to the decrease in short-term interest rates along with lower average borrowings outstanding on our physical commodities financing facilities.

Interest expense related to corporate funding purposes increased principally to incremental interest related to the June 2020 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.

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,				
	2021	% Change	2020	% Change	2019
Net Operating Revenues (in millions):					
Listed derivatives	$ 173.8	21%	$ 143.9	—%	$ 143.4
OTC derivatives	143.4	29%	111.2	13%	98.2
Securities	357.8	24%	287.9	112%	135.7
FX / CFD contracts	193.2	249%	55.4	195%	18.8
Global Payments	126.4	16%	108.7	4%	105.0
Physical contracts	136.2	27%	107.1	90%	56.5
Interest, net / fees earned on client balances	22.9	(35)%	35.4	(47)%	67.3
Other	51.1	19%	42.9	10%	39.1
Corporate Unallocated	(54.8)	124%	(24.5)	127%	(10.8)
	$ 1,150.0	32%	$ 868.0	33%	$ 653.2

Compensation and Other Expenses

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

	Year Ended September 30,				
(in millions)	2021	% Change	2020	% Change	2019
COMPENSATION AND BENEFITS:					
Variable compensation and benefits	$ 377.7	27%	$ 296.8	40%	$ 211.6
Fixed compensation and benefits	301.4	36%	221.9	22%	181.5
	679.1	31%	518.7	32%	393.1
OTHER EXPENSES:					
Trading systems and market information	58.8	27%	46.3	19%	38.8
Professional fees	40.9	35%	30.2	44%	21.0
Non-trading technology and support	46.0	62%	28.4	41%	20.1
Occupancy and equipment rental	34.2	46%	23.5	21%	19.4
Selling and marketing	33.3	173%	12.2	135%	5.2
Travel and business development	4.5	(49)%	8.9	(45)%	16.2
Communications	9.3	33%	7.0	6%	6.6
Depreciation and amortization	36.5	85%	19.7	41%	14.0
Bad debts, net of recoveries and impairment	10.4	(44)%	18.7	648%	2.5
Recovery of bad debt on physical coal	—	—%	—	(100)%	(12.4)
Other	46.3	56%	29.6	28%	23.2
	320.2	43%	224.5	45%	154.6
Total compensation and other expenses	$ 999.3	34%	$ 743.2	36%	$ 547.7

Compensation and Other Expenses: Compensation and other expenses increased $256.1 million, or 34%, to $999.3 million in the year ended September 30, 2021 compared to $743.2 million in the year ended September 30, 2020.

COMPENSATION AND BENEFITS

(in millions)	Year Ended September 30, 2021	2020	$ Change	% Change
Compensation and benefits:				
Variable compensation and benefits				
Front office	$ 333.5	$ 251.0	$ 82.5	33%
Administrative, executive, and centralized and local operations	44.2	45.8	(1.6)	(3)%
Total variable compensation and benefits	377.7	296.8	80.9	27%
Variable compensation and benefits as a percentage of net operating revenues	*33%*	*34%*		
Fixed compensation and benefits:				
Non-variable salaries	204.7	159.0	45.7	29%
Employee benefits and other compensation, excluding share-based compensation	82.8	52.6	30.2	57%
Share-based compensation	13.9	10.3	3.6	35%
Total fixed compensation and benefits	301.4	221.9	79.5	36%
Total compensation and benefits	$ 679.1	$ 518.7	$ 160.4	31%
Total compensation and benefits as a percentage of operating revenues	*41%*	*40%*		
Number of employees, end of period	3,242	2,950	292	10%

Non-variable salaries increased principally due to a full year of the costs associated with the Gain acquisition in the fourth quarter of the year ended September 30, 2020.

Employee benefits and other compensation, excluding share-based compensation, increased principally due to higher payroll, benefits, 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.

Fixed compensation and benefits during the year ended September 30, 2021 include severance costs of $7.7 million, principally due to the departure of certain senior officers. During the during the year ended September 30, 2020, severance costs were $1.5 million.

Other Expenses: Other non-compensation expenses increased $95.7 million, or 43%, to $320.2 million in the year ended September 30, 2021 compared to $224.5 million in the year ended September 30, 2020.

Trading systems and market information costs increased $12.5 million, principally due to incremental costs in the retail forex business acquired as part of the Gain acquisition in the fourth quarter of fiscal 2020 and higher costs in our Institutional segment.

Professional fees increased $10.7 million, principally due to higher legal, consulting and accounting services fees.

Non-trading technology and support increased $17.6 million, principally due to incremental costs related to the Gain acquisition in the fourth quarter of fiscal 2020 in addition to higher non-trading software implementation costs related to various IT, client engagement, and accounting systems.

Occupancy and equipment rental increased $10.7 million, principally due to additional leased office space.

Selling and marketing costs increased $21.1 million, principally due to incremental costs related to the acquired retail forex business, partially offset by the prior year including costs for the bi-annual global sales meeting held in February 2020.

Travel and business development decreased $4.4 million principally as a result of the impact of the response by governments and regulatory bodies to the COVID-19 pandemic, which included social distancing; travel restrictions, "shelter in place" and other governmental regulations.

Communications increased $2.3 million, principally due to incremental costs related to the Gain acquisition in the fourth quarter of fiscal 2020.

Depreciation and amortization increased $16.8 million, principally due to the amortization costs of the acquired intangible assets related to the Gain acquisition, as well as increases in depreciation of IT hardware, third-party software, internally developed software, and amortization of leasehold improvements.

Other expenses increased $16.7 million, primarily due to incremental costs from recent acquisitions most notably related to higher non-income taxes, insurance and recruiting costs.

Bad debts, net of recoveries and impairment decreased $8.3 million year-over-year. During the year ended September 30, 2021, bad debts, net of recoveries were $10.4 million, principally related to client trading account deficits in our Commercial, Institutional, and Retail segments of $3.4 million, $0.6 million, and $1.1 million, respectively. Additionally, we recorded bad debt expense of $5.1 million related to trade receivables with physical clients.

During the year ended September 30, 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.

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 the year ended September 30, 2020.

Gain on Acquisitions and Other Gains: The results of the year ended September 30, 2021 include a gain of $3.3 million related to an adjustment to the liabilities assumed as part of the Gain acquisition initially determined values, as of August 1, 2020. The results of the year ended September 30, 2020 included gain on acquisitions of $81.9 million, principally related to the acquisition of Gain.

Provision for Taxes: The effective income tax rate was 25% in the year ended September 30, 2021 compared to 18% in the year ended September 30, 2020. The gains on acquisitions of $3.3 million and $81.9 million in the year ended September 30, 2021 and 2020, respectively, are not taxable and reduced the effective income tax rate 0.5% and 8.3% in the year ended September 30, 2021 and 2020, respectively.

The effective income tax rate for the year ended September 30, 2021 was higher than the U.S. federal statutory rate of 21% due to U.S. state and local taxes, global intangible low-taxed income ("GILTI"), U.S. and foreign permanent differences, and the amount of foreign earnings taxed at higher tax rates. The effective rate for the year ended September 30, 2020 was lower than the U.S. federal statutory rate of 21% due to the non-taxable gain recognized upon the acquisition of Gain.

Compensation and Other Expenses: Compensation and other expenses increased $195.5 million, or 36%, to $743.2 million in the year ended September 30, 2020 compared to $547.7 million in the year ended September 30, 2019.

COMPENSATION AND BENEFITS

(in millions)	Year Ended September 30, 2020	2019	$ Change	% Change
Compensation and benefits:				
Variable compensation and benefits				
Front office	$ 251.0	$ 179.5	$ 71.5	40%
Administrative, executive, and centralized and local operations	45.8	32.1	13.7	43%
Total variable compensation and benefits	296.8	211.6	85.2	40%
Variable compensation and benefits as a percentage of net operating revenues	*34%*	*32%*		
Fixed compensation and benefits:				
Non-variable salaries	159.0	128.3	30.7	24%
Employee benefits and other compensation, excluding share-based compensation	52.6	45.1	7.5	17%
Share-based compensation	10.3	8.1	2.2	27%
Total fixed compensation and benefits	221.9	181.5	40.4	22%
Total compensation and benefits	$ 518.7	$ 393.1	$ 125.6	32%
Total compensation and benefits as a percentage of operating revenues	*40%*	*36%*		
Number of employees, end of period	2,950	2,012	938	47%

Non-variable salaries increased principally due to the acquisitions and new business initiatives during the year ended September 30, 2020.

Employee benefits and other compensation, excluding share-based compensation, increased principally due 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.

Other Expenses: Other non-compensation expenses increased $69.9 million, or 45%, to $224.5 million in the year ended September 30, 2020 compared to $154.6 million in the year ended September 30, 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 the year ended September 30, 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.

Travel and business development decreased $7.3 million primarily as a result of the impact of the response by governments and regulatory bodies 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 the year ended September 30, 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 the year ended September 30, 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 the year ended September 30, 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 the year ended September 30, 2020.

Recovery of Bad Debt on Physical Coal: During the year ended September 30, 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 a physical coal bad debt.

Gain on Acquisitions and Other Gains: The results of the year ended September 30, 2020 included a gain of $81.8 million related to the acquisition of Gain. The results of the year ended September 30, 2019 included 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 the year ended September 30, 2020 compared to 23% in the year ended September 30, 2019. The effective income tax rate for the year ended September 30, 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, 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.

Variable vs. Fixed Expenses

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)	2021	% of Total	2020	% of Total	2019	% of Total
Variable compensation and benefits	$ 377.7	26%	$ 296.8	27%	$ 211.6	25%
Transaction-based clearing expenses	271.7	19%	222.5	21%	183.5	22%
Introducing broker commissions	160.5	11%	113.8	11%	114.7	14%
Total variable expenses	809.9	56%	633.1	59%	509.8	61%
Fixed compensation and benefits	301.4	21%	221.9	20%	181.5	21%
Other fixed expenses	309.8	22%	205.8	19%	164.5	19%
Bad debts, net of recoveries and impairment	10.4	1%	18.7	2%	2.5	—%
Recovery of bad debt on physical coal	—	—%	—	—%	(12.4)	(1)%
Total non-variable expenses	621.6	44%	446.4	41%	336.1	39%
Total non-interest expenses	$ 1,431.5	100%	$ 1,079.5	100%	$ 845.9	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. We seek to make our non-interest expenses variable to the greatest extent possible, and to keep our fixed costs as low as possible.

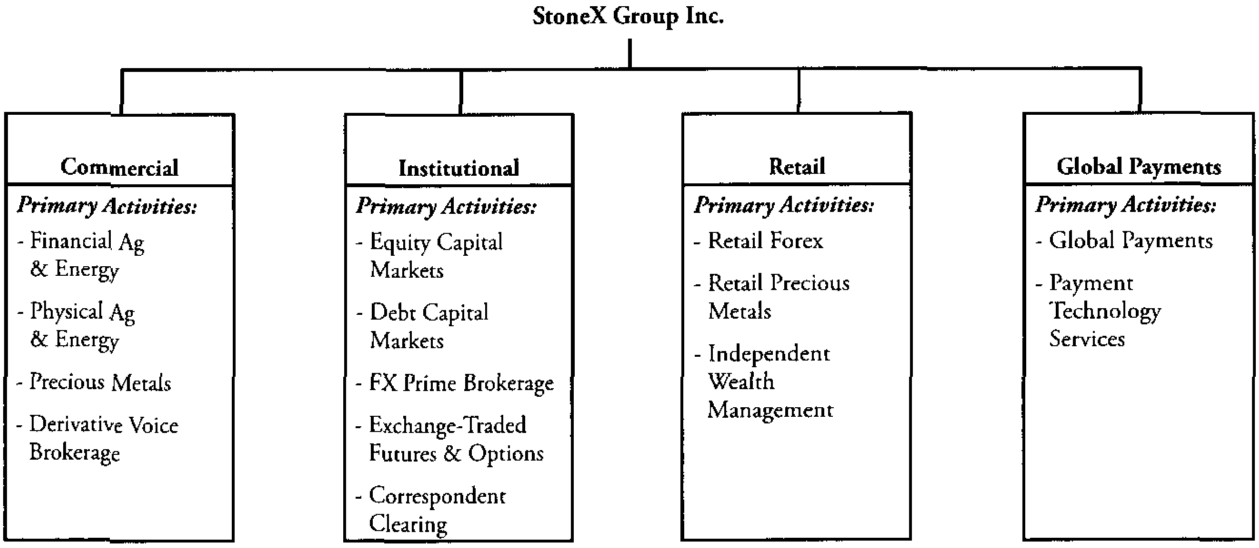
During the year ended September 30, 2021, non-variable expenses, excluding bad debts, net of recoveries and impairment, increased $183.5 million, or 43%, compared to the year ended September 30, 2020, primarily driven by incremental costs from the Gain acquisition in the fourth quarter of the year ended September 30, 2020.

During the year ended September 30, 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 the year ended September 30, 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.

Segment Information

Our operating segments are based principally 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 3,200 employees allowing us to serve clients in more than 180 countries.

Our business activities are managed as operating segments and organized into reportable segments as shown below.



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)	2021	% of Operating Revenues	2020	% of Operating Revenues	2019	% of Operating Revenues
Sales of physical commodities	$ 40,961.6		$ 52,899.2		$ 31,830.3	
Principal gains, net	899.0		620.8		412.8	
Commission and clearing fees	488.4		405.1		373.0	
Consulting, management, and account fees	86.5		79.2		77.2	
Interest income	114.1		140.0		208.0	
Total revenues	42,549.6		54,144.3		32,901.3	
Cost of sales of physical commodities	40,861.1		52,831.3		31,790.9	
Operating revenues	1,688.5	100%	1,313.0	100%	1,110.4	100%
Transaction-based clearing expenses	270.3	16%	221.0	17%	182.6	16%
Introducing broker commissions	161.2	10%	113.6	9%	114.6	10%
Interest expense	52.2	3%	85.9	7%	149.2	13%
Net operating revenues	1,204.8		892.5		664.0	
Variable direct compensation and benefits	336.1	20%	253.0	19%	181.2	16%
Net contribution	868.7		639.5		482.8	
Fixed compensation and benefits	162.3		117.7		93.5	
Other fixed expenses	189.8		108.0		93.5	
Bad debts, net of recoveries and impairment	10.4		18.7		2.5	
(Recovery) bad debt on physical coal	—		—		(12.4)	
Total non-variable direct expenses	362.5	21%	244.4	19%	177.1	16%
Segment income	$ 506.2		$ 395.1		$ 305.7	

Net contribution for all of our business segments increased $229.2 million, or 36%, to $868.7 million in the year ended September 30, 2021 compared to $639.5 million in the year ended September 30, 2020. Segment income increased $111.1 million, or 28%, to $506.2 million in the year ended September 30, 2021 compared to $395.1 million in the year ended September 30, 2020.

Net contribution for all of our business segments increased $156.7 million, or 32%, to $639.5 million in the year ended September 30, 2020 compared to $482.8 million in the year ended September 30, 2019. Segment income increased $89.4 million, or 29%, to $395.1 million in the year ended September 30, 2020 compared to $305.7 million in the year ended September 30, 2019.

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 our ability to retain 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)	2021	% Change	2020	% Change	2019
Revenues:					
Sales of physical commodities	$ 39,420.3	(25)%	$ 52,593.9	66%	$ 31,759.3
Principal gains, net	245.5	26%	194.1	24%	156.7
Commission and clearing fees	178.3	27%	140.1	(7)%	150.5
Consulting, management and account fees	19.7	5%	18.8	1%	18.6
Interest income	20.2	(13)%	23.2	(42)%	40.3
Total revenues	39,884.0	(25)%	52,970.1	65%	32,125.4
Cost of sales of physical commodities	39,349.2	(25)%	52,538.6	66%	31,721.0
Operating revenues	534.8	24%	431.5	7%	404.4
Transaction-based clearing expenses	54.0	32%	40.8	5%	38.9
Introducing broker commissions	34.7	45%	24.0	(10)%	26.8
Interest expense	13.0	(2)%	13.3	(24)%	17.5
Net operating revenues	433.1	23%	353.4	10%	321.2
Variable direct compensation and benefits	133.4	20%	111.2	15%	96.6
Net contribution	299.7	24%	242.2	8%	224.6
Fixed compensation and benefits	49.9	3%	48.5	3%	47.0
Other fixed expenses	49.1	13%	43.5	(2)%	44.3
Bad debts, net of recoveries and impairment	8.5	2%	8.3	655%	1.1
Recovery of bad debt on physical coal	—	—%	—	(100)%	(12.4)
Total non-variable direct expenses	107.5	7%	100.3	25%	80.0
Segment income	$ 192.2	35%	$ 141.9	(2)%	$ 144.6

	Year Ended September 30,				
	2021	% Change	2020	% Change	2019
Operating Revenues (in millions):					
Listed derivatives	$ 223.5	26%	$ 176.9	(4)%	$ 184.5
OTC derivatives	143.4	29%	111.0	13%	98.3
Physical contracts	132.2	21%	109.6	49%	73.5
Interest / fees earned on client balances	14.6	1%	14.5	(50)%	29.0
Other	21.1	8%	19.5	2%	19.1
	$ 534.8	24%	$ 431.5	7%	$ 404.4
Select data (all $ amounts are U.S. dollar equivalent):					
Listed derivatives (contracts, 000's)	30,904	6%	29,255	5%	27,985
Listed derivatives, average rate per contract[1]	$ 6.92	26%	$ 5.48	—%	$ 5.49
Average client equity - listed derivatives (millions)	$ 1,648	62%	$ 1,019	8%	$ 948
Over-the-counter ("OTC") derivatives (contracts, 000's)	2,557	21%	2,113	19%	1,772
OTC derivatives, average rate per contract	$ 55.70	7%	$ 52.19	(5)%	$ 55.19

(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 $103.3 million, or 24%, to $534.8 million in the year ended September 30, 2021 compared to $431.5 million in the year ended September 30, 2020. Net operating revenues increased $79.7 million, or 23%, to $433.1 million in the year ended September 30, 2021 compared to $353.4 million in the year ended September 30, 2020.

Operating revenues derived from listed derivatives increased $46.6 million, or 26%, to $223.5 million in the year ended September 30, 2021 compared to $176.9 million in the year ended September 30, 2020. This increase was principally driven by a 26% increase in the average rate per contract, as well as a 6% increase in contract volumes as a result of increased volatility in agricultural and base metal markets. This increase was partially offset by a $6.7 million decline in derivative voice brokerage revenues.

Operating revenues derived from OTC transactions increased $32.4 million, or 29%, to $143.4 million in the year ended September 30, 2021 compared to $111.0 million in the year ended September 30, 2020. This increase was driven by a 21% increase in OTC volumes as well as a 7% increase in the average rate per contract as a result of increased customer activity in agricultural markets.

Operating revenues derived from physical transactions increased $22.6 million, or 21%, to $132.2 million in the year ended September 30, 2021 compared to $109.6 million in the year ended September 30, 2020, principally due to increased customer activity in agricultural and energy commodities as well as continued strong customer demand for precious metals. The years ended September 30, 2021 and 2020 include unrealized losses on derivative positions held against physical inventories carried at the lower of cost or net realizable value of $2.2 million and $0.7 million, respectively. In addition, the years ended September 30, 2021 and 2020 included losses on the liquidation of certain physical inventories of crude oil and low sulfur fuel oil as a result of quality degradation and additional costs to sell of $1.9 million and $7.6 million, respectively.

Interest and fee income earned on client balances was $14.6 million and $14.5 million, respectively, in the years ended September 30, 2021 and 2020. A 62% increase in average client equity to $1,648 million was offset by a significant decline in short term interest rates.

Variable expenses, excluding interest, expressed as a percentage of operating revenues was 42% in the year ended September 30, 2021 compared to 41% in the year ended September 30, 2020.

Segment income increased $50.3 million, or 35%, to $192.2 million in the year ended September 30, 2021 compared to $141.9 million in the year ended September 30, 2020, principally driven by the growth in operating revenues which was partially offset by a $1.4 million increase in fixed compensation and benefits as well as a $5.6 million increase in other fixed expenses including a $1.6 million increase in professional fees and a $1.2 million increase in trading systems and market information.

Operating revenues increased $27.1 million, or 7% to $431.5 million in the year ended September 30, 2020 compared to $404.4 million in the year ended September 30, 2019. Net operating revenues increased $32.2 million, or 10% to $353.4 million in the year ended September 30, 2020 compared to $321.2 million in the year ended September 30, 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 continuing to pursue all legal avenues to collect this from our supplier, however there is substantial uncertainty as to whether we will be successful.

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 the year ended September 30, 2020 compared to 40% in the year ended September 30, 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 the year ended September 30, 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 will be replaced with an alternative system we acquired as part of our acquisition of Gain.

During the year ended September 30, 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 the year ended September 30, 2020 compared to $144.6 million in the year ended September 30, 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.

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)	2021	% Change	2020	% Change	2019
Revenues:					
Sales of physical commodities	$ —	—%	$ —	—%	$ —
Principal gains, net	312.0	14%	273.6	83%	149.5
Commission and clearing fees	246.0	17%	211.1	24%	170.0
Consulting, management, and account fees	18.0	(23)%	23.3	(18)%	28.3
Interest income	92.4	(20)%	116.1	(31)%	167.2
Total revenues	668.4	7%	624.1	21%	515.0
Cost of sales of physical commodities	—	—%	—	—%	—
Operating revenues	668.4	7%	624.1	21%	515.0
Transaction-based clearing expenses	184.1	9%	168.7	23%	136.7
Introducing broker commissions	27.5	38%	19.9	(25)%	26.7
Interest expense	37.4	(48)%	71.7	(45)%	131.5
Net operating revenues	419.4	15%	363.8	65%	220.1
Variable compensation and benefits	158.5	38%	114.9	82%	63.1
Net contribution	260.9	5%	248.9	59%	157.0
Fixed compensation and benefits	46.1	(2)%	47.2	45%	32.6
Other fixed expenses	46.5	19%	39.0	13%	34.4
Bad debts, net of recoveries and impairment	0.6	(94)%	9.8	600%	1.4
Total non-variable direct expenses	93.2	(3)%	96.0	40%	68.4
Segment income	$ 167.7	10%	$ 152.9	73%	$ 88.6

	Year Ended September 30,				
	2021	% Change	2020	% Change	2019
Operating Revenues (in millions):					
Listed derivatives	$ 164.1	8%	$ 151.6	14%	$ 132.6
OTC derivatives	—	(100)%	0.2	n/m	—
Securities	436.0	16%	376.1	48%	253.6
FX contracts	16.1	(33)%	24.0	10%	21.8
Interest / fees earned on client balances	10.2	(62)%	26.5	(50)%	52.9
Other	42.0	(8)%	45.7	(16)%	54.1
	$ 668.4	7%	$ 624.1	21%	$ 515.0
Volumes and Other Select Data (all $ amounts are U.S. dollar equivalents):					
Listed derivatives (contracts, 000's)	115,197	(8)%	125,397	24%	100,913
Listed derivatives, average rate per contract[1]	$ 1.38	18%	$ 1.17	(6)%	$ 1.25
Average client equity - listed derivatives (millions)	$ 2,195	26%	$ 1,746	55%	$ 1,125
Securities ADV (millions)	$ 2,776	61%	$ 1,729	20%	$ 1,440
Securities RPM[2]	$ 610	(28)%	$ 845	23%	$ 685
Average money market / FDIC sweep client balances (millions)	$ 1,471	30%	$ 1,130	43%	$ 791
FX contracts ADV (millions)	$ 1,647	25%	$ 1,322	(3)%	$ 1,361
FX contracts RPM	$ 38	(47)%	$ 72	26%	$ 57

n/m = not meaningful to present as a percentage

(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 $44.3 million, or 7%, to $668.4 million in the year ended September 30, 2021 compared to $624.1 million in the year ended September 30, 2020. Net operating revenues increased $55.6 million, or 15%, to $419.4 million in the year ended September 30, 2021 compared to $363.8 million in the year ended September 30, 2020.

Operating revenues derived from listed derivatives increased $12.5 million, or 8%, to $164.1 million in the year ended September 30, 2021 compared to $151.6 million in the year ended September 30, 2020, principally driven by an 18% increase in the average rate per contract, which was partially offset by an 8% decline in listed derivative contract volumes in the year ended September 30, 2021 compared to the year ended September 30, 2020.

Operating revenues derived from securities transactions increased $59.9 million, or 16%, to $436.0 million in the year ended September 30, 2021 compared to $376.1 million in the year ended September 30, 2020. The ADV of securities traded increased 61%, principally driven by increased customer activity in fixed income markets and to a lesser extent equity products, however the RPM traded declined 28% in the year ended September 30, 2021 principally driven by lower spreads in fixed income products compared to the year ended September 30, 2020 which benefited from wider spreads driven by the onset of the COVID-19 pandemic.

Operating revenues derived from FX contracts declined $7.9 million, or 33%, to $16.1 million in the year ended September 30, 2021 compared to $24.0 million in the year ended September 30, 2020, as a 25% increase in the ADV of FX contracts traded was more than offset by a 47% decline in the average rate per contract due to a decline in foreign currency volatility.

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 $16.3 million, or 62%, to $10.2 million in the year ended September 30, 2021 compared to $26.5 million in the year ended September 30, 2020, principally as a result of a significant decline in short term interest rates. Partially offsetting the decline in short term interest rates was a 26% increase in average client equity and a 30% increase in average FDIC sweep client balances.

Also primarily as a result of the decline in short term interest rates, interest expense declined 48% compared to the prior year, with interest expense directly associated with serving as an institutional dealer in fixed income securities declining $23.9 million and interest expense directly attributable to securities lending activities declining $7.4 million compared to the prior year period.

Variable expenses, excluding interest, expressed as a percentage of operating revenues increased to 55% in the year ended September 30, 2021 compared to 49% in the year ended September 30, 2020, primarily as the result of the decline in interest income and higher variable compensation.

Segment income increased $14.8 million, or 10%, to $167.7 million in the year ended September 30, 2021 compared to $152.9 million in the year ended September 30, 2020, primarily as a result of the increase in operating revenues noted above. Non-variable direct expenses, excluding bad debts, increased $6.4 million, or 7% versus the year ended September 30, 2020, primarily related to an increase in market information, professional fees and depreciation of internally developed software which was partially offset by lower travel and business development expenses.

Operating revenues increased $109.1 million, or 21% to $624.1 million in the year ended September 30, 2020 compared to $515.0 million in the year ended September 30, 2019. Net operating revenues increased $143.7 million, or 65% to $363.8 million in the year ended September 30, 2020 compared to $220.1 million in the year ended September 30, 2019.

The increase in operating revenues was primarily driven by the growth in operating revenues from securities transactions. The ADV of securities traded increased 20% and the 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 the year ended September 30, 2020 compared to the year ended September 30, 2019, however the average rate per contract declined 6%. The increase in derivative contract volume was primarily driven by increased market volatility as a result of the 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 the year ended September 30, 2020 related to the effect of COVID-19 which was partially offset by a 3% decrease in the ADV traded compared to the year ended September 30, 2019. 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 the year ended September 30, 2020 compared to 44% in the year ended September 30, 2019, primarily as the result of the decline in interest income and higher variable compensation as a result of improved performance.

During the year ended September 30, 2020, we recorded bad debts of $5.7 million, primarily related to client deficits in our listed derivatives businesses. Also, in the year ended September 30, 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 will be replaced with an alternative system we acquired as part of our acquisition of Gain.

Segment income increased $64.3 million, or 73% to $152.9 million in the year ended September 30, 2020 compared to $88.6 million in the year ended September 30, 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 the year ended September 30, 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.

Retail

We provide our retail clients around the world access to over 18,000 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)	2021	% Change	2020	% Change	2019
Sales of physical commodities	$ 1,541.3	405%	$ 305.3	330%	$ 71.0
Principal gains, net	212.7	403%	42.3	n/m	(0.5)
Commission and clearing fees	58.9	18%	49.8	2%	48.7
Consulting, management, and account fees	45.5	32%	34.6	21%	28.5
Interest income	1.5	114%	0.7	75%	0.4
Total revenues	1,859.9	330%	432.7	192%	148.1
Cost of physical commodities sold	1,511.9	417%	292.7	319%	69.9
Operating revenues	348.0	149%	140.0	79%	78.2
Transaction-based clearing expenses	25.7	302%	6.4	205%	2.1
Introducing broker commissions	98.2	42%	69.0	14%	60.3
Interest expense	1.7	113%	0.8	700%	0.1
Net operating revenues	222.4	249%	63.8	306%	15.7
Variable compensation and benefits	18.0	260%	5.0	355%	1.1
Net contribution	204.4	248%	58.8	303%	14.6
Fixed compensation and benefits	51.6	406%	10.2	149%	4.1
Other fixed expenses	83.9	415%	16.3	298%	4.1
Bad debts, net of recoveries	1.1	83%	0.6	n/m	—
Total non-variable direct expenses	136.6	404%	27.1	230%	8.2
Segment income	$ 67.8	114%	$ 31.7	395%	$ 6.4

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,				
	2021	% Change	2020	% Change	2019
Operating Revenues (in millions):					
Securities	$ 97.6	19%	$ 82.2	9%	$ 75.7
FX / CFD contracts	225.9	427%	42.9	n/m	—
Physical contracts	20.4	59%	12.8	2,460%	0.5
Interest / fees earned on client balances	1.2	(29)%	1.7	(15)%	2.0
Other	2.9	625%	0.4	n/m	—
	$ 348.0	149%	$ 140.0	79%	$ 78.2
Select data (all $ amounts are U.S. dollar equivalents):					
FX / CFD contracts ADV (millions)(1)	$ 8,989	8%	$ 8,357	n/m	$ —
FX / CFD contracts RPM(2)	$ 98	(18)%	$ 120	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 increased $208.0 million, or 149%, to $348.0 million in the year ended September 30, 2021 compared to $140.0 million in the year ended September 30, 2020. Net operating revenues increased $158.6 million, or 249%, to $222.4 million in the year ended September 30, 2021 compared to $63.8 million in the year ended September 30, 2020.

Operating revenues derived from FX / CFD contracts increased $183.0 million, or 427% to $225.9 million, and represent the incremental revenues from the acquisition of Gain, effective August 1, 2020. For Gain, the year ended September 30, 2021 includes 259 trading days compared to 43 trading days post acquisition, during the year ended September 30, 2020.

Operating revenues derived from securities transactions relates to our independent wealth management activities which increased $15.4 million, or 19%, to $97.6 million in the year ended September 30, 2021 compared to $82.2 million in the year ended September 30, 2020.

Operating revenues derived from physical contracts increased $7.6 million, or 59%, to $20.4 million in the year ended September 30, 2021 compared to $12.8 million in the year ended September 30, 2020, principally driven by continued strong customer demand for precious metals.

Interest and fee income earned on client balances declined $0.5 million, or 29%, to $1.2 million primarily as a result of the decline in short term interest rates.

Variable expenses, excluding interest, as a percentage of operating revenues were 41% in the year ended September 30, 2021 compared to 57% in the year ended September 30, 2020, with the decrease in the variable rate percentage being driven by the Gain acquisition effective August 1, 2020, which brought a large lower variable rate cost base.

Segment income increased $36.1 million, or 114% to $67.8 million in the year ended September 30, 2021 compared to $31.7 million in the year ended September 30, 2020, 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 Gain acquisition.

Operating revenues increased $61.8 million, or 79%, to $140.0 million in the year ended September 30, 2020 compared to $78.2 million in the year ended September 30, 2019. Net operating revenues were $63.8 million in the year ended September 30, 2020 compared to $15.7 million in the year ended September 30, 2019.

Operating revenues derived from FX / CFD contracts represent the incremental revenues from the Gain acquisition.

Operating revenues from securities transactions and other primarily relate to our independent wealth management activities which increased 9% to $82.2 million in the year ended September 30, 2020 as compared to $75.7 million in the year ended September 30, 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 the year ended September 30, 2020 compared to 81% in the year ended September 30, 2019, with the decrease in the variable rate percentage being driven by the Gain acquisition in August 2020 which brought a large lower variable rate cost base.

Segment income increased 395% to $31.7 million in the year ended September 30, 2020 compared to $6.4 million in the year ended September 30, 2019, primarily as a result of the increase in net operating revenues noted above. The increase in non-variable direct expenses, as stated above, was primarily a result of incremental costs from the Gain acquisition.

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 185 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)	2021	% Change	2020	% Change	2019
Revenues:					
Sales of physical commodities	$ —	—	$ —	—	$ —
Principal gains, net	128.8	16%	110.8	3%	107.1
Commission and clearing fees	5.2	27%	4.1	8%	3.8
Consulting, management, account fees	3.3	32%	2.5	39%	1.8
Interest income	—	—%	—	(100)%	0.1
Total revenues	*137.3*	17%	*117.4*	4%	*112.8*
Cost of sales of physical commodities	—	—	—	—	—
Operating revenues	137.3	17%	117.4	4%	112.8
Transaction-based clearing expenses	6.5	27%	5.1	4%	4.9
Introducing broker commissions	0.8	14%	0.7	(13)%	0.8
Interest expense	0.1	—%	0.1	—%	0.1
Net operating revenues	129.9	17%	111.5	4%	107.0
Variable compensation and benefits	26.2	20%	21.9	7%	20.4
Net contribution	103.7	16%	89.6	3%	86.6
Fixed compensation and benefits	14.7	25%	11.8	20%	9.8
Other fixed expenses	10.3	12%	9.2	(14)%	10.7
Bad debts	0.2	n/m	—	—%	—
Total non-variable direct expenses	25.2	20%	21.0	2%	20.5
Segment income	$ 78.5	14%	$ 68.6	4%	$ 66.1

	Year Ended September 30,				
	2021	% Change	2020	% Change	2019
Operating Revenues (in millions):					
Payments	$ 133.8	17%	$ 114.6	3%	$ 110.8
Other	3.5	25%	2.8	40%	2.0
	$ 137.3	17%	$ 117.4	4%	$ 112.8
Select data (all $ amounts are U.S. dollar equivalents):					
Global Payments ADV (millions)	$ 54	20%	$ 45	—%	$ 45
Global Payments RPM[(1)]	$ 9,921	(2)%	$ 10,092	3%	$ 9,805

(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 $19.9 million, or 17%, to $137.3 million in the year ended September 30, 2021 compared to $117.4 million in the year ended September 30, 2020. Net operating revenues increased $18.4 million, or 17% to $129.9 million in the year ended September 30, 2021 compared to $111.5 million in the year ended September 30, 2020.

The increase in operating revenues was primarily driven by a 20% increase in the average daily notional payment volume which was partially offset by a 2% decline in the rate per million dollars traded.

Variable expenses, excluding interest, expressed as a percentage of operating revenues were 24% in both the year ended September 30, 2021 and the year ended September 30, 2020.

Segment income increased $9.9 million, or 14%, to $78.5 million in the year ended September 30, 2021 compared to $68.6 million in the year ended September 30, 2020. This increase primarily resulted from the increase in net operating revenues, partially offset by a $4.2 million increase in non-variable direct expenses versus the prior year period, which includes a $2.9 million increase in fixed compensation and benefits.

Operating revenues increased 4% to $117.4 million in the year ended September 30, 2020 compared to $112.8 million in the year ended September 30, 2019. Net operating revenues increased 4% to $111.5 million in the year ended September 30, 2020 compared to $107.0 million in the year ended September 30, 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 the year ended September 30, 2020 compared to the year ended September 30, 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 the year ended September 30, 2020 compared to 23% in the year ended September 30, 2019, primarily as a result of an increase in variable compensation.

Segment income increased 4% to $68.6 million in the year ended September 30, 2020 compared to $66.1 million in the year ended September 30, 2019. This increase primarily resulted from the increase in net operating revenues, partially offset by a $0.5 million increase in non-variable direct expenses versus the prior year period.

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)	2021	% Change	2020	% Change	2019
Compensation and benefits:					
Variable compensation and benefits	$ 37.6	(7)%	$ 40.5	46%	$ 27.7
Fixed compensation and benefits	119.1	37%	86.8	19%	72.8
	156.7	23%	127.3	27%	100.5
Other expenses:					
Occupancy and equipment rental	33.1	41%	23.4	21%	19.3
Non-trading technology and support	31.8	43%	22.2	47%	15.1
Professional fees	23.0	5%	22.0	65%	13.3
Depreciation and amortization	19.0	15%	16.5	53%	10.8
Communications	6.5	5%	6.2	—%	6.2
Selling and marketing	1.7	(59)%	4.1	273%	1.1
Trading systems and market information	4.2	62%	2.6	(4)%	2.7
Travel and business development	1.3	(43)%	2.3	(39)%	3.8
Other	23.4	22%	19.2	16%	16.6
	144.0	22%	118.5	33%	88.9
Total compensation and other expenses	$ 300.7	22%	$ 245.8	30%	$ 189.4

Total unallocated costs and other expenses increased $54.9 million, or 22%, to $300.7 million in the year ended September 30, 2021 compared to $245.8 million in the year ended September 30, 2020. Compensation and benefits increased $29.4 million, or 23%, to $156.7 million in the year ended September 30, 2021 compared to $127.3 million in the year ended September 30, 2020.

During the year ended September 30, 2021, the increase in fixed compensation and benefits was primarily related to the increase in headcount, principally due to the acquisition of Gain, across nearly all administrative departments, including IT, compliance, accounting, human resources, as well as credit and risk. Fixed compensation and benefits during the year ended September 30, 2021 include severance costs of $3.5 million, principally due to the departure of certain senior officers. During the year ended September 30, 2020, severance costs were $0.5 million.

During the year ended September 30, 2021, the increase in other expenses is primarily due higher occupancy costs, principally related to an increase in leased office space. 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 $56.4 million, or 30%, to $245.8 million in the year ended September 30, 2020 compared to $189.4 million in the year ended September 30, 2019. Compensation and benefits increased $26.8 million, or 27%, to $127.3 million in the year ended September 30, 2020 compared to $100.5 million in the year ended September 30, 2019.

During the year ended September 30, 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 begun after fiscal 2018 added $11.0 million. During the year ended September 30, 2020, 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.

Liquidity, Financial Condition and Capital Resources

Overview

Liquidity is our ability to generate funds sufficient to meet all of our cash needs. Liquidity is of critical importance to us and imperative to maintaining our daily operations. Senior management establishes liquidity and capital policies, which we monitor on a daily basis and review for funding availability, from both internal and external sources, and policy efficacy in supporting our business operations. We have historically financed our liquidity and capital needs principally with funds generated from our subsidiaries' operations, issuing 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 SEC and is a member of both FINRA and MSRB. In addition, StoneX Financial Inc. 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 Inc. has a responsibility to meet margin calls at all exchanges on a daily basis, and on an intra-day basis, if deemed necessary by relevant regulators or exchanges. We require our clients to make 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 our clients' net open positions and required margin per contract. StoneX Financial Inc. 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 Inc. 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 both a futures commission merchant and registered foreign exchange dealer, 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 Inc. and Gain Capital Group, LLC must maintain in relatively liquid form, and are designed to maintain general financial integrity and liquidity.

StoneX Financial Ltd is regulated by the 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, as 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. During the year ended September 30, 2021, StoneX Financial Ltd finalized the transfer of substantially all business formerly within Gain's U.K. operating entity, Gain Capital U.K., Ltd.

The 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, 2021, we had total equity of $904.0 million, outstanding loans under revolving credit facilities of $248.6 million, outstanding senior secured term loan of $170.1 million and $336.9 million outstanding on our senior secured notes, net of deferred financing costs.

A substantial portion of our assets are liquid. As of September 30, 2021, 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, 2021, we had deferred tax assets totaling $35.1 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 we are more likely than not to 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, 2021 and 2020 was $15.0 million and $12.4 million, respectively. The valuation allowances as of September 30, 2021 and 2020 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. We are indirectly exposed 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 margin requirements for clients based on their open positions, trading activity, or market conditions.

As it relates to 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 requirements based on the price movement of the commodity or security in which they transact. Our clients are required to make any 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. In this business as well, 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 to us 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 collateral is valued daily and we may require counterparties to deposit additional collateral or return collateral pledged, when appropriate.

Commodities Inventory

In the ordinary course of business, we hold commodities inventory in third-party licensed grain facilities. As of September 30, 2021, we held title in the form of warehouse receipts to approximately 2.6 million bushels of soybeans, valued at $31.2 million, in multiple facilities owned by one third-party operator. The amount of soybeans held at these third-party grain facilities increased to 2.8 million bushels on October 6, 2021 pursuant to the satisfaction of a $2.5 million repurchase commitment. Our ownership interest in the soybeans held at these third-party grain facilities is represented by warehouse receipts issued by these facilities under the U.S. Warehouse Act, which is a program administered by the U.S. Department of Agriculture. On September 29, 2021, the above-mentioned third-party operator filed a petition for Chapter 11 bankruptcy, and a Chief Restructuring Officer was assigned by the court to assist in administering the allocation of the grain on hand and proceeds from the sale of processed soybean products. As a result of these bankruptcy proceedings, in the event we do not receive soybeans or proceeds from soybeans commensurate with the 2.8 million bushels of soybean inventory held at October 6, 2021, we believe that it is probable that we have adequate insurance coverage to cover potential shortfalls. Therefore, we have not recognized any estimated losses associated with this matter in our September 30, 2021 consolidated financial statements.

OptionSellers

In November 2018, balances in approximately 300 accounts of the FCM division of our 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. 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 deficits in their accounts. As of September 30, 2021, the aggregate receivable from these client accounts, net of collections and other allowable deductions, was $28.9 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.

During our October 1, 2020 implementation of CECL, the new credit reserving model which is based on expected losses over the life of an asset and which applies to client deficits, we completed an assessment of the collectability of these accounts in light of this new guidance. As a result of the implementation, we recognized a cumulative-effect adjustment to record an allowance against these uncollected balances of $8.2 million. We continue to assess collectability of these accounts quarterly, including the consideration of numerous arbitration proceedings we have initiated against these clients to recover deficit balances in their accounts. As we move through the collection and arbitration processes and additional information becomes available, we will continue to consider that information in our determination of any changes in the 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.

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

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 proceed 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.

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, 2021 and 2020, were $18.8 billion and $13.5 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 Inc. 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 Inc., StoneX Financial Ltd, StoneX Markets LLC, and Gain Capital Group, LLC 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 $300.6 million and $30.0 million for the years ended September 30, 2021 and 2020, 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

In June 2020, we issued $350.0 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 acquisition 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, with the exception of $0.5 million which remains outstanding, as certain holders of the Gain Notes neither exercised such holder's fundamental change repurchase right or make-whole fundamental change conversion right.

The Notes will mature on June 15, 2025. Interest on the 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 Notes, which are being amortized over the term of the Notes under the effective interest method.

Pursuant to the terms of the Notes indenture, during the year ended September 30, 2021, we had the option to redeem up to $100.0 million in aggregate principal amount of the Notes at a redemption price equal to 103% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption. In June 2021, we elected not to redeem the Notes.

The Note holders had the right to require us to repurchase up to \$100.0 million in aggregate principal amount of the 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 Notes repurchased, plus accrued and unpaid interest, if any, to the date of repurchase. During the year ended September 30, 2021, we repurchased \$1.6 million of the principal amount of the Notes, for 103% of the principal amount, plus accrued and unpaid interest.

We have the option to redeem all or a portion of the Notes at any time prior to June 15, 2022 at a price equal to 100% of the principal amount of the 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 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 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.

Committed Credit Facilities

As of September 30, 2021, we had four committed bank credit facilities, totaling \$806.4 million, of which \$385.1 million was outstanding. Additional information regarding our bank credit facilities can be found in Note 11 of the Consolidated Financial Statements. The credit facilities include:

- A three-year first-lien senior secured syndicated loan facility under which \$406.4 million is available to us for general working capital requirements and capital expenditures. During the year ended September 30, 2021, the facility was amended to increase the revolving credit facility from \$196.5 million to \$236.1 million and to extend the maturity date to August 22, 2022. The facility also includes a Term Loan component with an original value of \$196.5 million.

  We are 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, 2021, we made scheduled quarterly principal payments against the Term Loan equal to \$9.8 million. Amounts repaid on the Term Loan may not be reborrowed.
- An unsecured committed line of credit until April 1, 2022, under which \$75.0 million is available to our wholly owned subsidiary, StoneX Financial Inc. to provide short term funding of margin to commodity exchanges as necessary.
- A syndicated committed borrowing facility until January 29, 2022, under which \$300.0 million is available to our wholly owned subsidiary, StoneX Commodity Solutions LLC ("StoneX Commodity Solutions") to finance commodity financing arrangements and commodity repurchase agreements.
- An unsecured syndicated loan facility committed until October 14, 2022, 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. The facility in place at September 30, 2020 matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially similar terms. During October 2021 the new facility was renewed to extend the maturity date to October 14, 2022. On November 18, 2021, the facility was amended to increase the committed borrowing amount available to \$50.0 million.

Additional information regarding the committed bank credit facilities can be found in Note 11 of the Consolidated Financial Statements. As reflected above, three of our committed credit facilities are scheduled to expire during the year ended September 30, 2022. 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, 2021, we had four uncommitted bank credit facilities with an outstanding balance of \$25.0 million. The credit facilities include:

- A secured uncommitted loan facility under which StoneX Financial Inc. 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. There were no borrowings outstanding under this credit facility at September 30, 2021 and 2020.
- A secured uncommitted loan facility under which StoneX Financial Inc. 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. There were no borrowings outstanding under this credit facility at September 30, 2021 and 2020.
- 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 firm owned marketable securities or client owned securities which have been pledged to us. The amounts borrowed under the facilities are payable on demand. There were no borrowings outstanding under this credit facility as of September 30, 2021 and 2020.
- During the year ended September 30, 2021, we executed a secured, uncommitted loan facility, under which StoneX Financial Ltd may borrow up to \$25.0 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 \$25.0 million in borrowings outstanding under this credit facility as of September 30, 2021.

Our facility agreements contain certain financial covenants relating to financial measures on a consolidated basis, as well as on a stand-alone subsidiary basis, in certain cases, 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, 2021, 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, 2021, interest expense directly attributable to trading activities includes $9.6 million in connection with trading activities conducted as an institutional dealer in fixed income securities, and $17.6 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. Our subsidiaries are in compliance with all of their capital regulatory requirements as of September 30, 2021. Additional information on our subsidiaries subject to significant net capital and minimum net capital requirements can be found in Note 22 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.

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 rules for minimum capital requirements which became effective October 6, 2021.

Our subsidiary, StoneX Markets LLC, is a CFTC provisionally registered swap dealer, and under these capital rules is subject to a minimum regulatory capital requirement of $100 million. 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, with StoneX Markets LLC falling in the final compliance date tier of September 2022.

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. StoneX Markets LLC has 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 may be required to register, or may register voluntarily, as a swap dealer and/or swap execution facility.

Our subsidiary, GAIN GTX, LLC, a CFTC and NFA provisionally registered swap dealer, withdrew its license on October 5, 2021. This subsidiary's withdrawal is not expected to have any material impact to our business.

Cash Flows

Following the adoption of Accounting Standards Update ("ASU") 2016-18 on October 1, 2018, we now include client cash and securities that meet the short term requirement for cash classification to be 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 $4,468.4 million as of September 30, 2020 to $6,509.5 million as of September 30, 2021, a net increase of $2,041.1 million. Net cash of $2,122.7 million was provided by operating activities, including movements typical of our operations, with large changes coming from Payables to clients and Financial instruments owned and sold.

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 guaranty 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 $62.1 million in capital expenditures for property and equipment during the year ended September 30, 2021 compared to $16.6 million during the year ended September 30, 2020 and $11.9 million during the year ended September 30, 2019. Capital expenditures over the past three years have 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 were reflected in *Bad debts, net of recoveries and impairments* on the Consolidated Income Statement for the year ended September 30, 2020.

Investing activities also include $2.4 million in cash payments for the acquisition of businesses during the year ended September 30, 2021 compared to $225.0 million during the year ended September 30, 2020. Further information about business acquisitions is contained in Note 21 to the Consolidated Financial Statements. These amounts were offset by smaller inflows related to sales of equipment and exchange membership stock of $3.1 million and $1.6 million, respectively.

During the years ended September 30, 2021, 2020 and 2019, we repurchased 185,366, 200,000 and 100,000 shares of our outstanding common stock in open market transactions, for an aggregate purchase price of $11.7 million, $7.5 million and $3.8 million, respectively.

On August 25, 2021, our Board of Directors authorized the repurchase of up to 1.0 million shares of our outstanding common stock from time to time in open market purchases and private transactions, commencing on October 1, 2021 and ending on September 30, 2022. 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.

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, 2021:

		Payments Due by Period			
(in millions)	Total	Less than 1 year	1 - 3 Years	3 - 5 Years	After 5 Years
Operating lease obligations	$ 186.0	$ 17.2	$ 32.4	$ 29.9	$ 106.5
Purchase obligations[(1)]	5,123.0	5,123.0	—	—	—
Payable to lenders under loans	248.6	240.5	1.1	7.0	—
Senior secured borrowings	518.6	9.8	160.4	348.4	—
Contingent acquisition consideration	3.9	3.9	—	—	—
Other	78.7	15.2	29.8	20.8	12.9
	$ 6,158.8	$ 5,409.6	$ 223.7	$ 406.1	$ 119.4

(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, 2021 fair values. The purchase commitments for less than one year will be partially offset by corresponding sales commitments of $4,998.2 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, 2021. During the year ending September 30, 2022, 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 consolidated financial statements as of September 30, 2021 and 2020, at fair value of the related financial instruments, totaling \$1,771.2 million and \$686.0 million, respectively. These positions are held to offset the risks related to financial assets owned, and reported in our Consolidated Balance Sheets in *Financial instruments owned, at fair value*, and *Physical commodities inventory, net*. We will incur losses if the fair value of the *Financial instruments sold, not yet purchased*, increases subsequent to September 30, 2021, which might be partially or wholly offset by gains in the value of assets held as of September 30, 2021. The totals of \$1,771.2 million and \$686.0 million include a net liability of \$368.5 million and \$176.8 million for derivatives, based on their fair value as of September 30, 2021 and 2020, 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 guarantys 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 guaranty obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guaranty obligation would be apportioned among the other non-defaulting members of the exchange. Our liability under these arrangements is not quantifiable and could exceed the cash and securities we have posted as collateral at the exchanges. However, management believes that the potential for us to be required to make payments under these arrangements is remote. Accordingly, no contingent liability for these arrangements has been recorded in the Consolidated Balance Sheets as of September 30, 2021 and 2020.

Effects of Inflation

Increases in our expenses, such as compensation and benefits, transaction-based clearing expenses, occupancy and equipment rental, may result from inflation, while we may not be readily recoverable from increasing the prices of our services. 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

Preparing consolidated financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions affecting reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, as well as the recorded amounts of revenue and expenses during the reported period. The accounting policies discussed in this section are those that we consider the most critical to the financial statements. Therefore, understanding these policies is important to understanding our reported and potential future results of operations and financial position.

Valuation of Financial Instruments and Foreign Currencies

Description

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, when we are principal to the transaction, are reflected in earnings.

Foreign currency translation is an estimate critical to consolidating in our reporting currency. 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.

Judgment and Uncertainties

At each period end, we, using professional judgment and industry expertise, select fair values for financial instruments. Where available, we price from independent sources such as listed market prices, third-party pricing services, or broker or dealer price quotations. In limited cases, we use fair values 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.

Effect if Actual Results Differ From Assumptions

Our valuation assumptions may be incorrect, and the actual value realized upon closing any position could be different from estimated carrying value, because of changes in prices, assumptions, or the overall business environment. We do not believe that there is a reasonable likelihood that such a possibility will be significant. This view is supported by a few key factors:

- Valuations for substantially all of the financial instruments, most of which are in highly liquid markets, are available from independent, well-known publishers of market information.
- We have robust controls and procedures surrounding pricing and our various technologies involved in it.
- The relevant positions are generally short-term in nature.
- The Company holds positions in a wide range of products, such that an error in a limited number of prices is unlikely to cause a significant change to the overall result and pricing issues in a wide array of products is very unlikely.

Revenue Recognition

Description

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.

A substantial amount of our revenues derive from *Commission and clearing fees*. These revenue types involve less complexity than *Principal gains, net* would, as, generally, we are an agent in the underlying transactions. We recognize revenues on a trade date basis for the transactions, as, typically, our obligation is met at that point and there are no future obligations to consider. 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.

Judgment and Uncertainties

Judgments, outside of the valuation considerations previously discussed, relate to the timing and appropriateness of revenue recognition and whether we have fulfilled our performance obligations.

Effect if Actual Results Differ From Assumptions

If we misapply the relevant guidance or incorrectly recognize revenue that we have not earned, earnings may be misstated. We do not believe that such a possibility is reasonably likely, because we have developed systems and controls for each of our businesses to capture all known transactions in the appropriate reporting period. In addition, the overwhelming majority of our revenue is recognized upon trade consummation, as our obligation is met, and we do not need to estimate when that may have occurred.

Income Taxes

Description

We are subject to income taxes in the U.S. and numerous foreign jurisdictions.

Judgement and Uncertainties

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, recognizing 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, with any change in tax rates recognized in income in the period that includes the enactment date. Management considers all relevant evidence for each jurisdiction to determine valuation allowances. If we change our determination as to the amount of deferred tax assets we expect to realize, we adjust our valuation allowance with a corresponding impact to income tax expense in the period in which such determination is made.

Effect if Actual Results Differ From Assumptions

We believe that our accruals for tax liabilities are adequate for all open audit years. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. To the extent circumstances arise requiring us to change our judgment regarding the adequacy of existing tax accounts, we do not believe such a change is likely to be material to our financial statements. The tax accounts in total are relatively immaterial to the balance sheet, which, when combined with their likelihood of being misstated, particularly our valuation allowances given our positive earnings trend in recent years, results in a generally insignificant risk to us.

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 three months ended December 31, 2021. We are currently evaluating the impact that this new guidance will have on our consolidated financial statements.

ITEM 7A Quantitative and Qualitative Disclosures about Market Risk

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

Market Risk

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

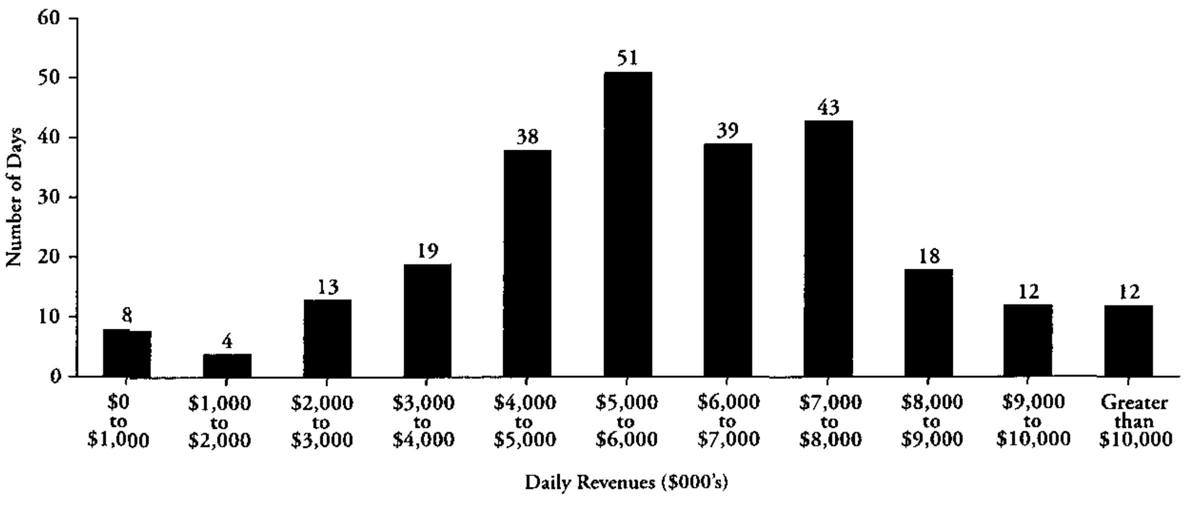
- Diversification of business activities and instruments;
- Limitations on positions;
- Allocation of capital and limits based on estimated weighted risks; and
- Daily monitoring of positions and mark-to-market profitability.

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, 2021.

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, 2021, an immediate 25 basis point decrease in short-term interest rates would result in approximately $9.3 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, 2021, $418.9 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, 2021, $348.4 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2021, 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, 2021, 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 November 29, 2021 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition for unrealized gains and losses from market making activities

As discussed in Note 15 to the consolidated financial statements, the Company recognized revenue of $892.0 million for principal gains, net from financial transactions or contracts for which the Company acted as principal, a portion of which related to unrealized gains and losses derived from over-the-counter derivatives, equities, fixed income, and foreign exchange market making activities (collectively, the Unrealized Gains and Losses). Such Unrealized Gains and Losses represent the change in fair value for those financial instruments owned and sold, not yet purchased that are held by the Company as principal as of year-end and reflected in earnings.

We identified revenue recognition related to the Unrealized Gains and Losses as a critical audit matter. A high degree of auditor effort, including subjective and complex auditor judgment, was involved in determining the sufficiency and timing of audit procedures required to evaluate the existence and accuracy of the Unrealized Gains and Losses reflected in earnings as of September 30, 2021.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Unrealized Gains and Losses, including controls over the computations of the Unrealized Gains and Losses, as well as controls ensuring that trading subledger values were not modified within these computations. We evaluated the Unrealized Gains and Losses as of September 30, 2021 by assessing the Company's revenue recognition, comparing inputs to the Unrealized Gains and Losses computations prepared by the Company to source documents, and recalculating the Unrealized Gains and Losses recorded. We also assessed the sufficiency of the audit evidence obtained related to the Unrealized Gains and Losses by evaluating the cumulative results of the audit procedures and potential management bias.

/s/ KPMG LLP

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

Kansas City, Missouri
November 29, 2021

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, 2021, 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, 2021, 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, 2021 and 2020, 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, 2021, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated November 29, 2021 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, 2021 excluded StoneX Payment Services Ltd., formerly EncoreFx Ltd., acquired with effect from December 22, 2020, and Chasing Returns Limited, acquired with effect from August 3, 2021. These acquired businesses had aggregate total assets of $8.0 million and total revenues of $0.6 million included in the Company's consolidated financial statements as of and for the year ended September 30, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of StoneX Payment Services Ltd. and Chasing Returns Limited.

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
November 29, 2021

Consolidated Balance Sheets

(in millions, except par value and share amounts)	September 30, 2021	September 30, 2020
ASSETS		
Cash and cash equivalents	$ 1,109.6	$ 952.6
Cash, securities and other assets segregated under federal and other regulations (including $14.1 million and $2.6 million at fair value at September 30, 2021 and 2020, respectively)	2,274.4	1,920.2
Collateralized transactions:		
Securities purchased under agreements to resell	2,239.9	1,696.2
Securities borrowed	2,163.1	1,440.0
Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net (including $1,070.6 million and $1,775.8 million at fair value at September 30, 2021 and 2020, respectively)	5,292.9	3,629.9
Receivable from clients, net (including $2.6 million and $1.5 million at fair value at September 30, 2021 and 2020, respectively)	461.1	411.4
Notes receivable, net	6.1	1.7
Income taxes receivable	26.6	16.6
Financial instruments owned, at fair value (includes securities pledged as collateral that can be sold or repledged of $843.3 million and $468.6 million at September 30, 2021 and 2020, respectively)	4,354.6	2,727.7
Physical commodities inventory, net (including $359.9 million and $215.7 million at fair value at September 30, 2021 and 2020, respectively)	447.5	281.1
Deferred income taxes, net	35.1	36.9
Property and equipment, net	93.3	62.1
Operating right of use assets	125.3	101.5
Goodwill and intangible assets, net	100.8	109.5
Other assets	109.3	87.5
Total assets	$ 18,839.6	$ 13,474.9
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including $2.8 million and $1.5 million at fair value at September 30, 2021 and 2020, respectively)	$ 305.1	$ 272.6
Operating lease liabilities	146.6	118.7
Payables to:		
Clients (including $291.5 million and $(222.7) million at fair value at September 30, 2021 and 2020, respectively)	7,835.9	5,689.0
Broker-dealers, clearing organizations and counterparties (including $12.7 million and $14.7 million at fair value at September 30, 2021 and 2020, respectively)	613.5	537.5
Lenders under loans	248.6	268.1
Senior secured borrowings, net	507.0	515.5
Income taxes payable	13.2	22.6
Collateralized transactions:		
Securities sold under agreements to repurchase	4,340.9	3,155.5
Securities loaned	2,153.6	1,441.9
Financial instruments sold, not yet purchased, at fair value	1,771.2	686.0
Total liabilities	17,935.6	12,707.4
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; 22,431,233 issued and 19,823,910 outstanding at September 30, 2021 and 21,798,551 issued and 19,376,594 outstanding at September 30, 2020	0.2	0.2
Common stock in treasury, at cost. 2,607,323 shares at September 30, 2021 and 2,421,957 shares at September 30, 2020	(69.3)	(57.6)
Additional paid-in-capital	315.7	292.6
Retained earnings	682.5	572.4
Accumulated other comprehensive loss, net	(25.1)	(40.1)
Total equity	904.0	767.5
Total liabilities and stockholders' equity	$ 18,839.6	$ 13,474.9

See accompanying notes to consolidated financial statements.

Consolidated Income Statements

(in millions, except share and per share amounts)	Year Ended September 30, 2021	2020	2019
Revenues:			
Sales of physical commodities	$ 40,961.6	$ 52,899.2	$ 31,830.3
Principal gains, net	892.0	622.2	415.8
Commission and clearing fees	487.2	403.6	372.4
Consulting, management, and account fees	91.0	83.7	79.6
Interest income	102.4	130.9	198.9
Total revenues	42,534.2	54,139.6	32,897.0
Cost of sales of physical commodities	40,861.1	52,831.3	31,790.9
Operating revenues	1,673.1	1,308.3	1,106.1
Transaction based clearing expenses	271.7	222.5	183.5
Introducing broker commissions	160.5	113.8	114.7
Interest expense	49.6	80.4	142.0
Interest expense on corporate funding	41.3	23.6	12.7
Net operating revenues	1,150.0	868.0	653.2
Compensation and other expenses:			
Compensation and benefits	679.1	518.7	393.1
Trading systems and market information	58.8	46.3	38.8
Professional fees	40.9	30.2	21.0
Non-trading technology and support	46.0	28.4	20.1
Occupancy and equipment rental	34.2	23.5	19.4
Selling and marketing	33.3	12.2	5.2
Travel and business development	4.5	8.9	16.2
Communications	9.3	7.0	6.6
Depreciation and amortization	36.5	19.7	14.0
Bad debts, net of recoveries and impairment	10.4	18.7	2.5
Recovery of bad debt on physical coal	—	—	(12.4)
Other	46.3	29.6	23.2
Total compensation and other expenses	999.3	743.2	547.7
Gain on acquisitions and other gains	3.4	81.9	5.5
Income before tax	154.1	206.7	111.0
Income tax expense	37.8	37.1	25.9
Net income	$ 116.3	$ 169.6	$ 85.1
Earnings per share:			
Basic	$ 5.90	$ 8.78	$ 4.46
Diluted	$ 5.74	$ 8.61	$ 4.39
Weighted-average number of common shares outstanding:			
Basic	19,130,643	18,824,328	18,738,905
Diluted	19,678,168	19,180,479	19,014,395

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in millions)	Year Ended September 30, 2021	2020	2019
Net income	$ 116.3	$ 169.6	$ 85.1
Other comprehensive gain/(loss), net of tax:			
Foreign currency translation adjustment	13.3	(4.5)	(0.8)
Pension liabilities adjustment	1.5	(0.2)	(0.8)
Reclassification of adjustment for losses/(gains) included in net income:			
Periodic pension costs (included in compensation and benefits)	0.2	0.1	0.1
Foreign currency gains realized upon dissolution of subsidiaries (included in principal gains, net)	—	—	(0.2)
Reclassification adjustment for gains/(losses) included in net income	0.2	0.1	(0.1)
Other comprehensive gain/(loss)	15.0	(4.6)	(1.7)
Comprehensive income	$ 131.3	$ 165.0	$ 83.4

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(in millions)	Year Ended September 30, 2021	2020	2019
Cash flows from operating activities:			
Net income	$ 116.3	$ 169.6	$ 85.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Recovery bad debt on physical coal	—	—	(2.4)
Depreciation and amortization	36.5	19.7	14.0
Amortization of operating right of use assets	12.2	9.9	—
Provision for bad debts, net of recoveries and impairment	10.4	18.7	2.5
Deferred income taxes	3.2	4.1	3.7
Amortization and extinguishment of debt issuance costs	3.9	6.5	1.5
Actuarial gain on pension and postretirement benefits	(0.3)	(0.2)	(0.3)
Amortization of share-based compensation expense	13.9	10.3	8.1
Gain on acquisition	(3.3)	(81.9)	(5.5)
Gain on stock sales of clearing organization memberships	(0.7)	—	—
Changes in operating assets and liabilities, net:			
Securities and other assets segregated under federal and other regulations	(1.0)	293.0	337.2
Securities purchased under agreements to resell	(543.7)	(271.7)	(553.7)
Securities borrowed	(723.1)	(16.8)	(1,197.7)
Deposits with and receivables from broker-dealers, clearing organizations, and counterparties	(132.0)	(326.0)	(241.7)
Receivable from clients, net	(68.3)	0.9	(134.3)
Notes receivable, net	(4.4)	1.2	0.9
Income taxes receivable	(9.6)	(11.1)	(4.2)
Financial instruments owned, at fair value	(1,626.9)	(552.5)	(113.3)
Physical commodities inventory	(166.4)	(51.8)	3.0
Other assets	(16.7)	(3.7)	(8.3)
Accounts payable and other accrued liabilities	35.7	42.7	6.7
Operating lease liabilities	(8.6)	(9.5)	—
Payable to clients	2,146.7	2,093.7	(46.8)
Payable to broker-dealers, clearing organizations and counterparties	76.0	270.8	176.4
Income taxes payable	(9.4)	(0.3)	1.8
Securities sold under agreements to repurchase	1,185.4	381.8	837.0
Securities loaned	711.7	(18.0)	1,182.0
Financial instruments sold, not yet purchased, at fair value	1,085.2	(28.8)	(156.1)
Net cash provided by operating activities	2,122.7	1,950.6	195.6
Cash flows from investing activities:			
Proceeds from stock sales of clearing organization memberships	1.6	—	—
Cash paid for acquisitions	(2.4)	(225.0)	(28.9)
Sale of property and equipment	3.1	—	—
Purchase of property and equipment	(62.1)	(16.6)	(11.9)
Net cash used in investing activities	(59.8)	(241.6)	(40.8)

(in millions)	Year Ended September 30, 2021	2020	2019
Cash flows from financing activities:			
Net change in lenders under loans with maturities 90 days or less	(33.5)	99.7	(162.6)
Proceeds from lenders under loans with maturities greater than 90 days	191.4	608.5	357.2
Repayments of lenders under loans with maturities greater than 90 days	(186.4)	(642.0)	(346.7)
Proceeds from issuance of senior secured term loan	—	21.5	175.0
Repayments of senior secured term loan	(9.8)	(9.8)	(6.6)
Proceeds from issuance of senior secured notes	—	344.8	—
Repayment of senior secured notes	(1.6)	(92.1)	—
Issuance of note payable	9.0	—	—
Repayments of note payable	—	(0.4)	(0.8)
Deferred payments on acquisitions	(2.2)	(0.9)	—
Share repurchase	(11.7)	(7.5)	(3.8)
Debt issuance costs	—	(15.0)	(3.3)
Exercise of stock options	9.2	5.5	1.2
Net cash (used in)/provided by financing activities	(35.6)	312.3	9.6
Effect of exchange rates on cash, segregated cash, cash equivalents, and segregated cash equivalents	13.8	(4.2)	(0.7)
Net increase in cash, segregated cash, cash equivalents, and segregated cash equivalents	2,041.1	2,017.1	163.7
Cash, segregated cash, cash equivalents, and segregated cash equivalents at beginning of period	4,468.4	2,451.3	2,287.6
Cash, segregated cash, cash equivalents, and segregated cash equivalents at end of period	$ 6,509.5	$ 4,468.4	$ 2,451.3
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 87.0	$ 90.4	$ 153.2
Income taxes paid, net of cash refunds	$ 52.0	$ 44.0	$ 24.6
Supplemental disclosure of non-cash investing and financing activities:			
Identified intangible assets and goodwill on acquisitions	$ 6.5	$ 11.8	$ 10.8
Additional consideration payable related to acquisitions	$ 3.9	$ 21.6	$ 1.8
Acquisition of businesses:			
Assets acquired	$ 6.5	$ 1,169.2	$ 47.1
Liabilities acquired	(4.1)	(359.5)	(8.9)
Total net assets acquired	$ 2.4	$ 809.7	$ 38.2

The following table provides a reconciliation of cash, segregated cash, cash equivalents, and segregated cash equivalents reported within the Consolidated Balance Sheets.

(in millions)	September 30, 2021	2020	2019
Cash and cash equivalents	$ 1,109.6	$ 952.6	$ 471.3
Cash segregated under federal and other regulations(1)	2,260.3	1,907.2	743.9
Cash segregated and deposited with or pledged to exchange-clearing organizations and other futures commission merchants ("FCMs")(2)	2,739.6	698.7	947.4
Securities segregated and pledged to exchange-clearing organizations(2)	400.0	909.9	288.7
Total cash, segregated cash, cash equivalents, and segregated cash equivalents shown in the consolidated statements of cash flows	$ 6,509.5	$ 4,468.4	$ 2,451.3

(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 $14.1 million, $13.0 million, and $306.0 million as of September 30, 2021, 2020, and 2019, 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 $2,153.3 million, $2,021.3 million, and $1,304.4 million as of September 30, 2021, 2020, and 2019, 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, 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 20, 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
ASU 2016-13 cumulative transition adjustment	—	—	—	(6.2)	—	(6.2)
Adjusted balances as of September 30, 2020	0.2	(57.6)	292.6	566.2	(40.1)	761.3
Net income	—	—	—	116.3	—	116.3
Other comprehensive income	—	—	—	—	15.0	15.0
Exercise of stock options	—	—	9.2	—	—	9.2
Share-based compensation	—	—	13.9	—	—	13.9
Repurchase of stock	—	(11.7)	—	—	—	(11.7)
Balances as of September 30, 2021	$ 0.2	$ (69.3)	$ 315.7	$ 682.5	$ (25.1)	$ 904.0

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 its clients' sole trusted partner, providing its network, products, and services to allow them to pursue trading opportunities, manage market risks, make investments and improve 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. The Company delivers access and service through the entire lifecycle of a trade, by delivering deep market expertise and on-the-ground intelligence, best execution, and finally post-trade clearing, custody, as well as settlement services. The Company has created revenue streams, diversified by asset class, client type and geography, that earn commissions and spreads as clients execute transactions across the Company's financial networks, while the Company monetizes non-trading client activity including interest and fee earnings on client balances as well as earning consulting and fees for market intelligence and risk management services.

The Company provides these services to a diverse group of clients in more than 180 countries. These clients include more than 45,000 commercial and institutional clients and over 370,000 retail clients. The Company's clients include 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 changing the Company's name from INTL FCStone Inc. to StoneX Group Inc. on June 24, 2020. The change 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.

In the Consolidated Income Statements, 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 physical commodities cost of sales deducted from total revenues. The subtotal *Net operating revenues* in the Consolidated Income Statements is 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, direct non-variable expenses, as well as variable and non-variable expenses related to both operational and administrative employees.

Use of Estimates

Preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires that management make estimates and assumptions affecting 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 expense during the reporting period. The most significant of these estimates and assumptions in the current year relate to fair value measurements for financial instruments, revenue recognition, valuation of inventories, and income taxes. 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 financial statement issuance. Although these and other estimates and assumptions are based on the best available information, actual results could be materially different from these estimates.

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 year ended September 30, 2019. For the year ended September 30, 2019, selling and marketing related costs of $5.2 million were reclassified from *Other* expense to *Selling and marketing* expense.

Foreign Currency Translation

The Company's consolidated financial statements are reported in U.S. dollars. The Company's subsidiaries maintain their records either in U.S. dollars or, as appropriate, the currencies of the countries 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 at relevant times during the year. Transaction gains and losses related to changes in currency rates 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 at relevant times during the year.

The Company operates asset management and debt trading businesses in Argentina through various wholly-owned subsidiaries. Operating revenues from the Company's Argentinean subsidiaries were approximately 1% of the consolidated operating revenues for the year ended September 30, 2021. The operating environment in Argentina continues to present business challenges, including ongoing devaluation of the Argentine peso and significant inflation. 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, and continues to be considered highly inflationary.

Beginning July 1, 2018, the Company designated Argentina's economy as highly inflationary for accounting purposes. As a result, the Company has accounted for its Argentinean entities using the U.S. dollar as their functional currency, beginning in the quarter ending September 30, 2018. The Company has implemented strategies to reduce exposure to the Argentine peso. As a result of Argentina's highly inflationary status, the Company recorded translation gains through earnings of $0.8 million for the year ended September 30, 2021. Translation adjustments recorded through earnings were de minimis for the year ended September 30, 2020. The Company recorded translation losses through earnings of $3.9 million for the year ended September 30, 2019.

At September 30, 2021, the Company had net monetary assets denominated in Argentine pesos of $0.4 million, compared to net liabilities of $0.1 million at September 30, 2020. The Company held cash and cash equivalents denominated in Argentine pesos of less than $0.1 million and $0.1 million as of September 30, 2021 and 2020, respectively. At September 30, 2021 and 2020, the Company had net nonmonetary assets denominated in Argentine pesos of $0.9 million.

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. 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 Company funds. Under the FSA's rules, certain categories of clients may choose to opt-out of segregation. As of September 30, 2021 and 2020, cash, securities, and other assets segregated under federal and other regulations consisted of cash held at banks of approximately $2,260.3 million and $1,907.2 million, respectively, U.S. Treasury obligations of approximately $0.2 million and $10.6 million, respectively, and commodities warehouse receipts of approximately $13.9 million and $2.4 million, respectively (see fair value measurements discussion in Note 3).

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 Company's policy 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 its 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 Consolidated Income Statements 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, guaranty, 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 included in deposits with and receivables from 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, 2021 and 2020, the Company had cash and cash equivalents on deposit with or pledged to broker-dealers, clearing organizations, and counterparties of approximately $3.1 billion and $1.6 billion, respectively.

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, net* was $810.7 million and $1,949.3 million as of September 30, 2021 and 2020, 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. Management believes that 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, 2021 and 2020.

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.

Deposits with and receivables from broker-dealers, clearing organizations, 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, clearing organizations, 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.

Deposits with and receivables from broker-dealers, clearing organizations and counterparties, and payables to broker-dealers, clearing organizations and counterparties also include amounts related to the value of registered broker-dealer clients cross-currency payment transactions related to the Global Payments segment. These amounts arise due to a clearing period before 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 allowance for doubtful accounts, includes 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 OTC, 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 offset 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. In determining collectability, the Company considers a number of factors including, but not limited to, historical collection experience, current and forecasted economic and business conditions, internal and external credit risk ratings, collateral terms, payment terms and aging of the financial asset, as well as specific-identification in certain circumstances. 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. Changes in the values of these inventories are included as a component of *Cost of sales of physical commodities* in the Consolidated Income Statements.

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, in accordance with U.S. GAAP accounting requirements for broker-dealers.

Precious metals inventory held by subsidiaries that are not broker-dealers are valued at the lower of cost or net realizable value. Changes in the values of these precision metals inventories are included as a component of *Cost of sales of physical commodities* 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 had no assets held for sale at September 30, 2021 and 2020.

The Company accounts for costs incurred to develop its trading platforms and related software in accordance with ASC 350-40, Internal-Use Software, which requires that such technology be capitalized in the application development stages. Costs related to planning, 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 identified no such impairment indicators as of September 30, 2021 and 2020.

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 acquisition date. In determining the fair value of identifiable assets acquired and liabilities assumed, the Company frequently utilizes 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 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 Statements 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 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 its 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 (generally defined as the businesses for which financial information is available and reviewed regularly by management) 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.

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 and 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 with which the goodwill that is subject to the quantitative analysis is associated 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 qualitative assessment approach. 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. Both definite and indefinite lived 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, measured on a recurring basis, or amounts that approximate fair value. Related realized and unrealized gains and losses are recognized in current period earnings within *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 sale or liquidation.

Financial instruments owned and sold, not yet purchased comprise primarily 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 these 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 for the sale of agricultural and energy commodities generally do not extend beyond one year, while contracts to purchase agricultural and energy commodities generally relate to the current or future crop 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 changes 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 years ended September 30, 2021 and 2020. The Company elects to value all of its 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 3.

Exchange and Clearing Organization Memberships

The Company or its affiliates are required to hold certain exchange and clearing organization memberships and pledges them for clearing purposes, in order to provide 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, and the London Metal Exchange ("LME"). Exchange firm and clearing organization common stock include shares of CME Group, Inc., ICE, LME Holdings Limited, 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, at fair value* 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 both (a) 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 \$5.5 million and \$5.6 million as of September 30, 2021 and 2020, respectively, compared to a fair value of \$6.8 million and \$6.7 million as of September 30, 2021 and 2020, 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 not representing an ownership interest in the exchange, was \$6.0 million and \$5.8 million as of September 30, 2021 and 2020, respectively. As of and during the year ended September 30, 2021, 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, net* in the Consolidated Balance Sheets. 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, does 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 variable rates of interest.

Senior Secured Borrowings

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 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. Estimating contingent consideration fair value incorporates assumptions regarding future operating results, discount rates, and probabilities assigned to various potential operating results scenarios.

Revenue Recognition

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. Revenues for these services are recognized when the performance obligations related to the underlying transaction are completed.

Only when goods or services are transferred to clients, are revenues are recognized 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 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.

Refer to Note 15 for further 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.

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 individuals or organizations that maintain relationships with clients and introduce them to the Company. Introducing brokers accept futures and options orders from those clients, while the Company directly provides all account, transaction and margining services to introducing brokers, including accepting money, securities and property from the clients. Introducing brokers bring clients to the Company's OTC business as well. Introducing broker commissions are determined monthly and settled regularly.

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 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 from option and restricted stock unit awards 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 awards granted, compensation cost is recognized on a straight-line basis over the vesting period for the entire award.

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. Accounting for income taxes aims 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, also including amounts related to stock options exercises and 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, 2021 and 2020, no preferred shares were outstanding and the Company's board of directors had not established any class or series of shares.

Accounting Standards Adopted

In June 2016, the Financial Accounting Standards Board ("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 previous 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 adopted this guidance on October 1, 2020, using the modified retrospective approach, which resulted in a recognized cumulative-effect adjustment of $6.2 million, net of tax of $2.0 million, to the opening balance of retained earnings - see Note 5 and Note 13. The adoption impact was attributable to an increase in allowance for credit losses related to the OptionSellers.com Inc. customers discussed in further detail within Note 13 of the consolidated financial statements. Results for reporting periods beginning after October 1, 2020 are presented using the CECL model, while prior period amounts continue to be reported in accordance with previously applicable U.S. GAAP.

Beginning October 1, 2020, the Company estimates its allowance for credit losses on financial assets measured at amortized cost based on expected credit losses over the life of the financial asset. In determining expected credit losses, the Company considers a number of factors including, but not limited to, historical collection experience, current and forecasted economic and business conditions, internal and external credit risk ratings, collateral terms, payment terms and aging of the financial asset.

The Company estimates expected credit losses primarily using a probability of default ("PD")/loss given default ("LGD") model ("PD/LGD model"), under which the expected credit loss is calculated as the product of PD, LGD and exposure at default.

Additionally, for collateralized transactions, the Company elects to measure expected credit losses using the fair value of collateral received where the borrower is required to, and reasonably expected to, replenish the amount of collateral securing the receivable as a result of changes in the fair value of such collateral.

NOTE 2 Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") using the two-class method which requires all outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends and therefore participate in undistributed earnings with common stockholders be included in computing earnings per share. Under the two-class method, net 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)	2021	2020	2019
Numerator:			
Net income	$ 116.3	$ 169.6	$ 85.1
Less: Allocation to participating securities	(3.5)	(4.0)	(1.5)
Net income allocated to common stockholders	$ 112.8	$ 165.6	$ 83.6
Denominator:			
Weighted average number of:			
Common shares outstanding	19,130,643	18,824,328	18,738,905
Dilutive potential common shares outstanding:			
Share-based awards	547,525	356,151	275,490
Diluted shares outstanding	19,678,168	19,180,479	19,014,395

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 298,786, 898,420 and 907,089 shares of common stock for the years ended September 30, 2021, 2020, and 2019, respectively, were excluded from the calculation of diluted earnings per share because they would have been anti-dilutive.

NOTE 3 Assets and Liabilities, at Fair Value

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.

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 guaranty 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.

In accordance with 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 \$2.8 million and \$1.5 million of contingent liabilities classified within Level 3 of the fair value hierarchy as of September 30, 2021 and 2020, respectively. The Company had no Level 3 assets as of September 30, 2021 and 2020.

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, classifies 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 that records these assets 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, 2021 and 2020. 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, 2021 and 2020 by level in the fair value hierarchy. All fair value measurements were performed on a recurring basis as of September 30, 2021 and 2020.

	September 30, 2021				
(in millions)	Level 1	Level 2	Level 3	Netting[1]	Total
ASSETS:					
Certificates of deposit	$ 7.9	$ —	$ —	$ —	$ 7.9
Money market mutual funds	12.9	—	—	—	12.9
Cash and cash equivalents	**20.8**	—	—	—	**20.8**
Commodities warehouse receipts	13.9	—	—	—	13.9
U.S. Treasury obligations	0.2	—	—	—	0.2
Securities and other assets segregated under federal and other regulations	**14.1**	—	—	—	**14.1**
U.S. Treasury obligations	798.5	—	—	—	798.5
To be announced ("TBA") and forward settling securities	—	59.1	—	(40.1)	19.0
Foreign government obligations	12.2	—	—	—	12.2
Derivatives	4,475.8	167.4	—	(4,402.3)	240.9
Deposits with and receivables from broker-dealers, clearing organizations and counterparties, net	**5,286.5**	**226.5**	—	**(4,442.4)**	**1,070.6**
Receivables from clients, net - Derivatives	—	**413.7**		**(411.1)**	**2.6**
Equity securities	512.4	14.6	—	—	527.0
Corporate and municipal bonds	—	150.8	—	—	150.8
U.S. Treasury obligations	433.1	—	—	—	433.1
U.S. government agency obligations	—	327.6	—	—	327.6
Agency mortgage-backed obligations	—	2,599.8	—	—	2,599.8
Asset-backed obligations	—	110.4	—	—	110.4
Derivatives	0.6	644.1	—	(500.4)	144.3
Commodities leases	—	18.1	—	—	18.1
Commodities warehouse receipts	21.4	—	—	—	21.4
Exchange firm common stock	11.6	—	—	—	11.6
Mutual funds and other	10.5	—	—	—	10.5
Financial instruments owned	**989.6**	**3,865.4**	—	**(500.4)**	**4,354.6**
Physical commodities inventory	111.2	248.7	—	—	359.9
Total assets at fair value	**$ 6,422.2**	**$ 4,754.3**	**$ —**	**$ (5,353.9)**	**$ 5,822.6**
LIABILITIES:					
Accounts payable and other accrued liabilities - contingent liabilities	**$ —**	**$ —**	**$ 2.8**	**$ —**	**$ 2.8**
Payables to clients - Derivatives	**4,413.8**	**156.1**	—	**(4,278.4)**	291.5
TBA and forward settling securities	—	52.2	—	(39.5)	12.7
Derivatives	63.1	239.4	—	(302.5)	—
Payable to broker-dealers, clearing organizations and counterparties	**63.1**	**291.6**	—	**(342.0)**	**12.7**
Equity securities	429.9	6.2	—	—	436.1
Corporate and municipal bonds	—	51.1	—	—	51.1
U.S. Treasury obligations	851.2	—	—	—	851.2
Agency mortgage-backed obligations	—	63.4	—	—	63.4
Derivatives	3.2	700.3	—	(335.0)	368.5
Commodities leases	—	0.9	—	—	0.9
Financial instruments sold, not yet purchased	**1,284.3**	**821.9**	—	**(335.0)**	**1,771.2**
Total liabilities at fair value	**$ 5,761.2**	**$ 1,269.6**	**$ 2.8**	**$ (4,955.4)**	**$ 2,078.2**

(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.

(in millions)	September 30, 2020 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
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.

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.

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, 2021, the cost and fair value of the equity investments in exchange firms is $3.7 million and $11.6 million, respectively. As of September 30, 2020, the cost and fair value of the equity investments in exchange firms was $3.7 million and $10.1 million, respectively.

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 was required to make additional future cash payments based on certain financial performance measures of the acquired business. As of September 30, 2021, the Company had fully satisfied the liability for the contingent consideration. During the years ended September 30, 2021 and 2020, the Company recorded cash settlements against the liability of $2.6 million and $0.9 million, respectively, partially offset by remeasurement losses of $1.1 million and $0.6 million, respectively, included in *Other* expenses on the Consolidated Income Statements for the years ended September 30, 2021 and 2020, respectively.

The acquisition of Chasing Returns Limited, 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 implementation milestones. As of September 30, 2021, 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.

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 balances at September 30, 2021 and 2020 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: Deposits with and 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. They 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 $170.1 million as of September 30, 2021, 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"), as further described in Note 11 with a carrying value of $336.9 million as of September 30, 2021. The carrying value of the Senior Secured Notes represent their principal amounts net of unamortized deferred financing costs and original issue discount. As of September 30, 2021, the Senior Secured Notes had a fair value of $374.7 million and are classified as Level 2 under the fair value hierarchy.

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

The Company is party to certain financial instruments with off-balance sheet risk in the normal course of its business. The Company has sold financial instruments that it does not currently own and will therefore be obliged to purchase such financial instruments at a future date. The Company has recorded these obligations in the consolidated financial statements as of September 30, 2021 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, 2021. The total of $1,771.2 million as of September 30, 2021 includes $368.5 million for derivative contracts, which represent a liability to the Company based on their fair values as of September 30, 2021.

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, net; Financial instruments 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, 2021 and 2020. Assets represent net unrealized gains and liabilities represent net unrealized losses.

	September 30, 2021		September 30, 2020	
(in millions)	Assets[(1)]	Liabilities[(1)]	Assets[(1)]	Liabilities[(1)]
Derivative contracts not accounted for as hedges:				
Exchange-traded commodity derivatives	$ 3,904.1	$ 3,904.7	$ 1,637.2	$ 1,747.3
OTC commodity derivatives	803.4	761.3	553.9	433.2
Exchange-traded foreign exchange derivatives	119.9	119.9	9.3	13.0
OTC foreign exchange derivatives	216.9	185.5	520.8	461.5
Exchange-traded interest rate derivatives	245.9	249.0	271.1	200.7
OTC interest rate derivatives	56.4	54.9	96.0	96.6
Exchange-traded equity index derivatives	206.5	206.5	32.1	39.8
OTC equity and indices derivatives	148.5	94.1	113.0	55.4
TBA and forward settling securities	59.1	52.2	31.0	22.0
Gross fair value of derivative contracts	5,760.7	5,628.1	3,264.4	3,069.5
Impact of netting and collateral	$ (5,353.9)	$ (4,955.4)	$ (3,319.0)	$ (3,100.7)
Total fair value included in *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ 259.9		$ (173.5)	
Total fair value included in *Receivables from clients, net*	$ 2.6		$ 1.5	
Total fair value included in *Financial instruments owned, at fair value*	$ 144.3		$ 117.4	
Total fair value included in *Payables to clients*		$ 291.5		$ (222.7)
Total fair value included in *Payables to broker-dealers, clearing organizations and counterparties*		$ 12.7		$ 14.7
Fair value included in *Financial instruments sold, not yet purchased, at fair value*		$ 368.5		$ 176.8

(1) As of September 30, 2021 and 2020, the Company's derivative contract volume for open positions was approximately 11.1 million and 7.9 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 exchange 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, other derivatives, 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 *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net* 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, 2021 and 2020, 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):

(in millions)	September 30, 2021 Gain/(Loss)	September 30, 2021 Notional Amounts	September 30, 2020 Gain/(Loss)	September 30, 2020 Notional Amounts
Unrealized gain on TBA securities purchased within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ 1.6	$ 1,453.4	$ 10.8	$ 5,389.3
Unrealized loss on TBA securities purchased within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ —	$ —	$ (1.7)	$ 2,647.7
Unrealized loss on TBA securities purchased within *Payables to broker-dealers, clearing organizations, and counterparties*	$ (37.6)	$ 7,024.2	$ —	$ —
Unrealized gain on TBA securities sold within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ 43.0	$ (8,391.4)	$ —	$ —
Unrealized gain on TBA securities sold within *Payables to broker-dealers, clearing organizations, and counterparties*	$ —	$ —	$ 2.8	$ (2,978.7)
Unrealized loss on TBA securities sold within *Payables to broker-dealers, clearing organizations, and counterparties*	$ (2.7)	$ (2,430.7)	$ (13.0)	$ (6,549.4)
Unrealized gain on forward settling securities purchased within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ 0.3	$ 214.5	$ —	$ —
Unrealized loss on forward settling securities purchased within *Payables to broker-dealers, clearing organizations, and counterparties*	$ (11.5)	$ 2,580.7	$ —	$ —
Unrealized gain on forward settling securities sold within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ 14.1	$ (1,867.4)	$ 17.4	$ (1,946.0)
Unrealized loss on forward settling securities sold within *Payables to broker-dealers, clearing organizations, and counterparties*	$ (0.4)	$ (133.1)	$ —	$ —
Unrealized loss on forward settling securities purchased within *Deposits with and receivables from broker-dealers, clearing organizations, and counterparties, net*	$ —	$ —	$ (7.3)	$ 2,447.10

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 periods indicated, in accordance with the Derivatives and Hedging Topic of the ASC. The net gains (losses) set forth below are included in Principal gains, net and *Cost of sales of physical commodities* in the Consolidated Income Statements.

(in millions)	Year Ended September 30, 2021	2020	2019
Commodities	$ 207.8	$ 197.3	$ 100.8
Foreign exchange	116.3	38.2	8.1
Interest rate, equities, and indices	80.8	20.4	(2.6)
TBA and forward settling securities	(6.3)	(49.7)	(35.3)
Net gains from derivative contracts	$ 398.6	$ 206.2	$ 71.0

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 involve both 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 counterparties financial condition and credit ratings. The Company monitors collateral levels on a daily basis for compliance with regulatory and internal guidelines. The Company 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 these transactions occur 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 client credit limits, 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, 2021 and 2020 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 5 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. In determining expected credit losses and establishing its allowance for doubtful accounts, the Company considers a number of factors including, but not limited to, historical collection experience, current and forecasted economic and business conditions, internal and external credit risk ratings, collateral terms, payment terms and aging of the financial asset, as well as specific-identification in certain circumstances. 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 as of September 30, 2021 and 2020. The allowance for doubtful accounts related to receivables from clients was $38.5 million and $25.8 million as of September 30, 2021 and 2020, respectively. The Company had no allowance for doubtful accounts related to notes receivable as of September 30, 2021 and 2020.

During the year ended September 30, 2021, the Company charged off $5.9 million of receivables against the allowance for doubtful accounts. 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 the year ended September 30, 2018.

During the year ended September 30, 2021, the Company recorded bad debt expense of $10.4 million. The bad debt expense was primarily related to $8.5 million of client OTC derivative account deficits in the Commercial segment, $0.6 million of client exchange-traded futures and options on futures account deficits in the Institutional segment, $1.1 million of OTC derivative client account deficits in the Retail segment, and $0.2 million in the Global Payments segment. $4.6 million of the bad debt within the Commercial segment related to a particular energy product in the Company's physical energy commodity business.

During the year ended September 30, 2020, the Company recorded bad debt expense, net of recoveries, of $13.0 million. The bad debt expense during the year ended September 30, 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 the year ended September 30, 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 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.

Activity in the allowance for doubtful accounts for the years ended September 30, 2021, 2020, and 2019 was as follows:

(in millions)	2021	2020	2019
Balance, beginning of year	$ 27.1	$ 48.6	$ 58.2
ASU 2016-13 cumulative transition adjustment	8.2	—	—
Adjusted balance, beginning of year	35.3	48.6	58.2
Provision for (recovery of) bad debts	10.4	13.0	(9.8)
Allowance charge-offs	(5.9)	(35.6)	(1.3)
Other[(1)]	—	1.1	1.5
Balance, end of year	$ 39.8	$ 27.1	$ 48.6

(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 6 Physical Commodities Inventory

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

(in millions)	September 30, 2021	September 30, 2020
Physical Ag & Energy[1]	$ 248.6	$ 201.5
Precious metals - held by broker-dealer subsidiary	111.2	14.2
Precious metals - held by non-broker-dealer subsidiaries	87.7	65.4
Physical commodities inventory	$ 447.5	$ 281.1

(1) Physical Ag & Energy consists of agricultural commodity inventories, including corn, soybeans, wheat, dried distillers grain, canola, sorghum, coffee, cocoa, cotton, and others. 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 includes energy related inventories, including primarily propane, gasoline, and kerosene. The Company records changes to these values in Cost of sales of physical commodities on the Consolidated Income Statements.

The Company has recorded lower of cost or net realizable value adjustments for certain precious metals and energies inventory of $3.5 million and $0.7 million as of September 30, 2021 and 2020, respectively. The adjustments are included in *Cost of sales of physical commodities* in the Consolidated Income Statements.

In the ordinary course of business, the Company holds commodities inventory in third-party licensed grain facilities. As of September 30, 2021, the Company held title in the form of warehouse receipts to approximately 2.6 million bushels of soybeans, valued at $31.2 million, in multiple facilities owned by one third-party operator. The amount of soybeans held at these third-party grain facilities increased to 2.8 million bushels on October 6, 2021 pursuant to the satisfaction of a $2.5 million repurchase commitment. The Company's ownership interest in the soybeans held at these third-party grain facilities is represented by warehouse receipts issued by these facilities under the U.S. Warehouse Act, which is a program administered by the USDA. On September 29, 2021, the above-mentioned third-party operator filed a petition for Chapter 11 bankruptcy, and a Chief Restructuring Officer was assigned by the court to assist in administering the allocation of the grain on hand and proceeds from the sale of processed soybean products. As a result of these bankruptcy proceedings, in the event the Company does not receive soybeans or proceeds from soybeans commensurate with the 2.8 million bushels of soybean inventory held at October 6, 2021, management believes that it is probable that the Company has adequate insurance coverage to cover potential shortfalls. Therefore, the Company has not recognized any estimated losses associated with this matter in its September 30, 2021 consolidated financial statements.

During the year ended September 30, 2020, the Company 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. As of September 30, 2021, the Company continues to attempt 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 7 Property and Equipment, net

Property and equipment are stated at cost, and reported net of accumulated depreciation and amortization on the Consolidated Balance Sheets. Depreciation on property and equipment is generally 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 years ended September 30, 2021, 2020, and 2019, depreciation expense was $21.3 million, $13.3 million, and $11.2 million respectively.

The Company capitalized $22.3 million of software development costs during the year ended September 30, 2021.

A summary of property and equipment, at cost less accumulated depreciation and amortization as of September 30, 2021 and 2020 is as follows:

(in millions)	September 30, 2021	September 30, 2020
Property and equipment:		
Furniture and fixtures	$ 15.0	$ 10.2
Software	30.0	28.6
Equipment	44.1	30.8
Leasehold improvements	43.9	38.3
Capitalized software development	22.3	—
Total property and equipment	155.3	107.9
Less: accumulated depreciation and amortization	(62.0)	(45.8)
Property and equipment, net	$ 93.3	$ 62.1

In connection with integrating 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 8 Goodwill

Goodwill allocated to the Company's operating segments as of September 30, 2021 and 2020 is as follows:

(in millions)	September 30, 2021	September 30, 2020
Commercial	$ 32.5	$ 32.7
Institutional	9.8	9.8
Retail	5.8	2.2
Global Payments	10.0	10.0
Total Goodwill	$ 58.1	$ 54.7

The Company recorded $0.2 million and $0.1 million in foreign exchange revaluation adjustments on goodwill for the years ended September 30, 2021 and 2020, respectively.

The Company recorded additional goodwill of $3.6 million during the year ended September 30, 2021 within the Retail reportable segment related to the initial purchase price allocation for the acquisition of Chasing Returns Limited, as further discussed in Note 21.

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 9 Intangible Assets

The Company recorded $2.4 million of software program/platform intangible assets during the year ended September 30, 2021 related to the acquisition of Chasing Returns Limited, as further discussed in Note 21. In addition, the Company recorded $0.5 million of new business licenses related to Global Payments within the year.

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, 2021			September 30, 2020		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization:						
Trade/domain names	$ 3.7	$ (0.9)	$ 2.8	$ 3.7	$ (0.2)	$ 3.5
Software programs/platforms	31.4	(13.3)	18.1	29.0	(4.9)	24.1
Customer base	37.7	(21.7)	16.0	38.2	(16.3)	21.9
Total intangible assets subject to amortization	72.8	(35.9)	36.9	70.9	(21.4)	49.5
Intangible assets not subject to amortization						
Website domains	2.1	—	2.1	2.1	—	2.1
Business licenses	3.7	—	3.7	3.2	—	3.2
Total intangible assets not subject to amortization	5.8	—	5.8	5.3	—	5.3
Total intangible assets	$ 78.6	$ (35.9)	$ 42.7	$ 76.2	$ (21.4)	$ 54.8

Amortization expense related to intangible assets was $15.1 million, $5.8 million, and $2.8 million for the years ended September 30, 2021, 2020, and 2019, respectively.

As of September 30, 2021, estimated future amortization expense was as follows:

(in millions)	
Fiscal 2022	$ 14.4
Fiscal 2023	12.7
Fiscal 2024	5.2
Fiscal 2025	1.9
Fiscal 2026 and thereafter	2.7
	$ 36.9

NOTE 10 Leases

The Company leases office space under non-cancelable operating leases with third parties as of September 30, 2021. Leases with an initial term of twelve months or less are not recorded on the Consolidated Balance Sheets 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 periods after termination date, if the Company holds a termination option and believes it is reasonably certain to exercise.

As the office space leases do not provide an implicit rate, the Company applies a collateralized incremental borrowing rate based on information available at 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 its incremental borrowing rate. 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 financing of right-of-use assets. Additionally, in certain instances, the parent company provides a guaranty of the lease payments to the lessor under office space leases executed by its subsidiaries. The Company believes that pricing 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 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, 2021. Operating lease expense is recognized on a straight-line basis over the lease term and is reported within *Occupancy and equipment rental* on the Consolidated Income Statements.

As of September 30, 2021 and 2020, the Company recorded operating lease right-of-use assets of $125.3 million and $101.5 million, respectively, and operating lease liabilities of $146.6 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, 2021 (in millions, except as stated):

	Year Ended September 30, 2021	Year Ended September 30, 2020
Operating lease costs [1]	$ 25.5	$ 17.2
Supplemental cash flow information and non-cash activity:		
Cash paid for amounts included in the measurement of operating lease liabilities	$ 16.8	$ 12.1
Right-of-use assets obtained in exchange for operating lease liabilities	$ 36.2	$ 96.4
Lease term and discount rate information:		
Weighted average remaining lease term (years)	11.5	11.3
Weighted average discount rate	4.0%	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, 2021 (in millions):

2022	$ 17.2
2023	16.9
2024	15.5
2025	14.8
2026	15.1
After 2026	106.5
Total lease payments	186.0
Less: interest	39.4
Present value of lease liabilities	$ 146.6

NOTE 11 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 $806.4 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 $406.4 million is available to the Company for general working capital requirements and capital expenditures. During the year ended September 30, 2021, the facility was amended to increase the revolving credit facility from $196.5 million to $236.1 million and to extend the maturity date to August 22, 2022. The facility also includes a Term Loan component with an original value of $196.5 million.

  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, 2021, the Company made scheduled quarterly principal payments against the Term Loan equal to $9.8 million. 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, 2021, 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, 2021, 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 3.07%, respectively, as of September 30, 2021. 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, 2021.

- 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, 2021. 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, 2021. The facility is guaranteed by the Company.

- A syndicated committed borrowing facility under which $300.0 million is available to the Company's wholly owned subsidiary, StoneX Commodity Solutions LLC ("StoneX Commodity Solutions"), formerly FCStone Merchant Services, LLC, to finance commodity financing arrangements and commodity repurchase agreements. The facility is secured by the assets of StoneX Commodity Solutions, 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 2.3%, respectively, as of September 30, 2021. The agreement contains financial covenants related to tangible net worth, as defined. StoneX Commodity Solutions was in compliance with this covenant as of September 30, 2021.

- 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, 2021. The facility is guaranteed by the Company. The facility in place at September 30, 2020 matured on October 14, 2020 and was replaced by an unsecured syndicated committed borrowing facility with substantially similar terms. During October 2021 the new facility was renewed to extend the maturity date to October 14, 2022. On November 18, 2021, the facility was amended to increase the committed borrowing amount available to $50.0 million.

Uncommitted Credit Facilities

During the year ended September 30, 2021, the Company executed a secured, uncommitted loan facility, under which StoneX Financial Ltd may borrow up to $25.0 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 $25 million in borrowings outstanding under this credit facility as of September 30, 2021.

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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020.

Note Payable to Bank

In December 2020, the Company obtained a $9.0 million loan from a commercial bank, secured by equipment purchased with the proceeds. The note is payable in monthly installments, with the final payment due during December 2025. The note bears interest at a rate per annum equal to the Index rate, as defined in the agreement, plus 2.35%.

Senior Secured Notes

In June 2020, the Company issued $350 million in aggregate principal amount of its 8.625% Senior Secured Notes due 2025 (the "Senior Secured Notes") at the offering price of 98.5% of the aggregate principal amount. The Company used the proceeds from the sale of the Senior Secured Notes to fund the preliminary cash consideration for the acquisition of Gain on the closing date, as further discussed in Note 21, to pay certain related transaction fees and expenses, and to fund the repayment of Gain's 5.00% Convertible Senior Notes due 2022 (the "Gain Notes"), with the exception of $0.5 million which remains outstanding, as certain holders of the Gain Notes neither exercised such holder's fundamental change repurchase right or make-whole fundamental change conversion right.

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 Senior Secured 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.

Pursuant to the terms of the Senior Secured Notes indenture, during the year ended September 30, 2021, the Company had the option 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. The Company elected not to redeem any portion of the Secured Notes.

The holders of the Senior Secured Notes had 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. During the year ended September 30, 2021, the Company redeemed $1.6 million of the principal amount of the outstanding Senior Secured Notes, for 103% of the principal amount, plus accrued and unpaid interest.

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, 2021. 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

In February 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 corporate funding* 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, 2021	Amounts Outstanding September 30, 2020
COMMITTED CREDIT FACILITIES					
Term Loan	(1)	August 22, 2022	$ 170.3(4)	$ 170.1(3)	$ 179.5
Revolving Line of Credit	(1)	August 22, 2022	236.1(5)	—	23.0
Senior StoneX Group Inc. Committed Credit Facility			406.4	170.1	202.5
StoneX Financial Inc.	None	April 1, 2022	75.0	—	—
FCStone Merchants Services, LLC	Certain commodities assets	January 29, 2022	300.0(5)	215.0	200.1
StoneX Financial Ltd.	None	October 14, 2022	25.0(5)	—	25.0
			$ 806.4	$ 385.1	$ 427.6
UNCOMMITTED CREDIT FACILITIES					
StoneX Financial Inc.	Commodities warehouse receipts and certain pledged securities	n/a	n/a	—	—
StoneX Financial Ltd.	Commodities warehouse receipts	n/a	n/a(5)	25.0	20.0
NOTES PAYABLE TO BANK	Certain equipment		(5)	8.6	—
Senior Secured Notes	(2)		(4)	336.9(3)	336.0
Total outstanding borrowings				$ 755.6	$ 783.6

(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 $0.2 million and $11.5 million, respectively.

(4) Included in Senior secured borrowings, net on the Consolidated Balance Sheets.

(5) Included in Lenders under loans on the Consolidated Balance Sheets.

As reflected above, three of the Company's committed credit facilities are scheduled to expire during the year ended September 30, 2022. 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 12 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 Company's policy to receive or pledge cash or securities to adequately collateralize such agreements and transactions in accordance with relevant contractual terms. 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, 2021 and 2020, financial instruments owned, at fair value of $843.3 million and $468.6 million, respectively, were pledged as collateral under repurchase agreements. The financial instruments owned that have been pledged as collateral have been parenthetically disclosed on the Consolidated Balance Sheets.

In addition, as of September 30, 2021 and 2020, the Company pledged financial instruments owned, at fair value of $2,359.6 million and $1,266.4 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 $1,157.9 million and $1,484.7 million, respectively in the two years, 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 $2,097.6 million and $1,410.3 million as of September 30, 2021 and 2020, respectively.

At September 30, 2021 and 2020, 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, 2021 and 2020 was $4,399.8 million and $3,303.1 million, respectively, of which $1,031.1 million and $285.7 million, respectively, was used to cover securities sold short which are recorded in *Financial instruments sold, not yet purchased, at fair value* 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, 2021				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 2,949.8	$ 973.4	$ 137.5	280.2	$ 4,340.9
Securities loaned	2,153.6	—	—	—	2,153.6
Gross amount of secured financing	$ 5,103.4	$ 973.4	$ 137.5	$ 280.2	$ 6,494.5

	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

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, 2021	September 30, 2020
U.S. Treasury obligations	$ 106.8	$ 815.8
U.S. government agency obligations	354.6	279.5
Asset-backed obligations	255.9	18.0
Agency mortgage-backed obligations	3,536.2	1,990.0
Corporate bonds	87.4	52.2
Total securities sold under agreement to repurchase	$ 4,340.9	$ 3,155.5
Securities loaned		
Equity securities	$ 2,153.6	$ 1,441.9
Total securities loaned	2,153.6	1,441.9
Gross amount of secured financing	$ 6,494.5	$ 4,597.4

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, 2021		
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	$ 2,239.9	$ —	$ 2,239.9
Securities borrowed	$ 2,163.1	$ —	$ 2,163.1
Securities sold under agreements to repurchase	$ 4,340.9	$ —	$ 4,340.9
Securities loaned	$ 2,153.6	$ —	$ 2,153.6

	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

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 has 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, 2021 and 2020, the Consolidated Balance Sheets include loss contingency accruals, recorded during and prior to these years then ended, which are not material, individually or in the aggregate, to the Company's financial position or liquidity. Management does not currently believe exposure from loss contingencies in excess of the amounts accrued, and in addition to the possible losses discussed below, to be material to the Company's earnings, financial position or liquidity.

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

In November 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, 2021, the aggregate receivable from these client accounts, net of collections and other allowable deductions, was $28.9 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.

During the Company's October 1, 2020 implementation of CECL, the new credit reserving model which is based on expected losses over the life of an asset and which applies to client deficits, the Company completed an assessment of the collectability of these accounts under this new guidance. As a result of the implementation, the Company recognized a cumulative-effect adjustment to record an allowance against these uncollected balances of $8.2 million. The Company continues to assess collectability of these accounts quarterly, including the consideration of numerous arbitration proceedings the Company has initiated against these clients to recover deficit balances in their accounts. The Company believes it has a valid claim against these clients, based on the express language of the client contracts and legal precedent, and intends to pursue collection of these claims vigorously. As the Company proceeds through the collection and arbitration processes and additional information becomes available, the Company will continue considering information in its determination of any changes in the allowance against the carrying value of these uncollected balances.

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.

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, 2021 fair values. Purchase commitments and other obligations as of September 30, 2021 for less than one year, one to three years, three to five years, and after five years were $5,409.6 million, $223.7 million, $406.1 million, and $119.4 million respectively. The purchase commitments for less than one year will be offset by corresponding sales commitments of $4,998.2 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 guarantys 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 guaranty obligations would arise only if the exchange had previously exhausted its resources. In addition, any such guaranty 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 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 medical and dental claims costs up to a stop loss amount, for eligible participating employees and retirees, and for qualified dependents, 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 the actuarial estimate. 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, 2021 and 2020, the Company had $1.2 million and $1.1 million, respectively, accrued for self-insured medical and dental claims included in *Accounts payable and other liabilities* in the Consolidated Balance Sheets.

NOTE 14 Accumulated Other Comprehensive Loss, Net

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 years ended September 30, 2021, 2020, and 2019.

(in millions)	Foreign Currency Translation Adjustment	Pension Benefits Adjustment	Accumulated Other Comprehensive Loss, net
Balances as of September 30, 2018	$ (30.5)	$ (2.6)	$ (33.1)
Other comprehensive loss	(0.8)	(0.8)	(1.6)
Amounts reclassified from AOCI, net of tax	(0.2)	0.1	(0.1)
Other comprehensive loss	(1.0)	(0.7)	(1.7)
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)
Other comprehensive income	13.3	1.5	14.8
Amounts reclassified from AOCI, net of tax	—	0.2	0.2
Other comprehensive income	13.3	1.7	15.0
Balances as of September 30, 2021	$ (22.7)	$ (2.4)	$ (25.1)

NOTE 15 Revenue from Contracts with Clients

The Company's revenues from contracts with clients subject to Topic 606 represent approximately 5.0%, 0.9%, and 1.4% of the Company's total revenues for the years ended September 30, 2021, 2020, and 2019, 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 periods indicated (in millions):

	Year Ended September 30,		
	2021	2020	2019
Revenues from contracts with clients:			
Commission and clearing fees:			
Sales-based:			
Exchange-traded futures and options	$ 190.6	$ 143.7	$ 144.9
OTC derivative brokerage	15.9	19.7	32.1
Equities and fixed income	60.5	39.9	16.1
Mutual funds	5.5	5.2	7.5
Insurance and annuity products	9.7	8.4	7.3
Other	2.3	1.4	1.3
Total sales-based commission	284.5	218.3	209.2
Trailing:			
Mutual funds	14.5	12.9	12.4
Insurance and annuity products	17.0	15.3	14.4
Total trailing commission	31.5	28.2	26.8
Clearing fees	150.9	139.0	118.8
Trade conversion fees	11.2	8.9	7.5
Other	9.1	9.2	10.1
Total commission and clearing fees	487.2	403.6	372.4
Consulting, management, and account fees:			
Underwriting fees	0.6	0.6	0.7
Asset management fees	38.3	31.3	26.2
Advisory and consulting fees	24.9	22.2	20.0
Sweep program fees	3.0	9.5	16.3
Client account fees	15.8	12.3	10.6
Other	8.4	7.8	5.8
Total consulting, management, and account fees	91.0	83.7	79.6
Sales of physical commodities:			
Precious metals retail sales	1,541.3	—	—
Total revenues from contracts with clients	$ 2,119.5	$ 487.3	$ 452.0
Method of revenue recognition:			
Point-in-time	$ 2,021.8	$ 396.1	$ 362.7
Time elapsed	97.7	91.2	89.3
Total revenues from contracts with clients	2,119.5	487.3	452.0
Other sources of revenues			
Physical precious metals trading	37,250.4	51,598.5	30,694.5
Physical agricultural and energy product trading	2,169.9	1,300.7	1,135.8
Principal gains, net	892.0	622.2	415.8
Interest income	102.4	130.9	198.9
Total revenues	$ 42,534.2	$ 54,139.6	$ 32,897.0

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 fee revenue and consulting, management, and account fees revenue are primarily related to the Commercial, Institutional and Retail 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. Precious metals retail sales revenues are primarily related to the Retail 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.

Retail Precious Metals Sales

The Company principally generates revenue from sale of bullion coins and small bars of precious metal via the operation of two websites: www.coininvest.com and www.silver-to-go.com. Revenues from the sale of physical precious metals are recognized when control of the inventory is transferred within the meaning of Topic 606.

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. This revenue 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 are held by third-party banks or on deposit with or pledged to exchange-clearing organizations or other FCMs. Interest income is also generated from investing 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 the 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 16 Share-Based Compensation

Share-based compensation expense is included in *Compensation and benefits* in the Consolidated Income Statements and totaled $13.9 million, $10.3 million and $8.1 million for the years ended September 30, 2021, 2020, and 2019, 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 3.0 million shares of the Company's common stock. As of September 30, 2021, there were 1.6 million shares authorized for future grant under this plan. Awards that expire or are canceled generally become available for issuance again under the plan. The Company settles stock option exercises with newly issued shares of common stock.

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

	Year Ended September 30,		
	2021	2020[1]	2019
Expected stock price volatility	38%	—%	27%
Expected dividend yield	—%	—%	—%
Risk free interest rate	1.68%	—%	1.86%
Average expected life *(in years)*	4.50	0.00	6.05

(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 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 the years ended September 30, 2021, 2020, and 2019 was $19.83, $0.00, and $10.47, respectively.

The following is a summary of stock option activity for the year ended September 30, 2021:

	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 as of September 30, 2020	724,483	1,408,036	$ 38.79	$ 11.38	4.16	$ 17.4
Additional shares authorized by shareholders	1,000,000	—				
Granted	(277,700)	277,700	$ 58.64	$ 19.83		
Exercised	—	(333,121)	$ 28.71	$ 12.74		
Forfeited	122,014	(122,014)	$ 47.13	$ 12.22		
Expired	1,001	(1,001)	$ 41.83	$ 9.04		
Balances as of September 30, 2021	1,569,798	1,229,600	$ 45.17	$ 12.82	4.21	$ 25.5
Exercisable at September 30, 2021		237,040	$ 31.83	$ 11.94	0.56	$ 8.1

The total compensation cost not yet recognized for non-vested awards of $9.1 million as of September 30, 2021 has a weighted-average period of 2.15 years over which the compensation expense is expected to be recognized. The total intrinsic value of options exercised during the years ended September 30, 2021, 2020, and 2019 was $11.7 million, $4.2 million and $0.7 million, respectively.

The options outstanding as of September 30, 2021 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	149,706	$ 25.91	0.37
$ 30.00 - $ 35.00	—	n/a	n/a
$ 35.00 - $ 40.00	80,729	$ 39.79	1.37
$ 40.00 - $ 45.00	739,315	$ 44.94	4.92
$ 45.00 - $ 50.00	—	n/a	n/a
$ 50.00 - $ 55.00	—	n/a	n/a
$ 55.00 - $ 60.00	259,850	$ 58.61	5.27
	1,229,600	$ 30.75	5.64

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, 2021, 0.6 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, 2021:

	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 as of September 30, 2020	861,454	484,346	$ 42.97	1.37	$ 24.8
Granted	(307,204)	307,204	$ 57.33		
Vested	—	(210,461)	$ 43.11		
Forfeited	4,048	(4,048)	$ 41.81		
Balances as of September 30, 2021	558,298	577,041	$ 50.57	1.26	$ 38.0

The total compensation cost not yet recognized of $21.3 million as of September 30, 2021 has a weighted-average period of 1.26 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 90% debt securities and 10% equity investments and had a total fair value of $41.5 million and $40.8 million as of September 30, 2021 and 2020, 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 $36.3 million and $38.1 million and the discount rate assumption used in the measurement of this obligation was 2.70% and 2.55% as of September 30, 2021 and 2020, respectively. Related to the Qualified Plan, the Company's net pension obligation was in a funded status of $5.2 million and $2.7 million as of September 30, 2021 and 2020, respectively.

The Nonqualified Plan assets had a total fair value of less than $0.1 million as of September 30, 2021 and 2020. 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 $1.5 million and $1.6 million as of September 30, 2021 and 2020, respectively. Related to the Nonqualified Plan, the Company's unfunded pension obligation was $1.5 million and $1.6 million as of September 30, 2021 and 2020, respectively.

The Company recognized a net periodic benefit of $0.3 million, $0.4 million and $0.1 million for the years ended September 30, 2021, 2020, and 2019, respectively. The expected long-term return on plan assets assumption was 3.6% for 2021. The Company made contributions of $0.1 million to the plans in the years ended September 30, 2021 and 2020. The Company complies with minimum funding requirements. The estimated undiscounted future benefit payments are expected to be $2.1 million in 2022, $2.1 million in 2023, $2.2 million in 2024, $2.2 million in 2025, $2.1 million in 2026, and $10.0 million in 2027 through 2031.

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 years ended September 30, 2021, 2020, and 2019, the Company's contributions to these defined contribution plans were $15.2 million, $10.1 million and $7.5 million, respectively.

NOTE 18 Other Expenses

Other expenses consisted of the following, for the periods indicated.

	Year Ended September 30,		
(in millions)	2021	2020	2019
Insurance	$ 7.1	$ 4.7	$ 3.4
Office supplies and printing	1.3	1.8	1.9
Other clearing related expenses	4.0	2.8	2.5
Other non-income taxes	14.8	6.6	4.6
Contingent consideration, net	1.1	0.5	—
Other	18.0	13.2	10.8
Total other expenses	$ 46.3	$ 29.6	$ 23.2

NOTE 19 Recovery of Bad Debt on Physical Coal

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 the year ended September 30, 2017. The settlement amounts paid were less than the accrued liabilities for the transactions recorded during the years ended September 30, 2018 and 2017, and accordingly the Company recorded a recovery on the bad debt on physical coal of $2.4 million. Additionally, during the year ended September 30, 2019, the Company received $10.0 million through an insurance policy claim related to the physical coal bad debt, and recorded the insurance proceeds as an additional recovery. The Company 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 ended September 30, 2021, 2020, and 2019 using a U.S. statutory tax rate of 21%.

The Tax Reform also established new tax laws that affected the year ended September 30, 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.

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, 2021, 2020, and 2019 was allocated as follows:

	Year Ended September 30,		
(in millions)	2021	2020	2019
Income tax expense attributable to income from operations	$ 37.8	$ 37.1	$ 25.9
Taxes allocated to stockholders' equity, related to pension liabilities	0.5	—	(0.2)
Total income tax expense	$ 38.3	$ 37.1	$ 25.7

The components of income tax expense/(benefit) attributable to income from operations were as follows:

(in millions)	Year Ended September 30, 2021	2020	2019
Current taxes:			
U.S. federal	$ 6.7	$ (0.6)	$ (1.9)
U.S. state and local	(0.1)	2.3	(0.8)
Australia	1.8	0.5	—
Brazil	8.0	6.5	5.5
Germany	6.0	3.4	0.1
Singapore	1.9	2.8	—
United Kingdom	6.6	13.9	17.2
Other international	3.7	4.2	2.1
Total current taxes	34.6	33.0	22.2
Deferred taxes:			
U.S. federal	1.4	4.9	1.6
U.S. state and local	2.7	0.6	0.4
Australia	0.3	(0.1)	0.1
Brazil	(1.3)	(1.3)	—
Singapore	0.4	0.8	2.5
United Kingdom	0.1	(0.3)	(0.5)
Other international	(0.4)	(0.5)	(0.4)
Total deferred taxes	3.2	4.1	3.7
Income tax expense	$ 37.8	$ 37.1	$ 25.9

U.S. and international components of income/(loss) from operations, before tax, was as follows:

(in millions)	Year Ended September 30, 2021	2020	2019
U.S.	$ 37.3	$ 88.8	$ (2.6)
Australia	7.8	1.4	0.4
Brazil	13.7	7.6	12.6
Germany	17.2	10.4	(0.3)
Singapore	16.0	20.5	22.6
United Kingdom	41.4	58.5	71.5
Other international	20.7	19.5	6.8
Income from operations, before tax	$ 154.1	$ 206.7	$ 111.0

Items accounting for the difference between income taxes computed at the federal statutory rate and income tax expense were as follows:

(in millions)	Year Ended September 30, 2021	2020	2019
Federal statutory rate effect of:	21.0%	21.0%	21.0%
U.S. State and local income taxes	1.8%	1.2%	(0.9)%
Foreign earnings and losses taxed at different rates	1.0%	0.9%	0.2%
Change in valuation allowance	1.9%	1.0%	0.9%
Income tax rate holiday	(0.5)%	(0.8)%	0.5%
U.S. permanent items	(1.2)%	0.6%	(0.5)%
Non-deductible compensation	1.9%	0.6%	0.7%
Foreign permanent items	(0.2)%	1.1%	0.2%
U.S. bargain purchase gain	(0.5)%	(8.3)%	(1.0)%
GILTI	0.6%	0.7%	2.2%
Income tax rate change	(1.2)%	—%	—%
Effective rate	24.6%	18.0%	23.3%

The components of deferred income tax assets and liabilities were as follows:

(in millions)	September 30, 2021	September 30, 2020
Deferred tax assets:		
Share-based compensation	$ 1.7	$ 3.1
Deferred compensation	4.7	4.1
Net operating loss carryforwards	17.7	16.2
Intangible assets	6.5	9.9
Bad debt reserve	7.3	4.4
Tax credit carryforwards	—	0.2
Foreign tax credit carryforwards	2.0	2.4
Other compensation	7.0	5.8
Property and equipment	6.3	7.3
Pension	1.2	—
Other	3.1	1.9
Total gross deferred tax assets	57.5	55.3
Less valuation allowance	(15.0)	(12.4)
Deferred tax assets	42.5	42.9
Deferred income tax liabilities:		
Unrealized gain on securities	2.8	2.4
Prepaid expenses	4.2	3.4
Pension liability	—	0.2
Other deferred liabilities	0.4	—
Deferred income tax liabilities	7.4	6.0
Deferred income taxes, net	$ 35.1	$ 36.9

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, 2021 and 2020, the Company has net operating loss carryforwards for U.S. federal, state, local, and foreign income tax purposes of $6.2 million and $6.9 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 $3.6 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, 2021, the Company has $2.0 million, net of valuation allowance, of foreign net operating loss carryforwards primarily in the United Kingdom, which have an unlimited carryforward period.

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% was refundable in the year ended September 30, 2020, to the extent it was not used to offset regular income tax liability. The Company has no remaining foreign tax credit carryforwards, net of valuation allowance, as of September 30, 2021.

The valuation allowance for deferred tax assets as of September 30, 2021 was $15.0 million. The net change in the total valuation allowance for the year ended September 30, 2021 was an increase of $2.6 million. Of this amount, $0.8 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 Company determined that it shall not have sufficient foreign source income to utilize any remaining foreign tax credits. The remaining increase is related to foreign and state net operating loss carryforwards. The valuation allowances as of September 30, 2021 and 2020 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 $300.6 million and $30.0 million during the years ended September 30, 2021 and 2020, 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, 2021, 2020, and 2019 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, 2021 and 2020.

The Company recognizes accrued interest and penalties related to income taxes as a component of income tax expense. The Company had a de minimis amount of interest, net of federal benefit, and penalties recognized as a component of income tax expense during the years ended September 30, 2021, 2020, and 2019.

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, 2014 through September 30, 2021 with U.S. federal and state and local taxing authorities. In the U.K., the Company has open tax years ending September 30, 2019 to September 30, 2021. In Brazil, the Company has open tax years ranging from December 31, 2016 through December 31, 2020. In Argentina, the Company has open tax years ranging from September 30, 2014 to September 30, 2021. In Singapore, the Company has open tax years ranging from September 30, 2016 to September 30, 2021.

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 2021

On August 3, 2021, the Company's wholly owned subsidiary, StoneX Netherlands B.V., executed and closed on a stock purchase agreement to acquire the majority of stock in Chasing Returns Limited, a Company based in Ireland, which specializes in financial behavioral science designed to assist traders in analyzing trends and decision making. The Company intends to use Chasing Returns Limited to enhance the Company's offerings to its retail clients. The estimated purchase price is approximately $6.0 million, all of which was excess purchase price over net assets acquired. The Company recognized $2.4 million in acquired intangible assets, classified as software, and $3.6 million in goodwill.

Effective December 22, 2020, the Company acquired EncoreFx Inc., which is incorporated in the State of Washington, and is registered as a Money Services Business with FinCEN, having 33 state money transmitter licenses and whose primary operations include providing foreign-currency exchange risk management and global payment solutions services to small and medium sized businesses. The terms of the agreement included cash consideration of $0.9 million. The transaction was accounted for as an asset acquisition. The excess of cash consideration over the asset and liabilities assumed of $0.5 million was allocated to an indefinite lived intangible asset recognized related to the licenses acquired. The intangible asset has been assigned to the Global Payments reportable segment. Subsequent to the acquisition, the company was renamed as StoneX Payment Services Ltd.

Acquisitions in Fiscal 2020

In February 2020, the Company entered into a definitive merger agreement to acquire Gain for $6.00 per share in an all-cash transaction. 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.

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.

Purchase Price Allocation

The consolidated financial statements were 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 made significant estimates and assumptions in determination of the fair value of assets acquired and liabilities assumed based upon discussions with management and informed insights into the industries in which Gain operates. These significant estimates and assumptions included, but were 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 the assessment of the overall reasonableness of the bargain purchase gain as further discussed below and determination of the fair value of the net identifiable assets acquired. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed is considered final as of September 30, 2021.

The following table summarizes the purchase price allocation as of the Gain acquisition date (in millions):

	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	49.4
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	1,032.7
Fair value of tangible net assets acquired(4)	286.0
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	321.7
Total merger consideration	236.6
Bargain purchase gain	$ 85.1

(1) Amount represented the contractual amount of deposits with and receivables from broker-dealers, clearing organizations, and counterparties considered collectible as of the Gain acquisition date.

(2) Amount represented the contractual amount of receivables due from clients for trading activity considered 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 believed 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 11 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 approximated 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 were 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 Statements for the fiscal years ended September 30, 2021 and 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.

In October 2019, the Company's subsidiary StoneX Financial Pte Ltd completed its acquisition of the futures and options brokerage and clearing business of UOB Bullion and Futures Limited ("UOB"), a subsidiary of United Overseas Bank Limited. Closing. The cash purchase price for the acquired assets was $5.0 million..

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 Sheets, 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 was 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 were 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 periods 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 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. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed was considered final as of March 31, 2021.

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 date 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.

In January 2020, the Company's wholly owned subsidiary, INTL Netherlands B.V., acquired 100% of the equity interests of IFCM Commodities GmbH ("IFCM") based in Germany. 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 was assigned a useful life of five years. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed was considered final as of December 31, 2020.

IFCM's results of operations and cash flows have been included in the Company's consolidated financial statements for the periods 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 May 2020, the Company's wholly owned subsidiary, StoneX Financial Ltd, acquired 100% of GIROXX based in Germany.

The cash purchase price for the acquisition of GIROXX was $4.4 million. The 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 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 was allocated to goodwill. The Company believes the allocation to goodwill represents the synergies that can be realized from integrating the acquired business into its existing Global Payments reportable segment.

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. The allocation of the purchase price to the fair value of assets acquired and liabilities assumed was considered final as of June 30, 2021.

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

In November 2018, the Company acquired Carl Kliem S.A., an independent interdealer broker based in Luxembourg. 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.

In January 2019 the Company acquired 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.

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.

In May 2019, GMP was merged into the Company's wholly owned regulated U.S. subsidiary, StoneX Financial Inc. 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.

In April 2019, the Company's subsidiary StoneX (Netherlands) B.V. acquired Coininvest GmbH and European Precious Metal Trading GmbH. 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 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.

In September 2019, the Company acquired the U.S.-based trading firm Fillmore Advisors, LLC ("Fillmore"). The purchase price consisted of $1.4 million of cash consideration and also included 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. This contingency was settled during the the year ended September 30, 2021.

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 was assigned 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.

NOTE 22 Regulatory Requirements and Subsidiary Dividend Restrictions

The Company's subsidiary StoneX Financial Inc. 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 Inc. 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 Inc. is required to maintain "adjusted net capital", equivalent to the greater of $1.5 million or 8% 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 Inc., along with certain regulated affiliates, including Gain Capital Group, LLC and others, has a restriction on dividends. For StoneX Financial Inc.the withdrawing excess capital cannot reduce excess 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 Inc. 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, 2021, StoneX Financial Inc. 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, excess of total debits over credits was $7.4 million as of September 30, 2021. The Company held less than $1 thousand in customer SRBAs as of September 30, 2021, and withdrew the amount on October 4, 2021. Based upon these computations, the excess of total PAB credits over total PAB debits was $10.5 million as of September 30, 2021. In the computation, the Company was able to consider the excess debits in the customer reserve formula discussed above, resulting in a PAB reserve requirement of $3.1 million as of September 30, 2021. The Company held less than $1 thousand in the PAB SRBA as of September 30, 2021, and made additional deposits of $8.9 million on October 4, 2021 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 Inc. and Gain Capital Group, LLC supporting trading of futures and options on futures on a U.S. commodities exchange must be carried in separate accounts which are designated as segregated client accounts. Pursuant to the requirements of the CFTC, funds deposited by clients of StoneX Financial Inc. and Gain Capital Group, LLC related to trading 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, which are designated as secured clients' accounts. As of September 30, 2021, StoneX Financial Inc. had client segregated and client secured funds of $4,429.8 million and $216.5 million, respectively, compared to a minimum regulatory requirement of $4,364.5 million and $203.1 million, respectively. As of September 30, 2021, Gain Capital Group, LLC had client segregated and client secured funds of $270.7 million and $4.0 million, respectively, compared to a minimum regulatory requirement of $255.6 million and $2.1 million, respectively.

The Company's subsidiary StoneX Financial Ltd. is 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, 2021, StoneX Financial Ltd. had client segregated funds of $1,071.8 million, compared to a minimum regulatory requirement of $1,040.6 million.

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, 2021, StoneX Financial Pte. Ltd. had client segregated funds of $413.7 million compared to a minimum regulatory requirement of $395.3 million.

The following table details the Company's subsidiaries with a minimum regulatory net capital requirement in excess of $10.0 million as well as the actual regulatory capital of the subsidiary as of September 30, 2021 (in millions):

Subsidiary	Regulatory Authority	Actual	Minimum Requirement
StoneX Financial Inc.	SEC and CFTC	$ 311.2	$ 198.9
StoneX Financial Ltd.	FCA	$ 368.5	$ 218.4
Gain Capital Group, LLC	CFTC	$ 49.4	$ 30.1
StoneX Financial Pte. Ltd.	MAS	$ 45.4	$ 15.9

Certain other subsidiaries of the Company, each with a minimum requirement less than $10.0 million, are also subject to net capital requirements promulgated by authorities in the countries in which they operate. As of September 30, 2021, all of the Company's subsidiaries were in compliance with their local regulatory requirements.

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 rules for minimum capital requirements which became effective October 6, 2021. Our subsidiary, StoneX Markets LLC, is a CFTC provisionally registered swap dealer, and under these capital rules, StoneX Markets LLC is subject to a minimum regulatory capital requirement of $100.0 million.

NOTE 23 Segment and Geographic Information

The Company's operating segments are principally based 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 3,200 employees allowing it to serve clients in more than 180 countries.

The Company's business activities are managed as operating segments and organized into reportable segments as follows:

- *Commercial*
- *Institutional*
- *Retail*
- *Global Payments*

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 185 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.

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:

	Year Ended September 30,		
(in millions)	2021	2020	2019
Total revenues:			
Commercial	$ 39,884.0	$ 52,970.1	$ 32,125.4
Institutional	668.4	624.1	515.0
Retail	1,859.9	432.7	148.1
Global Payments	137.3	117.4	112.8
Corporate Unallocated	1.7	14.6	20.8
Eliminations	(17.1)	(19.3)	(25.1)
Total	$ 42,534.2	$ 54,139.6	$ 32,897.0
Operating revenues:			
Commercial	$ 534.8	$ 431.5	$ 404.4
Institutional	668.4	624.1	515.0
Retail	348.0	140.0	78.2
Global Payments	137.3	117.4	112.8
Corporate Unallocated	1.7	14.6	20.8
Eliminations	(17.1)	(19.3)	(25.1)
Total	$ 1,673.1	$ 1,308.3	$ 1,106.1
Net operating revenues (loss):			
Commercial	$ 433.1	$ 353.4	$ 321.2
Institutional	419.4	363.8	220.1
Retail	222.4	63.8	15.7
Global Payments	129.9	111.5	107.0
Corporate Unallocated	(54.8)	(24.5)	(10.8)
Total	$ 1,150.0	$ 868.0	$ 653.2
Net contribution:			
(Revenues less cost of sales of physical commodities, transaction-based clearing expenses, variable compensation, introducing broker commissions and interest expense)			
Commercial	$ 299.7	$ 242.2	$ 224.6
Institutional	260.9	248.9	157.0
Retail	204.4	58.8	14.6
Global Payments	103.7	89.6	86.6
Total	$ 868.7	$ 639.5	$ 482.8
Segment income (loss):			
(Net contribution less non-variable direct segment costs)			
Commercial(1)	$ 192.2	$ 141.9	$ 144.6
Institutional	167.7	152.9	88.6
Retail	67.8	31.7	6.4
Global Payments	78.5	68.6	66.1
Total	$ 506.2	$ 395.1	$ 305.7
Reconciliation of segment income to income before tax:			
Segment income	$ 506.2	$ 395.1	$ 305.7
Net costs not allocated to operating segments	(355.5)	(270.3)	(200.2)
Gain on acquisitions and other gains	3.4	81.9	5.5
Income before tax	$ 154.1	$ 206.7	$ 111.0

(1) During fiscal 2019, the Company recorded recoveries of the bad debt on physical coal of $12.4 million 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, 2021	As of September 30, 2020	As of September 30, 2019
Total assets:			
Commercial	$ 3,969.9	$ 2,753.6	$ 2,386.4
Institutional	12,403.3	8,740.8	7,111.2
Retail	1,380.9	1,245.9	12.4
Global Payments	243.8	315.9	278.2
Corporate unallocated	841.7	418.7	147.9
Total	$ 18,839.6	$ 13,474.9	$ 9,936.1

Information regarding revenues and operating revenues for the ended September 30, 2021, 2020, and 2019, and information regarding long-lived assets (defined as property, equipment, leasehold improvements and software) as of September 30, 2021, 2020, and 2019 in geographic areas were as follows:

	Year Ended September 30,		
(in millions)	2021	2020	2019
Total revenues:			
United States	$ 3,313.1	$ 2,223.3	$ 1,947.6
Europe	1,889.6	532.6	280.2
South America	64.5	58.9	56.5
Middle East and Asia	37,259.1	51,317.1	30,606.9
Other	7.9	7.7	5.8
Total	$ 42,534.2	$ 54,139.6	$ 32,897.0
Operating revenues:			
United States	$ 1,157.4	$ 928.3	$ 799.4
Europe	371.3	237.9	209.6
South America	64.5	58.9	56.5
Middle East and Asia	72.0	75.5	34.8
Other	7.9	7.7	5.8
Total	$ 1,673.1	$ 1,308.3	$ 1,106.1

(in millions)	As of September 30, 2021	As of September 30, 2020	As of September 30, 2019
Long-lived assets, as defined:			
United States	$ 54.1	$ 55.4	$ 33.9
Europe	36.0	3.1	6.6
South America	2.1	2.1	2.1
Middle East and Asia	0.9	1.3	1.0
Other	0.2	0.2	0.3
Total	$ 93.3	$ 62.1	$ 43.9

SCHEDULE I StoneX Group Inc. Condensed Balance Sheets

(in millions)	September 30, 2021	September 30, 2020
ASSETS		
Cash and cash equivalents	$ 34.7	$ 7.4
Receivable from clients, net	0.4	0.4
Notes receivable, net	6.1	1.7
Income taxes receivable	63.7	46.2
Investment in subsidiaries[1]	1,100.4	834.0
Deferred income taxes, net	2.4	4.3
Property and equipment, net	55.4	42.1
Operating right of use assets	66.3	69.0
Other assets	23.7	20.1
Total assets	$ 1,353.1	$ 1,025.2
LIABILITIES AND EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities	$ 80.6	$ 73.4
Operating lease liabilities	86.2	85.4
Payable to clients	—	0.3
Payable to subsidiaries, net	185.0	96.5
Payable to lenders under loans	8.6	23.0
Senior secured borrowings, net	506.5	515.1
Financial instruments sold, not yet purchased, at fair value	0.9	1.1
Total liabilities	867.8	794.8
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; 22,431,233 issued and 19,823,910 outstanding at September 30, 2021 and 21,798,551 issued and 19,376,594 outstanding at September 30, 2020	0.2	0.2
Common stock in treasury, at cost - 2,607,323 shares at September 30, 2021 and 2,421,957 shares at September 30, 2020	(69.3)	(57.6)
Additional paid-in capital	315.7	292.6
Retained earnings[1]	238.7	(4.8)
Total StoneX Group Inc. (Parent Company Only) stockholders' equity	485.3	230.4
Total liabilities and equity	$ 1,353.1	$ 1,025.2

(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 is not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries was presented under the equity method of accounting, investment in subsidiaries and retained earnings would each increase by $443.8 million as of September 30, 2021, respectively, and $577.2 million, as of September 30, 2020, respectively.

SCHEDULE I StoneX Group Inc. Condensed Statements of Operations

	Year Ended September 30,		
(in millions)	2021	2020	2019
Revenues:			
Management fees from affiliates	$ 52.5	$ 45.1	$ 43.2
Trading (losses)/gains, net	(0.1)	0.6	—
Consulting fees	0.3	0.3	0.1
Interest income	1.5	2.4	1.5
Dividend income from subsidiaries(1)	372.7	111.8	85.7
Total revenues	426.9	160.2	130.5
Interest expense	49.6	30.0	19.7
Net revenues	377.3	130.2	110.8
Non-interest expenses:			
Compensation and benefits	99.9	88.0	79.7
Clearing and related expenses	0.4	0.3	0.9
Trade systems and market information	6.0	3.9	6.4
Occupancy and equipment rental	8.7	3.8	3.4
Professional fees	6.9	12.9	7.3
Travel and business development	0.8	1.7	2.9
Non-trading technology and support	24.9	19.8	12.5
Depreciation and amortization	8.7	6.7	5.2
Communications	1.7	0.7	0.8
Impairment	0.1	2.5	—
Management services fees to affiliates	3.6	2.3	0.5
Other	9.3	10.8	5.8
Total non-interest expenses	171.0	153.4	125.4
Gain on acquisitions	3.4	81.9	5.3
Income (loss) before tax	209.7	58.7	(9.3)
Income tax benefit	33.8	29.5	24.6
Net income	$ 243.5	$ 88.2	$ 15.3

(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 is not included in the Condensed Balance Sheet or Condensed Statements of Operations. If the accounting for its investment in wholly owned subsidiaries was presented under the equity method of accounting, total revenues would also include subsidiary (losses)/earnings of $(127.2) million, $81.4 million, and $69.8 million for the years ended September 30, 2021, 2020, and 2019, respectively.

SCHEDULE I StoneX Group Inc. Condensed Statements of Cash Flows

	Year Ended September 30,		
(in millions)	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 243.5	$ 88.2	$ 15.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8.7	6.7	5.2
Amortization of operating right of use assets	6.1	4.4	—
Deferred income taxes	1.8	—	0.6
Amortization and extinguishment of debt issuance costs	3.3	6.1	1.2
Loss on extinguishment of debt	0.1	—	—
Amortization of share-based compensation expense	12.9	9.2	7.1
Dividends	(125.0)	—	—
Impairment	—	2.5	—
Gain on acquisition	(3.3)	(81.9)	(5.4)
Changes in operating assets and liabilities:			
Due to/from subsidiaries	118.3	149.3	8.3
Receivables from clients, net	—	0.1	(0.5)
Notes receivable, net	(4.4)	1.1	(1.0)
Income taxes receivable	(17.4)	(48.4)	(0.8)
Financial instruments owned, at fair value	—	—	4.4
Other assets	(4.2)	(7.7)	(4.4)
Accounts payable and other accrued liabilities	12.7	24.0	4.6
Operating lease liabilities	(2.6)	(2.8)	—
Payable to clients	(0.3)	—	(1.4)
Financial instruments sold, not yet purchased, at fair value	(0.2)	(83.4)	25.2
Net cash provided by operating activities	250.0	67.4	58.4
Cash flows from investing activities:			
Capital contribution to affiliates	(170.2)	(251.9)	(75.8)
Purchase of property and equipment	(22.0)	(10.2)	(6.2)
Net cash used in investing activities	(192.2)	(262.1)	(82.0)
Cash flows from financing activities:			
Net change in lenders under loans	(23.4)	(47.0)	(138.2)
Payments of notes payable	—	(0.4)	(0.8)
Proceeds from issuance of senior secured term loan	—	21.5	175.0
Repayments of senior secured term loan	(9.8)	(9.8)	(6.6)
Proceeds from issuance of senior secured notes	—	344.8	—
Repayments of senior secured notes	(1.6)	(92.1)	—
Issuance of note payable	9.0	—	—
Deferred payments on acquisitions	(2.2)	(0.9)	—
Share repurchase	(11.7)	(7.5)	(3.8)
Debt issuance costs	—	(14.0)	(3.0)
Exercise of stock options	9.2	5.5	1.2
Net cash (used in)/provided by financing activities	(30.5)	200.1	23.8
Net increase in cash and cash equivalents	27.3	5.4	0.2
Cash and cash equivalents at beginning of period	7.4	2.0	1.8
Cash and cash equivalents at end of period	$ 34.7	$ 7.4	$ 2.0
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 28.5	$ 15.3	$ 18.9
Income taxes paid/(received), net of cash refunds	$ 9.8	$ (4.3)	$ (23.9)
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, 2021. 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, 2021.

(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, 2021, 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, 2021 excluded StoneX Payment Services Ltd., formerly EncoreFx Ltd., acquired with effect from December 22, 2020, and Chasing Returns Limited, acquired with effect from August 3, 2021. These acquired businesses had aggregate total assets of $8.0 million and total revenues of $0.6 million included in the Company's consolidated financial statements as of and for the year ended September 30, 2021.

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of September 30, 2021.

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, 2021 and has issued an audit report regarding their assessment of the effectiveness of internal control over financial reporting which is included on page 69 in this Annual Report on Form 10-K.

(c) Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2021, the Company migrated a significant component of its subsidiaries to a different accounting system. Management implemented data migration, onboarding, and post go-live controls over the new system. The rigor around the migrations allows management to conclude that this does not present an issue with 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 2022 Annual Meeting of Stockholders to be held on March 2, 2022. We will file the proxy within 120 days of the end of our fiscal year ended September 30, 2021 (the "2022 Proxy Statement"). The 2022 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 https://ir.stonex.com/corporate-governance. 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 2022 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 2022 Proxy Statement and is incorporated herein by reference.

The following table provides information generally as of September 30, 2021, 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	1,229,600	$ 45.17	1,569,798
Equity compensation plans not approved by stockholders	—	—	—
Total	1,229,600	$ 37.59	1,569,798

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 2022 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 2022 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	Description of Registrant's Securities*
4.5	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).
4.6	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).
4.7	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).
4.8	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).
4.9	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	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)
10.6	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)
10.7	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	StoneX Group Inc. 2021 Omnibus Incentive Compensation Plan*
10.9	StoneX Group Inc. 2021 Omnibus Incentive Compensation Plan Option Award Agreement*
10.10	StoneX Group Inc. 2021 Omnibus Incentive Compensation Plan Restricted Stock Award Agreement*
10.11	StoneX Group Inc. 2021 Omnibus Incentive Compensation Plan Long Term Incentive Performance-Based Cash Compensation Award Agreement*
10.12	StoneX Group Inc. 2021 Executive Performance Plan*

10.13	StoneX Group Inc. Clawback Policy*
10.14	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).
10.15	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.*
10.16	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.*
10.17	Fifth Amendment dated as of June 18, 2021, to the Amended and Restated Credit Agreement, dated as of February 22, 2019 by and between StoneX Group Inc. (f/k/a INTL FCStone Inc.) as Borrower, the Lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent.*
10.18	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).
10.19	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).
10.20	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).
10.21	Eighteenth Amendment to Amended and Restated Credit Agreement entered into as of April 2, 2021 with Bank of Montreal, as Administrative Agent, and BMO Harris Financing, Inc., as a lender party thereto.*
10.22	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.
10.23	Amended and Restated Credit Agreement, made as of November 18, 2021, by and among StoneX Financial Ltd, as Borrower, StoneX Group Inc., as Guarantor, the financial institutions from time to time party to this Agreement, as Lenders, and Barclays Bank PLC, as Administrative Agent.*
10.24	License Agreement, dated August 9, 2007, by and between GAIN Capital Group, LLC and MetaQuotes Software Corp.
10.25	Form of Indemnification Agreement with Gain Capital Holdings Inc.'s Non-Employee Directors.
14	StoneX Group Inc. Code of Ethics*
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.*
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* *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: November 29, 2021

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*	November 29, 2021
/s/ SEAN M. O'CONNOR **Sean M. O'Connor**	*Director, President and Chief Executive Officer* ***(Principal Executive Officer)***	November 29, 2021
/s/ ANNABELLE G. BEXIGA **Annabelle G. Bexiga**	*Director*	November 29, 2021
/s/ SCOTT J. BRANCH **Scott J. Branch**	*Director*	November 29, 2021
/s/ DIANE L. COOPER **Diane L. Cooper**	*Director*	November 29, 2021
/s/ JOHN M. FOWLER **John M. Fowler**	*Director*	November 29, 2021
/s/ STEVEN KASS **Steven Kass**	*Director*	November 29, 2021
/s/ BRUCE KREHBIEL **Bruce Krehbiel**	*Director*	November 29, 2021
/s/ ERIC PARTHEMORE **Eric Parthemore**	*Director*	November 29, 2021
/s/ DHAMU THAMODARAN **Dhamu Thamodaran**	*Director*	November 29, 2021
/s/ WILLIAM J. DUNAWAY **William J. Dunaway**	*Chief Financial Officer* ***(Principal Financial and Accounting Officer)***	November 29, 2021

EXHIBIT 21 Subsidiaries of the Registrant

Name	Place of Incorporation
Chasing Returns Limited	Ireland
Coininvest GmbH	Germany
European Precious Metal Trading GmbH	Germany
Exotic Partners LLP	United Kingdom
FCC Futures, Inc.	Iowa, U.S.
FCStone Commodity Services (Europe) Ltd	Ireland
FCStone do Brasil Ltda.	Brazil
FCStone Group, Inc.	Delaware, U.S.
FCStone Paraguay S.R.L.	Paraguay
Gain Capital Europe GmbH	Germany
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 – Forex.com International BV	The Netherlands
Gain Capital Group, LLC	Delaware, U.S.
Gain Capital Holdings, Inc.	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 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 Bermuda Ltd.	Bermuda
IFCM Commodities GmbH	Germany
INTL Capital S.A.	Argentina
INTL FCStone Banco de Cambio S.A.	Brazil
INTL FCStone (BVI) Limited	British Virgin Islands
INTL FCStone de Mexico, S. de R.L. de C.V.	Mexico
INTL FCStone DTVM Ltda.	Brazil
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 Netherlands B.V.	The Netherlands
INTL Participacoes Ltda.	Brazil
Island Traders (Cayman), Limited	Cayman Islands
Jing Tao Business Consulting (Shanghai) Co. Ltd.	China
SA Stone Investment Advisors Inc.	Delaware, U.S.
SA Stone Wealth Management Inc.	Delaware, U.S.
S.L. Bruce Financial Corporation	Ohio, U.S.
StoneX Agency Services Limited	Nigeria
StoneX APAC Pte. Ltd.	Singapore

EXHIBIT 21 Subsidiaries of the Registrant

Name	Place of Incorporation
StoneX Asset Management S.A.	Argentina
StoneX Bullion Inc.	Florida, U.S.
StoneX Commodities DMCC	Dubai, United Arab Emirates
StoneX Commodity Solutions LLC	Delaware, U.S.
StoneX Credit Trading Inc.	Delaware, U.S.
StoneX Europe Ltd	Cyprus
StoneX Financial (Canada) Inc.	British Columbia, Canada
StoneX Financial Co., Ltd.	Japan
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 Financial Pty Ltd	Australia
StoneX Investimentos Ltda.	Brazil
StoneX Markets LLC	Iowa, U.S.
StoneX (Netherlands) B.V.	The Netherlands
StoneX Pagos S.A.U.	Argentina
StoneX Payment Services Ltd.	Washington, U.S.
StoneX Poland sp z.o.o.	Poland
StoneX Precious Metals LLC	Delaware, U.S.
StoneX Securities S.A.	Argentina
StoneX Technology Services LLC	Delaware, U.S.
Trade Facts Ltd.	United Kingdom
Westown Commodities, LLC	Iowa, U.S.

EXHIBIT 23.1 Consent of Independent Registered Public Accounting Firm

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 our reports dated November 29, 2021, with respect to the consolidated financial statements of StoneX Group Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP
Kansas City, Missouri

November 29, 2021

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: November 29, 2021

/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: November 29, 2021

/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, 2021 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: November 29, 2021

/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, 2021 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.

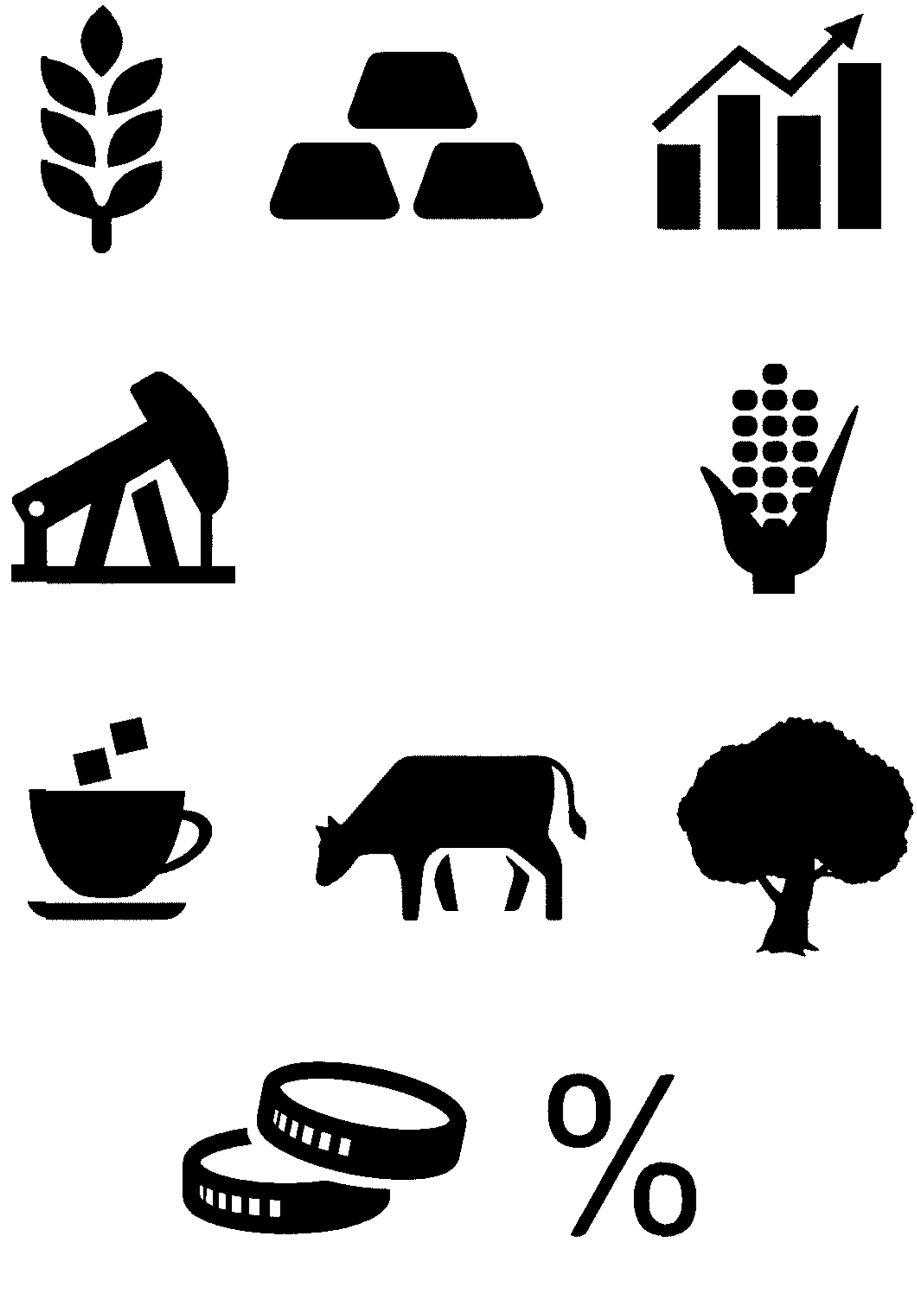
Dated: November 29, 2021

/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.



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