

TD AMERITRADE HOLDING CORP
Form 10-Q
February 08, 2018

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

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended December 31, 2017

OR

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: 1-35509

TD Ameritrade Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware 82-0543156
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
200 South 108th Avenue, Omaha, Nebraska, 68154
(Address of principal executive offices) (Zip Code)
(402) 331-7856
(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes No

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

Large accelerated filer 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).
Yes No

As of January 31, 2018, there were 567,369,331 outstanding shares of the registrant's common stock.

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

TD Ameritrade Holding Corporation

We have reviewed the condensed consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries (the Company) as of December 31, 2017, and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month periods ended December 31, 2017 and 2016. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole.

Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries as of September 30, 2017, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated November 17, 2017. In our opinion, the accompanying condensed consolidated balance sheet of TD Ameritrade Holding Corporation and subsidiaries as of September 30, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP

New York, New York

February 8, 2018

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TD AMERITRADE HOLDING CORPORATION
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	December 31, 2017	September 30, 2017
	(In millions)	
ASSETS		
Cash and cash equivalents	\$ 1,644	\$ 1,472
Cash and investments segregated and on deposit for regulatory purposes	10,136	10,446
Receivable from brokers, dealers and clearing organizations	1,291	1,334
Receivable from clients, net	18,578	17,151
Receivable from affiliates	219	137
Other receivables, net	199	174
Securities owned, at fair value	593	503
Investments available-for-sale, at fair value (including \$99 million of securities pledged as collateral for repurchase agreements at December 31, 2017 and September 30, 2017)	99	746
Property and equipment at cost, net	780	752
Goodwill	4,197	4,213
Acquired intangible assets, net	1,432	1,470
Other assets	244	229
Total assets	\$39,412	\$ 38,627
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Payable to brokers, dealers and clearing organizations	\$3,064	\$ 2,504
Payable to clients	25,286	25,107
Accounts payable and other liabilities	714	815
Payable to affiliates	55	109
Notes payable	50	—
Securities sold under agreements to repurchase	97	97
Long-term debt	2,531	2,555
Deferred income taxes	182	193
Total liabilities	31,979	31,380
Stockholders' equity:		
Preferred stock, \$0.01 par value; 100 million shares authorized, none issued	—	—
Common stock, \$0.01 par value; one billion shares authorized; 670 million shares issued; 567 million shares outstanding	7	7
Additional paid-in capital	3,375	3,369
Retained earnings	6,189	6,011
Treasury stock, common, at cost: 103 million shares	(2,119)	(2,116)
Deferred compensation	1	1
Accumulated other comprehensive loss	(20)	(25)
Total stockholders' equity	7,433	7,247
Total liabilities and stockholders' equity	\$39,412	\$ 38,627
See notes to condensed consolidated financial statements.		

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TD AMERITRADE HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended December 31, 2017 2016 (In millions, except per share amounts)	
Revenues:		
Transaction-based revenues:		
Commissions and transaction fees	\$ 440	\$ 355
Asset-based revenues:		
Bank deposit account fees	381	245
Net interest revenue	276	151
Investment product fees	133	