RAYMOND JAMES FINANCIAL INC
Form 10-Q
August 08, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark one)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014
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: 1-9109

RAYMOND JAMES FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

Florida	No. 59-1517485
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

880 Carillon Parkway, St. Petersburg, Florida 33716
(Address of principal executive offices) (Zip Code)
(727) 567-1000
(Registrant's telephone number, including area code)
None
(Former name, former address and former fiscal year, if changed since last report)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x 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 (232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No x
Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

141,272,924 shares of common stock as of August 4, 2014

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES

Form 10-Q for the quarter ended June 30, 2014

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

	June 30, 2014	September 30, 2013
	(in thousands)	
Assets:		
Cash and cash equivalents	$2,845,757	$2,596,616
Assets segregated pursuant to regulations and other segregated assets	2,298,518	4,064,827
Securities purchased under agreements to resell and other collateralized financings	508,005	709,120
Financial instruments, at fair value:		
Trading instruments	607,775	579,705
Available for sale securities	603,679	698,844
Private equity investments	208,876	216,391
Other investments	220,509	248,512
Derivative instruments associated with offsetting matched book positions	318,253	250,341
Receivables:		
Brokerage clients, net	1,982,102	1,983,340
Stock borrowed	171,440	146,749
Bank loans, net	10,374,274	8,821,201
Brokers-dealers and clearing organizations	125,480	243,101
Loans to financial advisors, net	430,114	409,080
Other	520,874	407,329
Deposits with clearing organizations	139,220	126,405
Prepaid expenses and other assets	656,849	611,425
Investments in real estate partnerships held by consolidated variable interest entities	239,088	272,096
Property and equipment, net	244,433	244,416
Deferred income taxes, net	219,008	195,160
Goodwill and identifiable intangible assets, net	356,035	361,464
Total assets	$23,070,289	$23,186,122

(continued on next page)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)
(continued from previous page)

	June 30, 2014	September 30, 2013
	($ in thousands)	
Liabilities and equity:		
Trading instruments sold but not yet purchased, at fair value	$248,186	$220,656
Securities sold under agreements to repurchase	286,924	300,933
Derivative instruments associated with offsetting matched book positions, at fair value	318,253	250,341
Payables:		
Brokerage clients	3,910,993	5,942,843
Stock loaned	453,661	354,377
Bank deposits	10,267,838	9,295,371
Brokers-dealers and clearing organizations	152,236	109,611
Trade and other	627,824	630,344
Other borrowings	559,166	84,076
Accrued compensation, commissions and benefits	697,011	741,787
Loans payable of consolidated variable interest entities	43,245	62,938
Corporate debt	1,191,774	1,194,508
Total liabilities	18,757,111	19,187,785
Commitments and contingencies (see Note 16)		
Equity		
Preferred stock; $.10 par value; authorized 10,000,000 shares; issued and outstanding -0- shares	—	—
Common stock; $.01 par value; authorized 350,000,000 shares; issued 145,951,703 at June 30, 2014 and 144,559,772 at September 30, 2013	1,442	1,429
Additional paid-in capital	1,224,112	1,136,298
Retained earnings	2,910,165	2,635,026
Treasury stock, at cost; 5,122,321 common shares at June 30, 2014 and 5,002,666 common shares at September 30, 2013	(127,461)	(120,555)
Accumulated other comprehensive income	6,918	10,726
Total equity attributable to Raymond James Financial, Inc.	4,015,176	3,662,924
Noncontrolling interests	298,002	335,413
Total equity	4,313,178	3,998,337
Total liabilities and equity	$23,070,289	$23,186,122

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2014	2013	2014	2013
	(in thousands, except per share amounts)			
Revenues:				
Securities commissions and fees	$813,461	$763,345	$2,401,360	$2,266,918
Investment banking	78,694	68,057	225,802	203,182
Investment advisory fees	89,080	74,601	270,590	202,174
Interest	119,391	117,376	354,877	358,534
Account and service fees	101,585	90,757	296,183	267,608
Net trading profit (loss)	17,276	(1,456)	50,269	16,011
Other	21,796	25,048	55,601	131,108
Total revenues	1,241,283	1,137,728	3,654,682	3,445,535
Interest expense	27,052	28,192	78,404	83,416
Net revenues	1,214,231	1,109,536	3,576,278	3,362,119
Non-interest expenses:				
Compensation, commissions and benefits	825,506	772,324	2,442,742	2,297,919
Communications and information processing	63,341	67,138	194,698	192,522
Occupancy and equipment costs	40,757	39,323	120,339	117,495
Clearance and floor brokerage	9,335	9,266	29,165	30,839
Business development	35,079	31,737	103,990	93,854
Investment sub-advisory fees	12,887	10,369	38,484	26,829
Bank loan loss provision (benefit)	4,467	(2,142)	8,082	4,518
Acquisition related expenses	—	13,449	—	51,753
Other	43,926	39,175	128,034	111,023
Total non-interest expenses	1,035,298	980,639	3,065,534	2,926,752
Income including noncontrolling interests and before provision for income taxes	178,933	128,897	510,744	435,367
Provision for income taxes	68,554	48,192	191,749	152,522
Net income including noncontrolling interests	110,379	80,705	318,995	282,845
Net (loss) income attributable to noncontrolling interests	(12,310)	(3,157)	(24,887)	33,149
Net income attributable to Raymond James Financial, Inc.	$122,689	$83,862	$343,882	$249,696
Net income per common share – basic	$0.87	$0.60	$2.44	$1.79
Net income per common share – diluted	$0.85	$0.59	$2.38	$1.76
Weighted-average common shares outstanding – basic	140,270	138,185	139,747	137,493
Weighted-average common and common equivalent shares outstanding – diluted	143,985	141,231	143,312	140,165
Net income attributable to Raymond James Financial, Inc.	$122,689	$83,862	$343,882	$249,696
Other comprehensive income (loss), net of tax:[1]				
	2,246	614	6,822	14,358

Change in unrealized losses on available for sale securities and non-credit portion of other-than-temporary impairment losses				
Change in currency translations and net investment hedges	5,906	(8,090)	(10,630)	(16,767)
Total comprehensive income	$130,841	$76,386	$340,074	$247,287
Other-than-temporary impairment:				
Total other-than-temporary impairment, net	$839	$(2,852)	$4,812	$3,866
Portion of pre-tax (recoveries) losses recognized in other comprehensive income	(839)	2,814	(4,839)	(4,289)
Net impairment losses recognized in other revenue	$—	$(38)	$(27)	$(423)

(1) All components of other comprehensive income, net of tax, are attributable to Raymond James Financial, Inc.

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Nine months ended June 30,	
	2014	2013
	(in thousands, except per share amounts)	
Common stock, par value $.01 per share:		
Balance, beginning of year	$1,429	$1,404
Other issuances	13	23
Balance, end of period	1,442	1,427
Additional paid-in capital:		
Balance, beginning of year	1,136,298	1,030,288
Employee stock purchases	15,983	14,317
Exercise of stock options and vesting of restricted stock units, net of forfeitures	14,269	32,741
Restricted stock, stock option and restricted stock unit expense	48,593	45,788
Excess tax benefit from share-based payments	8,147	3,442
Purchase of additional equity interest in subsidiary	—	(4,531)
Other	822	189
Balance, end of period	1,224,112	1,122,234
Retained earnings:		
Balance, beginning of year	2,635,026	2,346,563
Net income attributable to Raymond James Financial, Inc.	343,882	249,696
Cash dividends declared	(68,447)	(58,597)
Other	(296)	(410)
Balance, end of period	2,910,165	2,537,252
Treasury stock:		
Balance, beginning of year	(120,555)	(118,762)
Purchases/surrenders	(2,223)	(7,959)
Exercise of stock options and vesting of restricted stock units, net of forfeitures	(4,683)	2,964
Balance, end of period	(127,461)	(123,757)
Accumulated other comprehensive income:[1]		
Balance, beginning of year	$10,726	$9,447
Net change in unrealized losses on available for sale securities and non-credit portion of other-than-temporary impairment losses, net of tax	6,822	14,358
Net change in currency translations and net investment hedges, net of tax	(10,630)	(16,766)
Balance, end of period	6,918	7,039
Total equity attributable to Raymond James Financial, Inc.	$4,015,176	$3,544,195
Noncontrolling interests:		
Balance, beginning of year	$335,413	$411,342
Net (loss) income attributable to noncontrolling interests	(24,887)	33,149
Capital contributions	22,565	27,727
Distributions	(24,576)	(147,075)
Consolidation of acquired entity [2]	—	7,592

Derecognition resulting from acquisition of additional interests	—	4,126
Other	(10,513)	(5,914)
Balance, end of period	298,002	330,947
Total equity	$4,313,178	$3,875,142

(1) All components of other comprehensive income, net of tax, are attributable to Raymond James Financial, Inc.

(2) On December 24, 2012, we acquired a 45% interest in ClariVest Asset Management, LLC. See Notes 1 and 3 for discussion.

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended June 30,	
	2014	2013
	(in thousands)	
Cash flows from operating activities:		
Net income attributable to Raymond James Financial, Inc.	$343,882	$249,696
Net (loss) income attributable to noncontrolling interests	(24,887)	33,149
Net income including noncontrolling interests	318,995	282,845
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	48,158	48,890
Deferred income taxes	(26,154)	(1,537)
Premium and discount amortization on available for sale securities and unrealized/realized gain on other investments	(21,733)	(80,539)
Provisions for loan losses, legal proceedings, bad debts and other accruals	15,224	15,607
Share-based compensation expense	51,962	48,468
Goodwill impairment expense	—	6,933
Other	9,222	28,153
Net change in:		
Assets segregated pursuant to regulations and other segregated assets	1,766,309	(667,215)
Securities purchased under agreements to resell and other collateralized financings, net of securities sold under agreements to repurchase	187,106	(112,785)
Stock loaned, net of stock borrowed	74,593	(32,274)
(Loans provided to) repayments of loans, to financial advisors, net	(30,271)	9,474
Brokerage client receivables and other accounts receivable, net	(9,915)	29,745
Trading instruments, net	55,837	338,794
Prepaid expenses and other assets	114	(75,880)
Brokerage client payables and other accounts payable	(1,984,873)	681,963
Accrued compensation, commissions and benefits	(44,927)	(51,389)
Proceeds from sales of securitizations and loans held for sale, net of purchases and originations of loans held for sale	49,420	(52,634)
Excess tax benefits from share-based payment arrangements	(8,147)	(3,442)
Net cash provided by operating activities	450,920	413,177
Cash flows from investing activities:		
Additions to property and equipment	(44,104)	(65,757)
Increase in bank loans, net	(1,808,852)	(619,341)
(Purchases) redemptions of Federal Home Loan Bank/Federal Reserve Bank stock, net	(21,861)	1,067
Proceeds from sales of loans held for investment	150,776	147,932
Sales of private equity and other investments, net	46,737	231,365
Purchases of available for sale securities	(1,305)	(62,102)
Available for sale securities maturations, repayments and redemptions	86,012	90,758
Proceeds from sales of available for sale securities	27,463	4,619
	(287)	1,585

Investments in real estate partnerships held by consolidated variable interest entities, net of other investing activity		
Business acquisition, net of cash acquired	(2,007)	(6,450)
Net cash used in investing activities	$(1,567,428)	$(276,324)

(continued on next page)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(continued from previous page)

	Nine months ended June 30,	
	2014	2013
	(in thousands)	
Cash flows from financing activities:		
Proceeds from borrowed funds, net	$500,367	$211,700
Repayments of borrowed funds, net	(28,152)	(251,966)
Repayments of borrowings by consolidated variable interest entities which are real estate partnerships	(21,839)	(22,615)
Proceeds from capital contributed to and borrowings of consolidated variable interest entities which are real estate partnerships	726	23,519
Purchase of additional equity interest in subsidiary	—	(553)
Exercise of stock options and employee stock purchases	28,757	50,555
Increase in bank deposits	972,467	530,671
Purchases of treasury stock	(7,794)	(10,581)
Dividends on common stock	(65,442)	(57,002)
Excess tax benefits from share-based payment arrangements	8,147	3,442
Net cash provided by financing activities	1,387,237	477,170
Currency adjustment:		
Effect of exchange rate changes on cash	(21,588)	(8,498)
Net increase in cash and cash equivalents	249,141	605,525
Cash and cash equivalents at beginning of year	2,596,616	1,980,020
Cash and cash equivalents at end of period	$2,845,757	$2,585,545
Supplemental disclosures of cash flow information:		
Cash paid for interest	$75,974	$80,541
Cash paid for income taxes	$258,211	$131,952
Non-cash transfers of loans to other real estate owned	$3,631	$2,188

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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RAYMOND JAMES FINANCIAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 30, 2014

NOTE 1 – INTRODUCTION AND BASIS OF PRESENTATION

Description of business

Raymond James Financial, Inc. (“RJF” or the “Company”) is a financial holding company headquartered in Florida whose broker-dealer subsidiaries are engaged in various financial service businesses, including the underwriting, distribution, trading and brokerage of equity and debt securities and the sale of mutual funds and other investment products. In addition, other subsidiaries of RJF provide investment management services for retail and institutional clients, corporate and retail banking, and trust services. As used herein, the terms “we,” “our” or “us” refer to RJF and/or one or more of its subsidiaries.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of RJF and its consolidated subsidiaries that are generally controlled through a majority voting interest. We consolidate all of our 100% owned subsidiaries. In addition we consolidate any variable interest entity (“VIE”) in which we are the primary beneficiary. Additional information on these VIEs is provided in Note 2 on pages 120 - 122 in the section titled, “Evaluation of VIEs to determine whether consolidation is required” as presented in our Annual Report on Form 10-K for the year ended September 30, 2013, as filed with the United States (“U.S.”) Securities and Exchange Commission (the “2013 Form 10-K”) and in Note 9 herein. When we do not have a controlling interest in an entity, but we exert significant influence over the entity, we apply the equity method of accounting. All material intercompany balances and transactions have been eliminated in consolidation.

Accounting estimates and assumptions

Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) but not required for interim reporting purposes has been condensed or omitted. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented.

The nature of our business is such that the results of any interim period are not necessarily indicative of results for a full year. These unaudited condensed consolidated financial statements should be read in conjunction with Management’s Discussion and Analysis and the consolidated financial statements and notes thereto included in our 2013 Form 10-K. To prepare condensed consolidated financial statements in conformity with GAAP, we must make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and could have a material impact on the condensed consolidated financial statements.

Fiscal year 2013 acquisition

On December 24, 2012, we completed our acquisition of a 45% interest in ClariVest Asset Management, LLC (“ClariVest”), an acquisition that bolsters our platform in the large-cap investment objective. During the second quarter, we made an earn-out payment to the sellers of ClariVest. See Note 3 for additional information.

Adoption of new accounting guidance

In December 2011, the Financial Accounting Standards Board ("FASB") issued new guidance requiring additional disclosures regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. This guidance was further amended in January 2013. Specifically, this new guidance requires additional information about derivatives, repurchase agreements, reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. This guidance was first effective for our quarter ended December 31, 2013. See Note 14 for these additional disclosures.

In February 2013, the FASB issued new guidance intended to improve the reporting of reclassifications out of accumulated other comprehensive income ("AOCI"). The new guidance requires us to report the effect of significant reclassifications out of AOCI on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its

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entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, we are required to cross-reference other disclosures required under GAAP that provide additional detail about those amounts. This new guidance was first effective for our quarter ended December 31, 2013. See Note 17 for these additional disclosures.

Significant subsidiaries

As of June 30, 2014, our significant subsidiaries, all wholly owned, include: Raymond James & Associates, Inc. (“RJ&A”), a domestic broker-dealer carrying client accounts, Raymond James Financial Services, Inc. (“RJFS”), an introducing domestic broker-dealer, Raymond James Financial Services Advisors, Inc. (“RJFSA”), a registered investment advisor, Raymond James Ltd. (“RJ Ltd.”), a broker-dealer headquartered in Canada, Eagle Asset Management, Inc. (“Eagle”) and Raymond James Bank, N.A. (“RJ Bank”), a national bank.

In mid-February 2013, the client accounts of Morgan Keegan & Company, Inc. (a broker-dealer hereinafter referred to as “MK & Co.”), a subsidiary which we had considered in certain prior periods to be a significant subsidiary, were transferred to RJ&A pursuant to our strategy to integrate the operations of MK & Co. and MK Holding, Inc. and certain of its affiliates (collectively referred to hereinafter as “Morgan Keegan”) into our own. RJF acquired Morgan Keegan from Regions Financial Corporation (“Regions”) on April 2, 2012 (the “Closing Date”).

NOTE 2 – UPDATE OF SIGNIFICANT ACCOUNTING POLICIES

A summary of our significant accounting policies is included in Note 2 on pages 104 - 122 of our 2013 Form 10-K. There have been no significant changes in our significant accounting policies since September 30, 2013.

Brokerage client receivables, loans to financial advisors and allowance for doubtful accounts

As more fully described in Note 2 on page 112 of our 2013 Form 10-K, we have certain financing receivables that arise from businesses other than our banking business. Specifically, we offer loans to financial advisors and certain key revenue producers, primarily for recruiting and retention purposes. We present the outstanding balance of loans to financial advisors on our Condensed Consolidated Statements of Financial Condition, net of their applicable allowances for doubtful accounts. The allowance for doubtful accounts balance associated with all of our loans to financial advisors is $2.6 million and $2.8 million at June 30, 2014 and September 30, 2013, respectively. Of the June 30, 2014 loans to financial advisors, the portion of the balance associated with financial advisors who are no longer affiliated with us, after consideration of the allowance for doubtful accounts, is approximately $4.4 million.

Reclassifications

As more fully described in Note 1 on page 104, and Note 28 on page 187 of our 2013 Form 10-K, effective September 30, 2013 we implemented changes in our reportable segments. These segment changes had no effect on the historical financial results of operations. Prior period segment balances impacted by this change have been reclassified to conform to the current presentation. See Note 23 for presentation of segment information.

Certain other prior period amounts, none of which are material, have been reclassified to conform to the current presentation.

NOTE 3 – ACQUISITIONS

Acquisitions during fiscal year 2013

On December 24, 2012 (the “ClariVest Acquisition Date”), we completed our acquisition of a 45% interest in ClariVest. On the ClariVest Acquisition Date, we paid approximately $8.8 million in cash to the sellers for our interest. A computation based upon the actual earnings of ClariVest during the one year period since the ClariVest Acquisition Date was performed and additional cash consideration owed to the sellers of approximately $2 million was paid during the current year.

As a result of certain protective rights we have under the operating agreement with ClariVest, we are consolidating ClariVest in our financial statements as of the ClariVest Acquisition Date. In addition, a put and call agreement was entered into on the ClariVest Acquisition Date that provides our Eagle subsidiary with various paths to majority ownership in ClariVest, the timing of which would depend upon the financial results of ClariVest's business and the tenure of existing ClariVest management. The results of operations of ClariVest have been included in our results prospectively since December 24, 2012. For purposes of certain acquisition related financial reporting requirements, the ClariVest acquisition is not considered to be material to our overall financial condition.

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See Note 10 for information regarding the identifiable intangible assets we recorded as a result of the ClariVest acquisition.

Acquisition related expense

Acquisition related expenses are recorded in the Condensed Consolidated Statement of Income and Comprehensive Income and include certain incremental expenses arising from our acquisitions. Acquisition related expenses in the current fiscal year are no longer material for separate disclosure since our integration of Morgan Keegan was substantially complete as of September 30, 2013. In the prior year periods, we incurred the following acquisition related expense:

	Three months ended June 30, 2013	Nine months ended June 30, 2013
	(in thousands)	
Information systems integration and conversion costs (1)	$1,497	$24,042
Severance (2)	6,742	12,947
Temporary services	2,019	3,622
Occupancy and equipment costs (3)	2,340	3,614
Financial advisory fees	—	1,176
Legal	27	486
Other integration costs	824	5,866
Total acquisition related expense	$13,449	$51,753

(1) Includes equipment costs related to the disposition of information systems equipment, and temporary services incurred specifically related to the information systems conversion.

(2) Represents all costs associated with eliminating positions as a result of the Morgan Keegan acquisition, partially offset by the favorable impact arising from the forfeiture of any unvested accrued benefits.

(3) Includes lease costs associated with the abandonment of certain facilities resulting from the Morgan Keegan acquisition.

NOTE 4 – CASH AND CASH EQUIVALENTS, ASSETS SEGREGATED PURSUANT TO REGULATIONS, AND DEPOSITS WITH CLEARING ORGANIZATIONS

Our cash equivalents include money market funds or highly liquid investments with original maturities of 90 days or less, other than those used for trading purposes. For discussion of our accounting policies regarding assets segregated pursuant to regulations and other segregated assets, see Note 2 on page 106 of our 2013 Form 10-K.

Our cash and cash equivalents, assets segregated pursuant to regulations or other segregated assets, and deposits with clearing organization balances are as follows:

	June 30, 2014	September 30, 2013
	(in thousands)	
Cash and cash equivalents:		
Cash in banks	$2,843,746	$2,593,890
Money market fund investments	2,011	2,726
Total cash and cash equivalents (1)	2,845,757	2,596,616
Cash segregated pursuant to federal regulations and other segregated assets (2)	2,298,518	4,064,827

Deposits with clearing organizations (3)	139,220	126,405
	$5,283,495	$6,787,848

(1) The total amounts presented include cash and cash equivalents of $1.11 billion and $1.02 billion as of June 30, 2014 and September 30, 2013, respectively, which are either held directly by RJF or are otherwise invested by one of our subsidiaries on behalf of RJF, and are available without restrictions.

(2) Consists of cash maintained in accordance with Rule 15c3-3 under the Securities Exchange Act of 1934. RJ&A, as a broker-dealer carrying client accounts, is subject to requirements related to maintaining cash or qualified securities in segregated reserve accounts for the exclusive benefit of its’ clients. Additionally, RJ Ltd. is required to hold client Registered Retirement Savings Plan funds in trust.

(3) Consists of deposits of cash and cash equivalents or other short-term securities held by other clearing organizations or exchanges.

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NOTE 5 – FAIR VALUE

For a discussion of our valuation methodologies for assets, liabilities measured at fair value, and the fair value hierarchy, see Note 2 on pages 107 - 111 of our 2013 Form 10-K. There have been no material changes to our valuation methodologies since our year ended September 30, 2013.

Assets and liabilities measured at fair value on a recurring and nonrecurring basis are presented below:

June 30, 2014	Quoted prices in active markets for identical assets (Level 1) [1] (in thousands)	Significant other observable inputs (Level 2) [1]	Significant unobservable inputs (Level 3)		Netting adjustments [2]	Balance as of June 30, 2014
Assets at fair value on a recurring basis:						
Trading instruments:						
Municipal and provincial obligations	$13,509	$175,114	$—		$—	$188,623
Corporate obligations	5,055	65,871	—		—	70,926
Government and agency obligations	6,411	87,385	—		—	93,796
Agency mortgage-backed securities ("MBS") and collateralized mortgage obligations ("CMOs")	176	73,781	—		—	73,957
Non-agency CMOs and asset-backed securities ("ABS")	—	39,418	12		—	39,430
Total debt securities	25,151	441,569	12		—	466,732
Derivative contracts	—	89,065	—		(60,674)	28,391
Equity securities	75,120	2,889	52		—	78,061
Corporate loans	—	1,503	—		—	1,503
Other	947	31,188	953		—	33,088
Total trading instruments	101,218	566,214	1,017		(60,674)	607,775
Available for sale securities:						
Agency MBS and CMOs	—	281,987	—		—	281,987
Non-agency CMOs	—	95,500	—		—	95,500
Other securities	2,042	—	—		—	2,042
Auction rate securities ("ARS"):						
Municipals	—	—	110,701	(3)	—	110,701
Preferred securities	—	—	113,449		—	113,449
Total available for sale securities	2,042	377,487	224,150		—	603,679
Private equity investments	—	—	208,876	(4)	—	208,876
Other investments [5]	217,379	1,294	1,836		—	220,509
Derivative instruments associated with offsetting matched book positions	—	318,253	—		—	318,253
Other assets	—	—	2,852	(9)	—	2,852
Total other assets	—	—	2,852		—	2,852

Total assets at fair value on a recurring basis	$320,639	$1,263,248	$438,731	$(60,674	) $1,961,944
Assets at fair value on a nonrecurring basis: (6)					
Bank loans, net:					
Impaired loans	$—	$37,518	$62,712	$—	$100,230
Loans held for sale(7)	—	55,333	—	—	55,333
Total bank loans, net	—	92,851	62,712	—	155,563
Other real estate owned (“OREO”)(8)	—	377	—	—	377
Total assets at fair value on a nonrecurring basis	$—	$93,228	$62,712	$—	$155,940

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June 30, 2014	Quoted prices in active markets for identical assets (Level 1) [(1)] (in thousands) (continued from previous page)	Significant other observable inputs (Level 2) [(1)]	Significant unobservable inputs (Level 3)	Netting adjustments [(2)]	Balance as of June 30, 2014
Liabilities at fair value on a recurring basis:					
Trading instruments sold but not yet purchased:					
Municipal and provincial obligations	$14,782	$175	$—	$—	$14,957
Corporate obligations	155	4,213	—	—	4,368
Government obligations	202,747	—	—	—	202,747
Agency MBS and CMOs	3,083	—	—	—	3,083
Total debt securities	220,767	4,388	—	—	225,155
Derivative contracts	—	75,395	—	(67,256)	8,139
Equity securities	14,714	142	—	—	14,856
Other securities	—	36	—	—	36
Total trading instruments sold but not yet purchased	235,481	79,961	—	(67,256)	248,186
Derivative instruments associated with offsetting matched book positions	—	318,253	—	—	318,253
Trade and other payables:					
Derivative contracts	—	4,117	—	—	4,117
Other liabilities	—	—	58	—	58
Total trade and other payables	—	4,117	58	—	4,175
Total liabilities at fair value on a recurring basis	$235,481	$402,331	$58	$(67,256)	$570,614

(1) We had $622 thousand in transfers of financial instruments from Level 1 to Level 2 during the three and nine months ended June 30, 2014. These transfers were a result of a decrease in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. We had $631 thousand in transfers of financial instruments from Level 2 to Level 1 during the three and nine months ended June 30, 2014. These transfers were a result of an increase in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(2) Where permitted, we have elected to net derivative receivables and derivative payables and the related cash collateral received and paid when a legally enforceable master netting agreement exists (see Note 14 for additional information regarding offsetting financial instruments).

(3) Includes $59 million of Jefferson County, Alabama Limited Obligation School Warrants ARS.

(4) The portion of these investments we do not own is approximately $54 million as of June 30, 2014 and are included as a component of noncontrolling interest in our Condensed Consolidated Statements of Financial Condition. The

weighted average portion we own is approximately $155 million or 74% of the total private equity investments of $209 million included in our Condensed Consolidated Statements of Financial Condition.

(5) Other investments include $147 million of financial instruments that are related to MK & Co.'s obligations to perform under certain of its historic deferred compensation plans (see Note 2 on page 119, and Note 23 on page 176, of our 2013 Form 10-K for further information regarding these plans).

(6) Goodwill fair value measurements are classified within Level 3 of the fair value hierarchy, which are generally determined using unobservable inputs. See Note 10 for additional information regarding the annual impairment analysis.

(7) Includes individual loans classified as held for sale, which were recorded at a fair value lower than cost.

(8) Represents the fair value of foreclosed properties which were measured at a fair value subsequent to their initial classification as OREO. The recorded value in the Condensed Consolidated Statements of Financial Condition is net of the estimated selling costs.

(9) Includes forward commitments to purchase GNMA (as hereinafter defined) MBS arising from our fixed income public finance operations (see Note 16 for additional information regarding these commitments) and to a much lesser extent, other certain commitments.

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September 30, 2013	Quoted prices in active markets for identical assets (Level 1) [1] (in thousands)	Significant other observable inputs (Level 2) [1]	Significant unobservable inputs (Level 3)	Netting adjustments [2]	Balance as of September 30, 2013
Assets at fair value on a recurring basis:					
Trading instruments:					
Municipal and provincial obligations	$10	$202,816	$—	$—	$202,826
Corporate obligations	833	59,573	—	—	60,406
Government and agency obligations	6,408	106,988	—	—	113,396
Agency MBS and CMOs	155	92,994	—	—	93,149
Non-agency CMOs and ABS	—	16,957	14	—	16,971
Total debt securities	7,406	479,328	14	—	486,748
Derivative contracts	—	89,633	—	(61,524)	28,109
Equity securities	48,749	4,231	35	—	53,015
Other	1,413	6,464	3,956	—	11,833
Total trading instruments	57,568	579,656	4,005	(61,524)	579,705
Available for sale securities:					
Agency MBS and CMOs	—	326,029	—	—	326,029
Non-agency CMOs	—	128,943	78	—	129,021
Other securities	2,076	—	—	—	2,076
ARS:					
Municipals	—	—	130,934 [3]	—	130,934
Preferred securities	—	—	110,784	—	110,784
Total available for sale securities	2,076	454,972	241,796	—	698,844
Private equity investments	—	—	216,391 [4]	—	216,391
Other investments [5]	241,627	2,278	4,607	—	248,512
Derivative instruments associated with offsetting matched book positions	—	250,341	—	—	250,341
Other receivables	—	—	2,778 [6]	—	2,778
Other assets	—	—	15	—	15
Total assets at fair value on a recurring basis	$301,271	$1,287,247	$469,592	$(61,524)	$1,996,586
Assets at fair value on a nonrecurring basis: [7]					
Bank loans, net					
Impaired loans	—	33,187	59,868	—	93,055
Loans held for sale[8]	—	28,119	—	—	28,119
Total bank loans, net	—	61,306	59,868	—	121,174

OREO[9]	—	209	—	—	209
Total assets at fair value on a nonrecurring basis	$—	$61,515	$59,868	$—	$121,383

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September 30, 2013	Quoted prices in active markets for identical assets (Level 1) (1)	Significant other observable inputs (Level 2) (1)	Significant unobservable inputs (Level 3)	Netting adjustments (2)	Balance as of September 30, 2013
	(in thousands)				
	(continued from previous page)				
Liabilities at fair value on a recurring basis:					
Trading instruments sold but not yet purchased:					
Municipal and provincial obligations	$165	$1,612	$—	$—	$1,777
Corporate obligations	30	9,081	—	—	9,111
Government obligations	169,816	—	—	—	169,816
Agency MBS and CMOs	3,068	—	—	—	3,068
Total debt securities	173,079	10,693	—	—	183,772
Derivative contracts	—	74,920	—	(69,279)	5,641
Equity securities	31,151	92	—	—	31,243
Total trading instruments sold but not yet purchased	204,230	85,705	—	(69,279)	220,656
Derivative instruments associated with offsetting matched book positions	—	250,341	—	—	250,341
Trade and other payables:					
Derivative contracts	—	714	—	—	714
Other liabilities	—	—	60	—	60
Total trade and other payables	—	714	60	—	774
Total liabilities at fair value on a recurring basis	$204,230	$336,760	$60	$(69,279)	$471,771

(1) We had $860 thousand in transfers of financial instruments from Level 1 to Level 2 during the year ended September 30, 2013. These transfers were a result of a decrease in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. We had $401 thousand in transfers of financial instruments from Level 2 to Level 1 during the year ended September 30, 2013. These transfers were a result of an increase in availability and reliability of the observable inputs utilized in the respective instruments' fair value measurement. Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(2) Where permitted, we have elected to net derivative receivables and derivative payables and the related cash collateral received and paid when a legally enforceable master netting agreement exists (see Note 14 for additional information regarding offsetting financial instruments).

(3) Includes $54 million of Jefferson County, Alabama Limited Obligation School Warrants ARS and $25 million of Jefferson County, Alabama Sewer Revenue Refunding Warrants ARS.

(4) The portion of these investments we do not own is approximately $63 million as of September 30, 2013 and are included as a component of noncontrolling interest in our Condensed Consolidated Statements of Financial Condition. The weighted average portion we own is approximately $153 million or 71% of the total private equity

investments of $216 million included in our Condensed Consolidated Statements of Financial Condition.

(5) Other investments include $176 million of financial instruments that are related to obligations to perform under certain of MK & Co.'s historic deferred compensation plans (see Note 2 on page 119, and Note 23 on page 176, of our 2013 Form 10-K for further information regarding these plans).

(6) Primarily comprised of forward commitments to purchase GNMA (as hereinafter defined) MBS arising from our fixed income public finance operations (see Note 20 on page 171 of our 2013 Form 10-K for additional information).

(7) Goodwill fair value measurements are classified within Level 3 of the fair value hierarchy, which are generally determined using unobservable inputs. See Note 13 on pages 155 - 157 of our 2013 Form 10-K for additional information regarding the annual impairment analysis and our methods of estimating the fair value of reporting units that have an allocation of goodwill, including the key assumptions.

(8) Includes individual loans classified as held for sale, which were recorded at a fair value lower than cost.

(9) Represents the fair value of foreclosed properties which were measured at a fair value subsequent to their initial classification as OREO. The recorded value in the Condensed Consolidated Statements of Financial Condition is net of the estimated selling costs.

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The adjustment to fair value of the nonrecurring fair value measures for the nine months ended June 30, 2014 resulted in a $208 thousand additional provision for loan losses and $305 thousand in other losses. The adjustment to fair value of the nonrecurring fair value measures for the nine months ended June 30, 2013 resulted in $5.5 million in additional provision for loan losses and $2.7 million in other losses.

Changes in Level 3 recurring fair value measurements

The realized and unrealized gains and losses for assets and liabilities within the Level 3 category presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

Additional information about Level 3 assets and liabilities measured at fair value on a recurring basis is presented below:
Three months ended June 30, 2014 Level 3 assets at fair value
(in thousands)

	Financial assets									Financial liabilities
	Trading instruments			Available for sale securities			Private equity, other investments and other assets			Payables-trade and other
	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value March 31, 2014	$13	$37	$2,703	$38	$109,960	$112,215	$191,401	$1,788	$15	$(82)
Total gains (losses) for the period:										
Included in earnings	(1)	2	(162)	—	542	—	3,831 (1)	89	2,837	2
Included in other comprehensive income	—	—	—	1	1,060	1,234	—	—	—	—
Purchases and contributions	—	78	5,917	—	—	—	3,982	—	—	—
Sales	—	(65)	(7,505)	(38)	(511)	—	—	—	—	—
Redemptions by issuer	—	—	—	—	(350)	—	—	(12)	—	—
Distributions	—	—	—	(1)	—	—	(18,244)	(29)	—	—
Transfers: (2)										
Into Level 3	—	—	—	—	—	—	27,906 (3)	—	—	—
Out of Level 3	—	—	—	—	—	—	—	—	—	22
Fair value June 30, 2014	$12	$52	$953	$—	$110,701	$113,449	$208,876	$1,836	$2,852	$(58)
	$(1)	$2	$(42)	$—	$1,060	$1,234	$3,831	$89	$2,837	$—

Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $4.7 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a loss of approximately $824 thousand.

(2) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(3) The transfers into Level 3 were comprised of transfers of balances previously included in other receivables on our Condensed Consolidated Statements of Financial Condition.

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Nine months ended June 30, 2014 Level 3 assets at fair value
(in thousands)

	Financial assets										Financial liabilities
	Trading instruments			Available for sale securities			Private equity, other investments and other assets				Payables-trade and other
	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other receivables	Other assets	Other liabilities
Fair value September 30, 2013	$14	$35	$3,956	$78	$130,934	$110,784	$216,391	$4,607	$2,778	$15	$(60)
Total gains (losses) for the period:											
Included in earnings	(1)	6	(363)	(27)	6,126	44	8,612 (1)	162	(2,778)	2,837	2
Included in other comprehensive income	—	—	—	22	1,998	2,946	—	—	—	—	—
Purchases and contributions	—	102	16,365	—	—	—	13,314	63	—	—	—
Sales	—	(91)	(19,005)	(38)	(881)	—	(7,076)	(2,698)	—	—	—
Redemptions by issuer	—	—	—	—	(27,476)	(325)	—	(40)	—	—	—
Distributions	(1)	—	—	(35)	—	—	(31,694)	(258)	—	—	—
Transfers: (2)											
Into Level 3	—	—	—	—	—	—	11,924 (3)	—	—	—	—
Out of Level 3	—	—	—	—	—	—	(2,595) (4)	—	—	—	—
Fair value June 30, 2014	$12	$52	$953	$—	$110,701	$113,449	$208,876	$1,836	$—	$2,852	$(58)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$19	$6	$(42)	$—	$1,998	$2,946	$8,612	$252	$—	$2,837	$—

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $9.1 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a loss of approximately $447 thousand.

(2) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

(3) The transfers into Level 3 were comprised of transfers of balances previously included in other receivables on our Condensed Consolidated Statements of Financial Condition.

(4) The transfers out of Level 3 were comprised of transfers of cash and cash equivalent balances previously included in private equity investments on our Condensed Consolidated Statements of Financial Condition.

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Three months ended June 30, 2013 Level 3 assets at fair value
(in thousands)

	Financial assets									Financial liabilities
	Trading instruments			Available for sale securities			Private equity, other investments and other assets			Payables-trade and other
	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value March 31, 2013	$17	$21	$5,723	$420	$134,630	$106,019	$397,715	$3,982	$15	$(98)
Total gains (losses) for the period:										
Included in earnings	—	(2)	—	—	356	—	8,210 [1]	616	—	(5,413)
Included in other comprehensive income	—	—	—	(144)	3,206	2,835	—	—	—	—
Purchases and contributions	—	15	1,143	—	—	—	5,561	120	—	—
Sales	—	—	—	—	(4,884)	—	(165,878) [2]	(619)	—	—
Redemptions by issuer	—	—	—	—	(630)	—	—	—	—	—
Distributions	(1)	—	(667)	(14)	—	—	(28,059)	(202)	—	—
Transfers: [3]										
Into Level 3	—	—	—	—	—	—	—	131	—	—
Out of Level 3	—	—	—	—	—	—	—	—	—	—
Fair value June 30, 2013	$16	$34	$6,199	$262	$132,678	$108,854	$217,549	$4,028	$15	$(5,511)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$19	$(2)	$—	$—	$3,206	$2,835	$8,210	$616	$—	$(5,451)

(1) Primarily results from valuation adjustments of certain private equity investments. Since we only own a portion of these investments, our share of the net valuation adjustments resulted in a gain of $7.5 million which is included in

net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net valuation adjustments was a gain of approximately $737 thousand.

(2) Results from the April 29, 2013 sale of our indirect investment in Albion Medical Holdings, Inc. ("Albion"). The amount is presented "gross", and therefore includes amounts pertaining to interests held by others.

(3) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

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Nine months ended June 30, 2013
Level 3 assets at fair value
(in thousands)

	Financial assets										Financial liabilities
	Trading instruments				Available for sale securities			Private equity, other investments and other assets			Payables-trade and other
	Municipal & provincial obligations	Non-agency CMOs & ABS	Equity securities	Other	Non-agency CMOs	ARS – municipals	ARS - preferred securities	Private equity investments	Other investments	Other assets	Other liabilities
Fair value September 30, 2012	$553	$29	$6	$5,850	$249	$123,559	$110,193	$336,927	$4,092	$—	$ (98)
Total gains (losses) for the period:											
Included in earnings	—	(4)	3	(51)	(335)	388	1,164	74,629 [1]	669	—	(5,413)
Included in other comprehensive income	—	—	—	—	389	14,495	5,484	—	—	—	—
Purchases,and contributions	—	—	60	4,352	—	—	25	16,215	120	—	—
Sales	(553)	—	(37)	(2,007)	—	(4,884)	—	(165,878) [2]	(669)	—	—
Redemptions by issuer	—	—	—	—	—	(880)	(8,012)	—	—	—	—
Distributions	—	(9)	—	(1,930)	(41)	—	—	(44,344)	(315)	—	—
Transfers: [3]											
Into Level 3	—	—	2	—	—	—	—	—	131	15	—
Out of Level 3	—	—	—	(15)	—	—	—	—	—	—	—
Fair value June 30, 2013	$—	$16	$34	$6,199	$262	$132,678	$108,854	$217,549	$4,028	$15	$ (5,511)
Change in unrealized gains (losses) for the period included in earnings (or changes in net assets) for assets held at the end of the reporting period	$—	$38	$1	$(51)	$(335)	$14,495	$5,484	$9,295	$759	$—	$ (5,451)

(1)

Primarily results from valuation adjustments of certain private equity investments and the April 29, 2013 sale of our indirect investment in Albion. Since we only own a portion of these investments, our share of the net valuation adjustments and Albion sale resulted in a gain of $29.6 million which is included in net income attributable to RJF (after noncontrolling interests). The noncontrolling interests' share of the net gain is approximately $45 million.

(2) Results from the April 29, 2013 sale of our indirect investment in Albion, the portion of which we owned was $36 million as of March 31, 2013.

(3) Our policy is that the end of each respective quarterly reporting period determines when transfers of financial instruments between levels are recognized.

As of June 30, 2014, 8.5% of our assets and 3% of our liabilities are instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of June 30, 2014 represent 22% of our assets measured at fair value. In comparison, as of June 30, 2013, 8.2% and 2% of our assets and liabilities, respectively, represented instruments measured at fair value on a recurring basis. Instruments measured at fair value on a recurring basis categorized as Level 3 as of June 30, 2013 represented 26% of our assets measured at fair value. The balances of our level 3 assets have decreased compared to June 30, 2013 primarily as a result of distributions received from, and sales of, certain investments in our private equity portfolio, as well as the sale or redemption of a portion of our ARS portfolio, partially offset by valuation increases in the private equity portfolio. Level 3 instruments as a percentage of total financial instruments decreased by 4% as compared to June 30, 2013. Total financial instruments at June 30, 2014, primarily trading instruments and derivative instruments associated with offsetting matched book positions, have increased as compared to June 30, 2013, impacting the calculation of Level 3 assets as a percentage of total financial instruments.

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Gains and losses included in earnings are presented in net trading profit and other revenues in our Condensed Consolidated Statements of Income and Comprehensive Income as follows:

For the three months ended June 30, 2014	Net trading profit	Other revenues
	(in thousands)	
Total (losses) gains included in revenues	$(161)	$7,301
Change in unrealized (losses) gains for assets held at the end of the reporting period	$(41)	$9,051

For the nine months ended June 30, 2014	Net trading profit	Other revenues
	(in thousands)	
Total (losses) gains included in revenues	$(358)	$14,978
Change in unrealized (losses) gains for assets held at the end of the reporting period	$(17)	$16,645

For the three months ended June 30, 2013	Net trading profit	Other revenues
	(in thousands)	
Total (losses) gains included in revenues	$(2)	$3,769
Change in unrealized (losses) gains for assets held at the end of the reporting period	$17	$9,416

For the nine months ended June 30, 2013	Net trading profit	Other revenues
	(in thousands)	
Total (losses) gains included in revenues	$(52)	$71,102
Change in unrealized (losses) gains for assets held at the end of the reporting period	$(12)	$24,247

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Quantitative information about level 3 fair value measurements

The significant assumptions used in the valuation of level 3 financial instruments are as follows (the table that follows includes the significant majority of the financial instruments we hold that are classified as level 3 measures):

Level 3 financial instrument	Fair value at June 30, 2014 (in thousands)	Valuation technique(s)