# Fixed Income Clearing Corporation

Financial Statements as of March 31, 2020 and
December 31, 2019 and for the three months ended
March 31, 2020 and 2019

# FIXED INCOME CLEARING CORPORATION

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# FIXED INCOME CLEARING CORPORATION

**STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)**

| (In thousands, except share data) | As of March 31, 2020 | As of December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 287,403 | $ 277,811 |
| Accounts receivable | 25,616 | 13,330 |
| Clearing Fund | 43,125,480 | 32,960,513 |
| Other Participants' assets | 48,413 | 1,340 |
| Other current assets | 3,011 | 11,954 |
| Total current assets | 43,489,923 | 33,264,948 |
| NON-CURRENT ASSETS: | | |
| Premises and equipment - net of accumulated depreciation of $330 and $325 as of March 31, 2020 and December 31, 2019, respectively | 654 | 659 |
| Intangible assets - net of accumulated amortization of $37,928 and $35,777 as of March 31, 2020 and December 31, 2019, respectively | 47,698 | 45,385 |
| Total non-current assets | 48,352 | 46,044 |
| TOTAL ASSETS | $ 43,538,275 | $ 33,310,992 |
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 12,614 | $ 10,074 |
| Clearing Fund | 43,125,480 | 32,960,513 |
| Payable to Participants | 48,413 | 1,340 |
| Total current liabilities | 43,186,507 | 32,971,927 |
| OTHER NON-CURRENT LIABILITIES: | | |
| Other non-current liabilities | 19,769 | 19,081 |
| Total liabilities | 43,206,276 | 32,991,008 |
| COMMITMENTS AND CONTINGENCIES (Note 2) | | |
| **SHAREHOLDER'S EQUITY** | | |
| Common stock, $0.50 par value - 105,000 shares authorized; 20,400 shares issued and outstanding | 10 | 10 |
| Additional paid-in capital | 86,617 | 86,617 |
| Retained earnings | 245,372 | 233,357 |
| Total shareholder's equity | 331,999 | 319,984 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | $ 43,538,275 | $ 33,310,992 |

The Notes to Financial Statements are an integral part of these statements.

# FIXED INCOME CLEARING CORPORATION

**STATEMENTS OF INCOME (UNAUDITED)**

| (In thousands) | For the three months ended March 31, 2020 | 2019 |
|---|---|---|
| **REVENUES** | | |
| Clearing services | $ 81,320 | $ 71,875 |
| Other services | — | 119 |
| | 81,320 | 71,994 |
| **EXPENSES** | | |
| Employee compensation and related benefits | 28,131 | 22,890 |
| Information technology | 4,835 | 3,860 |
| Professional and other services | 25,608 | 23,826 |
| Occupancy | 1,391 | 1,257 |
| Depreciation and amortization | 2,156 | 1,746 |
| General and administrative | 3,316 | 2,891 |
| Total expenses | 65,437 | 56,470 |
| Total operating income | 15,883 | 15,524 |
| **NON-OPERATING INCOME (EXPENSE)** | | |
| Interest income | 28,608 | 41,635 |
| Refunds to Participants | (27,815) | (40,093) |
| Interest expense | (995) | (1,391) |
| Other non-operating income, net | 1,051 | 1,882 |
| Total non-operating income | 849 | 2,033 |
| Income before taxes | 16,732 | 17,557 |
| Provision for income taxes | 4,717 | 4,971 |
| Net income | $ 12,015 | $ 12,586 |

The Notes to Financial Statements are an integral part of these statements.

# FIXED INCOME CLEARING CORPORATION

## STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (UNAUDITED)

| (In thousands) | Common Stock | Additional Paid-In Capital | Retained Earnings | Total Shareholder's Equity |
|---|---|---|---|---|
| BALANCE - January 1, 2020 | $ 10 | $ 86,617 | $ 233,357 | $ 319,984 |
| Net income | — | — | 12,015 | 12,015 |
| BALANCE - March 31, 2020 | $ 10 | $ 86,617 | $ 245,372 | $ 331,999 |

| (In thousands) | Common Stock | Additional Paid-In Capital | Retained Earnings | Total Shareholder's Equity |
|---|---|---|---|---|
| BALANCE - January 1, 2019 | $ 10 | $ 86,617 | $ 201,671 | $ 288,298 |
| Net income | — | — | 12,586 | 12,586 |
| BALANCE - March 31, 2019 | $ 10 | $ 86,617 | $ 214,257 | $ 300,884 |

The Notes to Financial Statements are an integral part of these statements.

## FIXED INCOME CLEARING CORPORATION

**STATEMENTS OF CASH FLOWS (UNAUDITED)**

| (In thousands) | For the three months ended March 31, 2020 | 2019 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ 12,015 | $ 12,586 |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: | | |
| Depreciation and amortization | 2,156 | 1,746 |
| Deferred income taxes | 574 | 494 |
| Net change in: | | |
| Accounts receivable | (12,286) | (2,512) |
| Other assets | 8,943 | 3,444 |
| Other Participants' assets | — | 382 |
| Accounts payable and accrued expenses | 2,540 | 3,077 |
| Other liabilities | 114 | 2,667 |
| Clearing Fund liabilities | 5,231,272 | (208,424) |
| Payable to Participants | 47,073 | 42,174 |
| Net cash provided by/(used in) operating activities | 5,292,401 | (144,366) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capitalized software development costs | (4,464) | (4,409) |
| Net cash used in investing activities | (4,464) | (4,409) |
| Net increase/(decrease) in Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets | 5,287,937 | (148,775) |
| Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets - Beginning of period | 10,198,907 | 7,114,232 |
| Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets - End of period | $ 15,486,844 | $ 6,965,457 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Interest paid | $ 1,225 | $ 2,949 |
| Income taxes paid - net of refunds | $ (41) | $ (19) |

The Notes to Financial Statements are an integral part of these statements.

## 1. BUSINESS AND OWNERSHIP

Fixed Income Clearing Corporation (FICC or the Company), a clearing agency registered with the U.S. Securities and Exchange Commission (SEC), provides central counterparty (CCP) services to firms that participate in the U.S. government and mortgage-backed securities markets (collectively referred to as Participants). Services provided by FICC consist principally of automated real-time trade comparison, netting, settlement, trade confirmation, clearing, risk management and electronic pool notification. FICC has two Divisions, the Government Securities Division (GSD) and the Mortgage-Backed-Securities Division (MBSD).

FICC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include The Depository Trust Company (DTC), National Securities Clearing Corporation (NSCC), DTCC ITP LLC, DTCC Deriv/SERV LLC and DTCC Solutions LLC.

FICC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to enhanced standards for operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

## 2. BASIS OF PRESENTATION AND USE OF ESTIMATES

**Basis of presentation.** The accompanying unaudited, interim financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The interim financial statements exclude some of the disclosures required in audited financial statements and should be read in conjunction with FICC's Audited Financial Statements for the years ended December 31, 2019 and 2018, which are located on the Company's website at *http://www.dtcc.com/legal/financial-statements*. See Note 2 in FICC's Audited Financial Statements for the years ended December 31, 2019 and 2018, for additional information on the Company's Summary of Significant Accounting Policies.

The financial statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

**Use of estimates.** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Management makes estimates regarding, among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefits, impairment of intangible assets, fair value measurements, expense allocations and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

**Commitments and contingencies.** The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the accompanying Statements of Financial Condition, Income or Cash Flows.

**Revenue recognition.** The Company derives its revenue from transaction fees, subscription revenue and support services, and other services. Revenue from transaction fees is recognized at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription and support revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Other services, which represent fees generated from offering referential based data and business processing solutions to financial institutions globally, is recognized when services are provided based on contractual terms.

## 2. BASIS OF PRESENTATION AND USE OF ESTIMATES (CONTINUED)

Details for each revenue stream presented in the Company's Statements of Income follow:

*Clearing services.* Revenue derived from this revenue stream may be in the form of transaction fees that are based on either the volume or value of trading activity. Services include continuous net settlement of equity and corporate bonds, mortgage backed securities clearing, and government securities clearing.

*Other services.* Revenue derived from this revenue stream may be in the form of other services, which include referential and activity-based announcement, security reference, and liquidity data through the DTCC Data Services product. These offerings are delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data.

**Expense allocations.** Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries, including FICC, based upon their estimated use of such goods or services as determined by various allocation factors including direct expenses, level of support provided and utilization of technology resources. Accordingly, the expenses in the accompanying Statements of Income represent allocated costs including Employee compensation and related benefits, Information technology, Professional and other services, Occupancy, Depreciation and amortization and General and administrative.

**Reconciliation of Cash and cash equivalents and other limited use cash.** When reconciling the beginning and ending total amounts shown in the Statements of Cash Flows, the Company includes all cash on the Statements of Financial Condition, regardless of which line it is included. The Statement of Cash Flows includes Cash and cash equivalents and cash balances that are not available for general corporate purposes due to certain limitations, including Clearing Fund cash deposits and Cash in Other Participants' assets.

A reconciliation of Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets, reported within the Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Statements of Cash Flows follows (in thousands):

| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
|---|---|---|---|
| Cash and cash equivalents | $ 287,403 | $ 277,811 | 282,817 |
| Clearing Fund cash deposits (see Note 4) | 15,151,028 | 9,919,756 | 6,638,848 |
| Cash in Other Participants' assets (see Note 5) | 48,413 | 1,340 | 43,792 |
| Total Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets shown on the Statements of Cash Flows | $ 15,486,844 | $ 10,198,907 | $ 6,965,457 |

**Novel coronavirus.** The outbreak of the novel coronavirus (“COVID-19”) in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak continues to evolve, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 could have a material impact on the Company's financial statements. In addition to the factors described above, other factors either in the U.S or internationally that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company’s business include, without limitation, economic slowdown, changes in interest rates and/or a lack of availability of credit, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. At this time the Company has not experienced any negative impacts related to COVID-19.

## 3. ACCOUNTING AND REPORTING DEVELOPMENTS

See Note 3 in FICC's Audited Financial Statements for the years ended December 31, 2019 and 2018, for additional information on the Company's Accounting and Reporting Developments.

| Standard | Description | Impact on the financial statements or other significant matters |
|---|---|---|
| *Recently Adopted Accounting Standards* | | |
| ASU 2020-02 Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)<br><br>*Issued February 2020* | • Provides guidance on what SEC staff would expect registrant to perform and document when measuring and recording its allowance for credit loss for financial assets recorded at amortized cost. | • Adopted February 2020 on a prospective basis.<br><br>• The adoption of the standard did not have a material impact on the Company's financial statements and related disclosures. |
| ASU 2019-05 Financial Instruments - Credit Losses: Targeted Transition Relief<br><br>*Issued May 2019* | • Provides entities with an option upon adoption of ASU 2016-13 *Customer's Financial Instruments - Credit Losses* to irrevocably elect the fair value option on an instrument-by-instrument basis for certain financial instruments that are both within the scope of the current expected credit loss and eligible for the fair value option. | • Adopted January 1, 2020 on a modified retrospective basis.<br><br>• The Company did not elect the fair value option on any instrument within the scope and therefore there was no impact on its financial statements and related disclosures. |
| ASU 2018-15 Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (CCA) That Is a Service Contract<br><br>*Issued August 2018* | • Implementation costs related to a CCA will be deferred or expensed as incurred in accordance with the existing internal-use software guidance for similar costs. | • Adopted January 1, 2020 on a prospective basis.<br><br>• The adoption of the standard had no impact on the Company's financial statements and related disclosures. |
| ASU 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement<br><br>*Issued August 2018* | • Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy.<br><br>• Public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for recurring Level 3 fair value measurements. | • Adopted January 1, 2020 on a prospective basis.<br><br>• The adoption of the standard had no impact on the related disclosures in the Company's financial statements. |

## 3. ACCOUNTING AND REPORTING DEVELOPMENTS (CONTINUED)

| Standard | Description | Impact on the financial statements or other significant matters |
|---|---|---|
| *Recently Adopted Accounting Standards (Continued)* | | |
| ASU 2016-13 Measurement of Credit Losses on Financial Instruments<br><br>*Issued June 2016* | • Replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortized cost.<br><br>• Requires all lifetime credit losses for financial assets held at the reporting date to be estimated based on factors such as historical experience, current conditions and forecasts.<br><br>• Requires entities to record allowances for available-for-sale debt securities. | • Adopted January 1, 2020 on a modified retrospective basis.<br><br>• The Company determined the largest instrument in scope of the standard is trade receivables. Trade receivables and management's provision matrix were assessed for current economic conditions and forward-looking projections however, an adjustment was not required.<br><br>• The adoption of the standard did not have a material impact on the Company's financial statements and related disclosures. |

## 4. CLEARING FUND

Details for the Clearing Fund deposits as of March 31, 2020 and December 31, 2019 follow (in thousands):

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | GS Division | MBS Division | Total | GS Division | MBS Division | Total |
| Required deposits | $ 20,743,667 | $ 10,803,784 | $ 31,547,451 | $ 19,549,374 | $ 4,672,109 | $ 24,221,483 |
| Excess deposits | 8,988,880 | 2,589,149 | 11,578,029 | 7,333,531 | 1,405,499 | 8,739,030 |
| Total | $ 29,732,547 | $ 13,392,933 | $ 43,125,480 | $ 26,882,905 | $ 6,077,608 | $ 32,960,513 |

**Cash and Securities on deposit.** Details for cash and securities on deposit of the Clearing Fund, which may be applied to satisfy obligations of the depositing Participant, other Participants, or the Company as provided in NSCC's rules, as of March 31, 2020 and December 31, 2019 follow (in thousands):

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | GS Division | MBS Division | Total | GS Division | MBS Division | Total |
| Cash | $ 9,540,549 | $ 5,610,479 | $ 15,151,028 | $ 8,094,951 | $ 1,824,805 | $ 9,919,756 |
| Securities - at fair value | 20,191,998 | 7,782,454 | 27,974,452 | 18,787,954 | 4,252,803 | 23,040,757 |
| Total | $ 29,732,547 | $ 13,392,933 | $ 43,125,480 | $ 26,882,905 | $ 6,077,608 | $ 32,960,513 |

Details for the Clearing Fund cash deposits as of March 31, 2020 and December 31, 2019 follow (in thousands):

| | 2020 | 2019 |
|---|---|---|
| Bank deposits | $ 14,194,028 | $ 7,851,756 |
| Money market fund investments - at fair value | 807,000 | 1,618,000 |
| Reverse repurchase agreements | 150,000 | 450,000 |
| Total | $ 15,151,028 | $ 9,919,756 |

## 5. OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

Details for Other Participants' assets and Payable to Participants as of March 31, 2020 and December 31, 2019 follow (in thousands):

| | 2020 | 2019 |
|---|---|---|
| Assets: | | |
| Other Participants' assets: | $ 48,413 | $ 1,340 |
| Total Other Participants' assets | $ 48,413 | $ 1,340 |
| Liabilities: | | |
| Payable to Participants | $ 48,413 | $ 1,340 |

On March 20, 2020, FICC summarily suspended Ronin Capital LLC ("Ronin") as a member of its Government Securities Division (see Note 9 for additional information).

## 6. PENSION AND POSTRETIREMENT BENEFITS

**Defined contribution retirement plans.** Eligible U.S. DTCC employees participate in one of two defined contribution plans, The Depository Trust & Clearing Corporation Employee Savings Plan (Employee Savings Plan) and The Depository Trust & Clearing Clearing Corporation Operations Level Employee Savings Plan (Operations Level Savings Plan). The Employee Savings Plan is a single employer plan covering non-bargaining unit employees. The Operations Level Savings Plan is a single employer plan covering bargaining unit employees.

**Defined benefit pension and other postretirement benefit plans.** Eligible DTCC employees participate in DTCC's trusteed non-contributory defined benefit pension and other postretirement plans, which provide for certain benefits upon retirement. DTCC's sponsored non-contributory plans include a defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan. Eligible DTCC employees also participate in DTCC's life insurance program, which provides for the payment of death benefits to beneficiaries of eligible retired employees, and DTCC's health care program, which provides benefits to eligible retired employees.

**Cost allocation.** DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary's salary cost relative to DTCC's total salary cost. The defined contribution retirement plans costs allocated to FICC were $1,630,000 and $873,000 for the three months ended March 31, 2020 and 2019, respectively. The defined benefit pension and other postretirement benefit plans costs allocated to FICC were $160,000 and $308,000 for the three months ended March 31, 2020 and 2019, respectively. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net in the accompanying Statements of Income based on the nature of the pension expense component.

## 7. CAPITAL REQUIREMENTS

The capital requirements for FICC is equal to the sum of the general business risk capital requirement and corporate contribution, as described below. The Company must meet the capital requirements by holding liquid net assets funded by equity, as described in Rule 17Ad-22(e)(15) of the CCAS and the Clearing Agency Policy on Capital Requirements.

**General Business Risk Capital Requirement.** The general business risk capital requirement is determined according to Rule 17Ad-22(e)(15) of the CCAS and the Clearing Agency Policy on Capital Requirements. The capital requirement is held to cover potential general business losses so that the Company can continue operations and provide services as a going concern if those losses materialize. It is determined based on the Company's general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations and, at a minimum, is equal to six months of operating expenses.

## 7. CAPITAL REQUIREMENTS (CONTINUED)

**Corporate Contribution.** The Company maintains an amount referred to as the corporate contribution, to be applied to losses of the Company as provided in the clearing agency rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

Details for general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of March 31, 2020 and December 31, 2019 follow (in thousands):

| | 2020 | 2019 |
|---|---|---|
| General business risk capital requirement | $ 117,415 | $ 113,137 |
| Corporate contribution | 58,708 | 56,568 |
| Total requirement | 176,123 | 169,705 |
| Liquid net assets funded by equity | 287,403 | 277,811 |
| Excess | $ 111,280 | $ 108,106 |

## 8. CREDIT RATINGS

The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for issuer credit ratings and ratings outlooks for the Company as of March 31, 2020 follow:

| Moody's (1) | | | S&P | | |
|---|---|---|---|---|---|
| Long-term | Short-term | Outlook | Long-term | Short-term | Outlook |
| Aaa | P-1 | Stable | AA | A-1+ | Stable |

(1) Moody's categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under the agency's Clearing Houses Rating Methodology.

## 9. GUARANTEES

FICC, through GSD and MBSD, provides CCP services, including clearing, settlement and risk management services. Acting as a CCP, FICC guarantees the settlement of trades, with respect to each division, in the event one or more of its Participants defaults. A Participant default is defined in each division's rules. In its guarantor role, FICC has equal claims to and from Participants on opposite sides of netted transactions. To cover its guarantee risk, FICC uses risk-based margining to collect cash and securities collateral through its Clearing Fund. FICC maintains separate Clearing Funds for each of GSD and MBSD.

In addition, with respect to GSD, FICC has entered into a cross-margining agreement with Chicago Mercantile Exchange Inc. (CME), which may also provide for additional funds if the defaulting Participant was a cross-margining participant.

Details for each division's open positions for which a trade guaranty applied as of March 31, 2020 and December 31, 2019 follow (in billions):

| Division | 2020 | 2019 |
|---|---|---|
| GSD | $ 1,180 | $ 1,172 |
| MBSD | 543 | 419 |

## 9. GUARANTEES (CONTINUED)

On March 20, 2020, FICC summarily suspended Ronin as a member of its Government Securities Division. In conjunction with the cross-margining agreement with CME, FICC commenced a joint liquidation with CME of Ronin's portfolio. On March 25, 2020, FICC announced that the liquidation process was completed and that no loss allocation would be imposed on GSD member firms as a result of this liquidation. The deposited funds from Ronin were reclassified from the Clearing Fund and segregated to a Liquidating Fund. As of March 31, 2020, the liquidation balance was $45 million, which is included in Other Participant's assets and Payable to Participants on the accompanying Statements of Financial Condition. The liquidation balance is subject to further review, including any outstanding expenses and/or contingent liabilities.

See Note 14 in FICC's Audited Financial Statements for the years ended December 31, 2019 and 2018 for additional information on the Company's guarantees.

## 10. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after March 31, 2020 through April 30, 2020, the date these financial statements are available to be issued, for potential recognition or disclosure. No additional events or transactions occurred during such period that would require recognition or disclosure in these financial statements.