

Fixed Income Clearing Corporation

Financial Statements as of June 30, 2020 and
December 31, 2019 and for the three and six months ended
June 30, 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 June 30, 2020	As of December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 294,042	\$ 277,811
Accounts receivable	23,161	13,330
Clearing Fund	40,486,826	32,960,513
Other Participants' assets	1,751	1,340
Other current assets	1,019	11,954
Total current assets	<u>40,806,799</u>	<u>33,264,948</u>
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$335 and \$325 as of June 30, 2020 and December 31, 2019, respectively	649	659
Intangible assets - net of accumulated amortization of \$40,338 and \$35,777 as of June 30, 2020 and December 31, 2019, respectively	51,821	45,385
Total non-current assets	<u>52,470</u>	<u>46,044</u>
TOTAL ASSETS	<u><u>\$ 40,859,269</u></u>	<u><u>\$ 33,310,992</u></u>
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 12,316	\$ 10,074
Clearing Fund	40,486,826	32,960,513
Payable to Participants	1,751	1,340
Total current liabilities	<u>40,500,893</u>	<u>32,971,927</u>
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	20,457	19,081
Total liabilities	<u>40,521,350</u>	<u>32,991,008</u>
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	251,292	233,357
Total shareholder's equity	<u>337,919</u>	<u>319,984</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 40,859,269</u></u>	<u><u>\$ 33,310,992</u></u>

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 June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
REVENUES				
Clearing services	\$ 70,582	\$ 75,622	\$ 151,902	\$ 147,497
Other services	—	213	—	332
	<u>70,582</u>	<u>75,835</u>	<u>151,902</u>	<u>147,829</u>
EXPENSES				
Employee compensation and related benefits	26,744	22,739	54,875	45,629
Information technology	5,157	4,576	9,992	8,436
Professional and other services	23,534	24,323	49,142	48,149
Occupancy	1,357	1,187	2,748	2,444
Depreciation and amortization	2,415	1,635	4,571	3,381
General and administrative	3,106	3,503	6,422	6,394
Total expenses	<u>62,313</u>	<u>57,963</u>	<u>127,750</u>	<u>114,433</u>
Total operating income	<u>8,269</u>	<u>17,872</u>	<u>24,152</u>	<u>33,396</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	3,293	43,069	31,901	84,704
Refunds to Participants	(3,188)	(41,493)	(31,003)	(81,586)
Interest expense	(1,002)	(1,082)	(1,997)	(2,473)
Other non-operating income, net	887	984	1,938	2,866
Total non-operating (expense) income	<u>(10)</u>	<u>1,478</u>	<u>839</u>	<u>3,511</u>
Income before taxes	8,259	19,350	24,991	36,907
Provision for income taxes	2,339	5,368	7,056	10,339
Net income	<u>\$ 5,920</u>	<u>\$ 13,982</u>	<u>\$ 17,935</u>	<u>\$ 26,568</u>

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
Net income	—	—	5,920	5,920
BALANCE - June 30, 2020	<u>\$ 10</u>	<u>\$ 86,617</u>	<u>\$ 251,292</u>	<u>\$ 337,919</u>

(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
Net income	—	—	13,982	13,982
BALANCE - June 30, 2019	<u>\$ 10</u>	<u>\$ 86,617</u>	<u>\$ 228,239</u>	<u>\$ 314,866</u>

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 six months ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 17,935	\$26,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,571	3,381
Deferred income taxes	1,148	993
Net change in:		
Accounts receivable	(9,831)	(2,491)
Other assets	10,935	1,528
Other Participants' assets	—	380
Accounts payable and accrued expenses	2,242	3,507
Other liabilities	228	535
Clearing Fund liabilities	1,452,596	639,026
Payable to Participants	411	10,008
Net cash provided by operating activities	<u>1,480,235</u>	<u>683,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized software development costs	<u>(10,997)</u>	<u>(12,029)</u>
Net cash used in investing activities	<u>(10,997)</u>	<u>(12,029)</u>
Net increase/(decrease) in Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets	1,469,238	671,406
Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>10,198,907</u>	<u>7,114,232</u>
Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 11,668,145</u>	<u>\$ 7,785,638</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 2,075</u>	<u>\$ 2,441</u>
Income taxes paid - net of refunds	<u>\$ (41)</u>	<u>\$ 6,981</u>

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

FIXED INCOME CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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.

FIXED INCOME CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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):

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 294,042	\$ 277,811	287,716
Clearing Fund cash deposits (see Note 4)	11,372,352	9,919,756	7,486,298
Cash in Other Participants' assets (see Note 5)	1,751	1,340	11,624
Total Cash and cash equivalents, Clearing Fund cash deposits, Cash in Other Participants' assets shown on the Statements of Cash Flows	<u>\$ 11,668,145</u>	<u>\$ 10,198,907</u>	<u>\$ 7,785,638</u>

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 impairments to the Company's assets or negative financial impacts related to COVID-19.

FIXED INCOME CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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
<i>Recently Adopted Accounting Standards</i>		
ASU 2018-15 Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (CCA) That Is a Service Contract	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Adopted January 1, 2020 on a prospective basis. The adoption of the standard did not have an impact on the Company's financial statements and related disclosures.
<i>Issued August 2018</i>		
ASU 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Adopted January 1, 2020. The adoption of the standard did not have an impact on the related disclosures in the Company's financial statements.
<i>Issued August 2018</i>		
ASU 2016-13 Measurement of Credit Losses on Financial Instruments	<ul style="list-style-type: none"> Replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortized cost. 	<ul style="list-style-type: none"> Adopted January 1, 2020 on a modified retrospective basis. 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.
<i>Issued June 2016</i>		
	<ul style="list-style-type: none"> 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. 	

4. CLEARING FUND

Details for the Clearing Fund deposits as of June 30, 2020 and December 31, 2019 follow (in thousands):

	2020			2019		
	GS Division	MBS Division	Total	GS Division	MBS Division	Total
Required deposits	\$23,591,566	\$ 7,126,382	\$30,717,948	\$19,549,374	\$ 4,672,109	\$24,221,483
Excess deposits	6,522,030	3,246,848	9,768,878	7,333,531	1,405,499	8,739,030
Total	<u>\$30,113,596</u>	<u>\$10,373,230</u>	<u>\$40,486,826</u>	<u>\$26,882,905</u>	<u>\$ 6,077,608</u>	<u>\$32,960,513</u>

FIXED INCOME CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

4. CLEARING FUND (CONTINUED)

Cash and Securities. Details for cash and securities of the Clearing Fund, which may be applied to satisfy obligations of the depositing Participant, other Participants, or the Company as provided in FICC's rules, as of June 30, 2020 and December 31, 2019 follow (in thousands):

	2020			2019		
	GS Division	MBS Division	Total	GS Division	MBS Division	Total
Cash	\$ 8,533,633	\$ 2,838,719	\$ 11,372,352	\$ 8,094,951	\$ 1,824,805	\$ 9,919,756
Securities - at fair value	21,579,963	7,534,511	29,114,474	18,787,954	4,252,803	23,040,757
Total	<u>\$30,113,596</u>	<u>\$10,373,230</u>	<u>\$40,486,826</u>	<u>\$26,882,905</u>	<u>\$ 6,077,608</u>	<u>\$32,960,513</u>

Details for the Clearing Fund cash deposits as of June 30, 2020 and December 31, 2019 follow (in thousands):

	2020	2019
Bank deposits	\$ 9,549,352	\$ 7,851,756
Money market fund investments - at fair value	1,323,000	1,618,000
Reverse repurchase agreements	500,000	450,000
Total	<u>\$ 11,372,352</u>	<u>\$ 9,919,756</u>

5. OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

Details for Other Participants' assets and Payable to Participants as of June 30, 2020 and December 31, 2019 follow (in thousands):

	2020	2019
Assets:		
Other Participants' assets:	<u>\$ 1,751</u>	<u>\$ 1,340</u>
Liabilities:		
Payable to Participants	<u>\$ 1,751</u>	<u>\$ 1,340</u>

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 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 trustee 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.

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

6. PENSION AND POSTRETIREMENT BENEFITS (CONTINUED)

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 \$1,787,000 and \$932,000 for the three months ended June 30, 2020 and 2019, and \$3,417,000 and \$1,805,000 for the six months ended June 30, 2020 and 2019, respectively. The defined benefit pension and other postretirement benefit plans costs allocated to FICC were \$390,000 and \$279,000 for the three months ended June 30, 2020 and 2019, and \$550,000 and \$587,000 for the six months ended June 30, 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 total capital requirement 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 requirement 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.

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 the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of June 30, 2020 and December 31, 2019 follow (in thousands):

	2020	2019
General business risk capital requirement	\$ 119,200	\$ 113,137
Corporate contribution	59,600	56,568
Total requirement	178,800	169,705
Liquid net assets funded by equity	294,042	277,811
Excess	\$ 115,242	\$ 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 June 30, 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.

FIXED INCOME CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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 June 30, 2020 and December 31, 2019 follow (in billions):

Division	2020	2019
GSD	\$ 1,156	\$ 1,172
MBSD	600	419

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 June 30, 2020, the liquidation balance was \$593,000, 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. On July 17, 2020 this review was completed and all remaining balances were paid to Ronin.

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 June 30, 2020 through July 31, 2020, the date these financial statements are available to be issued, for potential recognition or disclosure. No events or transactions occurred during such period that would require recognition or disclosure in these financial statements.