

National Securities Clearing Corporation

Financial Statements (Unaudited) as of September 30, 2025 and
December 31, 2024 and for the three and nine months ended
September 30, 2025 and 2024

NATIONAL SECURITIES CLEARING CORPORATION

TABLE OF CONTENTS

	Page
FINANCIAL STATEMENTS (UNAUDITED) AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024:	
Statements of Financial Condition	1
Statements of Income	2
Statements of Changes in Shareholder's Equity	3
Statements of Cash Flows	4
Notes to Financial Statements	5-15

NATIONAL SECURITIES CLEARING CORPORATION

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of September 30, 2025	As of December 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,288,002	\$ 14,653,048
Participants' segregated cash	—	3,232
Short-term investments	775,000	750,000
Accounts receivable - net of allowance for credit losses	44,008	35,761
Clearing Fund	14,871,584	10,295,246
Other Participants' assets	293	303
Other current assets	73,458	40,802
Total current assets	28,052,345	25,778,392
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$2,022 and \$1,950 as of September 30, 2025 and December 31, 2024, respectively	2,604	2,676
Intangible assets - net of accumulated amortization of \$83,038 and \$72,043 as of September 30, 2025 and December 31, 2024, respectively	41,380	33,967
Other non-current assets	24,228	3,500
Total non-current assets	68,212	40,143
TOTAL ASSETS	\$ 28,120,557	\$ 25,818,535
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Commercial paper - net of unamortized discount	\$ 7,285,596	\$ 9,973,028
Long-term debt, current portion	1,373,420	2,147,603
Accounts payable and accrued expenses	140,459	252,368
Clearing Fund	14,871,584	10,295,246
Payable to Participants	293	3,535
Other current liabilities	4,533	22,139
Total current liabilities	23,675,885	22,693,919
OTHER NON-CURRENT LIABILITIES:		
Long-term debt	3,579,354	2,415,405
Other non-current liabilities	10,616	26,348
Total non-current liabilities	3,589,970	2,441,753
Total liabilities	27,265,855	25,135,672
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDER'S EQUITY		
Common stock, \$0.50 par value - 30,000 shares authorized; 20,000 shares issued and outstanding	10	10
Additional paid-in capital	69,442	69,442
Retained earnings	785,250	613,411
Total shareholder's equity	854,702	682,863
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 28,120,557	\$ 25,818,535

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

NATIONAL SECURITIES CLEARING CORPORATION
STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
REVENUES				
Clearing services	\$ 178,535	\$ 137,596	\$ 509,127	\$ 409,136
Wealth management services	33,458	31,870	99,330	96,166
Other services	2,572	2,498	7,575	7,462
Total revenues	<u>214,565</u>	<u>171,964</u>	<u>616,032</u>	<u>512,764</u>
EXPENSES				
Employee compensation and related benefits	58,158	54,681	176,479	168,067
Information technology	23,238	20,216	64,053	56,159
Professional and other services	37,477	36,779	108,909	104,798
Occupancy	3,538	3,604	9,715	9,729
Depreciation and amortization	3,577	4,357	11,067	12,139
General and administrative	8,572	9,902	25,685	31,574
Total expenses	<u>134,560</u>	<u>129,539</u>	<u>395,908</u>	<u>382,466</u>
Total operating income	<u>80,005</u>	<u>42,425</u>	<u>220,124</u>	<u>130,298</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	306,798	334,163	938,769	1,045,709
Refunds to Participants	(157,275)	(146,505)	(484,574)	(497,994)
Interest expense	(149,543)	(168,605)	(441,875)	(489,776)
Other non-operating income, net	2,551	2,340	7,759	7,651
Total non-operating income	<u>2,531</u>	<u>21,393</u>	<u>20,079</u>	<u>65,590</u>
Income before taxes	82,536	63,818	240,203	195,888
Provision for income taxes	23,170	17,211	68,364	53,090
Net income	<u>\$ 59,366</u>	<u>\$ 46,607</u>	<u>\$ 171,839</u>	<u>\$ 142,798</u>

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

NATIONAL SECURITIES 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, 2025	\$ 10	\$ 69,442	\$ 613,411	\$ 682,863
Net income	—	—	51,875	51,875
BALANCE - March 31, 2025	10	69,442	665,286	734,738
Net income	—	—	60,598	60,598
BALANCE - June 30, 2025	10	69,442	725,884	795,336
Net income	—	—	59,366	59,366
BALANCE - September 30, 2025	<u>\$ 10</u>	<u>\$ 69,442</u>	<u>\$ 785,250</u>	<u>\$ 854,702</u>

(In thousands)	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholder's Equity
BALANCE - January 1, 2024	\$ 10	\$ 69,442	\$ 567,898	\$ 637,350
Net income	—	—	48,215	48,215
BALANCE - March 31, 2024	10	69,442	616,113	685,565
Net income	—	—	47,976	47,976
BALANCE - June 30, 2024	10	69,442	664,089	733,541
Net income	—	—	46,607	46,607
BALANCE - September 30, 2024	<u>\$ 10</u>	<u>\$ 69,442</u>	<u>\$ 710,696</u>	<u>\$ 780,148</u>

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

NATIONAL SECURITIES CLEARING CORPORATION

STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	For the nine months ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 171,839	\$ 142,798
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	11,067	12,139
Deferred income taxes	5,723	(2,595)
Accretion of discount on Commercial paper, net of associated interest paid	(17,163)	(34,741)
Accretion of discount and amortization of debt issuance costs	7,615	6,820
Other	3	9
Net change in:		
Accounts receivable	(8,250)	(2,220)
Other assets	(32,656)	(42,479)
Accounts payable and accrued expenses	38,091	62,888
Other liabilities	(16,204)	7,589
Clearing Fund liabilities	4,411,095	(1,770,263)
Payable to Participants	(3,242)	6,163
Net cash provided by/(used in) operating activities	<u>4,567,918</u>	<u>(1,613,892)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Short-term investments	(1,975,000)	(1,850,000)
Maturities of Short-term investments	1,950,000	1,300,000
Capitalized software development costs	(18,408)	(9,943)
Net cash used in investing activities	<u>(43,408)</u>	<u>(559,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Commercial paper	33,439,367	30,621,447
Repayments of Commercial paper	(36,109,636)	(32,122,675)
Repayments on Long-term debt	(1,400,000)	—
Proceeds from issuance of Long-term debt, net of debt issuance costs	1,738,566	1,240,857
Dividend on common stock	(150,000)	(200,000)
Net cash used in financing activities	<u>(2,481,703)</u>	<u>(460,371)</u>
Net increase/(decrease) in Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets	2,042,807	(2,634,206)
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>24,194,820</u>	<u>25,239,082</u>
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 26,237,627</u>	<u>\$ 22,604,876</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 377,392</u>	<u>\$ 463,372</u>
Income taxes paid - net of refunds	<u>\$ 91,491</u>	<u>\$ 48,100</u>

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

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

1. BUSINESS AND OWNERSHIP

National Securities Clearing Corporation (NSCC or the Company) is organized as a business corporation under New York law, and is a clearing agency registered with the U.S. Securities and Exchange Commission (SEC). NSCC provides central counterparty (CCP) services, including clearing, settlement and risk management services to its members (referred to herein as its Participants) for trades involving equities, corporate and municipal debt, exchange-traded funds, and unit investment trusts.

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

NSCC 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 risk management, operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 NSCC's Audited Financial Statements for the years ended December 31, 2024 and 2023, which are located on the Company's website at <http://www.dtcc.com/legal/financial-statements>. See Note 2 in NSCC's audited financial statements for the years ended December 31, 2024 and 2023, for additional information on the Company's Summary of Significant Accounting Policies.

The interim 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 recognizes revenue to depict the transfer of promised services and related performance obligations to customers in an amount that reflects the consideration to which the entity expects to be entitled, upon satisfaction, in exchange for those services.

The Company derives its revenue from transaction fees, subscription revenue, and usage fees. Revenue from transaction fees is billed monthly and calculated based on the value and volume of executed transactions and the established fee schedules, less any applicable volume discounts. The volume targets or thresholds for the discounts primarily reset monthly. Subscription 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. Usage fees are recognized when services are provided based on contractual terms.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Clearing services. Revenue derived from this revenue stream is in the form of transaction fees that are based on either the volume or value of trading activity. Services include the clearing and settlement of equity, corporate and municipal bond and unit investment trust transactions.

Wealth management services. Revenue derived from this revenue stream is in the form of transaction fees. Services include centralized, automated processing and information services for mutual fund, alternative investment, and insurance and retirement products.

Other services. Revenue derived from this revenue stream may be in the form of subscription revenue and usage fees, 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 NSCC, based upon their estimated use of such goods or services as determined by various allocation factors including 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 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 - Participants' segregated cash, Clearing Fund cash deposits and Cash in Other Participants' assets.

A reconciliation of Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, and 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):

	September 30, 2025	December 31, 2024	September 30, 2024
Cash and cash equivalents	\$ 12,288,002	\$ 14,653,048	\$ 12,589,009
Participants' segregated cash	—	3,232	6,845
Clearing Fund cash deposits (see Note 4)	13,949,332	9,538,237	10,008,719
Cash in Other Participants' assets	293	303	303
Total Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits and Cash in Other Participants' assets shown on the Statements of Cash Flows	<u>\$ 26,237,627</u>	<u>\$ 24,194,820</u>	<u>\$ 22,604,876</u>

Common stock dividend. On December 20, 2023, the Board of Directors approved a dividend in the amount of \$200 million from NSCC to DTCC, which was paid on January 8, 2024. On December 18, 2024, the Board of Directors approved a dividend in the amount of \$150 million from NSCC to DTCC, which was paid on January 23, 2025.

Global Events and Crises. Global pandemics, sanctions, war, global cyber outage or natural disasters may have an adverse impact on market, economic and geopolitical conditions and trigger a period of global economic slowdown. Such a slowdown may have a material impact on the Company's financial results including changes in revenue, interest rates, liquidity/credit, and government and regulatory policy. At this time, the Company has not experienced any material adverse financial impacts from these events and crises.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
Financial Accounting Standards Board Standard Issued, but not yet Adopted		
ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures <i>Issued December 2023</i>	<ul style="list-style-type: none"> Enhances disclosures related to the rate reconciliation and income taxes paid. The amendment requires consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendment requires disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with the SEC Regulation S-X 210.4-08(h), Rules of General Application— General Notes to Financial Statements: Income Tax Expense, and eliminates disclosures that no longer are considered cost beneficial or relevant. 	<ul style="list-style-type: none"> Effective January 1, 2025 for annual reporting periods The adoption of the standard has not had a material impact on the Company's financial statements and related disclosures.
ASU 2024-03 and ASU 2025-01 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) <i>Issued November 2024 and January 2025, respectively</i>	<ul style="list-style-type: none"> Enhances disclosures required for specified information about certain costs and expenses at each interim and annual reporting period of an entity. 	<ul style="list-style-type: none"> Effective January 1, 2027 for annual reporting periods, and January 1, 2028 for interim reporting periods. The Company is evaluating the impact on its financial statements and related disclosures.
ASU 2025-06 - Intangibles - Goodwill and Other Internal -Use Software (Subtopic 350-40) <i>Issued September 2025</i>	<ul style="list-style-type: none"> The amendment applies to all entities accounting for internal-use software and development costs under Subtopic 350-40. Clarifies the capitalization criteria for software costs, requiring management authorization/commitment and a "a probable -to-complete" threshold. Requires evaluation and disclosure of significant development uncertainty, including unresolved performance requirements or ongoing revisions. 	<ul style="list-style-type: none"> Effective January 1, 2028 for annual reporting periods. The Company is evaluating the timing of adoption and impact on its financial statements and related disclosures.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

4. CLEARING FUND

Details for the Clearing Fund deposits as of September 30, 2025 and December 31, 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Total deposits	\$ 14,871,584	\$ 10,295,246
Less: Required deposits	13,664,209	8,884,296
Excess deposits	<u>\$ 1,207,375</u>	<u>\$ 1,410,950</u>

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 pursuant to NSCC's rules, as of September 30, 2025 and December 31, 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Cash ⁽¹⁾	\$ 13,949,332	\$ 9,538,237
U.S. Treasury Securities	922,252	757,009
Total	<u>\$ 14,871,584</u>	<u>\$ 10,295,246</u>

(1) The Company's cash of the Clearing Fund are all bank deposits as of September 30, 2025 and December 31, 2024.

5. COMMERCIAL PAPER

Details for Commercial paper as of September 30, 2025 and December 31, 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial paper - net of unamortized discount of \$42,964 and \$25,830 as of September 30, 2025 and December 31, 2024, respectively	\$ 7,285,596	\$ 9,973,028
Weighted-average interest rate	4.24 %	4.59 %

Interest expense on Commercial paper, included in Interest expense in the accompanying Statements of Income, was \$86,211,000 and \$110,044,000 for the three months ended September 30, 2025 and 2024, respectively, and \$275,434,000 and \$349,540,000 for the nine months ended September 30, 2025 and 2024, respectively.

6. LONG-TERM DEBT

Details for Long-term debt as of September 30, 2025 and December 31, 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Senior notes ⁽¹⁾	\$ 4,952,774	\$ 4,563,008
Less: Current portion of long-term debt	(1,373,420)	(2,147,603)
Non-current portion of long-term debt	<u>\$ 3,579,354</u>	<u>\$ 2,415,405</u>

(1) The balances include (i) unamortized discount, (ii) unamortized debt issuance costs and (iii) the impact of the fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

6. LONG-TERM DEBT (CONTINUED)

Details for principal payments due on Long-term debt for each of the next five years and thereafter follow (in thousands):

2025	\$ 750,000
2026	625,000
2027	1,750,000
2028	600,000
2029	625,000
Thereafter	600,000
Total	<u>\$ 4,950,000</u>

Senior notes. The proceeds from the issuances constitute liquid resources that, together with other liquid resources of the Company, are available to enable NSCC to affect the settlement of its payment obligations in the event of the default of any of its Participants pursuant to NSCC's rules.

Details of the senior notes as of September 30, 2025 follow (in thousands):

<u>Issue Date</u>	<u>Maturity</u>	<u>Payable</u>	<u>Rate</u>	<u>Principal Balance</u>	<u>Carrying Value</u>
December 7, 2020	December 7, 2025	Semi-annually	0.75%	\$ 750,000	\$ 749,735
November 21, 2022	November 21, 2027	Semi-annually	5.10%	600,000	600,560
May 30, 2023	May 30, 2028	Semi-annually	5.00%	600,000	597,209
June 26, 2024	June 26, 2026	Semi-annually	5.15%	625,000	623,685
June 26, 2024	June 26, 2029	Semi-annually	4.90%	625,000	634,114
			Compounded SOFR plus		
May 20, 2025	May 20, 2027	Quarterly	0.57%	400,000	398,267
May 20, 2025	May 20, 2027	Semi-annually	4.35%	750,000	746,396
May 20, 2025	May 20, 2030	Semi-annually	4.70%	600,000	602,808
				<u>\$ 4,950,000</u>	<u>\$ 4,952,774</u>

Interest expense and amortization of discount and issuance costs, included in Interest expense in the accompanying Statements of Income, were \$57,221,000 and \$48,955,000 for the three months ended September 30, 2025 and 2024, respectively, and \$149,021,000 and \$114,916,000 for the nine months ended September 30, 2025 and 2024, respectively. The weighted-average interest rate was 4.39% and 3.58% as of September 30, 2025 and December 31, 2024, respectively. The aggregate unamortized debt issuance costs and discount associated with the senior notes were \$21,454,000 and \$17,635,000, as of September 30, 2025 and December 31, 2024, respectively.

Fair value hedge. The Company uses interest rate swaps to hedge the fair value of related fixed-rate senior notes. The Company designated the interest rate swaps as a fair value hedge of the related long-term debt and applied the short-cut method for hedge accounting purposes. The fair value of interest rate swaps is included in other assets or other liabilities in the accompanying Statement of Financial Condition.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

6. LONG-TERM DEBT (CONTINUED)

Details of the outstanding fair value hedges as of September 30, 2025 and December 31, 2024 follow (in thousands):

Date Entered	Notional of Swap	Debt Amount Hedged	Fixed Rate Receivable	Floating Rate Payable	Fair Value in Other Assets / (Other Liabilities)	
					2025	2024
November 21, 2022	\$ 600,000	\$ 600,000	5.10 %	USD-Federal Funds-OIS Compound plus 1.365%	\$ 2,554	\$ (6,509)
May 30, 2023	\$ 600,000	\$ 600,000	5.00 %	USD-Federal Fund-OIS Compound plus 1.4621%	1,019	(10,867)
June 26, 2024	\$ 625,000	\$ 625,000	4.90 %	USD-Federal Fund-OIS Compound plus 0.9138%	13,290	(1,981)
May 20, 2025	\$ 600,000	\$ 600,000	4.70 %	USD-Federal Fund-OIS Compound plus 0.99143%	7,365	—
					<u>\$ 24,228</u>	<u>\$ (19,357)</u>

Interest rate swaps may expose the Company to credit-related losses in the event of nonperformance by its counterparty. Credit risk is monitored on an ongoing basis. See Note 16, Off Balance Sheet and Concentrations of Credit Risks, in NSCC's Audited Financial Statements for the years ended December 31, 2024 and 2023, for the Company's concentration of credit risk related to interest rate swaps.

Line of credit. The Company maintains a committed line of credit, pursuant to NSCC's rules, to support settlement of its payment obligations in the event any of its Participants default. Details for the terms of the outstanding line of credit as of September 30, 2025 and December 31, 2024 follow:

	2025	2024
Committed Amount	\$9.6 billion	\$9.6 billion
Denomination	USD	USD
Number of Participants/Lenders	23/34	22/34
Borrowing Rate	The greatest of the FRBNY rate, Daily Secure Overnight Financing Rate (SOFR), or zero on the day of borrowing, plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily Secure Overnight Financing Rate (SOFR), or zero on the day of borrowing, plus 1.40%
Maturity Date	July 2026	July 2025
Annual Facility Fee	0.10% ⁽¹⁾	0.10% ⁽¹⁾

(1) The annual facility fee associated with maintaining the line of credit is included in Professional and other services in the accompanying Statements of Income.

There were no borrowings under the line of credit during 2025 and 2024.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

6. LONG-TERM DEBT (CONTINUED)

Details for debt covenants related to the committed line of credit as of September 30, 2025 and December 31, 2024 follow:

	2025	2024
Minimum Net Worth	\$200 million	\$200 million
Minimum Clearing Fund deposits	\$1.5 billion	\$1.5 billion

As of September 30, 2025 and December 31, 2024, the Company was in compliance with its debt covenants.

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 September 30, 2025 follow:

Moody's ⁽¹⁾			S&P		
Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Aa1	P-1	Stable	AA+	A-1+	Negative

(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.

7. FAIR VALUE MEASUREMENTS

See Note 9 in NSCC's Audited Financial Statements for the years ended December 31, 2024 and 2023, for the Company's valuation basis, including valuation techniques and inputs, as well as the fair value hierarchy used in measuring the Company's financial assets and liabilities that are both accounted for at fair value and at other than fair value.

Financial assets and liabilities measured at fair value on a recurring basis.

Fair value measurements for those items measured on a recurring basis as of September 30, 2025 and December 31, 2024 are summarized below (in thousands):

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Clearing Fund				
U.S. Treasury Securities	\$ 922,252	\$ 922,252	\$ —	\$ —
Other non-current assets				
Interest rate swaps	24,228	—	24,228	—
Total	<u>\$ 946,480</u>	<u>\$ 922,252</u>	<u>\$ 24,228</u>	<u>\$ —</u>
Liabilities:				
Clearing Fund				
Securities liabilities	\$ 922,252	\$ 922,252	\$ —	\$ —
Total	<u>\$ 922,252</u>	<u>\$ 922,252</u>	<u>\$ —</u>	<u>\$ —</u>

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

7. FAIR VALUE MEASUREMENTS (CONTINUED)

	2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Clearing Fund				
U.S. Treasury Securities	\$ 757,009	\$ 757,009	\$ —	\$ —
Total	<u>\$ 757,009</u>	<u>\$ 757,009</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Clearing Fund				
Securities liabilities	\$ 757,009	\$ 757,009	\$ —	\$ —
Other non-current liabilities				
Interest rate swaps	19,357	—	19,357	—
Total	<u>\$ 776,366</u>	<u>\$ 757,009</u>	<u>\$ 19,357</u>	<u>\$ —</u>

Financial assets and liabilities measured at other than fair value. The carrying values, fair values and fair value hierarchy levels of all financial instruments measured at other than fair value on the accompanying Statements of Financial Condition as of September 30, 2025 and December 31, 2024 follow (in thousands):

	2025				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$12,288,002	\$12,288,002	\$12,288,002	\$ —	\$ —
Participants' segregated cash	—	—	—	—	—
Short-term investments	775,000	775,000	—	775,000	—
Clearing Fund:					
Cash deposits - Bank deposits	13,949,332	13,949,332	13,949,332	—	—
Other Participants' assets	293	293	293	—	—
Total	<u>\$27,012,627</u>	<u>\$27,012,627</u>	<u>\$26,237,627</u>	<u>\$ 775,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 7,285,596	\$ 7,285,596	\$ —	\$ 7,285,596	\$ —
Clearing Fund:					
Cash deposits - Bank deposits	13,949,332	13,949,332	13,949,332	—	—
Payable to Participants	293	293	293	—	—
Long-term debt	4,928,546	4,989,569	—	4,989,569	—
Total	<u>\$26,163,767</u>	<u>\$26,224,790</u>	<u>\$13,949,625</u>	<u>\$12,275,165</u>	<u>\$ —</u>

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

7. FAIR VALUE MEASUREMENTS (CONTINUED)

	Carrying Amount	Total Fair Value	2024		
			Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 14,653,048	\$ 14,653,048	\$ 14,653,048	\$ —	\$ —
Participants' segregated cash	3,232	3,232	3,232	—	—
Short-term investments	750,000	750,000	—	750,000	—
Clearing Fund:					
Cash deposits - Bank deposits	9,538,237	9,538,237	9,538,237	—	—
Other Participant' assets	303	303	303	—	—
Total	<u>\$ 24,944,820</u>	<u>\$ 24,944,820</u>	<u>\$ 24,194,820</u>	<u>\$ 750,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 9,973,028	\$ 9,973,028	\$ —	\$ 9,973,028	\$ —
Clearing Fund:					
Cash deposits - Bank deposits	9,538,237	9,538,237	9,538,237	—	—
Payable to Participants	3,535	3,535	3,535	—	—
Long-term debt	4,582,365	4,571,645	—	4,571,645	—
Total	<u>\$ 24,097,165</u>	<u>\$ 24,086,445</u>	<u>\$ 9,541,772</u>	<u>\$ 14,544,673</u>	<u>\$ —</u>

Assets and liabilities measured at fair value on a non-recurring basis. There were no financial assets or liabilities measured at fair value on a non-recurring basis during the periods ended September 30, 2025 and December 31, 2024.

8. REPORTABLE SEGMENT

The Company determines its reportable operating segments based on a combination of factors, including the results reviewed by the chief operating decision maker (CODM), products and services provided, type of customer served, and geographic considerations. The Company's CODM evaluates the performance of the business as a whole and makes decisions about resource allocations based on the entity's net income. Net income is used by the CODM for monitoring and assessing the segment's performance, as well as making key decisions. As such, the Company determined that it operates as a single operating and reportable segment. The accounting policies used to measure the profit and loss of the segment are the same as those described in Note 2. The CODM is routinely provided with expense details that are limited to what is presented on the face of the Statements of Income.

The Company's CODM is DTCC's Executive Committee.

9. RETIREMENT PLANS

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 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. The other postretirement plans include retiree medical and life insurance plans for eligible retired employees and their beneficiaries.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

9. RETIREMENT PLANS (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 NSCC were expense of \$3,283,000 and \$3,006,000 for the three months ended September 30, 2025 and 2024, respectively, and expense of \$9,461,000 and \$9,034,000 for the nine months ended September 30, 2025 and 2024, respectively, and are included in Employee compensation and related benefits in the accompanying Statements of Income. The defined benefit pension and other postretirement benefit plans costs allocated to NSCC were income of \$167,000 and expense of \$102,000 for the three months ended September 30, 2025 and 2024, respectively, and income of \$499,000 and \$294,000 for the nine months ended September 30, 2025 and 2024, respectively, and are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net, in the accompanying Statements of Income.

10. INCOME TAXES

Rollforward of unrecognized tax benefits for the nine months ended September 30, 2025 and 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 6,991	\$ 4,720
Increases/(Decreases):		
Prior period tax positions	794	—
Current period tax positions	809	688
Settlements with tax authorities	(511)	—
Unrecognized tax benefit	<u>8,083</u>	<u>5,408</u>
Accrued interest	310	1,320
Ending balance	<u>\$ 8,393</u>	<u>\$ 6,728</u>

The Company may take a tax position that does not meet the more-likely-than-not threshold of having a greater than 50% chance of being upheld if audited by the taxing authority. Such benefits are not reflected in the financial statements; however, they may affect the future effective tax rate if they are upheld. As of September 30, 2025, the total tax position benefit not recognized amounted to \$4,140,000.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law. The legislation did not have a material impact on the Company's income tax expense for the September 2025 quarter, and the Company does not expect it to materially change our effective income tax rate for 2025.

See Note 12 in NSCC's Audited Financial Statements for the years ended December 31, 2024 and 2023 for additional information pertaining to the Company's income taxes.

11. CAPITAL REQUIREMENTS

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

General Business Risk Capital Requirement. This 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.

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

11. CAPITAL REQUIREMENTS (CONTINUED)

Corporate Contribution. The corporate contribution is applied to losses of the Company as provided in NSCC's 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 September 30, 2025 and December 31, 2024 follow (in thousands):

	<u>2025</u>	<u>2024</u>
General business risk capital requirement	\$ 262,949	\$ 252,373
Corporate contribution	131,475	126,186
Total requirement	<u>394,424</u>	<u>378,559</u>
Liquid net assets funded by equity	824,632	682,863
Excess	<u>\$ 430,208</u>	<u>\$ 304,304</u>

12. GUARANTEES

NSCC provides CCP services, including clearing, settlement and risk management services. Acting as a CCP, NSCC guarantees the settlement of trades in the event one or more of its Participants defaults. A Participant default is defined in NSCC's Rules. In its guarantor role, NSCC has equal claims to and from Participants on opposite sides of netted transactions. To cover its default risk, NSCC uses risk-based margining to determine Participants' required cash and eligible securities deposits to its Clearing Fund, which are collected at the start of each business day and may also be collected on an intraday basis. NSCC's trade guaranty generally attaches at the point of validation for locked-in submissions, or at the point of comparison and validation for bilateral submissions.

Details for NSCC's open positions for which a trade guaranty applied as of September 30, 2025 and December 31, 2024 follow (in billions):

	<u>2025</u>	<u>2024</u>
NSCC	\$ 208	\$ 117

There were no defaults by Participants to these obligations in 2025 and 2024.

See Note 15 in NSCC's Audited Financial Statements for the years ended December 31, 2024 and 2023 for additional information on the Company's guarantees.

13. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after September 30, 2025 through the date these financial statements were issued for potential recognition or disclosure. No events or transactions occurred during such period that would require recognition or disclosure in these financial statements.