

# Fixed Income Clearing Corporation

Financial Statements (Unaudited) as of March 31, 2026 and  
December 31, 2025 and for the three months ended  
March 31, 2026 and 2025

# **FIXED INCOME CLEARING CORPORATION**

## **TABLE OF CONTENTS**

---

	<b>Page</b>
FINANCIAL STATEMENTS (UNAUDITED) AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025:	
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	5-14

**FIXED INCOME CLEARING CORPORATION**  
**STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)**

<b>(In thousands, except share data)</b>	<b>As of March 31, 2026</b>	<b>As of December 31, 2025</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 614,389	\$ 585,802
Participants' segregated cash	13,400	1,000
Accounts receivable - net of allowance for credit losses	48,424	44,905
Clearing Fund	93,740,461	99,380,128
Other Participants' assets	5,799	2,018
Other current assets	22,663	14,889
Total current assets	<u>94,445,136</u>	<u>100,028,742</u>
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$431 and \$426 as of March 31, 2026 and December 31, 2025, respectively	533	538
Intangible assets - net of accumulated amortization of \$111,027 and \$104,668 as of March 31, 2026 and December 31, 2025, respectively	57,674	60,570
Other non-current assets	6,008	5,201
Total non-current assets	<u>64,215</u>	<u>66,309</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 94,509,351</u></u>	<u><u>\$ 100,095,051</u></u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 94,215	\$ 100,209
Clearing Fund	93,740,461	99,380,128
Payable to Participants	19,199	3,018
Other current liabilities	29,360	23,462
Total current liabilities	<u>93,883,235</u>	<u>99,506,817</u>
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	1,958	1,844
Total liabilities	<u>93,885,193</u>	<u>99,508,661</u>
COMMITMENTS AND CONTINGENCIES (Note 2)		
<b>SHAREHOLDER'S EQUITY</b>		
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	537,531	499,763
Total shareholder's equity	<u>624,158</u>	<u>586,390</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<u><u>\$ 94,509,351</u></u>	<u><u>\$ 100,095,051</u></u>

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

# FIXED INCOME CLEARING CORPORATION

## STATEMENTS OF INCOME (UNAUDITED)

<b>(In thousands)</b>	<b>For the three months ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>REVENUES</b>		
Clearing services	\$ 170,151	\$ 142,547
Other services	580	441
Total revenues	<u>170,731</u>	<u>142,988</u>
<b>EXPENSES</b>		
Employee compensation and related benefits	49,238	45,152
Information technology	11,463	10,061
Professional and other services	47,718	48,593
Occupancy	2,737	2,275
Depreciation and amortization	6,766	5,148
General and administrative	5,429	4,771
Impairment of intangible assets	155	—
Total expenses	<u>123,506</u>	<u>116,000</u>
Total operating income	<u>47,225</u>	<u>26,988</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	156,894	238,047
Refunds to Participants	(152,016)	(233,344)
Interest expense	(1,109)	(1,164)
Other non-operating income, net	974	1,317
Total non-operating income	<u>4,743</u>	<u>4,856</u>
Income before taxes	51,968	31,844
Provision for income taxes	14,200	8,896
Net income	<u>\$ 37,768</u>	<u>\$ 22,948</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)

<u>(In thousands)</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
BALANCE - January 1, 2026	\$ 10	\$ 86,617	\$ 499,763	\$ 586,390
Net income	—	—	37,768	37,768
BALANCE - March 31, 2026	<u>\$ 10</u>	<u>\$ 86,617</u>	<u>\$ 537,531</u>	<u>\$ 624,158</u>

<u>(In thousands)</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
BALANCE - January 1, 2025	\$ 10	\$ 86,617	\$ 383,347	\$ 469,974
Net income	—	—	22,948	22,948
BALANCE - March 31, 2025	<u>\$ 10</u>	<u>\$ 86,617</u>	<u>\$ 406,295</u>	<u>\$ 492,922</u>

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

# FIXED INCOME CLEARING CORPORATION

## STATEMENTS OF CASH FLOWS (UNAUDITED)

<b>(In thousands)</b>	<b>For the three months ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 37,768	\$ 22,948
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	6,766	5,148
Impairment of intangible assets	155	—
Deferred income taxes	(807)	(1,371)
Net change in:		
Accounts receivable	(3,519)	(5,191)
Other assets	(7,774)	(13,784)
Accounts payable and accrued expenses	(5,994)	2,877
Other liabilities	6,012	(12,421)
Clearing Fund liabilities	(1,936,240)	334,453
Payable to Participants	16,181	(3,416)
Net cash (used in)/provided by operating activities	<u>(1,887,452)</u>	<u>329,243</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capitalized software development costs	<u>(4,020)</u>	<u>(10,095)</u>
Cash used in investing activities	<u>(4,020)</u>	<u>(10,095)</u>
Net (decrease)/increase in Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets	(1,891,472)	319,148
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>20,423,502</u>	<u>22,028,784</u>
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 18,532,030</u>	<u>\$ 22,347,932</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	<u>\$ 1,187</u>	<u>\$ 1,185</u>
Income taxes paid - net of refunds	<u>\$ 8,866</u>	<u>\$ 29,144</u>

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

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

---

### 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 for the U.S. government and mortgage-backed securities markets to its members (referred to herein 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, DTCC Solutions LLC and DTCC Digital (US) Inc.

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 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 FICC's Audited Financial Statements for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, 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 benefit liabilities, 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.

**Participants' segregated cash.** The rules of FICC enable Participants to open Segregated Indirect Participants accounts, and deposit customer cash and/or securities to meet their Segregated Customer Margin Requirements, see Note 14 in FICC's Audited Financial Statements for the years ended December 31, 2025 and 2024. These deposits are held in accounts for the exclusive benefit of the Participants' customers, in accordance with applicable regulatory requirements and are not available for the general corporate purposes of the Company.

**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.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 continuous net settlement of mortgage-backed securities clearing, and government securities clearing.

*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.

*Deferred revenue.* Deferred revenue represents the Company's liability to perform services in the future related to payments received in advance of those services. Deferred revenue as of March 31, 2026 and December 31, 2025 was \$1,360,000 and \$1,489,000, respectively, and is included in Other current liabilities on the accompanying Statements of Financial Condition. Of the \$1,489,000 as of December 31, 2025, \$129,000 was recognized as revenue during the three months ended March 31, 2026.

**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 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.

**Income taxes.** The Company recognizes tax benefits from uncertain tax positions only if it is more-likely-than-not, generally meaning a greater than 50% likelihood, to be sustained upon examination by the taxing authority. If the more-likely-than-not threshold is met, the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon settlement. The difference between the position taken on the tax return and the amount recognized in the financial statements is considered "unrecognized tax benefit liability" and included in Other non-current liabilities on the accompanying Statements of Financial Condition.

If a tax position fails to meet the more-likely-than-not threshold, the benefit is not recognized in the financial statements, creating an "unrecognized tax benefit".

**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.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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):

	March 31, 2026	December 31, 2025	March 31, 2025
Cash and cash equivalents	\$ 614,389	\$ 585,802	\$ 480,018
Participants' segregated cash	13,400	1,000	—
Clearing Fund cash deposits (see Note 4)	17,898,442	19,834,682	21,829,988
Cash in Other Participants' assets	5,799	2,018	37,926
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>\$ 18,532,030</u>	<u>\$ 20,423,502</u>	<u>\$ 22,347,932</u>

**Global Economic and Market Conditions.** The global economy continues to navigate a dynamic environment shaped by significant policy changes, evolving trade relationships, and geopolitical challenges, including wars/conflicts in certain regions. Financial markets have reflected these conditions through periods of volatility influenced by monetary policy adjustments, fiscal measures, and structural reforms aimed at restoring confidence and supporting sustainable growth. These factors have the potential to affect the Company's financial performance, including revenue trends, interest rate movements, liquidity and credit conditions, and regulatory developments. At this time, the Company has not experienced any material adverse financial impact from these events or related conditions.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
<i>Financial Accounting Standards Board Standard Issued, but not yet Adopted</i>		
ASU 2024-03 and ASU 2025-01 - Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)	<ul style="list-style-type: none"><li>Enhances disclosures required for specified information about certain costs and expenses at each interim and annual reporting period of an entity.</li></ul>	<ul style="list-style-type: none"><li>Effective January 1, 2027 for annual reporting periods, and January 1, 2028 for interim reporting periods.</li><li>The Company is evaluating the impact on its financial statements and related disclosures.</li></ul>
<i>Issued November 2024 and January 2025, respectively</i>		
ASU 2025-06 - Intangibles - Goodwill and Other Internal - Use Software (Subtopic 350-40)	<ul style="list-style-type: none"><li>The amendment applies to all entities accounting for internal-use software and development costs under Subtopic 350-40.</li><li>Clarifies the capitalization criteria for software costs, requiring management authorization/commitment and a "probable-to-complete" threshold.</li><li>Requires evaluation and disclosure of significant development uncertainty, including unresolved performance requirements or ongoing revisions.</li></ul>	<ul style="list-style-type: none"><li>Effective January 1, 2028 for annual reporting periods, but early adoption is permitted.</li><li>The Company is evaluating the timing of adoption and impact on its financial statements and related disclosures.</li></ul>
<i>Issued September 2025</i>		
ASU 2025-11- Interim Reporting (Topic 270): Narrow-Scope Improvements	<ul style="list-style-type: none"><li>The amendment applies to all entities that provide interim financial statements.</li><li>Establishes a comprehensive list of required interim disclosures and introduces a disclosure principle requiring the reporting of material events occurring after the most recent annual reporting period.</li></ul>	<ul style="list-style-type: none"><li>Effective January 1, 2028 for interim reporting periods within annual reporting periods that begin after December 15, 2027.</li><li>The Company is evaluating the impact on its financial statements and related disclosures.</li></ul>
<i>Issued December 2025</i>		

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 4. CLEARING FUND

Details for the Clearing Fund deposits as of March 31, 2026 and December 31, 2025 follow (in thousands):

	2026			2025		
	GS Division	MBS Division	Total	GS Division	MBS Division	Total
Total deposits	\$79,958,552	\$13,781,909	\$93,740,461	\$86,953,034	\$12,427,094	\$99,380,128
Less: Required deposits	66,534,991	12,024,814	78,559,805	73,718,433	10,648,726	84,367,159
Excess deposits	<u>\$13,423,561</u>	<u>\$ 1,757,095</u>	<u>\$15,180,656</u>	<u>\$13,234,601</u>	<u>\$ 1,778,368</u>	<u>\$15,012,969</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 FICC's rules, as of March 31, 2026 and December 31, 2025 follow (in thousands):

	2026			2025		
	GS Division	MBS Division	Total	GS Division	MBS Division	Total
Cash <sup>(1)</sup>	\$14,429,005	\$ 3,469,437	\$17,898,442	\$17,092,656	\$ 2,742,026	\$19,834,682
U.S. Treasury Securities	55,961,867	10,115,590	66,077,457	59,898,448	9,552,731	69,451,179
U.S. Agency Residential Mortgage-Backed Securities	8,317,798	196,882	8,514,680	9,037,645	132,337	9,169,982
U.S. Agency Issued Debt Securities	1,249,882	—	1,249,882	924,285	—	924,285
Total	<u>\$79,958,552</u>	<u>\$13,781,909</u>	<u>\$93,740,461</u>	<u>\$86,953,034</u>	<u>\$12,427,094</u>	<u>\$99,380,128</u>

(1) The Company's cash held in the Clearing Fund are all bank deposits as of March 31, 2026 and December 31, 2025.

### 5. LINE OF CREDIT AND CREDIT RATINGS

**Line of credit.** The Company maintains a committed line of credit, to provide liquidity for daily clearance and settlement activities. Details for the terms of the outstanding line of credit as of March 31, 2026 and December 31, 2025 follow:

	2026	2025
<b>Committed Amount</b>	\$200 million	\$200 million
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	1/1	1/1
<b>Borrowing Rate</b>	Federal Funds Rate plus 1.40%	Federal Funds Rate plus 1.40%
<b>Maturity Date</b>	May 2026	May 2026
<b>Annual Facility Fee <sup>(1)</sup></b>	0.25%	0.25%
<b>Debt Covenant</b>		
<b>Minimum Capital Requirements <sup>(2)</sup></b>	\$348 million	\$344 million

(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.

(2) See Note 11

As of March 31, 2026 and December 31, 2025, there were no borrowings outstanding under the line of credit, and the Company was in compliance with its debt covenant.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 5. LINE OF CREDIT AND CREDIT RATINGS (CONTINUED)

**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, 2026 follow:

Moody's <sup>(1)</sup>			S&P		
Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Aa1	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.

### 6. INTANGIBLE ASSETS

The Company recognized impairment charges of \$155,000 and \$0 related to capitalized software for the three months ended March 31, 2026 and 2025, respectively. The impairment charges are included in Impairment of intangible assets in the accompanying Statements of Income.

During the three months ended March 31, 2026, the Company recognized a partial impairment of internally developed and purchased software related to a specific Master Reference Data Security project, which experienced a change in strategy due to a reprioritization of efforts, triggering an evaluation for impairment. The evaluation concluded that the \$155,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

### 7. FAIR VALUE MEASUREMENTS

See Note 8 in FICC's Audited Financial Statements for the years ended December 31, 2025 and 2024, 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 March 31, 2026 and December 31, 2025 are summarized below (in thousands):

	2026			
	Total	Level 1	Level 2	Level 3
<b>Assets - Clearing Fund</b>				
U.S. Treasury Securities	\$ 66,077,457	\$ 66,077,457	\$ —	\$ —
U.S. Agency Issued Debt Securities	1,249,882	1,249,882	—	—
U.S. Agency Residential Mortgage-Backed Securities	8,514,680	—	8,514,680	—
<b>Total</b>	<b>\$ 75,842,019</b>	<b>\$ 67,327,339</b>	<b>\$ 8,514,680</b>	<b>\$ —</b>
<b>Liabilities - Clearing Fund</b>				
Securities liabilities	\$ 75,842,019	\$ 67,327,339	\$ 8,514,680	\$ —
<b>Total</b>	<b>\$ 75,842,019</b>	<b>\$ 67,327,339</b>	<b>\$ 8,514,680</b>	<b>\$ —</b>

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 7. FAIR VALUE MEASUREMENTS (CONTINUED)

	2025			
	Total	Level 1	Level 2	Level 3
Assets - Clearing Fund				
U.S. Treasury Securities	\$ 69,451,179	\$ 69,451,179	\$ —	\$ —
U.S. Agency Issued Debt Securities	924,285	924,285	—	—
U.S. Agency Residential Mortgage-Backed Securities	9,169,982	—	9,169,982	—
Total	<u>\$ 79,545,446</u>	<u>\$ 70,375,464</u>	<u>\$ 9,169,982</u>	<u>\$ —</u>
Liabilities - Clearing Fund				
Securities liabilities	\$ 79,545,446	\$ 70,375,464	\$ 9,169,982	\$ —
Total	<u>\$ 79,545,446</u>	<u>\$ 70,375,464</u>	<u>\$ 9,169,982</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 March 31, 2026 and December 31, 2025 follow (in thousands):

	2026				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 614,389	\$ 614,389	\$ 614,389	\$ —	\$ —
Participants' segregated cash	13,400	13,400	13,400	—	—
Clearing Fund:					
Cash deposits - Bank deposits	17,898,442	17,898,442	17,898,442	—	—
Other Participants' assets	5,799	5,799	5,799	—	—
Total	<u>\$ 18,532,030</u>	<u>\$ 18,532,030</u>	<u>\$ 18,532,030</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:					
Clearing Fund:					
Cash deposits - Bank deposits	\$ 17,898,442	\$ 17,898,442	\$ 17,898,442	\$ —	\$ —
Payable to Participants	19,199	19,199	19,199	—	—
Total	<u>\$ 17,917,641</u>	<u>\$ 17,917,641</u>	<u>\$ 17,917,641</u>	<u>\$ —</u>	<u>\$ —</u>

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 7. FAIR VALUE MEASUREMENTS (CONTINUED)

	2025				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 585,802	\$ 585,802	\$ 585,802	\$ —	\$ —
Participants' segregated cash	1,000	1,000	1,000	—	—
Clearing Fund:					
Cash deposits - Bank deposits	19,834,682	19,834,682	19,834,682	—	—
Other Participants' assets	2,018	2,018	2,018	—	—
Total	<u>\$ 20,423,502</u>	<u>\$ 20,423,502</u>	<u>\$ 20,423,502</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:					
Clearing Fund:					
Cash deposits - Bank deposits	\$ 19,834,682	\$ 19,834,682	\$ 19,834,682	\$ —	\$ —
Payable to Participants	3,018	3,018	3,018	—	—
Total	<u>\$ 19,837,700</u>	<u>\$ 19,837,700</u>	<u>\$ 19,837,700</u>	<u>\$ —</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 March 31, 2026 and December 31, 2025.

### 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.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 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 FICC were expense of \$2,444,000 and \$2,412,000 for the three months ended March 31, 2026 and 2025, 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 FICC were expense of \$330,000 and \$3,000 for the three months ended March 31, 2026 and 2025, 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

Details for the unrecognized tax benefit liabilities, for the three months ended March 31, 2026 and 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Beginning balance	\$ 1,843	\$ 1,458
Increases:		
Prior period tax positions	10	5
Current period tax positions	75	65
Unrecognized tax benefit liabilities	<u>1,928</u>	<u>1,528</u>
Accrued interest	30	24
Ending balance	<u>\$ 1,958</u>	<u>\$ 1,552</u>

Tax benefits not included in unrecognized tax benefit liabilities relate to tax positions that did not meet the more-likely-than-not threshold (greater than 50% likelihood) and therefore were not recognized in the financial statements. These unrecognized tax benefits were \$1,655,000 as of March 31, 2026 and December 31, 2025.

See Note 11 in FICC's Audited Financial Statements for the years ended December 31, 2025 and 2024 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 FICC 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.

**Corporate Contribution.** The corporate contribution is applied to losses of the Company as provided in FICC's rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

# FIXED INCOME CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF MARCH 31, 2026 AND DECEMBER 31, 2025 AND FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

### 11. CAPITAL REQUIREMENTS (CONTINUED)

Details for the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
General business risk capital requirement	\$ 232,200	\$ 229,333
Corporate contribution	116,100	114,667
Total requirement	348,300	344,000
Liquid net assets funded by equity	614,389	585,802
Excess	<u>\$ 266,089</u>	<u>\$ 241,802</u>

### 12. 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 default risk, FICC uses risk-based margining to determine Participants' required cash and eligible securities deposits to its Clearing Fund and, at GSD, Segregated Customer Margin (see Note 2). 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 the 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, 2026 and December 31, 2025 follow (in billions):

<u>Division</u>	<u>2026</u>	<u>2025</u>
GSD	\$ 3,515	\$ 3,797
MBSD	567	544
	<u>\$ 4,082</u>	<u>\$ 4,341</u>

There were no defaults by Participants to these obligations in 2026 and 2025.

See Note 14 in FICC's Audited Financial Statements for the years ended December 31, 2025 and 2024 for additional information on the Company's guarantees.

### 13. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after March 31, 2026 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.