

National Securities 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

NATIONAL SECURITIES CLEARING CORPORATION

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NATIONAL SECURITIES CLEARING CORPORATION

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of March 31, 2026	As of December 31 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,419,857	\$ 13,430,714
Short-term investments	475,000	775,000
Accounts receivable - net of allowance for credit losses	55,007	47,224
Clearing Fund	17,661,517	10,992,764
Other Participants' assets	279	293
Other current assets	55,100	39,448
Total current assets	30,666,760	25,285,443
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$2,071 and \$2,047 as of March 31, 2026 and December 31, 2025, respectively	2,555	2,579
Intangible assets - net of accumulated amortization of \$86,562 and \$83,953 as of March 31, 2026 and December 31, 2025, respectively	50,877	46,976
Other non-current assets	11,193	26,933
Total non-current assets	64,625	76,488
TOTAL ASSETS	\$ 30,731,385	\$ 25,361,931
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Commercial paper - net of unamortized discount	\$ 7,902,596	\$ 9,114,409
Long-term debt, current portion	624,575	624,130
Accounts payable and accrued expenses	149,428	296,639
Clearing Fund	17,661,517	10,992,764
Payable to Participants	279	293
Other current liabilities	29,766	23,449
Total current liabilities	26,368,161	21,051,684
OTHER NON-CURRENT LIABILITIES:		
Long-term debt	3,568,479	3,583,990
Other non-current liabilities	13,210	9,717
Total non-current liabilities	3,581,689	3,593,707
Total liabilities	29,949,850	24,645,391
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	712,083	647,088
Total shareholder's equity	781,535	716,540
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 30,731,385	\$ 25,361,931

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 March 31,	
	2026	2025
REVENUES		
Clearing services	\$ 211,689	\$ 158,304
Wealth management services	34,092	32,964
Other services	2,760	2,529
Total revenues	<u>248,541</u>	<u>193,797</u>
EXPENSES		
Employee compensation and related benefits	67,813	59,948
Information technology	24,832	20,572
Professional and other services	38,326	36,030
Occupancy	4,078	3,268
Depreciation and amortization	3,074	3,865
General and administrative	10,080	8,539
Impairment of intangible assets	170	—
Total expenses	<u>148,373</u>	<u>132,222</u>
Total operating income	<u>100,168</u>	<u>61,575</u>
NON-OPERATING INCOME (EXPENSE)		
Interest income	273,406	312,511
Refunds to Participants	(150,770)	(154,021)
Interest expense	(134,931)	(149,907)
Other non-operating income, net	2,029	2,604
Total non-operating (expense)/income	<u>(10,266)</u>	<u>11,187</u>
Income before taxes	89,902	72,762
Provision for income taxes	24,907	20,887
Net income	<u>\$ 64,995</u>	<u>\$ 51,875</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, 2026	\$ 10	\$ 69,442	\$ 647,088	\$ 716,540
Net income	—	—	64,995	64,995
BALANCE - March 31, 2026	<u>\$ 10</u>	<u>\$ 69,442</u>	<u>\$ 712,083</u>	<u>\$ 781,535</u>

(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	<u>\$ 10</u>	<u>\$ 69,442</u>	<u>\$ 665,286</u>	<u>\$ 734,738</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 three months ended March 31,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 64,995	\$ 51,875
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	3,074	3,865
Impairment of intangible assets	170	—
Deferred income taxes	1,477	(354)
Accretion of discount on Commercial paper, net of associated interest paid	(43,231)	(8,565)
Accretion of discount and amortization of debt issuance costs	2,375	2,413
Net change in:		
Accounts receivable	(7,783)	3,031
Other assets	(15,653)	(19,703)
Accounts payable and accrued expenses	52,789	32,797
Other liabilities	6,633	(19,813)
Clearing Fund liabilities	6,509,652	2,982,059
Payable to Participants	(14)	(2,787)
Net cash provided by operating activities	<u>6,574,484</u>	<u>3,024,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Short-term investments	(475,000)	(650,000)
Maturities of Short-term investments	775,000	750,000
Capitalized software development costs	(7,121)	(4,829)
Net cash provided by investing activities	<u>292,879</u>	<u>95,171</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Commercial paper	11,111,560	13,075,468
Repayments of Commercial paper	(12,280,142)	(15,020,551)
Dividend on common stock	(200,000)	(150,000)
Net cash used in financing activities	<u>(1,368,582)</u>	<u>(2,095,083)</u>
Net increase in Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets	5,498,781	1,024,906
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>23,679,955</u>	<u>24,194,820</u>
Cash and cash equivalents, Participants' segregated cash, Clearing Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 29,178,736</u>	<u>\$ 25,219,726</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 130,650</u>	<u>\$ 112,176</u>
Income taxes paid - net of refunds	<u>\$ 16,809</u>	<u>\$ 53,567</u>

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

NATIONAL SECURITIES CLEARING CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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

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, 2025 and 2024, 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, 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.

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 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)

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.

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.

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	\$ 12,419,857	\$ 13,430,714	\$ 12,698,682
Participants' segregated cash	—	—	445
Clearing Fund cash deposits (see Note 4)	16,758,600	10,248,948	12,520,296
Cash in Other Participants' assets	279	293	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>\$ 29,178,736</u>	<u>\$ 23,679,955</u>	<u>\$ 25,219,726</u>

NATIONAL SECURITIES 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)

Common stock dividend. 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. On December 17, 2025, the Board of Directors approved a dividend in the amount of \$200 million from NSCC to DTCC, which was paid on January 14, 2026.

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.

NATIONAL SECURITIES 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"> 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.
<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"> 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 "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, but early adoption is permitted. The Company is evaluating the timing of adoption and impact on its financial statements and related disclosures.
<i>Issued September 2025</i>		
ASU 2025-11- Interim Reporting (Topic 270): Narrow-Scope Improvements	<ul style="list-style-type: none"> The amendment applies to all entities that provide interim financial statements. 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. 	<ul style="list-style-type: none"> Effective January 1, 2028 for interim reporting periods within annual reporting periods that begin after December 15, 2027. The Company is evaluating the impact on its financial statements and related disclosures.
<i>Issued December 2025</i>		
ASU 2025-09 - Derivatives and Hedging (Topic 815) - Hedge Accounting Improvements	<ul style="list-style-type: none"> The amendment applies to all entities that elect to apply hedge accounting under Topic 815. Provides clarification related to cash flow hedges of groups of forecasted transactions, hedging strategies involving choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments and dual hedging relationships involving foreign-currency-denominated debt. Requires enhanced documentation of risks, assessment methods on a prospective basis with optional transition accommodations for existing hedges. 	<ul style="list-style-type: none"> Effective January 1, 2027 for annual reporting periods. The Company is evaluating the impact on its financial statements and related disclosures.
<i>Issued November 2025</i>		

NATIONAL SECURITIES 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):

	<u>2026</u>	<u>2025</u>
Total deposits	\$ 17,661,517	\$ 10,992,764
Less: Required deposits	16,209,230	9,620,258
Excess deposits	<u>\$ 1,452,287</u>	<u>\$ 1,372,506</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 March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Cash ⁽¹⁾	\$ 16,758,600	\$ 10,248,948
U.S. Treasury Securities	902,917	743,816
Total	<u>\$ 17,661,517</u>	<u>\$ 10,992,764</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. INTANGIBLE ASSETS

The Company recognized impairment charges of \$170,000 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 \$170,000 carrying value of its internally developed software was not recoverable and exceeded its fair value.

6. COMMERCIAL PAPER

Details for Commercial paper as of March 31, 2026 and December 31, 2025 follow (in thousands, except percentages):

	<u>2026</u>	<u>2025</u>
Commercial paper - net of unamortized discount of \$18,004 and \$34,445 as of March 31, 2026 and December 31, 2025, respectively	\$ 7,902,596	\$ 9,114,409
Weighted-average interest rate	3.76 %	3.98 %

Interest expense on Commercial paper, included in Interest expense in the accompanying Statements of Income, was \$80,557,000 and \$101,261,000 for the three months ended March 31, 2026 and 2025, respectively.

NATIONAL SECURITIES 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. LONG-TERM DEBT

Details for Long-term debt as of March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Senior notes ⁽¹⁾	\$ 4,193,054	\$ 4,208,120
Less: Current portion of long-term debt	(624,575)	(624,130)
Non-current portion of long-term debt	<u>\$ 3,568,479</u>	<u>\$ 3,583,990</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.

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

2026	\$ 625,000
2027	1,750,000
2028	600,000
2029	625,000
2030	600,000
Thereafter	—
Total	<u>\$ 4,200,000</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 March 31, 2026 follow (in thousands, except percentages):

<u>Issue Date</u>	<u>Maturity</u>	<u>Payable</u>	<u>Rate</u>	<u>Principal Balance</u>	<u>Carrying Value</u>
November 21, 2022	November 21, 2027	Semi-annually	5.10%	\$ 600,000	\$ 598,716
May 30, 2023	May 30, 2028	Semi-annually	5.00%	600,000	595,205
June 26, 2024	June 26, 2026	Semi-annually	5.15%	625,000	624,575
June 26, 2024	June 26, 2029	Semi-annually	4.90%	625,000	629,476
May 20, 2025	May 20, 2027	Quarterly	Compounded SOFR plus 0.57%	400,000	398,796
May 20, 2025	May 20, 2027	Semi-annually	4.35%	750,000	747,497
May 20, 2025	May 20, 2030	Semi-annually	4.70%	600,000	598,789
				<u>\$ 4,200,000</u>	<u>\$ 4,193,054</u>

Details for the senior notes interest expense and amortization of discount and issuance costs for the three months ended March 31, 2026 and 2025, and weighted-average interest rate, and total unamortized debt issuance costs and discount as of March 31, 2026 and December 31, 2025 follow (in thousands):

	<u>2026</u>	<u>2025</u>
Total interest expense and amortization of discount and issuance costs	\$ 52,686	\$ 43,573
Weighted-average interest rate	4.79%	4.82%
Total unamortized debt issuance costs and discount	\$ 16,439	\$ 18,813

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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. LONG-TERM DEBT (CONTINUED)

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.

Details of the outstanding fair value hedges as of March 31, 2026 and December 31, 2025 follow (in thousands, except percentages):

Date Entered	Notional of Swap	Debt Amount Hedged	Fixed Rate Receivable	Floating Rate Payable	Fair Value in Other Assets / (Other Liabilities)	
					2026	2025
November 21, 2022	\$ 600,000	\$ 600,000	5.10 %	USD-Federal Funds-OIS Compound plus 1.365%	\$ 245	\$ 4,174
May 30, 2023	\$ 600,000	\$ 600,000	5.00 %	USD-Federal Funds-OIS Compound plus 1.4621%	(1,700)	2,638
June 26, 2024	\$ 625,000	\$ 625,000	4.90 %	USD-Federal Funds-OIS Compound plus 0.9138%	8,094	12,747
May 20, 2025	\$ 600,000	\$ 600,000	4.70 %	USD-Federal Funds-OIS Compound plus 0.99143%	2,854	7,374
					<u>\$ 9,493</u>	<u>\$ 26,933</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, 2025 and 2024, for the Company's concentration of credit risk related to interest rate swaps.

Line of credit. The Company maintains a committed line of credit, 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 March 31, 2026 and December 31, 2025 follow:

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

(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.

As of March 31, 2026 and December 31, 2025, there were no borrowings outstanding under the line of credit.

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7. LONG-TERM DEBT (CONTINUED)

Details for debt covenants related to the committed line of credit as of March 31, 2026 and December 31, 2025 follow:

	2026	2025
Minimum Net Worth	\$200 million	\$200 million
Minimum Clearing Fund deposits	\$1.5 billion	\$1.5 billion

As of March 31, 2026 and December 31, 2025, 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 March 31, 2026 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.

8. FAIR VALUE MEASUREMENTS

See Note 9 in NSCC'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
Assets:				
Clearing Fund				
U.S. Treasury Securities	\$ 902,917	\$ 902,917	\$ —	\$ —
Other non-current assets				
Interest rate swaps	11,193	—	11,193	—
Total	\$ 914,110	\$ 902,917	\$ 11,193	\$ —
Liabilities:				
Clearing Fund				
Securities liabilities	\$ 902,917	\$ 902,917	\$ —	\$ —
Other non-current liabilities				
Interest rate swaps	1,700	—	1,700	—
Total	\$ 904,617	\$ 902,917	\$ 1,700	\$ —

NATIONAL SECURITIES 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

8. FAIR VALUE MEASUREMENTS (CONTINUED)

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Clearing Fund				
U.S. Treasury Securities	\$ 743,816	\$ 743,816	\$ —	\$ —
Other non-current assets				
Interest rate swaps	26,933	—	26,933	—
Total	<u>\$ 770,749</u>	<u>\$ 743,816</u>	<u>\$ 26,933</u>	<u>\$ —</u>
Liabilities:				
Clearing Fund				
Securities liabilities	\$ 743,816	\$ 743,816	\$ —	\$ —
Total	<u>\$ 743,816</u>	<u>\$ 743,816</u>	<u>\$ —</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	\$12,419,857	\$12,419,857	\$12,419,857	\$ —	\$ —
Short-term investments	475,000	475,000	—	475,000	—
Clearing Fund:					
Cash deposits - Bank deposits	16,758,600	16,758,600	16,758,600	—	—
Other Participants' assets	279	279	279	—	—
Total	<u>\$29,653,736</u>	<u>\$29,653,736</u>	<u>\$29,178,736</u>	<u>\$ 475,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 7,902,596	\$ 7,902,596	\$ —	\$ 7,902,596	\$ —
Clearing Fund:					
Cash deposits - Bank deposits	16,758,600	16,758,600	16,758,600	—	—
Payable to Participants	279	279	279	—	—
Long-term debt	4,183,561	4,234,437	—	4,234,437	—
Total	<u>\$28,845,036</u>	<u>\$28,895,912</u>	<u>\$16,758,879</u>	<u>\$12,137,033</u>	<u>\$ —</u>

NATIONAL SECURITIES 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

8. FAIR VALUE MEASUREMENTS (CONTINUED)

	Carrying Amount	Total Fair Value	2025		
			Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 13,430,714	\$ 13,430,714	\$ 13,430,714	\$ —	\$ —
Short-term investments	775,000	775,000	—	775,000	—
Clearing Fund:					
Cash deposits - Bank deposits	10,248,948	10,248,948	10,248,948	—	—
Other Participants' assets	293	293	293	—	—
Total	<u>\$ 24,454,955</u>	<u>\$ 24,454,955</u>	<u>\$ 23,679,955</u>	<u>\$ 775,000</u>	<u>\$ —</u>
Liabilities:					
Commercial paper	\$ 9,114,409	\$ 9,114,409	\$ —	\$ 9,114,409	\$ —
Clearing Fund:					
Cash deposits - Bank deposits	10,248,948	10,248,948	10,248,948	—	—
Payable to Participants	293	293	293	—	—
Long-term debt	4,181,187	4,258,979	—	4,258,979	—
Total	<u>\$ 23,544,837</u>	<u>\$ 23,622,629</u>	<u>\$ 10,249,241</u>	<u>\$ 13,373,388</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.

9. 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.

10. 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

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10. 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 \$3,430,000 and \$3,060,000 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 NSCC were expense of \$540,000 and income of \$114,000 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.

11. 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	\$ 9,683	\$ 6,991
Increases/(Decreases):		
Prior period tax positions	(52)	388
Current period tax positions	215	285
Unrecognized tax benefit liabilities	<u>9,846</u>	<u>7,664</u>
Accrued interest	153	233
Ending balance	<u>\$ 9,999</u>	<u>\$ 7,897</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 \$4,140,000 as of March 31, 2026 and December 31, 2025.

See Note 12 in NSCC's Audited Financial Statements for the years ended December 31, 2025 and 2024 for additional information pertaining to the Company's income taxes.

12. 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.

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.

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NOTES TO FINANCIAL STATEMENTS

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

12. 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	\$ 272,740	\$ 272,700
Corporate contribution	136,370	136,350
Total requirement	<u>409,110</u>	<u>409,050</u>
Liquid net assets funded by equity	781,535	716,540
Excess	<u>\$ 372,425</u>	<u>\$ 307,490</u>

13. 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 March 31, 2026 and December 31, 2025 follow (in billions):

	<u>2026</u>	<u>2025</u>
NSCC	\$ 249	\$ 134

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

See Note 15 in NSCC's Audited Financial Statements for the years ended December 31, 2025 and 2024 for additional information on the Company's guarantees.

14. 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.