Santander US Capital Markets LLC and Subsidiary

Consolidated Statement of Financial Condition

As of June 30, 2023

(UNAUDITED)

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Santander US Capital Markets LLC and Subsidiary
(A Wholly Owned Subsidiary of Santander Holdings USA, Inc.)
June 30, 2023

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Assets	
Cash	$ 312,855,328
Cash segregated under federal and other regulations	355,376,049
Securities borrowed	1,370,366,412
Securities purchased under resale agreements	8,643,536,526
Deposits with and receivables from clearing organizations and clearing broker	2,989,671,329
Receivables from broker-dealers, financial institutions and clearing organizations	170,617,440
Receivables from customers	51,241,151
Receivables from affiliates	24,298,833
Financial instruments owned, at fair value (including securities pledged of $7,454,177,861)	7,909,659,983
Accrued interest receivable	47,664,139
Fixed assets and leasehold improvements, net	19,575,397
Goodwill and intangibles, net	195,953,546
Other assets	78,753,137
Total Assets	$ 22,169,569,270
Liabilities and Member's Equity	
Liabilities	
Loan payable	$ 25,000,000
Securities loaned	33,191,830
Securities sold under repurchase agreements	14,767,249,275
Payables to broker-dealers, financial institutions and clearing organizations	341,029,908
Securities sold not yet purchased, at fair value	2,452,392,018
Payables to customers	3,254,845,140
Accrued interest payable	30,877,107
Accrued expenses and other liabilities	142,552,857
Total Liabilities	21,047,138,135
Member's Equity:	
Total Member's Equity	1,122,431,135
Total Liabilities and Member's Equity	$ 22,169,569,270

See accompanying notes to statement of financial condition.

1. ORGANIZATION AND NATURE OF BUSINESS

Santander US Capital Markets LLC (formerly Amherst Pierpont Securities LLC), a limited liability company organized in Delaware, is wholly owned by Santander Capital Holdings LLC (formerly Pierpont Capital Holdings LLC), which in turn is wholly owned by Santander Holdings USA, Inc., which is wholly owned by Banco Santander, S.A., a Spanish banking corporation (the "Ultimate Parent").

On April 11, 2022, Santander Holdings USA, Inc. ("SHUSA"), acquired Pierpont Capital Holdings LLC ("PCHL"), the former parent company of Amherst Pierpont Securities LLC ("APS"), a leading institutional fixed-income broker dealer. In February 2023, Santander Investment Securities Inc. ("SIS") merged with and into APS, and APS was renamed Santander US Capital Markets LLC ("SanCap") (the "Company"). Also in February 2023, PCHL was renamed Santander Capital Holdings LLC ("SCH") (the "Parent").

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is also registered with the Commodity Futures Trading Commission ("CFTC") as a Futures Commission Merchant ("FCM") and is a member of the National Futures Association ("NFA"), the New York Stock Exchange LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT").

The Company is a clearing member of the Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), Commodity Exchange, Inc. ("COMEX") and Intercontinental Exchange ("ICE"). The Company clears and executes futures transactions for a customer, the Ultimate Parent, in the various U.S. futures and commodities exchanges on an omnibus basis. As a clearing member of the CME, the Company clears interest rate swap ("IRS") transactions for its affiliate.

The Company clears the majority of its business on a delivery versus payment ("DVP") and receive versus payment ("RVP") basis.

The Company's business activities include investment banking, institutional sales and trading. The Company clears its U.S. securities transactions through a third-party broker-dealer (the "Clearing Broker") on a fully disclosed basis. International securities transactions are cleared through affiliates and other third parties.

The accompanying consolidated statement of financial condition refer to SanCap and its subsidiary, Freedom Depository LLC, ("FDLLC"), together as the "Company". FDLLC, a limited liability company, was organized with the sole purpose of facilitating securitizations through the issuance and sale of securities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's consolidated statement of financial condition include the accounts of the Company and its subsidiary. All material intercompany balances have been eliminated. The Company's consolidated statement of financial condition is presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of consolidated statement of financial condition requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates and could have a material impact on the statement of financial condition and accompanying notes.

Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from depository institutions, and interest-bearing deposits in other banks. Cash and cash equivalents have original maturities of three months or less and, accordingly, the carrying amount of these instruments is deemed to be a reasonable estimate of fair value.

Cash Segregated under Federal and Other Regulations

In accordance with Rule 15c3-3 of the Securities Exchange Act of 1934 (Rule 15c3-3) and segregation rules of the CFTC, the Company is obligated to segregate cash for the exclusive benefit of its customers (see Note 3).

Collateralized Agreements

Transactions involving borrowed securities, securities loaned, securities purchased under resale agreements ("resale agreements") or securities sold under agreements to repurchase ("repurchase agreements") are accounted for as collateralized agreements or financings. The Company has elected the fair value option for certain resale agreements and repurchase agreements. Resale and repurchase agreements which are part of a specific trading strategy and hedged by securities and derivatives are reported using the fair value option. For further discussion, please refer to Note 4 of the consolidated statement of financial condition. Securities borrowed and securities loaned are recorded at the amount of cash collateral deposited or received. It is the policy of the Company to obtain possession of collateral with a fair value equal to or in excess of the principal amount loaned under resale agreements. Collateral is valued daily, and the Company may require counterparties to deposit additional collateral or return collateral pledged when appropriate. Interest on such contracts is accrued and is included in the consolidated statement of financial condition in receivables from and payables to broker-dealers and clearing organizations.

Deposits with and Receivables from Clearing Organizations and Clearing Broker and Receivables from Broker-Dealers, Financial Institutions and Clearing Organizations

Deposits with and receivables from clearing organizations and clearing broker and receivables from broker-dealers, financial institutions and clearing organizations mainly include cash and U.S. treasuries deposited as margin as required by clearing organizations related to the Company's futures business. The deposits include cash of $3,017,861,398 and $273,331 to satisfy the Company's guaranty deposit requirements as a clearing member of such organizations and Clearing Broker, respectively.

The Company's receivables from broker-dealers and clearing organizations include amounts receivable from unsettled trades, including amounts related to futures and options on futures contracts executed on behalf of customers, amounts receivable for securities failed to deliver, accrued interest receivables and cash deposits. A portion of the Company's trades and contracts are cleared through a clearing organization and settled daily between the clearing organization and the Company. Because of this daily settlement, the amount of unsettled credit exposures is limited to the amount owed the Company for a very short period of time. The Company continually reviews the credit quality of its counterparties.

Receivables from and Payables to Customers

Customer securities transactions are recorded on a trade date basis. Receivables from and payables to customers include amounts due on cash and Delivery versus Payment and Receipt versus Payment (DVP/RVP) securities transactions, and cash deposits received from the futures customer to cover margin calls from commodity clearing organizations, and net unrealized gains and losses not yet remitted. Payables to customers are primarily cash deposits received related to the Company's commodities and futures business.

Financial Instruments Owned and Securities Sold, Not Yet Purchased, at Fair Value

The sales and trading of financial instruments are recorded on the trade date. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are reported net in the consolidated statement of financial condition. Financial instruments owned and securities sold, not yet purchased, are carried at fair value. The Company offsets long and short positions for a particular security recorded at fair value when the long and short positions have identical Committee on Uniform Security Identification Procedures numbers ("CUSIPs").

Fair Value Measurements

A portion of the Company's assets and liabilities are carried at fair value with changes in fair value recognized in earnings. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. These three levels of the fair value hierarchy are defined as follows, with Level 1 representing the most transparent inputs and Level 3 representing the least transparent inputs:

Level 1 – Unadjusted quoted prices in active markets for identical unrestricted assets or liabilities, accessible by the Company at the measurement date.

Level 2 – Quoted prices in markets that are not active or adjusted quoted prices in markets that are active, for which all significant inputs are observable, either directly or indirectly. The inputs are based on quoted market prices, broker or dealer quotations, or alternate pricing sources with reasonable level of price transparency.

Level 3 – Unobservable inputs that are significant to the fair value of financial assets or liabilities, which usually are based on the Company's own assumptions about the estimates used by other market participants in valuing similar financial instruments.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including for example, the type of security, the liquidity of markets, and other characteristics particular to the security.

The fair values of certain financial instruments including cash, securities borrowed and loaned, receivables from and deposits with clearing organizations and broker-dealers, security deposits, receivable from and payable to customers, accrued interest receivable and payable, payables to broker-dealers, and accrued payables are considered to approximate their respective carrying values due to their liquidity and short-term nature. These assets and liabilities are considered to be Level 2.

Determination of Fair Value

The following is a description of the Company's valuation methodologies for assets and liabilities measured at fair value.

U.S. Government and Federal Agency Securities

U.S. Treasury Securities: U.S. Treasury securities are measured based on quoted market prices and categorized within Level 1 of the fair value hierarchy.

U.S. Agency Issued Debt Securities: Callable and non-callable U.S. agency issued debt securities are measured primarily based on observed market price quotations and are generally categorized within Level 2 of the fair value hierarchy.

Residential Mortgage-Backed Securities

Agency and Non-agency residential mortgage-backed securities: U. S. Agency and Non-agency residential mortgage-backed securities include mortgage pass-through securities (fixed and adjustable rate), collateralized mortgage obligations and interest-only and principal-only securities and are generally measured based on observed market price quotations and categorized within Level 2 of the fair value hierarchy. In some instances, non-agency residential mortgage-backed securities are measured using inputs to a valuation methodology that include quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability either directly or indirectly for substantially the full term of the financial instrument. These securities are categorized within Level 2 of the fair value hierarchy. In addition, certain less illiquid securities with unobservable prices and valuation inputs are classified as Level 3.

Corporate Debt Securities and Foreign Sovereign Debt

Corporate bonds and foreign sovereign debt are measured primarily based on observed market price quotations including broker quotations, and where available, prices observed for recently executed market transactions. Corporate bonds measured using these valuation methods are categorized within Level 2 of the fair value hierarchy. In addition, certain less illiquid securities with trade restrictions or unobservable prices and valuation inputs are classified as Level 3.

Equity Securities

Equity securities are measured based on quoted market prices and categorized within Level 1 of the fair value hierarchy.

Resale and Repurchase Agreements

To estimate the fair value of resale and repurchase agreements, cash flows are first evaluated taking into consideration the value and relative availability of the underlying collateral which are then discounted using the appropriate market rates for the applicable maturity. As the inputs into the valuation are primarily based upon readily observable pricing information, such resale and repurchase agreements are classified within Level 2 of the fair valuation hierarchy.

Exchange Traded Futures and Options

Where quoted prices for identical instruments are available in an active market, instruments are classified in Level 1 of the fair valuation hierarchy. Level 1 instruments include exchange traded futures and options, for which there are quoted prices in active markets.

Fixed Assets and Leasehold Improvements

Fixed assets are carried at cost, net of accumulated depreciation. Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the asset of three to five years. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the asset or the remaining term of the related lease. Computer equipment and software are depreciated on a straight-line basis over the estimated useful life of the asset of three years.

Depreciation for furniture, fixtures, computer equipment and amortization for leasehold improvements and capitalized software commence on the date placed into service. Furniture, fixtures and computer equipment is depreciated on a straight-line basis using estimated useful lives of one to five years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease. Capitalized software costs are amortized based on straight-line basis over the estimated economic life, generally over three to five years.

For leases with an original term longer than one year, lease liabilities are initially recognized on the lease commencement date based on the present value of the future minimum lease payments over the lease term. A corresponding right-of-use ("ROU") asset is initially recognized equal to the lease liability adjusted for any lease prepayments, initial direct costs and lease incentives.

The discount rates used in determining the present value of leases represent the Company's collateralized borrowing rate considering each lease's term and currency for payment. The lease term includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Goodwill and Intangibles

Goodwill was acquired through the acquisition of the Company by the Parent and represents the excess of the purchase price over the fair value of net tangible assets and identifiable intangible assets. The goodwill and intangible assets were pushed down to the Company by the Parent upon the merger of the Company and SIS on February 3, 2023. The Company evaluates goodwill for impairment on an annual basis as of September 30 and in interim periods when events or changes indicate the carrying value may not be recoverable. The Company has the option of performing a qualitative assessment of goodwill for any of its reporting units to determine whether it is more likely than not that the fair value is less than the carrying value of a reporting unit. If it is more likely than not that the fair value exceeds the carrying value of the reporting unit, then no further testing is necessary; otherwise, the Company must perform a quantitative assessment of goodwill. The Company may elect to bypass the qualitative assessment and proceed directly to performing a quantitative assessment.

The Company currently does not have any intangible assets with indefinite lives other than goodwill. The Company evaluates intangible assets with finite lives for impairment on an annual basis or when events or changes indicate the carrying value may not be recoverable. The Company also evaluates the remaining useful lives of intangible assets with finite lives each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization.

For additional information on goodwill and other intangibles, see Note 9.

Other Assets and Other Liabilities

The Company periodically evaluates the carrying value of other assets to determine if events or circumstances exist indicating that other assets may be impaired. Other assets include the Company's underwriting receivable activity, ownership interests in ICE which consist of shares purchased as membership and a seat on that exchange, and prepaid expenses. The shares and the seat are reflected at cost, or if an other-than temporary impairment in value has occurred, at a value that reflects management's estimate of the impairment, in the statement of financial condition.

Underwriting and syndicate fee receivables represent fee income receivables resulting from capital markets activities of $28,794,391. Underwriting and syndicate fee receivables are measured at amortized cost basis less expected credit losses. At June 30, 2023, there were no allowances for these receivables.

Deferred shares upfront payment represents payments made to the Ultimate Parent for shares of the Ultimate Parent to be distributed in the future under the deferred compensation plan (see Note 16).

Voluntary deferred compensation represents amounts under a non-qualified deferred compensation arrangement in which funds are invested in an irrevocable trust to be held for the benefit of employees for retirement purposes, commonly known as a “Rabbi Trust”, and is recorded in other assets at fair value (see Note 4). A corresponding liability of the same amount is included in accrued compensation and benefits in the statement of financial condition. In the event of the Company’s insolvency, the assets become part of the Company’s assets for creditors and the liabilities become part of general creditor liabilities.

Other liabilities include accrued compensation, other accrued expenses, lease liabilities and cash collateral received from counterparties.

Foreign Currency

Assets and liabilities denominated in foreign currencies are remeasured into US dollar equivalents at spot foreign exchange rates prevailing as of the date of the consolidated statement of financial condition.

Income Taxes

Under applicable federal and state laws, the taxable income or loss of a limited liability company is allocated to each member based upon its ownership interest. Each member’s tax status, in turn, determines the appropriate income tax for its allocated share of taxable income or loss.

Recent Accounting Pronouncements

Since January 1, 2023, the Company has not adopted any new accounting standards that had a material impact on the Company’s financial position or results of operations.

3. CASH SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS

At June 30, 2023, cash of $35,000,000 has been segregated on behalf of customers pursuant to the reserve formula requirements of Rule 15c3-3. In addition, cash of $320,376,048 has been segregated pursuant to Regulation 1.20 under the Commodity Exchange Act.

4. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets:				
U.S. Treasuries	$ 1,028,052,189	$ -	$ -	$ 1,028,052,189
U.S. Government agency debt	-	411,262,887	-	411,262,887
Mortgage-backed securities - US agency	-	5,792,474,252	-	5,792,474,252
Mortgage-backed securities - Non-agency	-	85,991,379	2,215,783	88,207,162
Corporate debt securities	-	366,211,467	-	366,211,467
Foreign sovereign debt	-	-	-	-
Other debt securities	-	184,694,519	365,774	185,060,293
Equity securities	3,243,438	-	-	3,243,438
Exchange traded options	9,149,848	-	-	9,149,848
Forward settling securities trades	-	25,998,447	-	25,998,447
Total financial assets	$ 1,040,445,475	$ 6,866,632,951	$ 2,581,557	$ 7,909,659,983
Resale agreements	$ -	$ 1,596,541,264	$ -	$ 1,596,541,264
Other assets				
Money market funds	$ 10,055	$ -	$ -	$ 10,055
Mutual funds	1,249,046	-	-	1,249,046
Total other assets	$ 1,259,101	$ -	$ -	$ 1,259,101
Financial liabilities:				
U.S. Treasuries	$ 2,041,730,499	$ -	$ -	$ 2,041,730,499
U.S. Government agency debt	-	97,948,066	-	97,948,066
Mortgage-backed securities - US agency	-	11,865,684	-	11,865,684
Mortgage-backed securities - Non-agency	-	-	-	-
Corporate debt securities	-	260,622,898	230,194	260,853,092
Equity securities	704,170	-	-	704,170
Exchange traded options	9,846,874	-	-	9,846,874
Forward settling securities trades	-	29,443,633	-	29,443,633
Total financial liabilities	$ 2,052,281,543	$ 399,880,281	$ 230,194	$ 2,452,392,018
Repurchase agreements	$ -	$ 765,001,092	$ -	$ 765,001,092

The Company assesses its financial instruments on a periodic basis to determine the appropriate classifications within the fair value hierarchy and any transfers of financial instruments among levels are considered to be effective as of the end of the reporting period.

There are no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2023.

US GAAP requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. Certain financial instruments that are not carried at fair value on the balance sheet are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. These instruments include cash, receivables from broker-dealers and financial institutions, receivables from customers, receivable from affiliates, other assets, payables to broker-dealers and financial institutions, payables to customers, and accrued expenses and other liabilities.

Fair Value Option for Resale and Repurchase Agreements

FASB ASC 825, Financial Instruments, provides an option that allows entities to elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value are recognized in earnings as they occur for those assets and liabilities for which the election is made. The election is made on an instrument-by-instrument basis at the initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. Certain resale and repurchase agreements that are part of a specific trading strategy and hedged by securities and derivatives are reported using the fair value option. At June 30, 2023, resale agreements totaled $8,639,897,974, of which $1,596,541,264 was treated under the fair value option and repurchase agreements totaled $14,796,802,554 of which $765,001,092 was treated under the fair value option.

5. DERIVATIVES ACTIVITIES

Derivatives contracts are financial instruments whose value is based upon the value of the underlying asset prices, indices, reference rates or any combination of these factors. The Company uses exchange-traded options and futures, credit default swaps, and forward settling securities trades as part of its trading business, as well as to actively manage risk exposures that arise from its trading in cash instruments. Unrealized gains and losses on these derivative contracts are recognized currently in the consolidated statement of income as principal transactions. The Company does not apply hedge accounting as defined in FASB ASC 815 because all financial instruments are recorded at fair value with changes in fair values reflected in net income.

Futures and Forwards. Contracts that commit counterparties to purchase or sell financial instruments, commodities or currencies in the future.

Swaps. Contracts that require counterparties to exchange cash flows such as currency or interest payment streams. The amounts exchanged are based on the specific terms of the contract with reference to specified rates, financial instruments, commodities, currencies or indices.

Options. Contracts in which the option purchaser has the right, but not the obligation, to purchase from or sell to the option writer financial instruments, commodities or currencies within a defined time period for a specified price.

Forward Settling Securities and Repo Trades. The Company's activities in forward settling trades include transactions in securities that are to be announced ("TBAs") and transactions in which the settlement date is a date beyond the time generally established by regulations or conventions in the market place or exchange in which the transaction is executed. These financial instruments expose the Company to varying degrees of market and credit risk.

The Company records its derivative trading activities at fair value. Derivative assets and liabilities related to exchange traded options and forward trades are presented net, when the right of offset exists, and are included in "Financial instruments owned, at fair value" and "Securities sold, not yet purchased, at fair value," respectively in the consolidated statement of financial condition. Derivative assets and liabilities related to futures and credit default swaps are the result of margin placed with brokers and are included in Receivable from broker dealers and clearing organizations in the consolidated statement of financial condition. Exchange traded options are considered Level 1 in the valuation hierarchy and forward trades, futures and credit default swaps are considered Level 2 in the valuation hierarchy.

	June 30, 2023		
	Notional Value	**Asset Derivatives**	**Liability Derivatives**
Exchange traded futures and credit default swaps	$ 4,510,230,000	$ 560,422	$ 18,008,753
Exchange traded options	146,500,000	9,149,847	9,846,875
Forward settling securities trades	16,744,523,737	25,438,025	11,434,880
Forward settling repos and resales	19,194,141,566	-	-
	$ 40,595,395,303	$ 35,148,294	$ 39,290,508

6. RECEIVABLES FROM AND PAYABLES TO BROKER-DEALERS, FINANCIAL INSTITUTIONS AND CLEARING ORGANIZATIONS

Receivables from and payables to broker-dealers, financial institutions and clearing organizations consisted of the following at June 30, 2023:

	Receivables	Payables
Receivables/payables related to pending trades, net	$ -	$ 122,520,929
Receivables from/payables to broker-dealers	215,573	5,721,227
Commodities and clearing brokers	51,746,332	101,160,643
Securities failed to deliver/receive	55,896,486	76,439,027
Accrued interest	62,759,049	35,188,082
	$ 170,617,440	$ 341,029,908

The Company clears U.S. securities transactions through the Clearing Broker and international securities transactions through foreign affiliates and broker-dealers. Receivables from brokers, dealers, financial institutions, and clearing organizations represent affiliate and non-affiliate balances.

Securities failed to deliver and receive represent the contract value of securities that have not been delivered or received by the Company on settlement date.

7. RECEIVABLES FROM AND PAYABLES TO CUSTOMERS

At June 30, 2023, receivables from customers includes securities trades that have reached contractual settlement of $43,168,965, cash collateral related to off-balance sheet transaction of $928,000 and other receivables of $2,025,972.

At June 30, 2023, payables to customers includes credit balances related to securities trades which have reached the contractual settlement date of $58,520,286, excess cash collateral received related to off-balance sheet transactions of $282,773, and other payables of $2,002,933.

8. COLLATERALIZED AGREEMENTS

The Company has pledged $7,454,177,861 of its financial instruments owned to counterparties that have the right to repledge these securities. The Company has no financial instruments pledged to counterparties that do not have the right to repledge the securities.

The Company has the right to sell or repledge all of the securities it has received under securities borrowed and securities resale agreements. These repledged securities have been used in the normal course of business.

At June 30, 2023, the Company has securities borrowed, resale agreements, securities loaned and repurchase agreements as follows:

	Securities Borrowed	Resale Agreements
Gross balance	$ 1,370,366,412	$ 40,505,469,309
Fair value of collateral received	$ 1,345,356,977	$ 40,578,777,045

	Securities Loaned	Repurchase Agreements
Gross balance	$ 33,191,830	$ 46,629,182,059
Fair value of collateral pledged	$ 33,980,350	$ 46,948,368,238

The Company's counterparties to its repurchase agreements have the right by contract to sell or re-pledge the Company's pledged securities. At June 30, 2023, the Company had off-balance sheet forward commitments to enter into resale and repurchase agreements in the amounts of $7,307,198,123 and $11,886,943,443, respectively.

The Company has had no transfers accounted for as sales in transactions that are economically similar to repurchase agreements during the six months ended June 30, 2023. The Company has no repurchase to maturity transactions as of June 30, 2023.

The following table summarizes, by tenor and underlying collateral, repurchase agreements and securities loaned transactions accounted for as secured borrowings as of June 30, 2023:

	June 30, 2023				
	Remaining Contractual Maturity of the Agreements				
Repurchase agreements	Overnight and Continuous	Up to 30 Days	31 - 90 Days	Greater than 90 Days	Total
U.S. Treasury securities	$ 15,885,308,658	$ 3,202,738,835	$ 5,298,022,653	$ 3,380,875,000	$ 27,766,945,146
Mortgage-backed securities	4,578,113,261	4,179,725,523	4,953,097,527	4,000,000,392	17,710,936,703
Other	299,089,502	114,398,260	663,161,764	74,650,685	1,151,300,211
Total repurchase agreements	$ 20,762,511,421	$ 7,496,862,618	$ 10,914,281,944	$ 7,455,526,077	$ 46,629,182,060
Securities loaned					
U.S. Treasury securities	$ -	$ -	$ -	$ -	$ -
Mortgage-backed securities	-	-	-	-	-
Other	33,191,830	-	-	-	33,191,830
Total securities loaned	$ 33,191,830	$ -	$ -	$ -	$ 33,191,830
Gross amount of repurchase agreements and securities lending transactions accounted for as secured borrowings	$ 20,795,703,251	$ 7,496,862,618	$ 10,914,281,944	$ 7,455,526,077	$ 46,662,373,890
Netting applied in accordance with applicable accounting guidance					(31,861,932,785)
Repurchase agreements and securities lending transactions reported in the consolidated statement of financial condition					$ 14,800,441,105

Offsetting of Collateralized Agreements

To manage exposure to credit risk associated with securities financing transactions, the Company may enter into master netting agreements and collateral arrangements with counterparties. Generally, transactions are executed under standard industry agreements, including, but not limited to, master securities lending agreements (securities lending transactions) and master repurchase agreements (repurchase transactions). A master agreement creates a single contract under which all transactions between two counterparties are executed allowing for trade aggregation and a single net payment obligation. Master agreements provide protection in bankruptcy in certain circumstances and, where legally enforceable, enable receivables and payables with the same counterparty to be settled or otherwise eliminated by applying amounts due against all or a portion of an amount due from the counterparty or a third party. In addition, the Company enters into customized bilateral trading agreements and other customer agreements that provide for the netting of receivables and payables with a given counterparty as a single net obligation.

In the event of the counterparty's default, provisions of the master agreement permit acceleration and termination of all outstanding transactions covered by the agreement such that a single amount is owed by, or to, the non-defaulting party. In addition, any collateral posted can be applied to the net obligations, with any excess returned; and the collateralized party has a right to liquidate the collateral. Any residual claim after netting is treated along with other unsecured claims in bankruptcy court.

The following table summarizes collateralized transactions at June 30, 2023:

	Gross Amount	Gross Amounts Offset in the Statement of Financial Condition	Net Amount Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition (a)		Net Amount
				Financial Instruments	Cash Collateral Received	
Assets:						
Derivatives	$ 37,250,131	$ (2,101,837)	$ 35,148,294	$ 35,148,294	$ -	$ 35,148,294
Securities borrowed	1,370,366,412	-	1,370,366,412	1,370,366,412	-	1,370,366,412
Resale agreements	40,505,469,309	(31,861,932,785)	8,643,536,524	8,643,536,524	-	8,643,536,524
Liabilities:						
Derivatives	41,392,345	(2,101,837)	39,290,508	39,290,508	-	39,290,508
Securities loaned	33,191,830	-	33,191,830	33,191,830	-	33,191,830
Repurchase agreements	46,629,182,060	(31,861,932,785)	14,767,249,275	14,767,249,275	-	14,767,249,275

(a) Under master netting agreements with our counterparties, we have the legal right of offset with a counterparty, which incorporates all of the counterparty's outstanding rights and obligations under the arrangement. These balances reflect additional credit risk mitigation that is available by counterparty in the event of a counterparty's default, but which are not netted in the consolidated statement of financial condition because other netting provisions of U.S. GAAP are not met.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill is evaluated for impairment on an annual basis as of September 30 and in interim periods when events or changes indicate the carrying value may not be recoverable. The Company operates under a single reporting unit, Corporate and Investment Bank. At June 30, 2023, all of the $170,540,316 of goodwill was allocated to this unit.

Other Intangible Assets

The following table summarizes the Company's other intangible assets with finite lives consisting of customer relationships and technology related assets:

	Gross intangible asset	Accumulated amortization	Intangible assets, net
Customer relationships	$ 25,315,900	$ (3,442,802)	$ 21,873,098
IT intangibles	6,000,000	(2,423,868)	3,576,132
	$ 31,315,900	$ (5,866,670)	$ 25,449,230

10. FIXED ASSETS AND LEASEHOLD IMPROVEMENTS, NET

Fixed assets and leasehold improvements, net consisted of the following at June 30, 2023:

	Cost	Accumulated Depreciation	Fixed assets and leasehold improvements, net
Computer equipment and software	$ 34,707,358	$ 18,734,410	$ 15,975,948
Leasehold improvements	17,229,554	13,916,604	3,312,950
Furniture and office equipment	1,478,977	1,192,478	286,499
	$ 53,415,889	$ 33,840,492	$ 19,575,397

The Company leases office space under operating leases with maturity dates ranging from October 2023 to March 2028. Some of the leases may include an option to renew the lease, but the Company generally does not include optional periods as part of the lease term, unless it is reasonably certain that the Company will exercise the option(s). The Company generally prepays the rent. In addition to rent payments, the operating leases may also require payment for real estate taxes, insurance costs, common area maintenance, and utilities. These payments typically are not fixed. The Company accounts for these costs as variable payments and excludes them from the monthly fixed rent payment amounts included in the lease liability calculations.

The operating lease liability consists of the fixed rental payments discounted to present value using the Company's incremental borrowing rate (IBR) for each lease, as the rate implicit in the lease is generally not readily determinable.

The Company has elected to account for lease components and non-lease components associated with its leases (e.g., common area maintenance costs) as a single lease component for its real estate and equipment leases, as permitted by the lease accounting guidance. Additionally, the Company has also elected the short-term lease exemption, which exempts the Company from recognizing the right-of-use assets and lease liabilities for leases with terms of 12 months or less.

At June 30, 2023, the Company's right of use asset and lease liabilities are $3,173,221 and $3,316,329, respectively.

The following table summarizes the Company's weighted-average remaining lease term and the weighted-average discount rate as of June 30, 2023:

	June 30, 2023
Weighted-average remaining lease term	2.8 Years
Weighted-average discount rate	6.09%

The following table presents the maturity analysis of the Company's operating lease liabilities as of June 30:

Maturity of Lease Liabilities at June 30,		
2023	$	1,478,474
2024		760,083
2025		509,911
2026		308,632
2027		302,157
Thereafter		204,874
Total lease payments		3,564,131
less: interest		(236,439)
Present value of lease liabilities	$	3,327,692

11. SUBORDINATED AND UNSUBORDINATED LOAN AGREEMENTS

Subordinated borrowings are subordinated to all existing and future claims of all non-subordinated creditors of the Company and constitute part of the Company's net capital under the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934 (Rule 15c3-1). Subordinated borrowings may be repaid only if, after giving effect to such repayment, the Company meets the net capital requirements.

The Company has a Revolving Note and Cash Subordination Agreement (Revised Subordinated Revolver on May, 21, 2021) with SHUSA for up to $750,000,000 bearing a floating rate with an expiration date of December 20, 2025. Borrowings under the Revised Subordinated Revolver bear interest at Overnight SOFR + 180 bps. The Company also pays a commitment fee of 50 bps on the undrawn balance.

At June 30, 2023, commitment fee payable of $309,722 was included in accrued expense and other liabilities in the statement of financial condition (see Note 14).

An unsecured liquidity line was established on May 21, 2021 with SHUSA to support the settlement of billing and delivery roles in underwriting transactions. On November 12, 2021, the Company amended the liquidity line (Revised Liquidity Agreement) with SHUSA and increased the line for up to $4,000,000,000. The new rate of borrowing under the Revised Liquidity Agreement is 1 month Libor + 110bps until June 19, 2023, and thereafter a 1-month SOFR + 121.448bps. The company also pays a fee of 3 bps on the undrawn balance. At June 30, 2023, fee payable of $105,679 was included in accrued expense and other liabilities in the statement of financial condition (see Note 14).

The Company has a committed unsecured operating line of credit with SHUSA of $150,000,000. The rate on the unused portion of this commitment is 0.75% per annum. At June 30, 2023, Loan payable of $25,000,000 was borrowed from SHUSA for operating purposes under this facility. The rate on this borrowing is 5.50%. At June 30, 2023, commitment fee payable of $201,563 was included in accrued expense and other liabilities in the statement of financial condition (see Note 14).

12. OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company's activities involve execution of various securities and futures transactions as principal or agent. These activities may expose the Company to risk in the event counterparties are unable to fulfill their contractual obligations. The Company's counterparties include customers and certain related entities, generally U.S. institutional investors, and broker-dealers that are members of major regulated exchanges.

The Company records customer securities and futures transactions in conformity with the settlement cycle of the respective country, which is generally one to five business days after trade date. The Company is therefore exposed to off-balance-sheet risk of loss on unsettled transactions in the event customers and other counterparties are unable to fulfill their contractual obligations.

The Company seeks to control the risks associated with these activities by requiring the counterparty to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requests counterparties to deposit additional collateral, or reduce securities or other positions when necessary.

At June 30, 2023, the Company maintained cash with major financial institutions, which at times, may exceed federally insured limits set by the Federal Deposit Insurance Corporation.

13. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Contingent Liabilities

The Company has entered into employment contracts in which the Company agreed to make guaranteed cash payments totaling $470,000 of which $410,000 is payable in 2024 and $60,000 is payable in 2025.

Representation, Warranties and Contingencies

In the normal course of business, the Company may be named, from time to time, as a defendant in various legal actions, including arbitrations class actions and other litigation, arising in connection with its activities as a broker-dealer. The Company may also be involved, from time to time, in other reviews, investigations, and proceedings (formal and informal) by governmental and self-regulatory agencies regarding the Company's business.

The Company evaluates the outcome of each contingent matter as appropriate. A liability is established when the loss contingency is probable and the amount is estimable. In many proceedings, however, it is inherently difficult to predict the eventual outcome of the pending matters, the timing of the ultimate resolution of the matters, or the eventual loss, fines or penalties related to the matter.

The Company does not believe, based on current knowledge and after consultation with counsel, that the outcome of such pending matters will have a material adverse effect on the Company's financial position, liquidity or results of operations.

Guarantees

In the normal course of business, the Company provides guarantees to clearing houses and exchanges. These guarantees generally are required under the standard membership agreements, such that members are required to guarantee the performance of other members. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral. The Company's liability under these arrangements is not quantifiable and could exceed the collateral amount posted. However, the potential for the Company to be required to make payments under such guarantees is deemed remote. Accordingly, no contingent liability was recorded in the statement of financial condition as of June 30, 2023.

Other

The Company executes certain transactions primarily on an agency basis through its Clearing Broker. The Company maintains a collateral deposit at the Clearing Broker in the form of cash. In the event a customer fails to fulfill its obligation, the Company's Clearing Broker has the right to deduct any loss or expense incurred from the deposit account. At June 30, 2023, cash of $273,331 was on deposit at the Clearing Broker and included in deposits with and receivables from clearing organizations and Clearing Broker in the statement of financial condition. The Company did not record any liabilities under this arrangement as of June 30, 2023.

Direct and indirect effects of the COVID-19 outbreak continue to impact the global economy, markets, and the Company's counterparties and clients. The Company has taken actions to mitigate the impacts of COVID-19. Although the Company cannot predict COVID-19's potential future direct or indirect effects, the Company's results have not been materially negatively impacted by COVID-19's effects.

14. RELATED-PARTY TRANSACTIONS

As of June 30, 2023, the related-party balances consisted of the following:

Assets:		
Receivables from broker-dealers, financial institutions and clearing organizations	$	18,649,983
Receivables from affiliates		24,298,833
Other assets		2,554,571
Liabilities:		
Payables to broker-dealers, financial institutions and clearing organizations	$	225,160
Payables to customers		3,191,207,691
Accrued expenses and other liabilities		45,417,928

In the normal course of business, the Company enters into transactions with its affiliates. The Company executes and clears securities and futures transactions on behalf of its affiliates and earns commissions on such services performed. The Company also executes, clears and custodies certain of its securities transactions through various affiliates in Latin America and Europe. Pursuant to such arrangements the affiliates pay the Company for commissions and the Company pays the affiliates for clearance and execution services received. At June 30, 2023, commissions receivable from affiliates of $598,680 was included in receivables from affiliates in the statement of financial condition. Also included in accrued expenses and other liabilities was payable to affiliates for clearance and execution services in the amount of $35,000 at June 30, 2023.

The Company participates in various underwriting activities for its affiliates and fees earned are included in investment banking in the statement of operations. At June 30, 2023, the related receivables of $1,701,228 were included in other assets in the statement of financial condition.

The Company earns revenues from investment and other services performed for certain affiliates under service level agreements. At June 30, 2023, receivables of $1,363,378 was included in receivables from affiliates in the statement of financial condition.

The Company also pays for services such as management, administrative support services, systems and risk management received from its affiliates including the Parent and the Ultimate Parent under service agreements. At June 30, 2023, there was no payable balance that was included in accrued expenses and other liabilities. In addition, the Company also provides operational services to its New York affiliate, which also makes certain payments on behalf of the Company and the Company remits the payment later. Receivables from and payables to its New York affiliate arising from the above arrangements are settled net. At June 30, 2023, the net receivable from the New York affiliate of $2,605,120 was included in receivables from affiliates in the statement of financial condition.

Membership in Exchange -The Ultimate Parent was approved under CME Rule 106.1, as an Affiliated Member Firm and owns the membership under this rule. The Company is a clearing member of the CME at no cost since the membership is owned by the Ultimate Parent and the business is performed exclusively for its benefit.

15. INCOME TAXES

The Company has not elected to allocate current and deferred taxes of SHUSA and, as such, no current or deferred income tax balances are recognized within the Company's statement of financial condition as of June 30, 2023.

The Company has analyzed its income tax positions for tax years open to examination by tax authorities and has determined no material uncertain tax positions exists as of June 30, 2023.

16. DEFERRED COMPENSATION AND BENEFIT PLANS

The Company is a participant, in conjunction with other affiliates, in a defined benefit pension plan and post-retirement benefit plan sponsored by Banco Santander S.A., New York Branch (the "Plan Sponsor"), covering substantially all employees. Benefits are based on years of service and the average compensation during the five highest paid consecutive calendar years. The funding policy is to contribute the annual pension costs accrued, but not less than the Employee Retirement Income Security Act of 1974 minimum and not more than the maximum amount deductible for tax purposes. Allocations of plan costs, assets, actuarial gains, and elements of plan performance between the affiliates have been determined by an actuary. Effective December 31, 2010, the defined benefit pension plan was frozen. As of June 30, 2023, the Company had no share of pension liability.

The Company also participates with other affiliates, in an employee deferred compensation plan sponsored by Santander Holdings USA, covering substantially all employees, which qualifies under Section 401(k) of the Internal Revenue Code.

In 2010, the Ultimate Parent established and approved a deferred compensation plan that the Company participates in. In accordance with the plan, distributions (whether payable in cash or shares of Ultimate Parent common stock) will be made in three equal installments over a three-year period, if the employee remains employed at the Company or an affiliate of Santander Group through the applicable payment date. Upon each award, the Company also makes upfront payment for the shares to be distributed in the future of $2,431,827. At June 30, 2023, deferred compensation liability of $3,850,538, was included in accrued compensation and benefits in the statement of financial condition.

17. VARIABLE INTEREST ENTITIES

Variable interest entities ("VIEs") are entities in which equity investors lack the characteristics of a controlling financial interest. VIEs are consolidated by the primary beneficiary. The primary beneficiary is the party who has both (1) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (2) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity.

The Company determines whether it is the primary beneficiary of a VIE upon initial involvement with the VIE and reassess whether it is the primary beneficiary of a VIE on an ongoing basis. The determination of whether the Company is the primary beneficiary of a VIE is based upon the facts and circumstances for each VIE and requires significant judgment.

Considerations in determining the VIE's most significant activities and whether the Company has the power to direct those activities include, but are not limited to, the VIE's purpose and design and the risks passed through to investors, the voting interests of the VIE, management, service and/or other agreements of the VIE, involvement in the VIE's initial design and the existence of explicit or implicit financial guarantees.

Variable interests in a VIE are assessed both individually and in aggregate to determine whether the Company has an obligation to absorb losses of or a right to receive benefits from the VIE that could potentially be significant to the VIE. The determination of whether the Company's variable interest is significant to the VIE requires significant judgment. In determining the significance of the Company's variable interest, management considers the terms, characteristics and size of the variable interests, the design and characteristics of the VIE, the Company's involvement in the VIE and the Company's market-making activities related to variable interests.

FDLLC was formed for the limited purpose of purchasing assets and otherwise consummating and carrying out securitization activity for the Company. In the Company's securitization transactions, the Company transfers these assets to special purpose entities ("SPEs") and act as the placement or structuring agent for the beneficial interests sold to investors by the SPE. A significant portion of the Company's securitization transactions are securitization of assets issued or guaranteed by U.S. government agencies. These SPEs generally meet the criteria of variable interest entities; however the Company generally does not consolidate the SPEs as the Company is not considered the primary beneficiary for these SPEs.

The Company accounts for its securitization transactions as sales, provided it has relinquished control over the transferred assets. Transferred assets are carried at fair value with unrealized gains and losses reflected in principal transaction revenues in the consolidated statement of income prior to the identification and isolation for securitization. The Company generally receives cash proceeds in connection with the transfer of assets to an SPE.

Management has concluded that it is not required to consolidate the VIE's related to securitized transactions as the Company and FDLLC do not retain any economic interest in the transferred assets or an obligation to absorb losses or the right to receive benefits from the entity through the securitizations.

18. REGULATORY CAPITAL REQUIREMENTS

As a registered broker dealer, the Company is subject to SEC Rule 15c3-1, which requires the maintenance of minimum regulatory net capital. The Company utilizes the alternative method pursuant to Rule 15c3-1, which requires that the Company maintain minimum net capital equal to the greater of 2% of aggregate debit items arising from customer transactions, as defined, or $1,000,000.

As a FCM, the Company is subject to minimum capital requirements pursuant to Regulation 1.17 under the Commodity Exchange Act, which requires the maintenance of regulatory capital equal to the greater of $1,000,000, or 8% of the domestic and foreign domiciled customer and house risk maintenance margin performance bond requirements for all domestic and foreign futures and options on futures contracts, excluding the risk margin associated with naked long options positions.

As an OTC IRS clearing member, the Company is required to maintain a minimum capital with CME in the amount equal to the greater of the CFTC or SEC capital requirement, $50,000,000, or 20% of aggregate performance bond requirements for all customer and house accounts containing CME-cleared IRS positions.

As of June 30, 2023, the Company's net capital requirement pursuant to CEA CFTC 1.17 (FCM 8%) of $185,483,978 resulted in a greater regulatory net capital requirement than the SEC and CME 20% minimum requirement. As of June 30, 2023, the Company had regulatory net capital of $624,079,727 which was $437,756,576 in excess of the net capital requirement pursuant to SEC rule 15c3-1 of $186,323,151.