Capitolis Liquid Global Markets LLC

Statement of Financial Condition (Unaudited)

July 31, 2024

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Assets		
Cash and cash equivalents	$	76,720,622
Investments in securities, at fair value (cost $8,020,580,630)		8,445,883,280
Derivative contracts, at fair value		116,627,716
Dividends receivable		4,244,441
Securities borrowed under agreements to return		156,403,668
Interest receivable		530,399
Fees receivable		795,269
Total assets	$	8,801,205,395
Liabilities and Members' Equity		
Liabilities:		
Revolving loan facility from affiliated company	$	8,508,424,914
Obligation to return borrowed securities		156,403,668
Interest payable		28,438,621
Intercompany payable		4,194,938
Accrued expenses		1,243,363
Total liabilities		8,698,705,504
Members' equity		102,499,891
Total liabilities and equity	$	8,801,205,395

See accompanying notes to the statement of financial condition (unaudited)

Organization

Capitolis Liquid Global Markets LLC (the “Company”), a Delaware limited liability company, is a conditionally registered security-based swap dealer with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (“SEA”). The Company was incorporated on December 14, 2022, and conditionally registered with the SEC to become a security-based swap dealer effective January 3, 2023, and commenced trading operations on December 5, 2023. The Company is owned by Capitolis MAPS LLC ("CMAPS"), a Delaware limited liability company, which is a wholly owned subsidiary of Capitolis Inc. (the "Parent"), a financial technology company founded in November 2016.

The Company enters into security-based swaps with counterparties, which mainly consist of large global banks that are also registered as security-based swap dealers with the SEC or swap dealers that are registered with the CFTC. The security-based swaps typically take the form of total return swaps (“TRS”) referencing equity securities. The Company also engages in certain hedging activities involving the purchase, sale or borrow of securities referenced in the TRS, with an intention to remain net market risk neutral.

As of July 31, 2024, the Company has received $101.1 million in capital contributions, $28 million from the Parent through its subsidiary CMAPS and an additional $73.1 million in equity capital from an affiliate, which is a wholly owned subsidiary of the Parent.

Significant Accounting Policies

Basis of Presentation
The Company's financial statement is prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Use of Estimates
The preparation of the financial statement in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statement and related notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents consist of cash due on demand, as well as interest bearing deposits with original maturities of three months or less. The Company generally maintains all of its available cash and cash equivalents on deposit with large financial institutions. At times these deposits may exceed federally insured limits. As of July 31, 2024, cash equivalents included $35,220,000 held in money market fund accounts.

Investment Transactions
Investment transactions are accounted for on a trade-date basis.

Significant Accounting Policies (continued)

Income Taxes
The Company is classified and treated as a partnership for U.S. federal income tax purposes. The partners of the Company report their share of the Company's income and loss on their income tax returns.

The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. The Company is subject to income tax examinations by federal and state authorities since inception.

Investment in Securities

The Company holds equity securities that are traded on national securities exchanges and are valued at their last reported sales price. Investments in securities as of July 31, 2024 had a fair value of $8,445,883,280 (cost $8,020,580,630) with an associated unrealized gain of $425,302,650.

In certain cases, the terms of the TRS agreement between the Company and its counterparties require that the Company post margin in a form other than equity securities. Accordingly, pursuant to a Master Securities Lending Agreement, the Company pledged equity securities with a fair market value of $145,999,785, as collateral in exchange for a loan of U.S. Treasury notes and subsequently pledged the U.S. Treasury notes to the security-based swap counterparty to satisfy the margin requirement. In accordance with US GAAP, the U.S. Treasury notes, with a fair market value of $156,403,668 have been reflected as an asset with the corresponding liability reflecting the Company's obligation to return the U.S. Treasury notes in the accompanying Statement of Financial Condition as of July 31, 2024

Investments – Fair Value Measurement

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. The determination of fair value for assets and liabilities in this category requires significant management judgment or estimation.

Investments – Fair Value Measurement (continued)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Company's perceived risk of that instrument.

The following table summarizes the levels in the fair value hierarchy into which the Company's investments fall as of July 31, 2024.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 35,220,000	$ –	$ –	$ 35,220,000
Common stocks	8,068,937,945	–	–	8,068,937,945
American Depositary Receipts	86,742,200	–	–	86,742,200
Exchange traded funds	290,203,135	–	–	290,203,135
Total return swaps	–	116,627,716	–	116,627,716
U.S. Treasury notes	–	156,403,668	–	156,403,668
Total assets:	$ 8,481,103,280	$ 273,031,384	$ –	$ 8,754,134,664
Liabilities:				
U.S. Treasury notes	–	156,403,668	–	156,403,668
Total liabilities:	$ –	$ 156,403,668	$ –	$ 156,403,668

For the period ended July 31, 2024, there are no financial instruments classified within Level 3 and no transfers between levels.

Securities

Securities, American depository receipts and money market funds with values based on quoted market prices in active markets for identical assets are classified within level 1 of the fair value hierarchy. These securities include active listed equities. U.S. Treasury notes are non-exchange traded investments with a fair value based on the quoted market prices and are generally classified within level 2 of the fair value hierarchy.

Derivative Contracts

Derivative contracts can be privately negotiated over-the-counter ("OTC"). OTC derivatives, such as security-based swaps, with inputs that can generally be corroborated by market data are therefore classified within level 2. The Company's derivative financial instruments primarily consist of TRS. These instruments are recorded at fair value based on available market data and classified within level 2 of the fair value hierarchy.

In the normal course of business, the Company uses derivative contracts in connection with its proprietary trading activities. Derivative contracts are subject to additional risks that can result in a loss of all or part of the investment. The Company's derivative activities and exposure to derivative contracts are classified with the underlying risk of equity price movements. In addition to its primary underlying risk, the Company is also subject to additional counterparty risk due to inability of its counterparty to meet the terms of its contracts. The Company enters into TRS which involves the exchange by the Company and a counterparty of their respective commitments to pay or receive a net amount based on the change in fair value of a particular security and the notional amount of the swap contract.

The following table represents the Company's average month-end equity swap exposure amounts which are representative of the volume of its derivative activities during the period January 31, 2024 through July 31, 2024.

Primary underlying risk	Long exposure Notional amounts[1]	Short exposure Notional amounts[1]
Equity risk		
Total return swaps	$	$ 6,249,487,148

[1] Notional amounts presented for TRS are based on the fair value of the underlying shares.

The Company's equity swap short exposure amount outstanding as of July 31, 2024, was $8,445,883,280.

The following table identifies the fair value amounts of derivative contracts included in the Statement of Financial Condition at July 31, 2024. Balances are presented on a gross basis, before application of the effect of counterparty and collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to consider the effects of master netting arrangements and the offsetting cash collateral receivables and payables, if any, with the Company's counterparties.

Type of contracts	Derivative assets	Derivative liabilities
Equity risk		
Total return swaps	$ 154,939,390	$ 38,311,674
Gross total	**154,939,390**	**38,311,674**
Less: Effect of netting provisions	**(38,311,674)**	**(38,311,674)**
Total	**$ 116,627,716**	**$ –**

***Derivative Contracts* (continued)**

The Company is required to disclose the impact of offsetting assets and liabilities represented in the Statement of Financial Condition to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Company to another party are determinable, the Company has the right to set off the amounts owed with the amounts owed by the other party, the Company intends to set off, and the Company's right of setoff is enforceable at law.

The following table presents both gross and net information about derivative contracts eligible for offset on the Statement of Financial Condition as of July 31, 2024 when a legally enforceable master netting agreement or similar agreement exists:

				Gross Amounts not Offset in the Statement of Financial Condition		
Description	**Gross Amounts of Recognized Assets and Liabilities**	**Gross Amounts Offset in the Statement of Financial Condition**	**Net Amounts Presented in the Statement of Financial Condition**	**Financial Instruments**	**Collateral Received/Paid**	**Net Amount**
Derivative Assets						
Total return swaps	$ 154,939,390	$ (38,311,674)	$ 116,627,716	$ –	$ –	$ 116,627,716
Total	$ 154,939,390	$ (38,311,674)	$ 116,627,716	$ –	$ –	$ 116,627,716
Derivative Liabilities						
Total return swaps	$ 38,311,674	$ (38,311,674)	$ –	$ –	$ –	$ –
Total	$ 38,311,674	$ (38,311,674)	$ –	$ –	$ –	$ –

Securities Borrowed and Securities Loaned

Securities borrowing and lending agreements represent collateralized financing transactions and are generally documented under industry standard agreements. Securities borrow transactions require the Company to deposit cash or other collateral with the lender, and in securities loan transactions, the Company receives collateral, in the form of cash or other collateral, in an amount generally in excess of the market value of securities loaned. Securities borrowed and securities loaned are carried at the amounts of cash collateral advanced or received on a gross basis. The Company monitors the fair value of the securities loaned on a regular basis and adjusts the cash received, as appropriate. The initial collateral advanced or received approximates or is greater than the market value of securities borrowed or loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or returned, as necessary.

Accrued interest income and expense are recorded in interest and dividends receivable and interest and dividends payable, respectively, in accordance with US GAAP in the accompanying Statement of Financial Condition.

Related Party Transactions

In the normal course of business, the Company enters into transactions with related parties, including the Parent, and certain other affiliates. As of July 31, 2024, the net balance in due to related parties represents the net payable of $8,541,058,473.

Balances with related parties included on the Statement of Financial Condition are as follows:

Liabilities	**July 31, 2024**
Revolving loan facility with affiliated companies	$ 8,508,424,914
Interest payable on revolving loan	28,438,621
Intercompany payable	4,194,938

The Company entered into various funding agreements (the “Loan Agreements”) with its affiliate, Ionic Funding LLC (“Ionic”), a wholly-owned subsidiary of the Parent. The Funding Agreements provide the Company with the ability to request loans from Ionic from time to time.

As of July 31, 2024, the aggregate amount outstanding under the Loan Agreements was $8,508,424,914 with an effective rate of 5.597% and individual rates ranging from 5.486% to 5.675%. The loans made pursuant to the Loan Agreements have various maturity dates from August 2, 2024, to October 10, 2024, and have a duration corresponding to that of the TRS transaction between the Company and the TRS counterparty.

Members’ Equity

The Company has two classes of equity: General and Participating. As of July 31, 2024, the Company received combined capital contributions of (1) $28 million from the Parent directly or indirectly through an intermediate subsidiary, CMAPS, as the General Member and (2) $73.1 million from Ionic, as the Participating Member. General membership interest holders have general voting rights in the Company, while holders of Participating equity interests have no general voting rights but have participation rights in the Company. Neither class of members’ equity is entitled to any cash or in-kind dividends or distributions from the Company.

Net Capital Requirements

The Company conditionally registered as a security-based swap dealer with the SEC with an effective date of January 3, 2023, and as such became subject to the SEC's standalone security-based swap regulatory requirements. As a registered securities-based swap-dealer not using models, the Company is subject to Net Capital Rule 18a-1 ("SEA Rule 18a-1"). The Company computes its net capital under the standard method permitted by SEA Rule 18a-1. The Company is required to maintain net capital, as defined in (a)(2) of SEA Rule 18a-1 that is equal to the greater of $20 million or 2% of the Company's risk margin amount.

Net Capital Requirement (continued)

The risk margin amount is defined as the sum of the total initial margin amount calculated by the Company with respect to all its non-cleared security-based swaps under SEA Rule 18a-1. As of July 31, 2024, the Company's net capital was $70,581,326, which exceeded minimum requirements under SEA Rule 18a-1 by $44,969,013. Advances to affiliates, repayment of borrowings, distributions, dividend payments and other equity withdrawals are subject to certain notification and other provisions of SEA Rule 18a-1.

Risks

In the normal course of its business, the Company trades various financial instruments and enters into various financial transactions where the risk of potential loss due to market risk, currency risk, interest rate risk, credit risk and other risks can equal or exceed the related amounts recorded. The success of any investment activity is influenced by general economic conditions that may affect the level and volatility of equity prices, credit spreads, interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive investments. Unexpected volatility or illiquidity in the markets in which the Company directly or indirectly holds positions could impair its ability to carry out its business and could cause losses to be incurred.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments due to market fluctuations.

Credit risk represents the potential loss that would occur if counterparties were to fail to perform pursuant to the terms of their obligations. In addition to its investments, subject to the terms of the contracts between the Company, its affiliates and counterparties, the Company is subject to credit risk to the extent any counterparty with which it conducts business is unable to fulfill contractual obligations.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition and disclosure through August 29, 2024, the date the financial statements were issued and have determined that there were no other subsequent events requiring recognition or disclosure in the financial statements.

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