SECURITIES INVESTOR
PROTECTION CORPORATION

# 2023 ANNUAL REPORT

**Securities Investor Protection Corporation**
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April 30, 2024

The Honorable Gary Gensler
Chair
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Chair Gensler:

On behalf of the Board of Directors I submit herewith the Fifty-third Annual Report of the Securities Investor Protection Corporation pursuant to the provisions of Section 11(c)(2) of the Securities Investor Protection Act of 1970.

Respectfully,

Claudia Slacik
Chair

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# MESSAGE FROM THE CHAIR

Claudia Slacik

**2023** was a comparatively quiet, although a busy, year for SIPC. While litigation remained active in the Madoff case, no new liquidations under the Securities Investor Protection Act (SIPA) were initiated in 2023, a testament to the continued effectiveness of securities regulation and the watchful eye of the SEC, FINRA and state securities regulators. With advances in technology leading industry change, SIPC devoted much of the year to staying current on such changes, and to modernizing its own internal processes. This year, as always, SIPC remained focused on the adequacy of the SIPC Fund, indispensable to the fulfillment of SIPC's mission of investor protection.

## MADOFF

The efforts of the SIPA Trustee and his staff in the Madoff case, with the support of SIPC and its staff, continued to yield positive results. In early 2024, the SIPA Trustee will make a 15th distribution to Madoff customers with allowed claims. With the upcoming distribution of over $78 million, a total of $14.5 billion will have been distributed to customers, which includes approximately $850 million in advances from SIPC. This means that a customer with an allowed claim of up to $1.731 million will have been fully satisfied and other customers with larger allowed claims will have received 71.136 percent of their claims. The administrative expenses of the proceeding do not reduce the amounts available to customers since they are paid for by SIPC.

## MODERNIZATION

Although litigation continues in the Madoff case to maximize the recoveries for customers, the absence of new cases allowed SIPC to focus on its internal processes. Over the year, SIPC continued to transition its infrastructure to the cloud, and in November, SIPC launched its broker-dealer portal. Through the portal, broker-dealers file SIPC forms electronically, pay their assessments, and communicate electronically with SIPC's Membership Department.

In order to educate users on the portal, SIPC launched an informational program. The program includes a series of monthly interactive webinars that explain how to access the portal and its functionality. Each webinar includes a question and answer session so that SIPC can respond directly to participants' concerns. For those unable to attend, a recording and transcript of the webinar are posted on the SIPC web site. For additional guidance, the web site includes a list of portal FAQs.

Although work continues on the portal to increase its capability and to optimize the user experience, the portal is off to a promising start.

## THE FUND

As it moves steadily toward its target of $5 billion, the SIPC Fund remains healthy. The Fund is used to satisfy customer claims, to pay the administrative expenses of liquidation proceedings where the broker-dealer's general estate is insufficient, and to pay the operating expenses of SIPC. SIPC is grateful to its membership of registered securities broker or dealers for their ongoing support. Through their payment of assessments, SIPC members ensure that customers will not lose their hard-earned savings should a member broker-dealer fail financially.

Whether the SIPC Fund is sufficient for its purposes is a question regularly reviewed by the SIPC Board. Although SIPC has access to a federal $2.5 billion line of credit, which it has never drawn upon, the Board continues to explore ways of increasing the Fund in an emergency so that taxpayer money is never needed.

At the forefront of the Board's concerns, therefore, is the adequacy of the SIPC Fund, as well as the safety of its systems as SIPC automates and modernizes. As a member of the Financial and Banking Information Infrastructure Committee, SIPC stays informed on significant issues relating to cybersecurity and critical infrastructure within the financial services sector.

## WITH THANKS

As 2023 comes to a close, there are many to thank who have been and are important to SIPC's success. Among them are SIPC's member broker-dealers; the securities regulators including, in particular, the SEC and FINRA who partner with SIPC; investor and industry groups whose views SIPC values; and above all, the SIPC staff who remain committed to SIPC's mission of investor protection and who work tirelessly toward that end.

On a personal note, I am grateful for my appointment to a second term on the SIPC Board. I thank my fellow Directors for their support and their commitment to SIPC and its staff. As we move forward, however, we are aware of the challenges ahead. The fast pace of technology today which is reshaping the securities industry, the innovative new products introduced in the marketplace, present fresh challenges not only for securities regulators, but for SIPC. SIPC will stay attuned to such changes and focused on its core mission, with the goal that investor confidence remain strong so that the nation's markets, and the economy, continue to thrive.

Claudia Slacik
Chair

# OVERVIEW OF SIPC

The Securities Investor Protection Corporation (SIPC) had its origins in the difficult years of 1968–70, when the paperwork crunch, brought on by unexpectedly high trading volume, was followed by a very severe decline in stock prices. Hundreds of broker-dealers were merged, acquired or simply went out of business. Some were unable to meet their obligations to customers and went bankrupt. Public confidence in our securities markets was in jeopardy.

Congress acted swiftly, passing the Securities Investor Protection Act of 1970, 15 U.S.C. § 78aaa *et seq*. (SIPA). Its purpose is to afford certain protections against loss to customers resulting from broker-dealer failure and, thereby, promote investor confidence in the nation's securities markets. Currently, the limits of protection are $500,000 per customer except that claims for cash are limited to $250,000 per customer.[Δ]

SIPC is a nonprofit, membership corporation. Its members are, with some exceptions, all persons registered as brokers or dealers under Section 15(b) of the Securities Exchange Act of 1934 and all persons who are members of a national securities exchange.*

A board of seven directors determines policies and governs operations. Five directors are appointed by the President of the United States subject to Senate approval. Three of the five represent the securities industry and two are from the general public. One director is appointed by the Secretary of the Treasury and one by the Federal Reserve Board from among the officers and employees of those organizations. The Chairman and the Vice Chairman are designated by the President from the public directors.

The self-regulatory organizations—the exchanges and the Financial Industry Regulatory Authority (FINRA)—and the Securities and Exchange Commission (SEC or Commission) report to SIPC concerning member broker-dealers who are in or approaching financial difficulty. If SIPC determines that the customers of a member require the protection afforded by the Act, the Corporation initiates steps to commence a customer protection proceeding[†]. This requires that SIPC apply to a Federal District Court for appointment of a trustee to carry out a liquidation. Under certain circumstances, SIPC may pay customer claims directly.

The SIPC staff, numbering 35, initiates the steps leading to the liquidation of a member, advises the trustee, his counsel and accountants, reviews claims, audits distributions of property, and carries out other activities pertaining to the Corporation's purposes. In cases where the court appoints SIPC as Trustee and in direct payment proceedings, the staff responsibilities and functions are all encompassing—from taking control of customers' and members' assets to satisfying valid customer claims and accounting for the handling of all assets and liabilities.

The resources required to protect customers beyond those available from the property in the possession of the trustee for the failed broker-dealer are advanced by SIPC. The sources of money for the SIPC Fund are assessments collected from SIPC members and interest on investments in United States Government securities. In addition, if the need arises, the SEC has the authority to lend SIPC up to $2.5 billion, which it, in turn, would borrow from the United States Treasury.

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Δ See the Series 100 Rules Identifying Accounts of "Separate Customers" of SIPC members.

* Section 3(a)(2)(A) of SIPA excludes:

(i) persons whose principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;

(ii) persons whose business as a broker or dealer consists exclusively of (I) the distribution of shares of registered open end investment companies or unit investment trusts, (II) the sale of variable annuities, (III) the business of insurance, or (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts; and

(iii) persons who are registered as a broker or dealer pursuant to [15 U.S.C. § 78*o*(b)(11)(A)].

Also excluded are government securities brokers or government securities dealers who are members of a national securities exchange but who are registered under section 15C(a)(1)(A) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o-5(a)(1)(A)].

**Further information about the provisions for customer protection is contained in a booklet, "How SIPC Protects You," available on SIPC's website at www.sipc.org/news-and-media/brochures and also available in bulk from the Securities Industry and Financial Markets Association (SIFMA), www.sifma.org/store, phone number (212) 313-1000, and from the FINRA MediaSource, http://shop.finra.org.**

† Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) governs the orderly liquidation of financial companies whose failure and resolution under otherwise applicable Federal or State law would have serious adverse effects on U.S. financial stability. If the Dodd-Frank orderly liquidation authority is invoked with regard to a broker or dealer that is a SIPC member, the responsibility for the resolution of the broker or dealer will be shared between SIPC and the FDIC. For example, the FDIC will: (1) act as receiver of the broker-dealer; (2) appoint SIPC as trustee; and (3) jointly determine with SIPC the terms of the protective decree to be filed by SIPC with a federal district court of competent jurisdiction.

# DIRECTORS & OFFICERS

**Claudia Slacik**
**Chair**

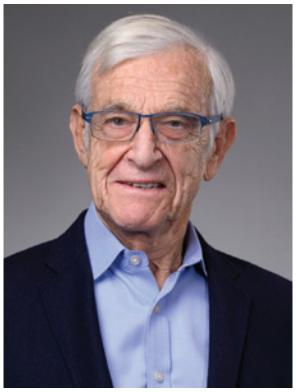
**Glen S. Fukushima**
**Vice-Chair**

**William Brodsky**
**Cedar Street Asset Management, LLC**
Chairman
**Options Solutions**
Chairman

**Daniel M. Covitz**
**Board of Governors of the Federal Reserve System**
Deputy Director, Division of Research and Statistics

**William S. Jasien**
**Stonehedge Global Partners**
President & CEO

**W. Moses Kim**
**United States Department of the Treasury**
Director, Office of Financial Institutions Policy



**Alan Patricof**
**Primetime Partners**
Co-founder and Chairperson

## COMMITTEE COMPOSITION

### Audit and Budget Committee
**Daniel M. Covitz—Chair**
**Alan J. Patricof**
**Claudia Slacik**

### Compensation Committee
**Glen S. Fukushima—Chair**
**William S. Jasien***
**W. Moses Kim**

### Investment Committee
**William J. Brodsky—Chair**
**W. Moses Kim**
**Glen S. Fukushima**

## OFFICERS

**Josephine Wang**
President & CEO

**Michael L. Post**
General Counsel & Secretary

**Charles E. Glover**
Vice President—Finance

**Karen L. Saperstein**
Vice President—Operations

*Director Jasien served as a member of the Audit and Budget Committee for one meeting in 2023 before joining the Compensation Committee.

# CORPORATE GOVERNANCE PRACTICES

## COMMITTEES

The Board of Directors oversees the management of SIPC's business and affairs, as well as its corporate governance, a continuing priority for SIPC. The Board's statutory composition is intended to provide confidence that SIPC is effectively overseen and well governed. To further this goal, the Board has delegated certain duties to three standing committees: the Audit and Budget Committee, the Investment Committee, and the Compensation Committee. SIPC's Bylaws provide that each Committee is comprised of a public director, an industry director, and a government director.

| Committee | Purpose | Duties |
|---|---|---|
| **Audit & Budget Committee** | • Provides oversight of the integrity of financial statements and financial reporting and the overall effectiveness of internal control environment<br>• Oversees compliance with applicable legal and regulatory requirements and the independence, qualifications, and performance of the external auditor<br>• Ensures adequate management controls to minimize the financial risks to which the Fund is exposed | • Selects the independent external auditor to examine accounts, controls, and financial statements<br>• Monitors independence and performance of external auditors<br>• Reviews financial statements and financial disclosure<br>• Reviews the proposed budget relative to annual goals and objectives, and recommends final budget to Board<br>• Reviews systems of internal control<br>• Reviews federal tax return |
| **Investment Committee** | • Assists the Board in formulating investment policies<br>• Oversees management of the SIPC Fund and compliance with the Securities Investor Protection Act provisions relating to Fund investments | • Establishes, reviews, and updates the investment policy for approval by the Board<br>• Formulates, for Board consideration and approval, policies and procedures to manage, to the extent possible, market, liquidity, credit, and other investment and asset management risks<br>• Ensures that investments are made only in United States Government or agency securities as statutorily required<br>• Reviews overall investment performance, asset allocation, and associated expenses<br>• Reports on investment performance and changes in investments to the Board |

| Committee | Purpose | Duties |
|---|---|---|
| **Compensation Committee** | • Provides oversight of total compensation strategy and assists the Board in determining the appropriate compensation for officers and compensation levels for staff<br>• Ensures that human resources opportunities and risks are properly identified and managed | • Oversees the development and administration of SIPC's Human Resource programs and policies including talent management, staffing, performance management, benefits, and succession planning<br>• Establishes, reviews and updates compensation strategy and structure for approval by the Board<br>• Annually reviews proposals regarding compensation<br>• Recommends compensation for officers and staff for approval by the Board<br>• Recommends strategies and plans for merit pay, incentives, severance pay and other unusual compensation arrangements that may arise |

## ETHICS AND WHISTLEBLOWER POLICY

Annually, SIPC's public and industry directors must confirm receiving the SIPC Director Code of Ethics, having reviewed it, and being familiar with its contents; disclosing any actual or potential conflicts of interest; avoiding activities or associations that could reasonably lead to a conflict of interest; not using their position for personal gain or for the gain of a spouse, dependents, or partner; and maintaining in strict confidence all information that would reasonably be expected to be maintained in confidence.

SIPC's Whistleblower Policy encourages and enables employees to raise serious concerns about violations of SIPC's Code of Conduct, which is a part of the SIPC Bylaws and included in the SIPC Employee Handbook. As outlined by the Policy, each employee may report complaints and allegations concerning violations of SIPA, the SIPC Bylaws, the SIPC Code of Conduct and general principles of law and business ethics to the employee's supervisor, his or her supervisor, SIPC's Compliance Officer, SIPC's President, or a SIPC Board Director. All SIPC staff must acknowledge annually that they have read and understand the SIPC Employee Handbook including the Business Ethics Policy, the Ethics Rules, and the Whistleblower Policy.

## DIRECTOR HONORARIA AND MEETING ATTENDANCE

The Chairman receives a yearly honorarium of $28,000. The Vice Chairman and the three industry directors each receive an annual honorarium of $12,000, except that if the positions of Chairman and Vice Chairman are vacant and one of the Securities Directors performs certain functions of the Chairman for a continuous twelve-month period, then that Securities Director receives a yearly honorarium of $28,000 for that period. The Chairman, Vice Chairman, and three industry directors are reimbursed for their official business expenses. The two government directors receive no honoraria and are not reimbursed for their official business expenses.

The Board held seven meetings in 2023. The Audit and Budget Committee met five times; the Compensation Committee twice; and the Investment Committee also met twice. The Director attendance at Board and Committee meetings for the year was as follows:

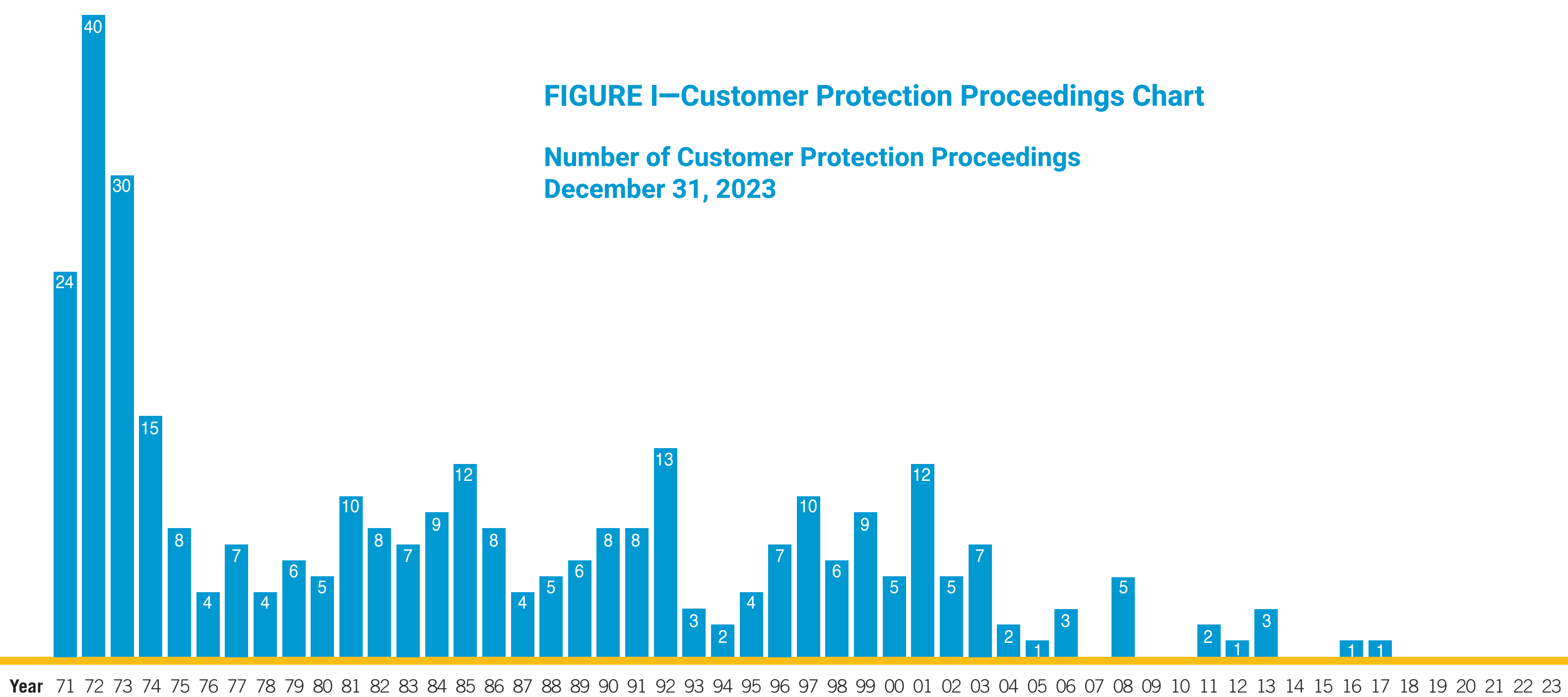
| Director | Board Meetings | Committee Meetings |
|---|---|---|
| **Claudia Slacik** | 7/7 | 5/5 |
| **Glen S. Fukushima** | 6/7 | 4/4 |
| **Daniel M. Covitz** | 7/7 | 5/5 |
| **W. Moses Kim** | 7/7 | 4/4 |
| **William S. Jasien** | 5/7 | 3/3 |
| **William J. Brodsky** | 7/7 | 2/2 |
| **Alan J. Patricof** | 6/7 | 3/4 |

# CUSTOMER PROTECTION PROCEEDINGS

In 2023, no customer protection proceeding was initiated. Over the last ten-year period, the annual average of new cases was 0.2. Since the inception of SIPC, 330 proceedings commenced under SIPA. These 330 members represent less than one percent of the approximately 40,000 broker-dealers that have been SIPC members during the last fifty-three years. Currently, SIPC has 3,297 members. During SIPC's fifty-three year history, cash and securities distributed for accounts of customers totaled approximately $142.5 billion. Of that amount, approximately $141.6 billion came from debtors' estates and $915.7 million came from the SIPC Fund (See Appendix 1).

**FIGURE I—Customer Protection Proceedings Chart**

**Number of Customer Protection Proceedings**
**December 31, 2023**



## Claims over the Limits

Of the approximately 770,400 claims satisfied in completed or substantially completed cases as of December 31, 2023, a total of 355 were for cash and securities whose value was greater than the limits of protection afforded by SIPA.

The 355 claims, which remained unchanged during 2023, represent less than one percent of all claims satisfied. The unsatisfied portion of claims, $49.7 million, represent less than one percent of the total value of securities and cash distributed for accounts of customers in the 329 completed or substantially completed cases.

## SIPC Fund Advances

Table I shows that the 92 debtors, for which net advances of more than $1 million have been made from the SIPC Fund, accounted for 99 percent of the total advanced in all 330 customer protection proceedings. The largest net advance in a single liquidation is $3.01 billion in Bernard L. Madoff Investment Securities LLC. This exceeds the net advances in all of the other proceedings combined.

In the 30 largest proceedings, measured by net funds advanced, SIPC advanced $3.37 billion, or 95 percent of net advances from the SIPC Fund for all proceedings.

## TABLE I

### Net Advances from the SIPC Fund
### December 31, 2023
### 330 Customer Protection Proceedings

| Net Advances | | Number of Proceedings | Amounts Advanced |
|---|---|---|---|
| From | To | | |
| $40,000,001 | up | 1 | $3,015,317,602 |
| 10,000,001 | $40,000,000 | 11 | 229,936,516 |
| 5,000,001 | 10,000,000 | 18 | 125,967,831 |
| 1,000,001 | 5,000,000 | 62 | 136,644,084 |
| 500,001 | 1,000,000 | 38 | 28,002,919 |
| 250,001 | 500,000 | 42 | 14,515,460 |
| 100,001 | 250,000 | 63 | 10,129,256 |
| 50,001 | 100,000 | 42 | 2,995,426 |
| 25,001 | 50,000 | 24 | 879,779 |
| 10,001 | 25,000 | 11 | 168,668 |
| 0 | 10,000 | 11 | 26,087 |
| Net Recovery | | 7 | (13,991,620)* |
| | | 330 | $3,550,592,008† |

* Recovery of assets and appreciation of debtors' investments after the filing date enabled the trustee to repay SIPC its advances plus interest.

† Consists of advances for accounts of customers ($915,714,311) and for administration expenses ($2,634,877,697).

# MEMBERSHIP AND THE SIPC FUND

The net decrease of 75 members during the year brought the total membership to 3,297 at December 31, 2023. Table 2 shows the members' designated examining authorities, as well as the year's changes therein.

## Delinquencies

Members who are delinquent in paying assessments receive notices pursuant to SIPA Section 14(a). As of December 31, 2023, there were 56 members who were subjects of uncured notices, 26 of which were mailed during 2023, 23 during 2022, two during 2021, two during 2020, two during 2019 and one in 2018. Subsequent filings and payments by 9 members left 47 notices uncured. Two registrations have been cancelled. Uncured delinquencies are referred to the SEC for further action.

## SIPC Fund

The SIPC Fund, shown at Table 5, on page 29, consisting of the aggregate of cash and investments in United States Government securities at fair market value plus accrued interest, amounted to $4.47 billion at year end, an increase of $420 million during 2023.

Tables 3 and 4, on pages 11 and 12, present principal revenues and expenses for the years 1971 through 2023. The 2023 member assessments were $406.7 million and interest from investments was $104.6 million. During the years 1971 through 1977, 1983 through 1985, 1989 through 1995, and 2009 through 2023, member assessments were based on a percentage of each member's gross revenue (net operating revenue for 1991 through 1995 and 2009 through 2023) from the securities business.

Appendix 2, on page 31, is an analysis of revenues and expenses for the five years ended December 31, 2023.

[1] 14(a) Failure to Pay Assessment, etc—If a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured, by the filing of such report or information or by the making of such payment, together with interest and penalty thereon, within five days after receipt by such member of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer. If such member denies that it owes all or any part of the full amount so specified in such notice, it may after payment of the full amount so specified commence an action against SIPC in the appropriate United States district court to recover the amount it denies owing.

## TABLE 2

### SIPC Membership
### Year Ended December 31, 2023

| Designated Examining Authorities | Total | Added[a] | Terminated[a] |
|---|---|---|---|
| FINRA[b] | 3,218 | 112 | 169 |
| Cboe Exchange, Inc.[h] | 33 | 3 | 2 |
| NYSE American LLC[g] | 3 | — | 2 |
| NYSE Arca, Inc.[e] | 8 | — | — |
| Nasdaq PHLX LLC[f] | 12 | — | — |
| NYSE Chicago, Inc.[i] | 11 | — | — |
| None[c] | 12 | — | 17 |
| | 3,297 | 115 | 190 |

Notes:

(a) The numbers in this category do not reflect transfers of members to successor designated examining authorities that occurred within 2023. The numbers in this category do not reflect members who due to timing differences between the effective date of new registrations and terminations and the date processed by SIPC were added or terminated in 2022 but processed by SIPC in 2023.

(b) Effective July 30, 2007 the National Association of Securities Dealers, Inc. (NASD) and the regulatory functions of the New York Stock Exchange, Inc. (NYSE) merged to form the Financial Industry Regulatory Authority, Inc. (FINRA).

(c) The "None" designation is an extralegal category created by SIPC for internal purposes only. It is a category by default and mirrors the SECO broker-dealer category abolished by the SEC in 1983.

This number reflects the temporary status of broker-dealers between the termination of membership in a self-regulatory organization and the effective date of the withdrawal or cancellation of registration under section 15(b) of the 1934 Act.

(e) Formerly the Pacific Stock Exchange, Inc.

(f) Formerly NASDAQ OMX PHLX

(g) Formerly NYSE MKT LLC

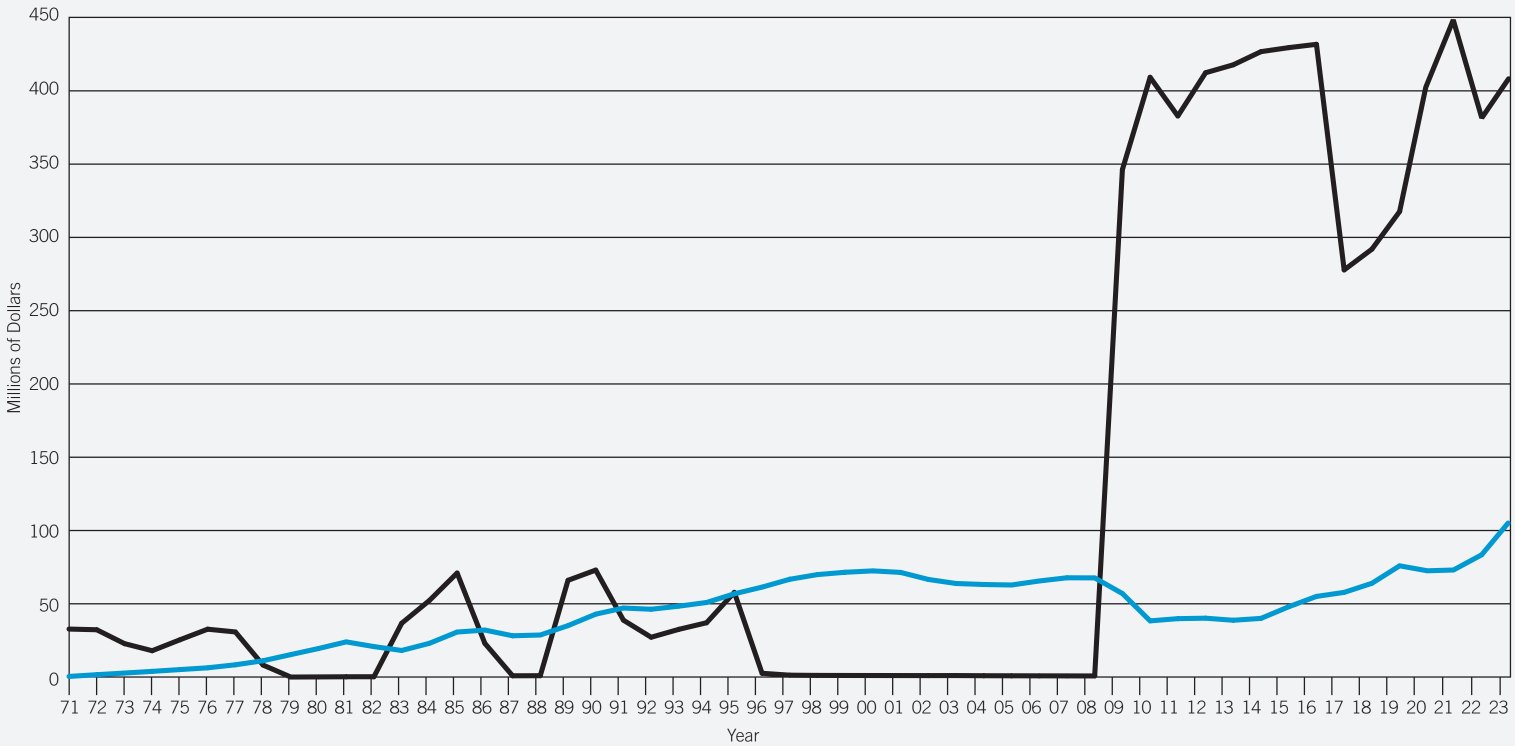
(h) Formerly Chicago Board Options Exchange Incorporated

(i) Formerly Chicago Stock Exchange, Incorporated

## TABLE 3

### SIPC Revenues for the Fifty-Three Years Ended December 31, 2023

■ Member assessments and contributions: $6,520,006,156
■ Interest on U.S. Government securities: $2,363,373,703




**History of Member Assessments***

1971: ½ of 1% plus an initial assessment of 1⁄8 of 1% of 1969 revenues ($150 minimum).

1972–1977: ½ of 1%.

January 1–June 30, 1978: ¼ of 1%.

July 1–December 31, 1978: None.

1979–1982: $25 annual assessment.

1983–March 31, 1986: ¼ of 1% effective May 1, 1983 ($25 minimum).

1986–1988: $100 annual assessment.

1989–1990: 3⁄16 of 1% ($150 minimum).

1991: .065% ($150 minimum).

1992: .057% ($150 minimum).

1993: .054% ($150 minimum).

1994: .073% ($150 minimum).

1995: .095% ($150 minimum).

1996–March 31, 2009: $150 annual assessment.

April 1, 2009–2016: .25% ($150 minimum through June 2010).

2017–December 31, 2023: .15%.

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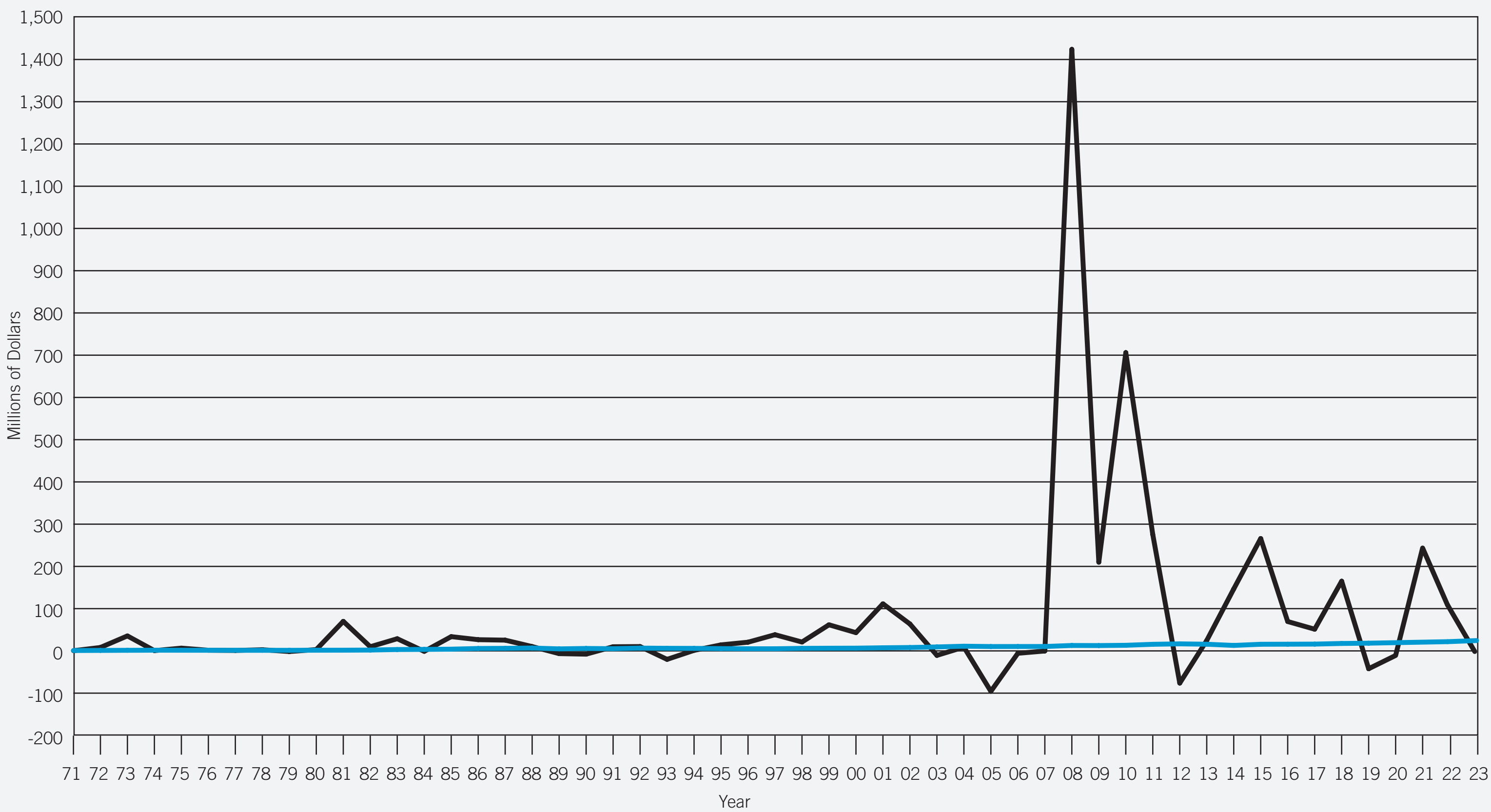
* Rates based on each member's gross revenues (net operating revenues for 1991–1995 and April 1, 2009 to present) from the securities business.

## TABLE 4

### SIPC Expenses for the Fifty-Three Years Ended December 31, 2023

■ Customer protection proceedings: $4,079,292,008 (consists of net advances of $3,550,592,008 and $532,100,000 of estimated costs to complete proceedings less estimated future recoveries of $3,400,000).

■ Other expenses: $444,564,130



# LITIGATION

During 2023, SIPC and trustees under the Securities Investor Protection Act were actively involved in litigation at both the trial and appellate levels. The noteworthy matters are summarized below:

During 2023, SIPC and Irving Picard, the Trustee for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"), took part in a number of actions seeking recovery of customer property, at multiple stages of litigation, and before the U.S. Bankruptcy Court for the Southern District of New York, the U.S. District Court for the Southern District of New York, and the U.S. Court of Appeals for the Second Circuit. Notable decisions include the following:

In *Picard v. Sage Associates,* 22-1107(L) (2d. Cir. Aug. 24, 2023), the Court of Appeals issued a Summary Order in favor of the Trustee affirming the District Court's judgment of $16.88 million on his avoidance and recovery claims. The Defendants argued that instead of the Net Investment Method, which the Second Circuit earlier found to be the most reasonable calculation method for determining net equity for BLMIS customer claims, they were entitled to an alternative calculation of net equity that would have given them credit for securities trades they allegedly directed. Under the Net Investment Method, the net equity of a given BLMIS account is determined by calculating the total amount of money that was invested in the account minus the total amount of money that was withdrawn over the account's lifetime. The Second Circuit held that the Net Investment Method applied to the Defendants and prevented any Defendant from benefiting at the expense of other defrauded BLMIS customers.

In *Picard v. Goodman,* 1:20-CV-04767-MKV (S.D.N.Y. Sept. 18, 2023), an avoidance and recovery action brought by the Trustee to recover more than $800,000 in initial transfers from BLMIS, the District Court denied the Defendant's motion to withdraw the reference to the Bankruptcy Court. The District Court noted that withdrawal may ultimately be warranted


because (1) a fraudulent conveyance action is a private right action not subject to final adjudication by the Bankruptcy Court, (2) the Defendant had not filed a proof of claim, and (3) the Defendant had not consented to the Bankruptcy Court's jurisdiction. Nevertheless, the District Court found that, for reasons including judicial efficiency and uniform bankruptcy administration, withdrawal was not warranted at this time. The case will remain with the Bankruptcy Court for further proceedings, including the Trustee's anticipated motion for summary judgment.

In *Picard v. RAR Entrepreneurial Fund, Ltd.,* 22-3006 (2d Cir. Dec. 19, 2023), the Defendant appealed a judgment, following a jury trial, awarding the Trustee $12.8 million plus prejudgment interest of 4% from the date of the complaint, for a total of approximately $18.8 million. The Court of Appeals rejected each of the Defendant's four main arguments, affirming the judgment, and holding that (1) the Defendant's objection to the Trustee's expert testimony was untimely, (2) the jury verdict was amply supported by the evidence, (3) the District Court did not err in crafting the jury verdict form, and (4) the award of prejudgment interest was within the District Court's discretion.

Parties who had received subsequent transfers from BLMIS feeder funds continued to bring motions to dismiss the Trustee's complaints in the Bankruptcy Court, making similar arguments for dismissal, including the following: (1) the Bankruptcy Court lacks personal jurisdiction over the Defendants, (2) the Trustee improperly pleaded the avoidance of transfers by incorporating the complaint against the initial transferee, (3) the Trustee could not trace and identify subsequent transfers of customer property, (4) the Bankruptcy Code section 546(e) safe harbor protects subsequent transfers of settlement payments, and (5) the Trustee's complaint establishes the Defendant's good faith. In 2023, the Bankruptcy Court issued decisions on 38 motions to dismiss, denying almost all of them. Notable results from these cases include the following:

In *Picard v. Banque Lombard Odier & Cie SA,* 22-Civ-6561 (LGS), (S.D.N.Y. Jan. 25, 2023), the Defendant requested leave to appeal a non-final order of the Bankruptcy Court denying the Defendant's motion to dismiss for lack of personal jurisdiction in the underlying case. The District Court denied leave to appeal because the Defendant did not establish any of the three requirements for an interlocutory appeal: (1) that the underlying order involves a controlling question of law, (2) that there is substantial ground for disagreement about that question, and (3) that the resolution of that question would materially advance the ultimate termination of litigation. The District Court held that the Defendant posed both a hypothetical legal question and a "fact-bound" question of personal jurisdiction. The District Court denied the Defendant's motion, holding that answering the Defendant's hypothetical legal question would not advance the termination of litigation, and answering its fact-bound question would not affect the Bankruptcy Court's ruling or shorten any potential trial or the time until trial.

The District Court denied leave for a direct appeal to the Second Circuit of a Bankruptcy Court decision in *Koch Industries, Inc. v. Picard,* 23-CV-0294 (VEC) (S.D.N.Y. May 9, 2023). The Trustee sued to recover $21,533,871 of BLMIS customer property that the Defendant received as subsequent transfers from a BLMIS feeder fund. Following the Bankruptcy Court's denial of the Defendant's motion to dismiss, the Defendant sought leave to appeal, arguing that section 546(e) of the Bankruptcy Code provided a safe harbor against the avoidance of fraudulent transfers in connection with securities contracts, even when the initial transferee knew that such transfers were in connection with a fraudulent Ponzi scheme. Applying the standards for a direct appeal, the District Court denied the motion, holding that (1) the Bankruptcy Court's decision was consistent with the statutory text and Second Circuit case law, (2) the appeal did not involve a matter of public importance, and (3) a direct appeal would not materially advance the case. The District Court also rejected the Defendant's motion for interlocutory appeal on much of the same grounds.

The Bankruptcy Court denied leave for interlocutory appeal in *Picard v. Standard Chartered Financial Services (Luxembourg) S.A.,* 23-Civ-992 (AT) (S.D.N.Y. Sept. 1, 2023). The Trustee sued to recover $289 million of customer property that feeder funds transferred to the Defendants, and they filed a motion to dismiss, which the Bankruptcy Court denied. Then, in the District Court, the Defendants moved for leave to file an interlocutory appeal. The District Court denied the Defendants' motion because it presented issues that required only the routine application of law to the alleged facts and did not present a controlling question of law to decide.


In *Picard v. Sage,* 654 B.R. 59 (Bankr. S.D.N.Y. 2023), the Bankruptcy Court granted in part and denied in part the Defendants' motion to dismiss. The


Trustee filed suit to recover $4.75 million in subsequent transfers from Sage Associates and Sage Realty to Defendants Malcolm Sage and Lynne Florio. The Defendants filed a Motion to Dismiss, arguing that the recovery action against Malcolm Sage sought an impermissible "double satisfaction," and that Lynne Florio did not directly receive distributions from Sage Associates. The Bankruptcy Court held that the Trustee is permitted to sue Malcolm Sage, as a subsequent transferee, and recover to the extent not already satisfied through the action against Sage Realty. The Bankruptcy Court also noted that while the Trustee could not pursue a declaratory judgment against Lynne Florio as general partner of Sage Realty, the motion to dismiss the other counts was denied, and the Trustee was free to pursue all subsequent transferees.

Finally, in *Picard v. ABN AMRO Bank N.V.,* 654 B.R. 224 (Bankr. S.D.N.Y. 2023), the Bankruptcy Court denied in part and granted in part the Defendant's motion to amend the affirmative defenses in its answer to the Trustee's action to recover more than $308 million in subsequent transfers from a BLMIS feeder fund. First, the Bankruptcy Court denied as futile a proposed amendment to include an affirmative defense for set-off, because no right to set-off exists for a post-petition claim to recover fraudulent transfers. Second, the Bankruptcy Court allowed the Defendant to add an affirmative defense for recoupment, finding that it cannot rule as a matter of law that a claim for recoupment is futile. Finally, the Bankruptcy Court rejected a proposed amendment to include unjust enrichment as an affirmative defense, noting that not only is unjust enrichment typically a claim, not a defense, but also that including it would be futile. The Court also noted that there was nothing inequitable, in bad conscience, or unjust in allowing the Trustee to proceed.

# SECTION 5(A)(1) ALERTS; DISCIPLINARY AND CRIMINAL ACTIONS

## Members In or Approaching Financial Difficulty

Section 5(a)(1) of SIPA requires the SEC or the self-regulatory organizations to immediately notify SIPC upon discovery of facts which indicate that a broker or dealer subject to their regulation is in or is approaching financial difficulty. The Commission, the securities exchanges and the FINRA fulfill this requirement through regulatory procedures which integrate examination and reporting programs with an early-warning procedure for notifying SIPC. The primary objective of those programs is the early identification of members which are in or are approaching financial or operational difficulty and the initiation of remedial action by the regulators necessary to protect the investing public.

## Members on Active Referral

During the calendar year 2023 SIPC received two referrals under Section 5(a). These referrals did not result in SIPC initiating a liquidation proceeding in 2023; however, evaluation of these referrals is ongoing.

SIPC received periodic reports identifying those members which, although not considered to be in or approaching financial difficulty, have failed to meet certain pre-established financial or operational criteria and are under closer-than-normal surveillance.

SIPC routinely forwards to the Securities and Exchange Commission, for possible action under Section 14(b) of SIPA, the names of principals and others associated with members for which SIPC customer protection proceedings have been initiated. Those individuals are also reported to the self-regulatory organization exercising primary examining authority for appropriate action by the organization. Trustees appointed to administer customer protection proceedings and SIPC personnel cooperate with the SEC and with law enforcement authorities in their investigations of possible violations of law.

## Criminal and Administrative Actions

Administrative and/or criminal actions were initiated in 289 of the 330 SIPC proceedings commenced since enactment of the Securities Investor Protection Act in December 1970.

There were no new actions initiated in 2023. Cumulative actions initiated through December 31, 2023 were as follows:

| Action Initiated | Number of Actions |
|---|---|
| Joint SEC/Self-Regulatory Administrative Actions | 61 |
| Exclusive SEC Administrative Actions | 42 |
| Exclusive Self-Regulatory Administrative Actions | 57 |
| Criminal and Administrative Actions | 103 |
| Criminal Actions Only | 28 |
| Total | 291* |

*In one or more proceedings multiple types of actions were initiated.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Securities Investor Protection Corporation

**Opinion**
We have audited the financial statements of Securities Investor Protection Corporation (the "Corporation"), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**
We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date the financial statements are issued.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Arlington, VA
April 15, 2024

# SIPC FINANCIAL STATEMENTS

## Statement of Financial Position as of December 31, 2023

| | |
|---|---|
| **ASSETS** | |
| Cash | $ 2,091,996 |
| U.S. Government securities, at fair value and accrued interest receivable of ($25,064,336); (amortized cost $4,717,430,302) (Note 6) | 4,469,260,743 |
| Estimated member assessments receivable (Note 3) | 190,523,264 |
| Advances to trustees for customer protection proceedings in progress, less allowance for possible losses ($3,011,917,602) (Note 4) | 3,400,000 |
| Assets held for deferred compensation and pension plans (Note 8) | 7,577,289 |
| Other (Note 5 and Note 9) | 2,926,432 |
| | $4,675,779,724 |
| **LIABILITIES AND NET ASSETS** | |
| Accrued costs for other postretirement benefits (Note 8) | $ 7,044,327 |
| Amount due on deferred compensation plan (Note 8) | 2,556,644 |
| Accounts payable and other accrued expenses | 1,482,987 |
| Lease liabilities—operating (Note 5) | 3,156,167 |
| Estimated costs to complete customer protection proceedings in progress (Note 4) | 532,100,000 |
| Member assessments received in advance (Note 3) | 1,146,575 |
| | 547,486,700 |
| Net assets without restrictions | 4,128,293,024 |
| | $4,675,779,724 |

The accompanying notes are an integral part of these statements.

## Statement of Activities for the year ended December 31, 2023

| | |
|---|---|
| Revenues: | |
| Member assessments (Note 3) | $ 406,750,046 |
| Interest on U.S. Government securities | 104,638,670 |
| | 511,388,716 |
| Expenses: | |
| Salaries and employee benefits (Note 8) | 14,210,811 |
| Legal and accounting fees (Note 4) | 473,835 |
| Rent (Note 5) | 967,914 |
| Other | 6,922,286 |
| | 22,574,846 |
| Provision for estimated costs to complete customer protection proceedings in progress (Note 4) | (2,835,240) |
| | $ 19,739,606 |
| Excess revenues over expenses | 491,649,110 |
| Realized and unrealized gain on U.S. Government securities (Note 6) | 86,434,687 |
| Pension and postretirement benefit changes other than net periodic costs (Note 8) | 3,388,869 |
| Increase in net assets without restrictions | 581,472,666 |
| Net assets without restrictions, beginning of year | 3,546,820,358 |
| Net assets without restrictions, end of year | $4,128,293,024 |

The accompanying notes are an integral part of these statements.

## Statement of Cash Flows for the year ended December 31, 2023

| | |
|---|---|
| Operating activities: | |
| Interest received from U.S. Government securities | $ 97,308,240 |
| Member assessments received | 388,861,147 |
| Advances paid to trustees | (141,689,543) |
| Recoveries of advances | 2,124,782 |
| Salaries and other operating activities expenses paid | (22,168,485) |
| Net cash provided by operating activities | 324,436,141 |
| Investing activities: | |
| Proceeds from sales of U.S. Government securities | 844,877,917 |
| Purchases of U.S. Government securities | (1,169,312,633) |
| Purchases of furniture and equipment | (2,800) |
| Net cash used in investing activities | (324,437,516) |
| Decrease in cash | (1,375) |
| Cash, beginning of year | 2,093,371 |
| Cash, end of year | $ 2,091,996 |

The accompanying notes are an integral part of these statements.

## Notes to Financial Statements

### *1. Organization and general*

The Securities Investor Protection Corporation (SIPC) was created by the Securities Investor Protection Act of 1970 (SIPA), which was enacted on December 30, 1970, primarily for the purpose of providing protection to customers of its members. SIPC is a nonprofit membership corporation and shall have succession until dissolved by an Act of Congress. Its members include all persons registered as brokers or dealers under Section 15(b) of the Securities Exchange Act of 1934, except for those persons excluded under SIPA.

SIPC is exempt from income taxes under 15 U.S.C. § 78kkk(e) and under § 501(c)(6) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### *2. The "SIPC Fund" and SIPC's liquidity*

The "SIPC Fund," as defined by SIPA, consists of cash and U.S. Government securities aggregating $4,471,352,739. Together with the estimated member assessments receivable of $190,523,264 and advances to trustees for customer protection proceedings in progress (less allowance for possible losses) of $3,400,000, SIPC's financial assets available for general expenditures within one year of the December 31, 2023 statement of financial position date total $4,665,276,003.

As part of its liquidity management, SIPC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event the SIPC Fund is or may reasonably appear to be insufficient for the purposes of SIPA, the Securities and Exchange Commision (SEC) is authorized to make loans to SIPC and, in that connection, the SEC is authorized to issue notes or other obligations to the Secretary of the Treasury in an aggregate amount not to exceed $2.5 billion.

### *3. Member assessments*

Section 78ddd(c) and (d) of SIPA states that SIPC shall, by bylaw, impose upon its members such assessments as, after consultation with self-regulatory organizations, SIPC may deem necessary and appropriate to establish and maintain the SIPC Fund and to repay any borrowings by SIPC. If the balance of the SIPC Fund aggregates less than $100,000,000, SIPC shall impose upon each of its members an assessment at a rate of not less than one-half of 1 per centum per annum. An assessment may be made at a rate in excess of one-half of 1 per centum if SIPC determines, in accordance with a bylaw, that such rate of assessment will not have a material adverse effect on the financial condition of its members or their customers, except that no assessments shall exceed one per centum of such member's gross revenues from the securities business. Effective April 1, 2009, each member's assessment was established by bylaw at the rate of one-quarter of 1 per centum of net operating revenues from the securities business or $150, whichever was greater. Effective July 22, 2010, the $150 minimum assessment was eliminated by the Dodd- Frank Wall Street Reform and Consumer Protection Act. Effective January 1, 2017, the assessment rate is 0.15 per centum. Member assessments received in advance will be applied to future assessments and are not refundable except to terminated members. Estimated member assessments receivable represents assessments on members' revenue for calendar 2023 but not received, or expected to be received, until 2024.

### *4. Customer protection proceedings*

In the Bernard L. Madoff Investment Securities LLC proceeding, the Trustee, utilizing the customer records available from the computer files of the firm, identified those accounts believed to be valid customers accounts. In accordance with Section 78*lll*(2) of SIPA, the definition of a "customer" includes a "person who had deposited cash with the debtor for the purpose of purchasing securities." The customer can be an individual, a corporation, a partnership, a pension plan or a "feeder fund." The Trustee then calculated the "net cash" positions (cash deposited less cash withdrawn) for each customer's account and, where available, this information was compared to other source documentation including banking records and customer portfolio files. Based on that valuation, the Trustee determined the customer's net equity and maximum claim allowed under SIPA. Management estimates and records a charge for this and other proceedings, including legal and administrative costs, at the amounts which can reasonably be estimated based on available information provided by the Trustees. Management estimates the total charges to SIPC for the Madoff proceeding to be approximately $3.5 billion.* As actual claims were processed, the Trustee determined the ultimate amount of payment for each claim and the associated legal and administrative costs incurred. Claims can be disputed, which among other factors, could cause the ultimate amount of the claims, and associated legal and administrative costs, to differ from the current estimate. Quantifying the liability associated with proceedings is subject to a number of uncertainties, however, while additional losses beyond those recorded are probable, the additional amount is not currently estimable. Any changes in the estimate will be accounted for prospectively. Recoveries on this and other proceedings are recorded as a reduction to the provision for estimated costs when realized, which occurs when notification is received from the Trustee.

SIPC has advanced a net of $3.01 billion for proceedings in progress to carry out its statutory obligation to satisfy customer claims and to pay administration expenses. Of this amount, $3.01 billion is not expected to be recovered.

Customer payments and related expenses of direct payment proceedings are recorded as expenses as they are incurred.

Legal and accounting fees include fees and expenses of litigation related to proceedings.

These financial statements do not include accountability for assets and liabilities of members being liquidated by SIPC as Trustee. Such accountability is reflected in reports required to be filed with the courts having jurisdiction.

The following table summarizes transactions during the year ended December 31, 2023 that result from these proceedings:

*Subsequent judicial opinions may result in fluctuations in this number.

| | Customer Protection Proceedings | |
|---|---|---|
| | Advances to trustees, less allowance for possible losses | Estimated costs to complete |
| Balance, beginning of year | $2,100,000 | $673,200,000 |
| Add: | | |
| Provision for current year recoveries | — | — |
| Provision for estimated future recoveries | 3,400,000 | — |
| Provision for estimated costs to complete proceedings | — | 600,000 |
| Less: | | |
| Recoveries | 2,100,000 | — |
| Advances to trustees | — | 141,700,000 |
| Balance, end of year | $3,400,000 | $532,100,000 |

### *5. Leases*

SIPC follows ASU 2016-02, *Leases (Topic 842)* and determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether SIPC controls the use of the identified asset throughout the period of use. SIPC classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease and are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on a risk-free rate using a period comparable with that of the lease term.

On April 14, 2023, SIPC entered into a lease amendment that extended the term and reduced the lease payments, which required a remeasurement of the existing lease asset and liability. SIPC recorded an increase of $242,588 to the operating lease ROU asset and operating lease liabilities, bringing the total to $2,259,273 and $3,156,167, respectively. These amounts are reflected in the Other and Lease Liabilities lines, respectively, in the Statement of Financial Position.

The components of lease cost for operating leases are as follows as of December 31, 2023:

| | 2023 |
|---|---|
| Operating lease cost | $ 882,512 |
| Short-term lease cost | 175,705 |
| Variable lease costs | 0 |
| Total | $ 1,058,217 |

The lease costs are reflected on the Statement of Activities in the rent expense line.

Supplemental cash flow information related to leases during 2023 includes cash paid for leases in the amount of $1,214,168 as reflected in the Statement of Cash Flows in the salaries and other operating activities expenses paid line.

The weighted-average remaining lease term is 2.59 years and weighted-average discount rate is 1.59% as of December 31, 2023.

Future undiscounted lease payments for the SIPC's operating lease liabilities are as follows as of December 31, 2023:

| | Amount |
|---|---|
| 2024 | $ 1,146,485 |
| 2025 | 1,239,012 |
| 2026 | 836,762 |
| Total future lease payments | 3,222,259 |
| Less: imputed interest | (66,092) |
| Present value of operating lease liabilities | $ 3,156,167 |

### *6. Fair value of securities*

FASB ASC 820, *Fair Value Measurement,* provides the framework for measuring fair value. That framework provides 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 under this guidance are described below.

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SIPC has the ability to access.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

The fair value of U.S. Government securities is based on the bid quote as of December 31, 2023 as reported by a third party pricing service. As a bid quote on U.S. Government securities varies substantially among market makers, the fair value bid quote is considered a Level 2 input under the guidance. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publicly. As of December 31, 2023, all securities held within the portfolio are priced using Level 2 inputs.

U.S. Government securities as of December 31, 2023 included cumulative gross unrealized gains of \$13,806,484 and cumulative gross unrealized losses of \$287,080,379.

### *7. Reconciliation of increase in unrestricted net assets to net cash provided by operating activities:*

| | |
|---|---|
| Increase in unrestricted net assets | \$ 581,472,666 |
| **Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:** | |
| Realized and unrealized gain on U.S. Government securities | (86,434,687) |
| Net amortized premium on U.S. Government securities | (5,634,856) |
| Depreciation and amortization | 258,822 |
| **Changes in operating assets and liabilities:** | |
| Net decrease in estimated cost to complete customer protection proceedings | (141,100,000) |
| Increase in estimated assessment receivable | (16,038,900) |
| Increase in prepaid expenses | (2,736,532) |
| Decrease in member assessments collected in advance | (1,863,499) |
| Increase in accrued interest receivable on U.S. Government securities | (1,695,573) |
| Net increase in estimated recoveries of advances to trustees | (1,300,000) |
| Decrease in deferred rent | (917,038) |
| Increase in payables and accrued expenses | 425,738 |
| Net cash provided by operating activities | \$324,436,141 |

### *8. Pensions and other postretirement benefits*

SIPC has a noncontributory defined benefit plan and a contributory defined contribution plan which cover all employees. SIPC also has a supplemental non-qualified retirement plan for certain employees. The $2,556,644 year-end market value of the supplemental plan is reflected as a deferred compensation asset and as a deferred compensation liability in the Statement of Financial Position. In addition, SIPC has two defined benefit postretirement plans that cover all employees. One plan provides medical and dental insurance benefits and the other provides life insurance benefits. The postretirement health care plan is contributory, with retiree contributions adjusted annually to reflect changes in gross premiums; the life insurance plan is noncontributory.

SIPC is required to recognize the overfunded or underfunded status of the defined benefit plans as an asset or liability in the Statement of Financial Position and to recognize the funded status in the year in which the change occurs through the Statement of Activities. In addition, SIPC is required to recognize within the Statement of Activities, gains and losses due to differences between actuarial assumptions and actual experience and any effects on prior service due to plan amendments that arise during the period and which are not being recognized as net periodic benefit costs.

| | Pension Benefits | Other Postretirement Benefits |
|---|---|---|
| **Change in Benefit Obligation** | | |
| Benefit obligation at beginning of year | $63,768,791 | $ 6,922,446 |
| Service cost | 1,556,157 | 265,326 |
| Interest cost | 3,298,154 | 360,019 |
| Plan participants' contributions | — | 58,047 |
| Amendments | — | — |
| Actuarial (gain) loss | 2,523,876 | (304,052) |
| Benefits paid | (2,778,356) | (257,459) |
| Benefit obligation at end of year | $68,368,622 | $ 7,044,327 |
| **Change in Plan Assets** | | |
| Fair value of plan assets at beginning of year | $65,752,769 | $ — |
| Actual return (loss) on plan assets | 8,814,854 | — |
| Employer contributions prior to measurement date | — | — |
| Employer contributions | 1,600,000 | 199,412 |
| Plan participants' contributions | — | 58,047 |
| Benefits paid | (2,778,356) | (257,459) |
| Fair value of plan assets at end of year | $73,389,267 | $ — |
| Funded status | $ 5,020,645 | $(7,044,327) |
| Employer contributions between measurement and statement date | — | — |
| Funded status at year end | $ 5,020,645 | $(7,044,327) |
| **Amounts recognized in the Statement of Financial Position and net assets consist of:** | | |
| Net amount recognized in the Statement of Financial Position | $ 5,020,645 | $(7,044,327) |
| Accumulated benefit obligation end of year | $65,394,822 | $ 7,044,327 |

| | Pension Benefits | Other Postretirement Benefits |
|---|---|---|
| **Weighted-average assumptions for disclosure as of December 31, 2023** | | |
| Discount rate | 5.00% | 5.00% |
| Salary scale 2023 / thereafter | 3.00% / 3.75% | N/A |
| Health Care Cost Trend: Initial Pre-65/Post-65 | N/A | 7.25% / 5.40% |
| Health Care Cost Trend: Ultimate | N/A | 4.50% |
| Year Ultimate Reached: Initial Pre-65/Post-65 | N/A | 2035 / 2033 |
| **Components of net periodic benefit cost and other amounts recognized within the Statement of Activities** | | |
| **Net periodic benefit cost** | | |
| Service cost | $ 1,556,157 | $ 265,326 |
| Interest cost | 3,298,154 | 360,019 |
| Expected return on plan assets | (4,174,152) | — |
| Recognized prior service credit | — | (3,969) |
| Recognized actuarial loss | 1,101,448 | (129,489) |
| Net periodic benefit cost | 1,781,607 | 491,887 |
| **Pension and other postretirement benefit changes other than net periodic benefit cost** | | |
| Net actuarial loss | (2,116,826) | (304,052) |
| Recognized actuarial (gain) loss | (1,101,448) | 129,489 |
| Prior service cost | — | — |
| Recognized prior service credit | — | 3,969 |
| Total pension and postretirement benefit changes other than net periodic cost | (3,218,274) | (170,594) |
| Total net periodic other benefit cost and pension and other postretirement benefits changes other than net periodic benefit cost | $ (1,436,667) | $ 321,293 |
| **Weighted-average assumptions for net periodic cost as of December 31, 2023** | | |
| Discount rate | 5.30% | 5.30% |
| Expected asset return | 6.50% | N/A |
| Salary scale 2023 / thereafter | 5.40% / 4.00% | N/A |
| Health Care Cost Trend: Initial Pre-65/Post-65 | N/A | 7.50% / 5.50% |
| Health Care Cost Trend: Ultimate | N/A | 4.50% |
| Year Ultimate Reached: Initial Pre-65/Post-65 | N/A | 2035 / 2033 |

For the pension plan, the change in unrecognized net gain/loss is one measure of the degree to which important assumptions have coincided with actual experience. During 2023, the unrecognized net loss decreased by 5.0% of the 12/31/2022 projected benefit obligation primarily due to higher than expected return on assets offset by lower discount rate.

The discount rate was determined by projecting the plan's expected future benefit payments as defined for the projected benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date, and solving for the single equivalent discount rate that resulted in the same projected benefit obligation. A 1% increase/(decrease) in the discount rate would have (decreased)/increased the net periodic benefit cost for 2023 by ($784,000)/$901,000 and (decreased)/increased the year-end projected benefit obligation by ($7.7)/$9.5 million.

**Asset Summary**

| Asset Category | Quoted Prices in Active Markets for Identical Assets (Level 1) |
|---|---|
| **Equity securities:** | |
| U.S. large and multi-cap mutual funds | $18,778,018 |
| Non-U.S. large and multi-cap mutual funds | 10,905,828 |
| Total Equity | 29,683,846 |
| **Fixed Income securities:** | |
| U.S. Treasuries/Government & corporate bond mutual funds | 43,705,421 |
| Total Fixed Income | 43,705,421 |
| Total | $73,389,267 |

**Expected Return on Assets**

The expected return on the pension plan assets was determined based on historical and expected future returns of the various asset classes using the target allocations described below. A 1% increase/(decrease) in the expected return assumption would have (decreased)/increased the net periodic benefit cost for 2023 by $642,000.

**Investment Policy**

The plan's investment policy includes a dynamic asset allocation that reduces equity exposure as the plan becomes better funded to protect the plan funded status against changes in interest rates. The plan's assets are currently invested in funds representing most standard equity and debt security classes.

| Pension Plan Asset Category | Expected Long-Term Return | Target Allocation | Actual Allocation 12/31/2023 |
|---|---|---|---|
| Equity securities | 7.50% | 35–45% | 40% |
| Debt securities | 5.80% | 55–65% | 60% |
| Total | 6.50% | 100% | 100% |

| Estimated Future Benefit Payments<br>Estimated future benefit payments, including future benefit accrual | Pension | Other Benefits |
|---|---|---|
| 2024 | $ 3,335,605 | $ 273,045 |
| 2025 | $ 3,894,470 | $ 336,740 |
| 2026 | $ 4,002,075 | $ 361,902 |
| 2027 | $ 4,080,643 | $ 339,860 |
| 2028 | $ 4,206,849 | $ 373,768 |
| 2029–2033 | $22,449,256 | $2,239,173 |

**Contributions**

The company expects to make no contributions to the pension plan in 2024 for the 2023 plan year and $273,000 to the postretirement benefit plan during 2023.

| Defined Contribution Plan | |
|---|---|
| SIPC contributions (60% of employee contributions, up to 3.6% of compensation) | $ 296,000 |

### *9. Fixed Assets*

SIPC's policy is to capitalize fixed assets costing $2,500 or more, and to depreciate those assets using a straight-line depreciation method of five years for equipment and ten years for furniture. Leasehold improvements are amortized over the shorter of their economic life or the term of the lease. The equipment, furniture, and leasehold improvements listed below are included in "Other" assets within the Statement of Financial Position.

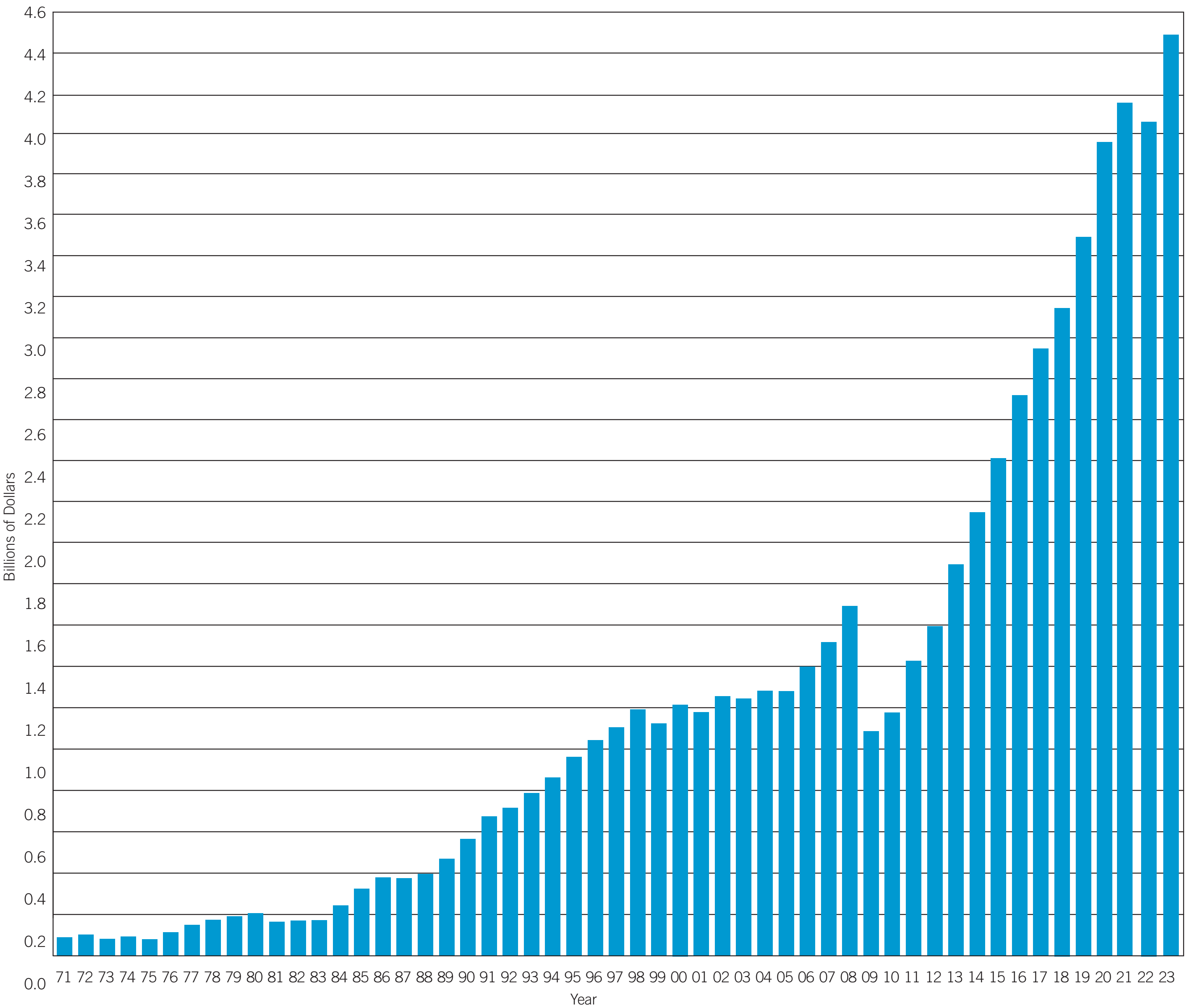
### *10. Subsequent Events*

SIPC evaluated its December 31, 2023 financial statements for subsequent events through April 15, 2024 the date the financial statements were available to be issued. SIPC is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

| Fixed Assets | |
|---|---|
| Office equipment at cost | $ 68,464 |
| Computer hardware at cost | 3,479,685 |
| Computer software at cost | 1,811,815 |
| Office furniture and fixtures at cost | 1,215,134 |
| Leasehold improvements at cost | 1,519,498 |
| Total fixed assets at cost | 8,094,596 |
| Less accumulated depreciation and amortization | (7,649,864) |
| Net fixed assets | $ 444,732 |
| 2023 depreciation and amortization expense | $ 258,822 |

## TABLE 5

### SIPC Fund Comparison
### Inception to December 31, 2023



# APPENDIX 1:
## Distributions for Accounts of Customers

For the Fifty-Three Years Ended December 31, 2023 (In Thousands of Dollars)

| | From Debtor's Estates | From SIPC | | | |
|---|---|---|---|---|---|
| | As Reported by Trustees | Advances* | Recoveries* | Net | Total |
| 1971 | $ 271 | $ 401 | | $ 401 | $ 672 |
| 1972 | 9,300 | 7,347 | $ (4) | 7,343 | 16,643 |
| 1973 | 170,672 | 35,709 | (4,003) | 31,706 | 202,378 |
| 1974 | 21,582 | 4,903 | (5,125) | (222) | 21,360 |
| 1975 | 6,379 | 6,952 | (2,206) | 4,746 | 11,125 |
| 1976 | 19,901 | 1,292 | (528) | 764 | 20,665 |
| 1977 | 5,462 | 2,255 | (2,001) | 254 | 5,716 |
| 1978 | 1,242 | 4,200 | (1,682) | 2,518 | 3,760 |
| 1979 | 9,561 | 1,754 | (6,533) | (4,779) | 4,782 |
| 1980 | 10,163 | 3,846 | (998) | 2,848 | 13,011 |
| 1981 | 36,738 | 64,311 | (1,073) | 63,238 | 99,976 |
| 1982 | 28,442 | 13,807 | (4,448) | 9,359 | 37,801 |
| 1983 | 21,901 | 52,927 | (15,789) | 37,138 | 59,039 |
| 1984 | 184,910 | 11,480 | (13,472) | (1,992) | 182,918 |
| 1985 | 180,973 | 19,400 | (11,726) | 7,674 | 188,647 |
| 1986 | 28,570 | 14,886 | (4,414) | 10,472 | 39,042 |
| 1987 | 394,443 | 20,425 | (2,597) | 17,828 | 412,271 |
| 1988 | 72,052 | 8,707 | (10,585) | (1,878) | 70,174 |
| 1989 | 121,958 | (5,481) | (10,244) | (15,725) | 106,233 |
| 1990 | 301,237 | 3,960 | (4,444) | (484) | 300,753 |
| 1991 | 1,943 | 6,234 | (2,609) | 3,625 | 5,568 |
| 1992 | 34,634 | 7,816 | (230) | 7,586 | 42,220 |
| 1993 | 115,881 | 4,372 | (9,559) | (5,187) | 110,694 |
| 1994 | (14,882)[#] | (1,283) | (3,829) | (5,112) | (19,994) |
| 1995 | 585,756 | 17,850 | (4,196) | 13,654 | 599,410 |
| 1996 | 4,770 | (1,491) | (10,625) | (12,116) | (7,346) |
| 1997 | 314,813 | 22,366 | (4,527) | 17,839 | 332,652 |
| 1998 | 3,605 | 4,458 | (1,571) | 2,887 | 6,492 |
| 1999 | 477,635 | 47,360 | (7,460) | 39,900 | 517,535 |
| 2000 | 364,065 | 26,330 | (3,413) | 22,917 | 386,982 |
| 2001 | 10,110,355 | 200,967 | (87,538) | 113,429 | 10,223,784 |
| 2002 | 606,593 | 40,785 | (5,812) | 34,973 | 641,566 |
| 2003 | (643,242)[#] | 22,729 | (4,425) | 18,304 | (624,938) |
| 2004 | 209,025 | (11,662)[#] | (37,700) | (49,362) | 159,663 |
| 2005 | (24,245)[#] | 1,175 | (4,342) | (3,167) | (27,412) |
| 2006 | 1,635,006 | 2,653 | (51,942) | (49,289) | 1,585,717 |
| 2007 | 1,167 | 7,054 | (6,624) | 430 | 1,597 |
| 2008 | 144,265,058 | 1,982 | (709) | 1,273 | 144,266,331 |
| 2009 | (52,025,582)[@] | 543,280 | (213) | 543,067 | (51,482,515) |
| 2010 | 579,035 | 217,842 | (1,824) | 216,018 | 795,053 |
| 2011 | 8,169,689 | 32,678 | (94) | 32,584 | 8,202,273 |
| 2012 | 3,217,290 | 19,338 | (1,774) | 17,564 | 3,234,854 |
| 2013 | 12,411,307 | 8,646 | (118,084) | (109,438) | 12,301,869 |
| 2014 | 924,822 | 16,099 | (11,709) | 4,390 | 929,212 |
| 2015 | 4,247,436 | 10,169[#] | (11,457) | (1,288) | 4,246,148 |
| 2016 | (608,091)[#] | 8,188 | (45,870) | (37,682) | (645,773) |
| 2017 | 1,166,245 | 4,024 | (11,175) | (7,151) | 1,159,094 |
| 2018 | 1,103,404 | 2,956 | (24,409) | (21,453) | 1,081,951 |
| 2019 | 1,644,784 | 3,781 | (17,969) | (14,188) | 1,630,596 |
| 2020 | 369,892 | 1,139 | (14,933) | (13,794) | 356,098 |
| 2021 | 231,362 | 530 | (10,792) | (10,262) | 221,100 |
| 2022 | 167,316 | | (4,840) | (4,840) | 162,476 |
| 2023 | 348,473 | 500 | (2,106) | (1,606) | 346,867 |
| | $141,621,076 | $1,541,946 | ($626,232) | $915,714 | $142,536,790 |

* Advances and recoveries not limited to cases initiated this year.

[#] Reflects adjustments to customer distributions based upon Trustees' revised allocation.

[@] Reflects adjustment to customer distributions in the Lehman Brothers Inc. customer protection proceeding based upon Trustee's revised allocation.

# APPENDIX 2:
## Analysis of SIPC Revenues and Expenses

### For the Five Years Ended December 31, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Member assessments and contributions | $406,750,046 | $382,258,690 | $448,000,014 | $402,543,976 | $317,610,000 |
| Interest on U.S. Government securities | 104,536,575 | 81,252,740 | 72,915,767 | 72,341,920 | 75,629,051 |
| Interest on assessments | 102,095 | 144,536 | 55,897 | 95,833 | 183,399 |
| | 511,388,716 | 463,655,966 | 520,971,678 | 474,981,729 | 393,422,450 |
| Expenses: | | | | | |
| Salaries and employee benefits | 14,210,811 | 13,730,177 | 13,132,372 | 13,113,285 | 12,537,157 |
| Legal fees | 206,452 | 119,206 | 61,211 | 96,986 | 183,709 |
| Accounting fees | 267,383 | 217,754 | 180,443 | 175,245 | 162,511 |
| Professional fees—other | 3,458,443 | 2,760,065 | 2,912,782 | 1,668,646 | 929,404 |
| Other: | | | | | |
| Assessment collection cost | 8,499 | | 15,174 | 33,924 | 36,807 |
| Depreciation and amortization | 259,469 | 298,763 | 306,758 | 458,051 | 617,859 |
| Directors' fees and expenses | 113,093 | 100,228 | 52,000 | 21,057 | 40,163 |
| Insurance | 199,551 | 207,732 | 148,589 | 79,500 | 37,200 |
| Investor education | 98,011 | 159,454 | 228,357 | 319,974 | 148,862 |
| Office supplies and expense | 325,104 | 250,756 | 175,433 | 219,738 | 470,710 |
| EDP and internet expenses | 1,818,117 | 1,505,228 | 1,218,879 | 1,123,508 | 1,258,469 |
| Postage | 13,213 | 7,527 | 2,226 | 3,215 | 6,330 |
| Printing & mailing annual report | 16,183 | 15,323 | 15,299 | 29,852 | 29,254 |
| Publications and reference services | 315,603 | 250,621 | 317,496 | 330,481 | 331,361 |
| Rent office space | 967,914 | 983,293 | 995,613 | 962,241 | 1,005,684 |
| Travel and subsistence | 86,105 | 44,217 | 5,486 | 21,885 | 149,745 |
| Personnel recruitment | 151,884 | 135,782 | 154,986 | | 29,934 |
| Miscellaneous | 59,011 | 9,177 | 9,810 | 24,827 | 49,488 |
| | 4,431,757 | 3,968,101 | 3,646,106 | 3,628,253 | 4,211,866 |
| | 22,574,846 | 20,795,303 | 19,932,914 | 18,682,415 | 18,024,647 |
| Customer protection proceedings: | | | | | |
| Net advances to (recoveries from): | | | | | |
| Trustees other than SIPC: | | | | | |
| Securities | (2,104,307) | (4,714,197) | (9,900,767) | (13,494,404) | (14,144,107) |
| Cash | 499,983 | (1,992) | (336,862) | (2) | (8,152) |
| | (1,604,324) | (4,716,189) | (10,237,629) | (13,494,406) | (14,152,259) |
| Administration expenses | 141,171,350 | 134,654,476 | 127,802,790 | 135,123,659 | 140,025,745 |
| | 139,567,026 | 129,938,287 | 117,565,161 | 121,629,253 | 125,873,486 |
| Net change in estimated future recoveries | (1,300,000) | 2,600,000 | 5,700,000 | 4,200,000 | 3,300,000 |
| | 138,267,026 | 132,538,287 | 123,265,161 | 125,829,253 | 129,173,486 |
| SIPC as Trustee: | | | | | |
| Securities | (600) | (124,970) | (24,226) | (16,088) | (34,653) |
| Cash | (291) | (366) | (1,954) | (284,025) | (953) |
| | (891) | (125,336) | (26,180) | (300,113) | (35,606) |
| Administration expenses | (1,375) | (4,125) | (4,125) | (30,676) | (82,495) |
| | (2,266) | (129,461) | (30,305) | (330,789) | (118,101) |
| Direct payments: | | | | | |
| Securities | | | | | |
| Cash | | | | | |
| | | | | | |
| Administration expenses | | | | | |
| | | | | | |
| Net change in estimated cost to complete proceedings | (141,100,000) | (23,000,000) | 116,800,000 | (133,100,000) | (171,300,000) |
| | (2,835,240) | 109,408,826 | 240,034,856 | (7,601,536) | (42,244,615) |
| | 19,739,606 | 130,204,129 | 259,967,770 | 11,080,879 | (24,219,968) |
| Total net revenues | 491,649,110 | 333,451,837 | 261,003,908 | 463,900,850 | 417,642,418 |
| Realized and unrealized (loss) gain on U.S. Government securities | 86,434,687 | (447,552,259) | (154,703,047) | 166,303,052 | 115,979,049 |
| Pension and postretirement benefit changes other than net periodic benefit costs | 3,388,869 | (6,676,331) | 6,248,553 | 1,932,568 | (3,597,040) |
| Increase (decrease) in net assets | $581,472,666 | ($120,776,753) | $112,549,414 | $632,136,470 | $530,024,427 |

# APPENDIX 3:
Customer Protection Proceedings

## PART A: Customer Claims and Distributions Being Processed[(a)]

| Member and Trustee By Date of Appointment | Date Registered as Broker-Dealer | Filing Date | Trustee Appointed | Customers[(b)] To Whom Notices and Claim Forms Were Mailed | Responses[(b)] Received | Customers[(b)] Receiving Distributions |
|---|---|---|---|---|---|---|
| Bernard L. Madoff Investment Securities LLC<br>New York, NY<br>(Irving H. Picard, Esq.) | 01/19/60 | 12/11/08 | 12/15/08 | 8,110 | 16,521* | 2,656 |
| **TOTAL 1 MEMBER: PART A** | | | | **8,110** | **16,521** | **2,656** |

* Includes duplicate claims filed for 3,385 Active Accounts.

**December 31, 2023**

| Distribution of Assets Held by Trustee[c] | | | SIPC Advances | | | | |
|---|---|---|---|---|---|---|---|
| Total | For Accounts of Customers | Administration Expenses | Total Advanced | Administration Expenses | Contractual Commitments | Securities | Cash |
| $13,852,193,560 | $13,829,314,867 | $22,878,693 | $3,015,317,602 | $2,420,095,166 | | $595,222,436 | |
| **$13,852,193,560** | **$13,829,314,867** | **$22,878,693** | **$3,015,317,602** | **$2,420,095,166** | | **$595,222,436** | |

## PART B: Customer Claims Satisfied, Litigation or Administrative Matters Pending[a]

| Member and Trustee By Date of Appointment | Date Registered as Broker-Dealer | Filing Date | Trustee Appointed | Customers[b] To Whom Notices and Claim Forms Were Mailed | Responses[b] Received | Customers[b] Receiving Distributions |
|---|---|---|---|---|---|---|

**TOTAL 0 MEMBERS: PART B**

December 31, 2023

| Distribution of Assets Held by Trustee[c] | | | SIPC Advances | | | | |
|---|---|---|---|---|---|---|---|
| Total | For Accounts of Customers | Administration Expenses | Total Advanced | Administration Expenses | Contractual Commitments | Securities | Cash |

## PART C: Proceedings Completed in 2023

| Member and Trustee By Date of Appointment | Date Registered as Broker-Dealer | Filing Date | Trustee Appointed | Customers[b] To Whom Notices and Claim Forms Were Mailed | Responses[b] Received | Customers[b] Receiving Distributions |
|---|---|---|---|---|---|---|
| TOTAL 0 MEMBERS 2023 | | | | | | |
| TOTAL 329 MEMBERS 1973–2022[d] | | | | 3,209,381 | 602,256 | 770,405 |
| TOTAL 329 MEMBERS 1973–2023 | | | | 3,209,381 | 602,256 | 770,405 |

**December 31, 2023**

| Distribution of Assets Held by Trustee[(c),(e)] | | | SIPC Advances | | | | |
|---|---|---|---|---|---|---|---|
| Total | For Accounts of Customers | Administration Expenses | Total Advanced | Administration Expenses | Contractual Commitments | Securities | Cash |
| | | | | | | | |
| $129,900,372,358 | $127,791,761,459 | $2,108,610,900 | $535,274,406 | $214,782,531 | $1,388,427 | $186,484,463 | $132,618,985 |
| $129,900,372,358 | $127,791,761,459 | $2,108,610,900 | $535,274,406 | $214,782,531 | $1,388,427 | $186,484,463 | $132,618,985 |

## PART D: Summary

| | Customers[b] To Whom Notices and Claim Forms Were Mailed | Responses[b] Received | Customers[b] Receiving Distributions |
|---|---|---|---|
| Part A: 1 Member — Customer Claims and Distributions Being Processed | 8,110 | 16,521 | 2,656 |
| Part B: 0 Members — Customer Claims Satisfied, Litigation or Administrative Matters Pending | | | |
| Sub-Total | 8,110 | 16,521 | 2,656 |
| Part C: 329 Members — Proceedings Completed | 3,209,381 | 602,256 | 770,405 |
| **Total: 330** | **3,217,491** | **618,777** | **773,061** |

Appendix 3 notes:

(a) Based upon information available at year-end and subject to adjustments until the case is closed.

(b) SIPA requires notice to be mailed to each person who appears to have been a customer of the debtor with an open account within the past twelve months. In order to be sure that all potential claimants have been advised of the liquidation proceeding, trustees commonly mail notice and claim forms to all persons listed on the debtor's records, even if it appears that their accounts have been closed. As a result, many more claim forms are mailed than are received.
Responses Received usually exceeds Customers Receiving Distributions because responses are commonly received from customers whose accounts were previously delivered to another broker or to the customer. Responses are also received from persons who make no claim against the estate, or whose accounts net to a deficit, or who file late, incorrect, or invalid claims.
The number of Customers Receiving Distributions can exceed Responses Received when the trustee transfers accounts in bulk to other brokers before claims are filed.

(c) Includes assets marshalled by Trustee after filing date and does not include payments to general creditors.

(d) Revised from previous reports to reflect subsequent recoveries, disbursements and adjustments.

(e) For proceedings completed, this also includes assets recovered by SIPC and does not include payments to general creditors.

**December 31, 2023**

| Distribution of Assets Held by Trustee[(c),(e)] | | | SIPC Advances | | | | |
|---|---|---|---|---|---|---|---|
| Total | For Accounts of Customers | Administration Expenses | Total Advanced | Administration Expenses | Contractual Commitments | Securities | Cash |
| $ 13,852,193,560 | $ 13,829,314,867 | $ 22,878,693 | $3,015,317,602 | $2,420,095,166 | | $595,222,436 | |
| 13,852,193,560 | 13,829,314,867 | 22,878,693 | 3,015,317,602 | 2,420,095,166 | | 595,222,436 | |
| 129,900,372,358 | 127,791,761,459 | 2,108,610,900 | 535,274,406 | 214,782,531 | $1,388,427 | 186,484,463 | $132,618,985 |
| **$143,752,565,918** | **$141,621,076,326** | **$2,131,489,593** | **$3,550,592,008** | **$2,634,877,697** | **$1,388,427** | **$781,706,899** | **$132,618,985** |

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