

Clear Street Derivatives LLC

SEC # 026-00231

Statement of Financial Condition

As of June 30, 2026

(Unaudited)

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Unaudited Statement of Financial Condition
June 30, 2026
(amounts in thousands)

Assets		
Cash and cash equivalents	\$	37
Financial instruments owned, at fair value		7,886
Receivable from broker-dealers and clearing organizations		74,883
Other assets		5
Total Assets	\$	82,811
Liabilities and Equity		
Liabilities		
Financial instruments sold, not yet purchased, at fair value	\$	32,113
Payable to customers		10,885
Accounts payable and accrued liabilities		745
Total liabilities	\$	43,743
Equity		
Member's equity		39,068
Total Liabilities and Equity	\$	82,811

The accompanying notes are an integral part of this Unaudited Statement of Financial Condition.

Clear Street Derivatives LLC

Notes to the Unaudited Statement of Financial Condition

June 30, 2026

1. Organization and Description of Business

Clear Street Derivatives LLC, (the "Company" or "CSD"), is a limited liability company organized in the state of Delaware. The Company's sole member is Clear Street Holdings LLC ("Holdings", "Parent").

The Company's operating agreement provides that the CEO has sole authority to carry out management responsibilities and control day-to-day management of the Company's operations, including distributions and admittance of new members. As a limited liability company, the members' liabilities are limited to amounts reflected in their capital accounts.

The Company, founded in 2022 and headquartered in New York, is a security-based swap dealer registered with the U.S. Securities and Exchange Commission ("SEC"). The Company does not effect transactions in cleared security-based swaps for or on behalf of customers. Accordingly, the Company claims an exemption from 17 C.F.R. § 240.18a-4 under the provisions of 17 C.F.R. § 240.18a-4(f).

The Company provides security-based swap dealer counterparties exposure to securities via total return swap transactions by: (i) entering into short or long total return swap transactions with security-based swap dealer counterparties, and (ii) acquiring or selling the securities underlying each total return swap via open market transactions to fully hedge the Company's market risk and create a delta neutral position.

The Company is engaged in a single line of business as a security-based swap dealer. The Company has identified its CEO as the chief operating decision maker ("CODM"), who uses net income to evaluate the results of the business to manage the Company. Additionally, the CODM uses excess net capital (see Note 7, Net Capital Requirements), which is not a measure of profit and loss, to make operational decisions while maintaining capital adequacy, such as whether to reinvest profits or make distributions. The Company's operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole.

2. Significant Accounting Policies

Basis of Presentation

The accompanying Statement of Financial Condition has been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP") as set forth by the Financial Accounting Standards Board ("FASB") and its Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU"). The Statement of Financial Condition is presented in U.S. dollars.

Use of Estimates

The preparation of the Statement of Financial Condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain types of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from estimated amounts.

Recently Adopted Accounting Pronouncements

There are no new accounting pronouncements that the Company has adopted as of June 30, 2026.

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Cash and Cash Equivalents

The Company maintains cash in bank accounts that, at times, may exceed federally insured limits. The Company manages the risk by selecting financial institutions deemed highly creditworthy to minimize the risk.

Cash equivalents are defined as highly liquid investments with original maturities of three months or less when purchased. At June 30, 2026, the Company had no cash equivalents.

Receivable from and Payable to Customers

Amounts receivable from and amounts payable to Customers include the portions of cash collateral posted to and received from counterparties for security-based swaps transactions, which are not eligible for netting under ASC 815-10-45, or where the cash collateral delivered/received exceeds the related derivative payable/receivable as of the date of the Statement of Financial Condition. At June 30, 2026, there were no Receivables from customers.

Allowance for Credit Loss

The Current Expected Credit Loss ("CECL") model requires the measurement of expected credit losses for financial assets measured at amortized cost, using relevant information about past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectibility of the remaining cash flows over the contractual term of the financial assets. The overall estimate of the allowance for credit losses is based on both quantitative and qualitative considerations.

The Company deemed the credit risk of organizations with which it entered into clearing agreements, relating to Receivables from broker-dealers and clearing organizations, to be immaterial, as the in-scope assets are de minimis. Therefore, the Company did not record an allowance for credit losses related to Receivables from Broker-dealers and clearing organizations as of June 30, 2026.

Receivable from and Payable to Broker-Dealers and Clearing Organizations

Amounts receivable from broker-dealers and clearing organizations may be restricted to the extent they serve as deposits for securities sold, not yet purchased. At June 30, 2026, Receivable from broker-dealers and clearing organizations represented cash balances held at and margin debits due to prime brokers related to the Company's security-based swap dealer activity. At June 30, 2026 there were no Payables to broker-dealers and clearing organizations.

Financial Instruments Owned and Financial Instruments Sold, Not Yet Purchased

Financial instruments owned and Financial instruments sold, not yet purchased, relate to the Company's security-based swap activity, and consist of two components: derivative assets and derivative liabilities arising from security-based swaps in listed equity securities, and listed equity securities held primarily to hedge the market risk exposure related to open security-based swaps in listed equity securities.

The Company records Financial instruments owned, including those pledged as collateral, and Financial instruments sold, not yet purchased, at fair value.

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Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. Fair value measurements are not adjusted for transaction costs. The recognition of discounts for large holdings (block discounts) of unrestricted financial instruments where quoted prices are readily and regularly available in an active market is prohibited.

The Company categorizes its financial instruments into a three-level hierarchy which prioritizes the observable inputs to valuation techniques used to measure fair value. The hierarchy level assigned to each measurement is based on the assessment of the transparency and reliability of the inputs used in the valuation, based on the lowest level of input that is significant to the fair value measurement. 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).

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2: Quoted prices for similar assets and liabilities in an active market and quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. When there is more than one input at different levels within the hierarchy, the fair value is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of a particular input to the fair value measurement in its entirety, requires substantial judgment and consideration of factors specific to the asset or liability. Level 3 inputs are inherently difficult to estimate. Changes to these inputs can have a significant impact on fair value measurements.

Transfers in or out of levels are recognized based on the beginning fair value of the period in which they occur. For the six months ended June 30, 2026, there were no transfers into or out of level 3.

Derivative Instruments

Derivative instruments include derivative assets and derivative liabilities related to open security-based swaps in listed equities. These derivative assets and derivative liabilities are carried at fair value and reported in Financial instruments owned and Financial instruments sold, not yet purchased on the Statement of Financial Condition. Refer to Note 4, Derivative Instruments, for further information related to the Company's derivative holdings.

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Income Taxes

The Company is a single-member limited liability company and is treated as a disregarded entity for federal tax purposes and, as such, is not subject to income taxes in federal, state and local jurisdictions. Instead, income, deductions, and credits are passed through and included by its single member on its tax return. The Company has not elected to push down and allocate current and deferred tax expense from its Parent, therefore, no provision for income taxes is made in this Statement of Financial Condition.

3. Fair Value

Financial Instruments Measured at Fair Value

The Company's financial instruments recorded at fair value have been categorized based on a fair value hierarchy in accordance with accounting standards as described in Note 2, *Significant Accounting Policies - Fair Value of Financial Instruments*. Exchange-traded equity securities are measured at the quoted prices from the primary exchanges and are classified as Level 1 securities in the fair value hierarchy. Restricted equity securities and securities with quoted prices in markets that are not active are valued based on quoted prices from the primary exchanges and are classified as Level 2 securities in the fair value hierarchy. Security-based swaps are valued based on inputs derived from the quoted prices of the underlying listed securities from the primary exchange and are classified as Level 2 financial instruments in the fair value hierarchy. Fair values for financial instruments other than those discussed above are estimated by the Company and are generally categorized as Level 2 or Level 3 in the fair value hierarchy.

Fair value measurements for items measured at fair value on a recurring basis are summarized below at June 30, 2026 (in thousands):

	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Equities	\$ 7,060	\$ -	\$ -	\$ 7,060
Security-based swaps	-	826	-	826
Financial assets measured at fair value	\$ 7,060	\$ 826	\$ -	\$ 7,886
Liabilities				
Equities	\$ 29,647	\$ -	\$ -	\$ 29,647
Security-based swaps	-	2,466	-	2,466
Financial liabilities measured at fair value	\$ 29,647	\$ 2,466	\$ -	\$ 32,113

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial instruments that are not measured at fair value on the Statement of Financial Condition. The table below excludes non-financial assets and liabilities. The carrying value of financial instruments not measured at fair value categorized in the fair value hierarchy as Level 1 and Level 2 approximates fair value due to the relatively short-term nature of the underlying assets.

The table below summarizes financial assets and liabilities not carried at fair value at June 30, 2026 (in thousands).

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	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and cash equivalents	\$ 37	\$ 37	\$ 37	\$ -	\$ -
Receivable from broker-dealers and clearing organizations	74,883	74,883	-	74,883	-
Other assets	5	5	-	5	-
Total financial assets	\$ 74,925	\$ 74,925	\$ 37	\$ 74,888	\$ -
Liabilities					
Payable to customers	10,885	10,885	-	10,885	-
Accounts payable and accrued liabilities	745	745	-	745	-
Total financial liabilities	\$ 11,630	\$ 11,630	\$ -	\$ 11,630	\$ -

In addition, the Company held Bitcoin with a fair value of less than \$0.1 million, which is recorded in Other assets on the Statement of Financial Condition. This Bitcoin was held to hedge a swap contract with a counterparty.

4. Derivative Instruments

The Company does not have any derivative instruments designated as hedging instruments under ASC 815, *Derivatives and Hedging* ("ASC 815"). The fair value of the Company's derivative instruments on a gross basis consisted of the following derivative assets and derivative liabilities at June 30, 2026 (in thousands):

	Financial Statement Caption	Fair Value	Notional Value
Derivative Assets			
Security-based swaps	Financial instruments owned, at fair value	\$ 826	\$ 7,054
Derivative Liabilities			
Security-based swaps	Financial instruments sold, not yet purchased, at fair value	\$ 2,466	\$ 29,652

The Company believes that the notional amounts of derivative contracts generally overstate its exposure. In most circumstances, notional amounts are used only as a reference point from which to calculate amounts owed between the parties to the contract. Furthermore, notional amounts do not reflect the benefit of master netting and collateral agreements or risk mitigating transactions.

Offsetting of Derivatives

The Company enters into master netting and collateral agreements with all of its security-based swap counterparties. Where legally enforceable, these master netting and collateral agreements give the Company, in the event of default by the counterparty, the right to offset receivables, including cash collateral received, and payables with the same counterparty. At June 30, 2026, the Company had the following derivative assets and derivative liabilities under master netting and collateral agreements (in thousands):

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					Amounts not offset in the statement of financial condition (2)		
	Gross amounts of recognized assets/ liabilities (1)	Amounts offset in the statement of financial condition	Net amounts presented		Counterparty netting	Cash collateral	Net amount
Derivative assets							
Security-based swaps	\$ 826	\$ -	\$ 826	\$ -	\$ 826	\$ -	
Derivative liabilities							
Security-based swaps	\$ 2,466	\$ -	\$ 2,466	\$ -	\$ 2,466	\$ -	

(1) Includes all gross balances related to securities-based swaps balances irrespective of whether they are transacted under legally enforceable master netting and collateral agreements or whether the Company has obtained sufficient evidence of enforceability of the master netting and collateral agreement. At June 30, 2026, the gross balance of derivative assets and derivative liabilities which are documented under master netting and collateral agreements for which the Company has not yet obtained sufficient evidence of legal enforceability was \$0.8 million and (\$2.5 million), respectively.

(2) Amounts relate to master netting and collateral agreements which are not permitted to be offset on the face of the Statement of Financial Condition in accordance with ASC 210-20, *Balance Sheet Offsetting*, and ASC 815, *Derivatives and Hedging*, but which provide the Company with the legal right to offset in the event of default.

5. Risks and Uncertainties

The Company's activities expose it to a number of financial risks, including market risk and credit risk. The Company seeks to manage its financial risks using various mitigating controls.

Market Risk

The Company is exposed to various market risks. Exposures to market risks arise primarily from equity price risk and changes in interest rates.

Equity Price Risk

It is the Company's policy to mitigate its market risk exposure on security-based swaps through the purchase or sale of the corresponding underlying securities. As a result, the Company is not exposed to material market risk on its security-based swaps, other than the potential operational or trading errors that may occur. The Company monitors its exposures daily to ensure that open positions remain appropriately hedged.

Credit Risk

The Company engages in security-based swaps dealer activities servicing a diverse client group, primarily hedge funds and other financial institutions based in the U.S. The Company's exposure to credit risk associated with the non-performance of these counterparties in fulfilling their contractual obligations pursuant to security-based swaps transactions can be directly impacted by volatile securities markets or regulatory changes, which may impair the counterparties' ability to satisfy its obligation to the Company. If parties to the financial instruments that make up the concentration failed completely to perform according to the terms of the contracts and the collateral or other security,

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if any, for the amount due proved to be of no value to the entity, the maximum amount of loss due to credit risk is approximately the same as the total carrying amount of the financial instruments.

The credit risk team, an independent function of the Company, is tasked with minimizing credit risk from the Company's activities. The Company's process for managing credit risk includes the evaluation of the likelihood that a counterparty defaults on its payments and obligations; assignment of internal credit ratings to all active counterparties; approval of extensions of credit and establishment of credit limits; measurement, monitoring and management of the Company's current and potential future credit exposures; setting credit terms in legal documentation including margin terms; use of appropriate credit risk mitigants including netting; collateral and hedging; and active communication and co-operation with various stakeholders such as Trading units, Operations, Legal, Compliance and Finance.

Off-Balance Sheet Risk

In the ordinary course of business, the Company purchases and sells securities and derivative financial instruments. If a party to a transaction fails to fulfill its contractual obligations, the Company may incur a loss if the market value of the security is different from the contract amount of the transaction. The majority of the Company's transactions with off-balance sheet risk are short-term in duration.

Litigation

The nature of the Company's business subjects it to claims, lawsuits and regulatory examinations and other proceedings in the ordinary course of business. At June 30, 2026, there were no unasserted claims or assessments that management is aware of or legal counsel has advised are probable of assertion and which must be disclosed. In the opinion of management, the ultimate outcome of all matters will not have a material impact on the Company's financial condition.

6. Related Party Transactions

The Company may engage in transactions with related parties in the ordinary course of business.

The Company incurs expenses paid for by Holdings, on behalf of itself and its affiliates, under an intercompany expense sharing agreement which provides for the allocation of compensation, technology, and administrative expenses related to shared and support services based on actual usage. In addition, Clear Street Management LLC ("CS Management", a subsidiary of Holdings), acts as the paying agent for any direct expenses incurred by the Company.

At June 30, 2026, the Company had a \$0.2 million payable to CS Management and a \$0.2 million payable to CS Technologies USVI which is included in Accounts payable and accrued liabilities on the Statement of Financial Condition.

The Company clears its business through Clear Street LLC ("CS LLC"), an affiliate under common control, on a fully disclosed basis. At June 30, 2026, the Company had a \$73.6 million receivable from CS LLC which is included in Receivable from broker-dealers and clearing organizations on the Statement of Financial Condition.

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7. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule ("Securities Exchange Act of 1934 Rule 18a-1" or "SEC Rule 18a-1"), which requires the maintenance of minimum net capital. The Company is required to maintain a minimum net capital (as defined in SEC Rule 18a-1) equal to the greater of \$20.0 million or two percent of the risk margin amount (as defined in "SEC Rule 18a-1"). These regulations also prohibit a security-based swap dealer from paying cash dividends, making loans to its parent, affiliates or employees, or otherwise entering into transactions, which, if executed, would result in a reduction of its total net capital to less than 120% of its minimum required capital. Moreover, security-based swap dealers are required to notify the SEC prior to paying cash dividends, making loans to its parent, affiliates or employees, or otherwise entering into transactions, which, if executed, would result in a reduction of 30% or more of its excess net capital (net capital less the minimum requirement). The SEC has the ability to prohibit or restrict such transactions if the result is detrimental to the integrity of the security-based swap dealer. At June 30, 2026, the Company had net capital of \$39.1 million which was \$19.1 million in excess of its required net capital of \$20.0 million.

8. Subsequent Events

The Company has evaluated its subsequent events disclosures through July X, 2026, the date that the Company's Statement of Financial Condition was issued and has determined that there have been no events that would have a material impact on this Statement of Financial Condition as of June 30, 2026.