Annual Report

SIPC

SECURITIES INVESTOR PROTECTION CORPORATION

2024

Securities Investor Protection Corporation
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April 30, 2025

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

Dear Chair Atkins:

On behalf of the Board of Directors I submit herewith the Fifty-fourth 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

Contents

Message from the Chair

Claudia Slacik

In 2024, SIPC continued to focus on being prepared in the rare event of a brokerage failure. Critical to that preparation is ensuring that the SIPC Fund is adequate for the protection of brokerage customers. Although under the Securities Investor Protection Act (SIPA), SIPC may borrow up to $2.5 billion from the United States Treasury through the Securities and Exchange Commission (SEC), SIPC has never drawn upon the Government line of credit and it expects not to have to do so. Toward that end, a focus this year has been on laying the groundwork for raising sizeable sums of money if needed. Furthermore, as the Fund reaches its $5 billion target, as is likely in 2025, SIPC will commission a study to review the adequacy of the Fund for its current and future needs. By being forward-looking, SIPC remains confident that it is well-prepared for the future and able steadfastly to withstand any financial storm.

MADOFF

The recoveries for the benefit of customers continued to be remarkable in 2024. By the end of the year, a total of over $14.7 billion had been collected for customers of Bernard L. Madoff Investment Securities LLC (BLMIS). A 15th distribution amounting to approximately $78 million was made to BLMIS customers this year, bringing the total distributed, together with SIPC advances of $591.8 million, to $14.5 billion, and resulting in any customer owed $1.7 million being fully satisfied.

$842 million continues to be withheld by the Trustee for the liquidation of BLMIS pending the outcome of litigation. Notably, the more than 1000 lawsuits initiated in the liquidation proceeding for the recovery of customer funds has been reduced to 76. Further benefiting customers is that all expenses of administering the liquidation proceeding are paid for with advances from SIPC and no customer monies are used for that purpose.

The commendable persistence and tireless efforts of the BLMIS Trustee, his counsel and consultants, supported by the SIPC attorneys and staff, are key to the recoveries achieved for customers and will continue into 2025.

MODERNIZATION

SIPC was pleased to have launched its broker portal in November 2023. Since the launch, this challenging undertaking has yielded many benefits, enabling SIPC to transition from largely manual and paper-driven processes to more efficient automated ones. Users of the portal are now able electronically to submit forms and required filings with SIPC. Assessment payments are made through the portal and a system has been created for users to communicate electronically with SIPC's Membership staff. The back-end of the system generates useful reports for SIPC's Member Services and Finance Department.

Additional tools or features that will make the portal even more user friendly and responsive to users' and SIPC's needs will continue to be developed into 2025.

WEBSITE

Ensuring that investors are aware of the SIPA protection available to them, and its limits, is important. A central means of sharing information is the SIPC website (www.sipc.org). SIPC has begun the process of refreshing and updating its website to ensure that the site information is as comprehensive, current, and understandable to investors and other users as possible.

CYBERSECURITY

As SIPC continues to automate and to modernize its systems and processes, safeguarding confidential information and sensitive data in SIPC's possession remains a priority. The safety of SIPC's systems and network is a foremost consideration in any initiative that SIPC undertakes. 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

SIPC is grateful for the ongoing support from its broker-dealer members; the securities regulators including, in particular, the SEC and FINRA who partner with SIPC; investor and industry groups; and above all, the SIPC staff who remain committed to SIPC's mission of investor protection. I warmly extend my personal thanks to the management and staff for their continued commitment to SIPC.

As SIPC moves into the New Year, it stands strong and committed to fulfilling its mission of promoting investor confidence in the safety and soundness of our nation's capital markets.

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–78*lll* (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 37, 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, 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. In Direct Payment Proceedings, the staff reviews customer claims and satisfies allowed claims.

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.

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.

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)].

† 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

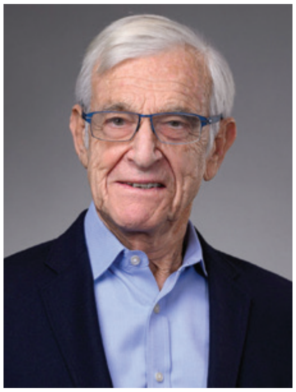
Glen S. Fukushima
Vice-Chair

William Brodsky
Cedar Street Asset Management, LLC
Chairman
Bosun Asset Management
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
CEO & Managing Director

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

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 • Oversees compliance with applicable legal and regulatory requirements and the independence, qualifications, and performance of the external auditor • 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 • Monitors independence and performance of external auditors • Reviews financial statements and financial disclosures • Reviews the proposed budget relative to annual goals and objectives and recommends final budget to Board • Reviews systems of internal control • Reviews federal tax return
Investment Committee	• Assists Board in formulating investment policies • 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 • 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 • Ensures that investments are made only in United States Government or agency securities as statutorily required • Reviews overall investment performance and asset allocation • Reports on investment performance and changes in investments to the Board

Committee	Purpose	Duties
Compensation Committee	• Provides oversight of total compensation strategy and assists Board in determining the appropriate compensation for officers and compensation levels for staff • 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 • Establishes, reviews, and updates compensation strategy and structure for approval by the Board • Annually reviews proposals regarding compensation • Recommends compensation for officers and staff for approval by the Board • 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 ten meetings in 2024. The Audit and Budget Committee met four times; the Compensation Committee five times; and the Investment Committee met three times. The Director attendance at Board and Committee meetings for the year was as follows:

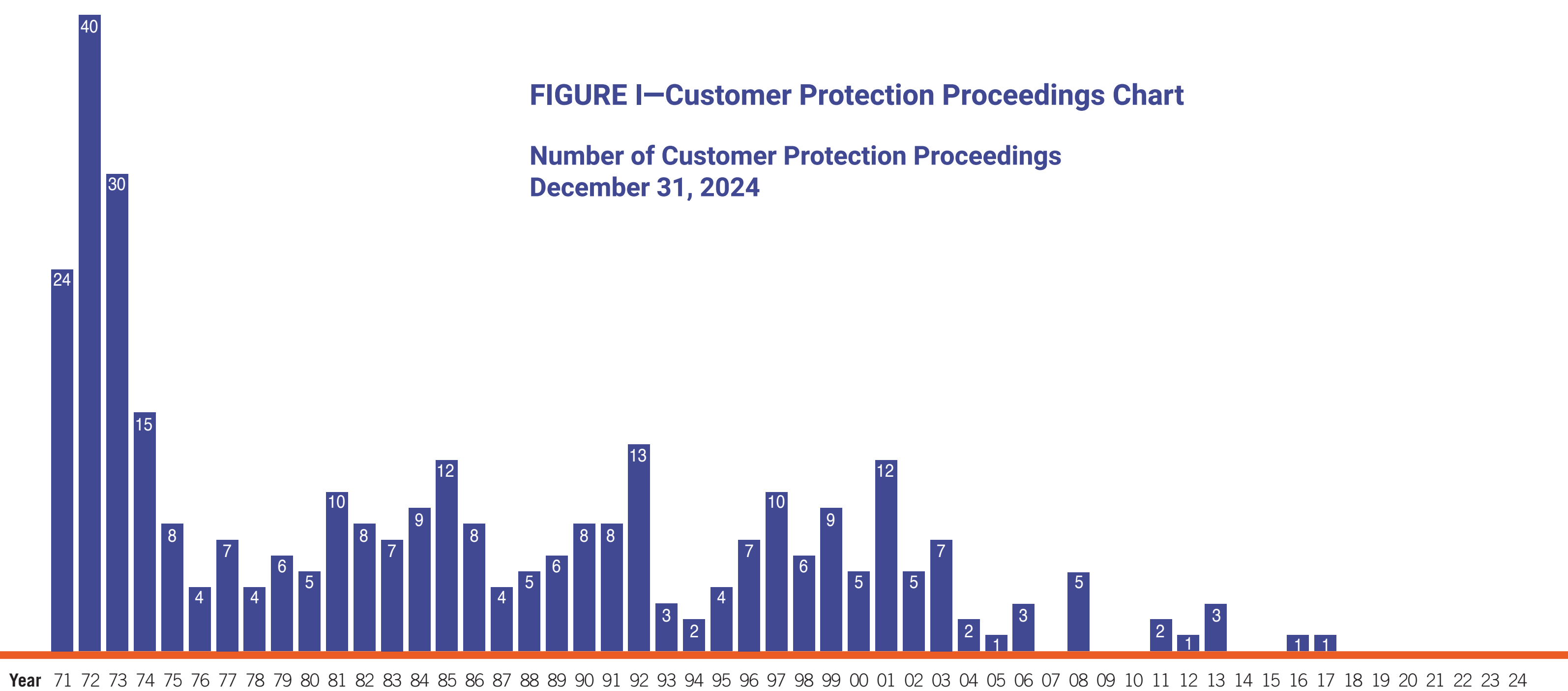
Director	Board Meetings	Committee Meetings
Claudia Slacik	10/10	4/4
Glen S. Fukushima	9/10	8/8
Daniel M. Covitz	10/10	4/4
W. Moses Kim	9/10	6/8
William S. Jasien	10/10	4/5
William J. Brodsky	9/10	3/3
Alan J. Patricof	10/10	3/4

Customer Protection Proceedings

In 2024, no customer protection proceeding was initiated. Since the inception of SIPC, 330 proceedings have been 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–four years. Currently, SIPC has 3,197 members. During SIPC's fifty–four year history, cash and securities distributed for accounts of customers totaled approximately $142.6 billion. Of that amount, approximately $141.7 billion came from debtors' estates and $912.3 million came from the SIPC Fund (See Appendix 1).

FIGURE I—Customer Protection Proceedings Chart

Number of Customer Protection Proceedings
December 31, 2024



Claims over the Limits

Of the approximately 770,400 claims satisfied in completed cases as of December 31, 2024, 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 2024, represent less than one percent of all claims satisfied. The unsatisfied portion of claims, $49.7 million, represents less than one percent of the total value of securities and cash distributed for accounts of customers in the 329 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 $3.2 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 $3.5 billion, or 95 percent of net advances from the SIPC Fund for all proceedings.

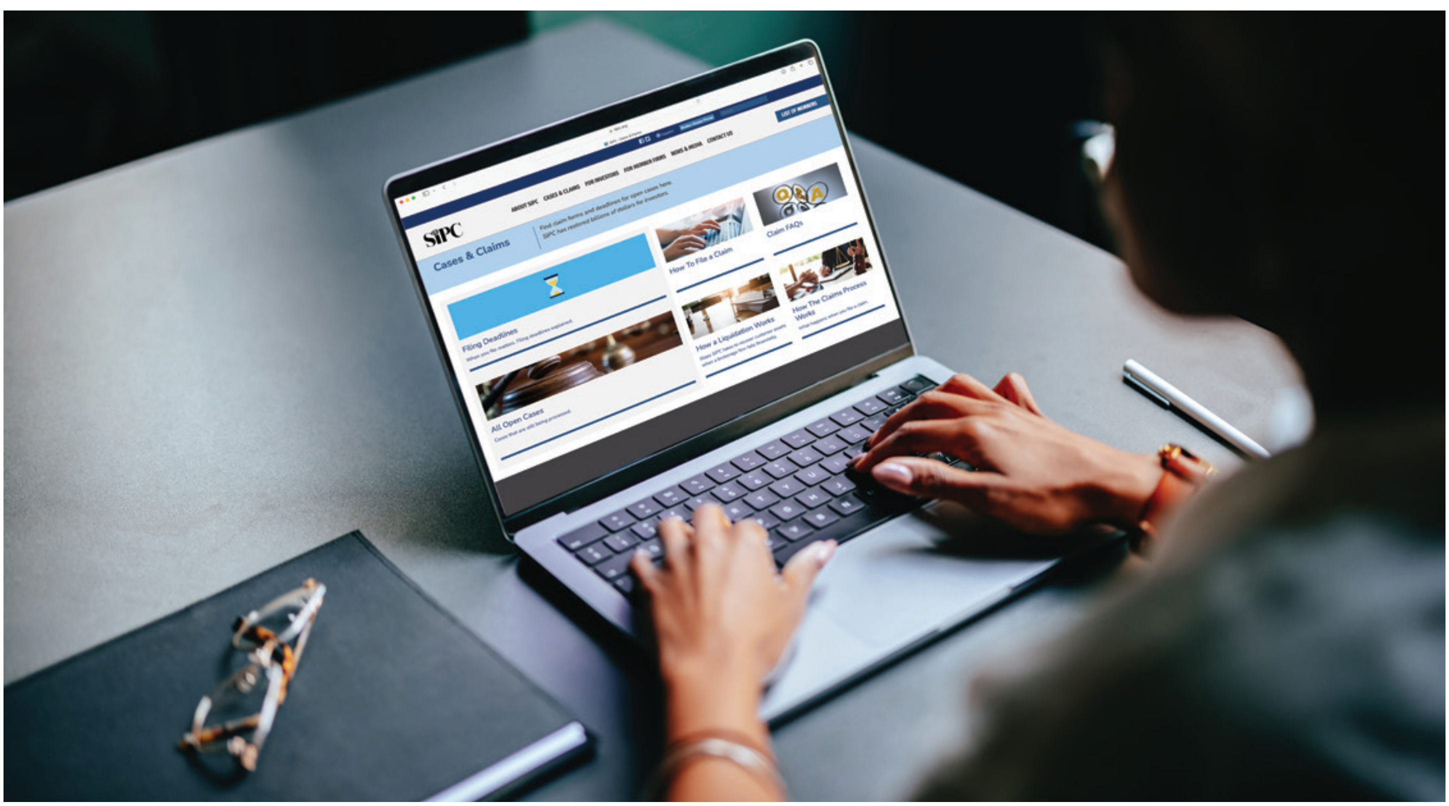
TABLE I

Net Advances from the SIPC Fund
December 31, 2024
330 Customer Protection Proceedings

Net Advances		Number of Proceedings	Amounts Advanced
From	To		
$40,000,001	up	1	$3,181,279,369
10,000,001	$40,000,000	11	229,936,250
5,000,001	10,000,000	18	125,967,032
1,000,001	5,000,000	62	136,637,542
500,001	1,000,000	38	28,002,221
250,001	500,000	42	14,515,460
100,001	250,000	63	10,124,598
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	$3,716,540,811†

* 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 ($912,332,379) and for administration expenses ($2,804,208,432).



Membership and the SIPC Fund

The net decrease of 103 members during the year brought the total membership to 3,197 as of December 31, 2024. 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).[1] As of December 31, 2024, there were 142 members who were subjects of uncured notices, 112 of which were mailed during 2024, seven during 2023, 17 during 2022, one during 2021, two during 2020, two during 2019, and one in 2018. Subsequent filings and payments by 33 members left 105 notices uncured. Four 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 $4.83 billion at year end, an increase of $362 million during 2024.

Tables 3 and 4, on pages 11 and 12, present principal revenues and expenses for the years 1971 through 2024. The 2024 member assessments were $490.7 million and interest from investments was $134.6 million. During the years 1971 through 1977, 1983 through 1985, 1989 through 1995, and 2009 through 2024, member assessments were based on a percentage of each member's gross revenue (net operating revenue for 1991 through 1995 and 2009 through 2024) from the securities business.

Appendix 2, on page 31, is an analysis of revenues and expenses for the five years ended December 31, 2024.

[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, 2024

Designated Examining Authorities	Total	Added[a]	Terminated[a]
FINRA[b]	3,128	85	179
Cboe Exchange, Inc.[c]	29	1	—
NYSE American LLC[d]	1	—	1
NYSE Arca, Inc.[e]	6	—	1
Nasdaq PHLX LLC[f]	5	—	1
NYSE Chicago, Inc.[g]	9	—	—
None[h]	19	—	7[i]
	3,197	86	189

Notes:

(a) The numbers in this category do not reflect transfers of members to successor designated examining authorities that occurred within 2024. 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 2023 but processed by SIPC in 2024.

(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) Formerly Chicago Board Options Exchange Incorporated

(d) Formerly NYSE MKT LLC

(e) Formerly the Pacific Stock Exchange, Inc.

(f) Formerly NASDAQ OMX PHLX

(g) Formerly Chicago Stock Exchange, Incorporated

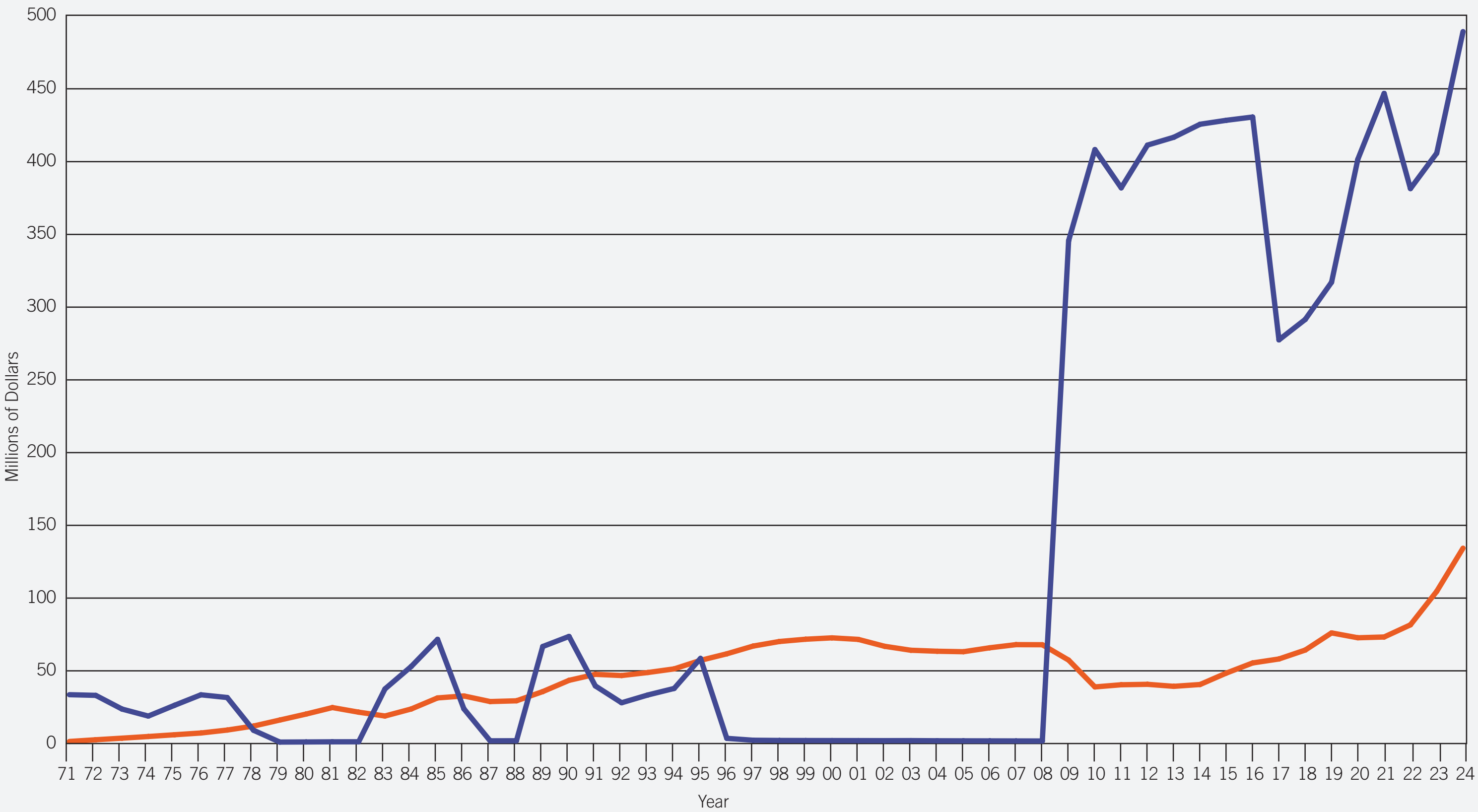
(h) The "None" designation is an extralegal category created by SIPC for internal purposes only. It is a category by default and mirrors the SECO broker-dealer category abolished by the SEC in 1983.

(i) 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.

TABLE 3

SIPC Revenues for the Fifty-Four Years Ended December 31, 2024

■ Member assessments and contributions: $7,010,710,556
■ Interest on U.S. Government securities: $2,497,973,197



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, 2024: .15%.

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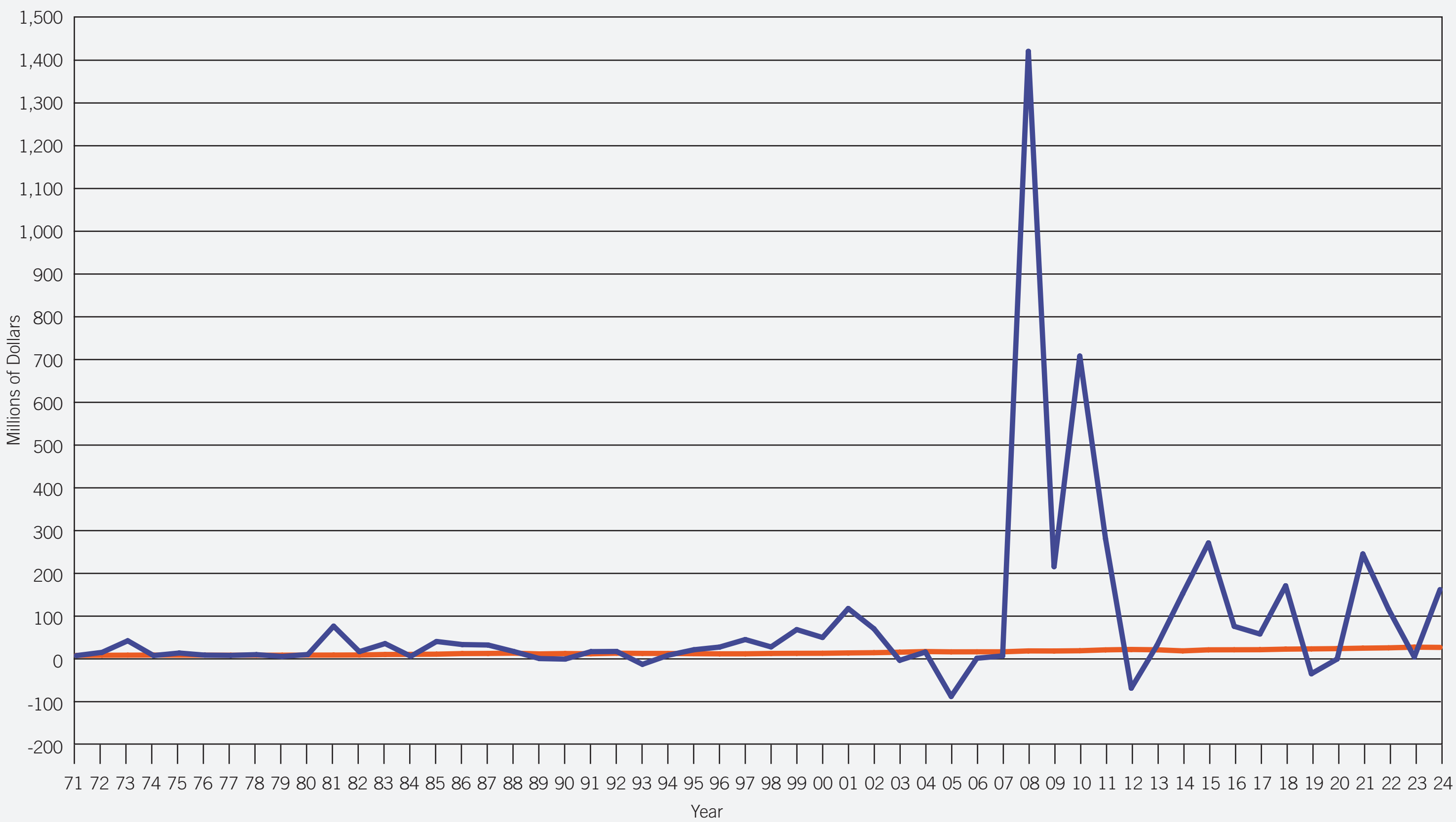
* Rates based on each member's gross revenues (net operating revenues for 1991–1995 and April 1, 2009 to present) from the securities business.

TABLE 4

SIPC Expenses for the Fifty-Four Years Ended December 31, 2024

- Customer protection proceedings: $4,235,340,811 (consists of net advances of $3,716,540,811 and $522,100,000 of estimated costs to complete proceedings less estimated future recoveries of $3,300,000).
- Other expenses: $466,495,142



During 2024, SIPC and a trustee under the Securities Investor Protection Act were actively involved in litigation at both the trial and appellate levels. The noteworthy matters are summarized below:

The liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"), and matters related to it, resulted in several significant decisions.

In *Picard v. Citibank*, N.A., 22 Civ. 9597 (PGG), 2024 WL 1119497 (S.D.N.Y. Mar. 14, 2024), the Defendants requested leave to appeal a non-final order of the Bankruptcy Court denying the Defendants' motion to dismiss. The Defendants argued that the Bankruptcy Court improperly relied upon the "Ponzi scheme presumption," under which a court may infer that the existence of a Ponzi scheme demonstrates "actual intent to hinder, delay, or defraud" creditors, (pursuant to 11 U.S.C. § 548(a)(1)), as a matter of law, because transfers made in the course of a Ponzi scheme could not have been made for any purpose other than to hinder, delay or defraud creditors. The Defendants also argued that the money transferred by BLMIS did not deplete the BLMIS estate because it was replaced with money from another bank. The District Court denied leave to appeal because the Defendants' request did not satisfy 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.

In *Natixis S.A. v. Picard,* 1:24-cv-11-GHW, 2024 WL 418154 (S.D.N.Y. Feb. 2, 2024), Natixis S.A. sought interlocutory appeal of the Bankruptcy Court's denial of its motion to dismiss the Trustee's action to recover $179 million in stolen customer property that Natixis allegedly received as a subsequent transferee of a BLMIS feeder fund,

Fairfield Sentry Limited Fund. Natixis argued that a prior settlement agreement between the Trustee and a separate feeder fund, Alpha Prime Fund Limited, of which Natixis was also a shareholder, released Natixis from all claims related to BLMIS. The Bankruptcy Court rejected this argument, holding that, under settled contract law, the settlement agreement's release only applied to claims related to the Alpha Prime Fund's investments. In denying the motion for interlocutory appeal, the District Court held that Natixis could demonstrate neither that the Bankruptcy Court's contractual interpretation involved a controlling question of law nor that there existed substantial grounds for a difference of opinion as to that interpretation.

In *Picard v. Abu Dhabi Investment Authority,* 22-cv-09911 (ALC), 2024 WL 1348751 (S.D.N.Y. Mar. 29, 2024), amended by Amended Order, ECF No. 25 (June 13, 2024), Abu Dhabi Investment Authority ("ADIA") filed an appeal as of right with the District Court following the Bankruptcy Court's denial of its motion to dismiss the Trustee's recovery action as barred by the Foreign Sovereign Immunities Act ("FSIA"). In the underlying action, the Trustee sought to recover $300 million from ADIA, consisting of two allegedly fraudulent transfers of customer property: $200 million transferred in March 2005 and $100 million transferred in March 2006. ADIA argued that, as an agency of a foreign sovereign, it was immune from the Trustee's action under the FSIA. The Trustee opposed, arguing that the FSIA's commercial activities exception applied, which gives U.S. courts jurisdiction over foreign sovereigns where the action is based on a foreign act in connection with a commercial activity that causes a direct effect in the U.S. The District Court affirmed the Bankruptcy Court's denial of ADIA's motion to dismiss the claim for the $200 million transfer, finding that ADIA's redemption request caused a direct effect in the U.S. when it requested that the funds be wired to its bank account in Florida. The District Court, however, reversed the Bankruptcy Court's decision and ordered the dismissal of all claims arising from the $100 million transfer. It found insufficient evidence in the record that ADIA's redemption request directly led to the withdrawal of funds from BLMIS or contemplated transfer to a U.S. bank account. The Trustee continues prosecuting the action to recover the $200 million March 2005 transfer.

In *Picard v. Zieses Investment Partnership,* 20-CV-2872 (VSB), 2024 WL 3013675 (S.D.N.Y. June 13, 2024), the Trustee sued to recover $1,015,000 in fictitious profits allegedly fraudulently transferred from BLMIS to the Zieses Investment Partnership and seven of its general partners. The Trustee and Defendants filed cross-motions for summary judgment before trial. The Trustee argued that there was no genuine dispute of material fact and thus that the Trustee was entitled to judgment as a matter of law. The Defendants argued that expert testimony and plea allocutions were inadmissible, that the Madoff JPMorgan Accounts were not the property of BLMIS, and that the Ponzi scheme presumption should not apply. The Court rejected the Defendants' arguments, as well as their asserted affirmative defenses, granted the Trustee's motion for summary judgment, and awarded the Trustee $1,015,000 plus prejudgment interest at an annual rate of 4% for approximately 13.5 years.

In *Picard v. BGL BNP Paribas S.A.,* Adv. Pro. No. 12-01576 (CGM), 2024 WL 2839330 (Bankr. S.D.N.Y. June 4, 2024), the Bankruptcy Court denied in part and granted in part the Defendants' motion to dismiss the Trustee's action to recover $111 million in subsequent transfers of customer property allegedly received from BLMIS feeder funds. As with numerous prior decisions denying subsequent transferee motions to dismiss, the Bankruptcy Court held that (1) it had personal jurisdiction over the Defendants because they availed themselves of the privilege of doing business in New York with BLMIS, (2) the Trustee sufficiently pleaded that the initial transfers from BLMIS were

actually fraudulent, (3) the Bankruptcy Code's § 546(e) safe harbor for securities transfers did not apply to the initial actual fraudulent transfers or subsequent transfers, and (4) the Defendants could not demonstrate, at the motion to dismiss stage, that the funds they received were not customer property or that they acted in good faith and without knowledge of the fraud. The Bankruptcy Court, however, granted the motion to dismiss as to a number of transfers which the Trustee had included in a second amended complaint, finding that these transfers did not relate back to transfers between the parties identified in the initial complaint and thus were time barred.

The Court sanctioned the defendants in two adversary proceedings for discovery violations. In *Picard v. First Gulf Bank,* Adv. Pro. No. 11-02541 (CGM) (Bankr. S.D.N.Y. Nov. 13, 2024), the Court found that the Defendant failed to timely produce responsive documents and fined the Defendant $156,000 for the delay. The Court also invited the Trustee to file an application to recover expenses and noted that continued discovery violations would result in an order precluding the Defendant from introducing any evidence from its own files in support of its fact-based affirmative defenses. In *Picard v. Square One Fund Ltd.,* Adv. Pro. No. 10-04330 (LGB) (Bankr. S.D.N.Y. Aug. 27, 2024), the Court granted, in part, the Trustee's motion for sanctions based on a finding of Defendant's spoliation of electronically stored information and awarded the Trustee $114,150.36 in costs. The Court also found that because the Defendant violated its duty to preserve data, the Trustee should be permitted to present evidence at trial concerning the inadequacies in the Defendant's preservation efforts.

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 2024 SIPC received one referral under Section 5(a). This referral did not result in SIPC initiating a liquidation proceeding in 2024. Evaluation of two referrals received in 2023 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 2024. Cumulative actions initiated through December 31, 2024 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 ("SIPC"), which comprise the statement of financial position as of December 31, 2024, and the related statements 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 SIPC as of December 31, 2024, 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 SIPC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 SIPC's ability to continue as a going concern for one year after the date the financial statements are available to be 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 SIPC'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 SIPC'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, Virginia
April 7, 2025

SIPC Financial Statements

Statement of Financial Position as of December 31, 2024

ASSETS	
Cash	$ 1,863,079
U.S. Government securities, at fair value and accrued interest receivable of ($29,974,055); (amortized cost $5,102,603,242) (Note 6)	4,831,034,139
Estimated member assessments receivable (Note 3)	237,999,400
Advances to trustees for customer protection proceedings in progress, less allowance for possible losses ($3,177,979,369) (Note 4)	3,300,000
Assets held for deferred compensation and pension plans (Note 8)	12,883,092
Other (Note 5 and Note 9)	1,931,123
	$5,089,010,833
LIABILITIES AND NET ASSETS	
Accrued costs for other postretirement benefits (Note 8)	$ 6,557,136
Amount due on deferred compensation plan (Note 8)	2,957,625
Accounts payable and other accrued expenses	1,774,931
Lease liabilities—operating (Note 5)	2,049,584
Estimated costs to complete customer protection proceedings in progress (Note 4)	522,100,000
Member assessments received in advance (Note 3)	1,297,950
	536,737,226
Net assets without restrictions	4,552,273,607
	$5,089,010,833

The accompanying notes are an integral part of these financial statements.

Statement of Activities for the year ended December 31, 2024

Revenues:	
Member assessments (Note 3)	$ 490,704,400
Interest on U.S. Government securities	134,599,494
	625,303,894
Expenses:	
Salaries and employee benefits (Note 8)	13,056,367
Legal and accounting fees (Note 4)	418,443
Rent (Note 5)	947,623
Other	7,508,579
	21,931,012
Provision for estimated costs to complete customer protection proceedings in progress (Note 4)	156,048,805
	$ 177,979,817
Excess revenues over expenses	447,324,077
Realized and unrealized loss on U.S. Government securities (Note 6)	(28,309,262)
Pension and postretirement benefit changes other than net periodic costs (Note 8)	4,965,768
Increase in net assets without restrictions	423,980,583
Net assets without restrictions, beginning of year	4,128,293,024
Net assets without restrictions, end of year	$4,552,273,607

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows for the year ended December 31, 2024

Operating activities:	
Interest received from U.S. Government securities	$ 120,764,137
Member assessments received	443,380,264
Advances paid to trustees	(169,332,277)
Recoveries of advances	3,383,474
Salaries and other operating activities expenses paid	(22,166,167)
Net cash provided by operating activities	376,029,431
Investing activities:	
Proceeds from sales of U.S. Government securities	1,147,886,614
Purchases of U.S. Government securities	(1,524,133,917)
Purchases of furniture and equipment	(11,045)
Net cash used in investing activities	(376,258,348)
Decrease in cash	(228,917)
Cash, beginning of year	2,091,996
Cash, end of year	$ 1,863,079

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 $4,832,897,218. Together with the estimated member assessments receivable of $237,999,400 and advances to trustees for customer protection proceedings in progress (less allowance for possible losses) of $3,300,000, SIPC's financial assets available for general expenditures within one year of the December 31, 2024 statement of financial position date total $5,074,196,618.

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 2024 but not received, or expected to be received, until 2025.

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 customer 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 $3.7 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 $3.18 billion for proceedings in progress to carry out its statutory obligation to satisfy customer claims and to pay administration expenses. Of this amount, $3.18 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, 2024 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	$3,400,000	$532,100,000
Add:		
Provision for current year recoveries	—	—
Provision for estimated future recoveries	3,300,000	—
Provision for estimated costs to complete proceedings	—	159,300,000
Less:		
Recoveries	3,400,000	—
Advances to trustees	—	169,300,000
Balance, end of year	$3,300,000	$522,100,000

5. Leases

SIPC has two leases for office space that are maturing August 31, 2026. 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. The ROU asset for operating leases totaling $1,427,463 included with Other assets and Lease Liabilities-operating totaling $2,049,584 as of December 31, 2024 are reflected in the Statement of Financial Position.

The components of lease cost for operating leases as of December 31, 2024 are:

	2024
Operating lease cost	$ 872,012
Short-term lease cost	158,135
Variable lease costs	75,611
Total	$1,105,758

The lease costs are reflected on the consolidated statement of activities in the rent expense line.

Supplemental cash flow information related to leases during 2024 includes cash paid for leases in the amount of $1,214,168 under operating activities in the salaries and other operating activities expenses paid line.

The weighted-average remaining lease term (in years) is 1.67 and weighted-average discount rate was 1.60% as of December 31, 2024.

Future undiscounted lease payments for the Company's operating lease liabilities are as follows as of December 31, 2024:

	Amount
2025	$ 1,239,012
2026	836,762
Total future lease payments	2,075,774
Less: imputed interest	(26,190)
Present value of operating lease liabilities	$ 2,049,584

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 as of December 31, 2024.

The fair value of U.S. Government securities is based on the bid quote as of December 31, 2024 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, 2024, all securities held within the portfolio are priced using Level 2 inputs.

U.S. Government securities as of December 31, 2024 included cumulative gross unrealized gains of $1,756,329 and cumulative gross unrealized losses of $303,339,486.

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

Increase in unrestricted net assets	$ 423,980,583
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Realized and unrealized loss on U.S. Government securities	28,309,262
Net amortized premium on U.S. Government securities	(9,220,212)
Depreciation and amortization	242,145
Changes in operating assets and liabilities:	
Increase in estimated assessment receivable	(47,476,136)
Net decrease in estimated cost to complete customer protection proceedings	(10,000,000)
Increase in accrued interest receivable on U.S. Government securities	(4,615,144)
Increase in prepaid expenses	(4,541,593)
Decrease in deferred rent	(1,106,583)
Increase in payables and accrued expenses	205,734
Increase in member assessments collected in advance	151,375
Net decrease in estimated recoveries of advances to trustees	100,000
Net cash provided by operating activities	$376,029,431

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 $2,957,625 year-end market value of the supplemental plan, based on Level 1 inputs, 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	$68,368,622	$ 7,044,327
Service cost	1,600,029	265,495
Interest cost	3,336,141	345,474
Plan participants' contributions	—	66,151
Amendments	—	—
Actuarial gain	(5,044,833)	(874,872)
Benefits paid	(3,014,098)	(289,439)
Benefit obligation at end of year	$65,245,861	$ 6,557,136
Change in Plan Assets		
Fair value of plan assets at beginning of year	$73,389,267	$ —
Actual return on plan assets	3,196,159	—
Employer contributions prior to measurement date	—	—
Employer contributions	1,600,000	223,288
Plan participants' contributions	—	66,151
Benefits paid	(3,014,098)	(289,439)
Fair value of plan assets at end of year	$75,171,328	$ —
Funded status	$ 9,925,467	$(6,557,136)
Employer contributions between measurement and statement date	—	—
Funded status at year end	$ 9,925,467	$(6,557,136)
Amounts recognized in the Statement of Financial Position and net assets consist of:		
Net amount recognized in the Statement of Financial Position	$ 9,925,467	$(6,557,136)
Accumulated benefit obligation end of year	$62,893,107	$ 6,557,136

	Pension Benefits	Other Postretirement Benefits
Weighted-average assumptions for disclosure as of December 31, 2024		
Discount rate	5.60%	5.70%
Salary scale 2024 / thereafter	3.00% / 3.75%	N/A
Health Care Cost Trend: Initial Pre-65/Post-65	N/A	7.75% / 5.30%
Health Care Cost Trend: Ultimate	N/A	4.50%
Year Ultimate Reached: Initial Pre-65/Post-65	N/A	2038 / 2033
Components of net periodic benefit cost and other amounts recognized within the Statement of Activities		
Net periodic benefit cost		
Service cost	$ 1,600,029	$ 265,495
Interest cost	3,336,141	345,474
Expected return on plan assets	(4,663,709)	—
Recognized prior service credit	—	(3,969)
Recognized actuarial loss	644,837	(127,255)
Net periodic benefit cost	917,298	479,745
Pension and other postretirement benefit changes other than net periodic benefit cost		
Net actuarial gain	(3,577,283)	(874,872)
Recognized actuarial (gain) loss	(644,837)	127,255
Prior service cost	—	—
Recognized prior service credit	—	3,969
Total pension and postretirement benefit changes other than net periodic cost	(4,222,120)	(743,648)
Total net periodic other benefit cost and pension and other postretirement benefits changes other than net periodic benefit cost	$ (3,304,822)	$ (263,903)
Weighted-average assumptions for net periodic cost as of December 31, 2024		
Discount rate	5.00%	5.00%
Expected asset return	6.50%	N/A
Salary scale 2024 / 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

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 2024, the unrecognized net loss decreased by 6.2% of the 12/31/2023 projected benefit obligation primarily due to the higher discount rate and amortization offset by lower return on assets.

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 2024 by ($741,000)/$890,000 and (decreased)/increased the year-end projected benefit obligation by ($6.9)/$8.5 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	$15,749,549
Non-U.S. large and multi-cap mutual funds	10,540,143
Total Equity	26,289,692
Fixed Income securities:	
U.S. Treasuries/Government & corporate bond mutual funds	48,881,636
Total Fixed Income	48,881,636
Total	$75,171,328

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 2024 by $718,000.

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 12/31/2024
Equity securities	7.70%	30–40%	35%
Debt securities	5.70%	60–70%	65%
Total	6.50%	100%	100%

Estimated Future Benefit Payments Estimated future benefit payments, including future benefit accrual	Pension	Other Benefits
2025	$ 3,922,896	$ 307,631
2026	$ 4,022,565	$ 339,305
2027	$ 4,095,975	$ 323,851
2028	$ 4,215,143	$ 358,150
2029	$ 4,298,444	$ 370,843
2030–2034	$22,751,059	$2,346,680

Contributions

The company expects to make no contributions to the pension plan in 2025 for the 2024 plan year and $280,000 to the postretirement benefit plan during 2025.

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.

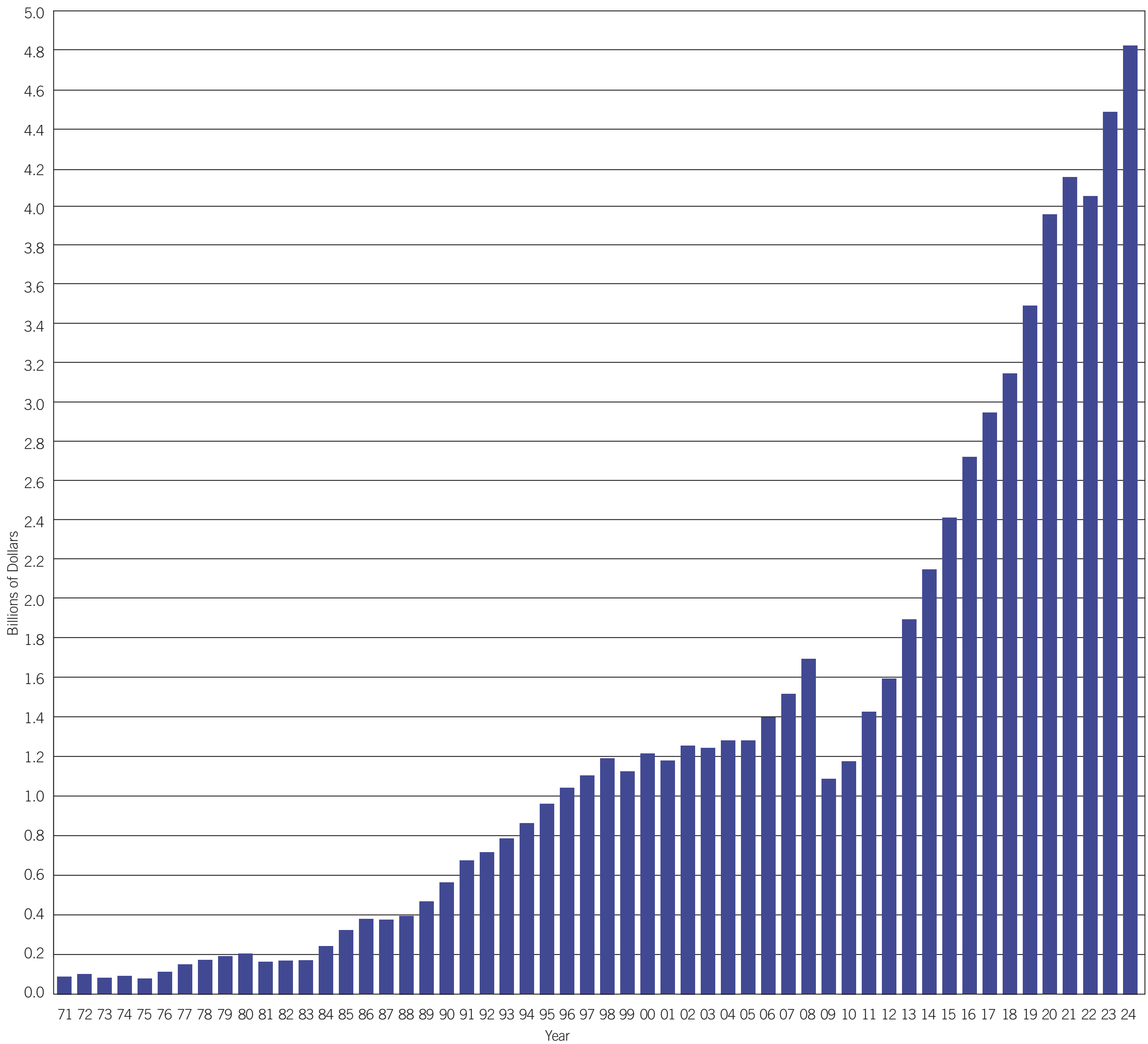
10. Subsequent Events

SIPC evaluated its December 31, 2024 financial statements for subsequent events through April 7, 2025, 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	$ 75,184
Computer hardware at cost	3,490,729
Computer software at cost	1,811,815
Office furniture and fixtures at cost	1,215,134
Leasehold improvements at cost	1,550,577
Total fixed assets at cost	8,143,439
Less accumulated depreciation and amortization	(7,892,011)
Net fixed assets	$ 251,428
2024 depreciation and amortization expense	$ (242,145)

TABLE 5

SIPC Fund Comparison
Inception to December 31, 2024



Appendix 1: Distributions for Accounts of Customers

For the Fifty-Four Years Ended December 31, 2024 (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
2024	81,942		(3,382)	(3,382)	78,560
	$141,703,018	$1,541,946	($629,614)	$912,332	$142,615,350

* 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, 2024

	2024	2023	2022	2021	2020
REVENUES					
Member assessments and contributions	$490,704,400	$406,750,046	$382,258,690	$448,000,014	$402,543,976
Interest on U.S. Government securities	134,498,431	104,536,575	81,252,740	72,915,767	72,341,920
Interest on assessments	101,063	102,095	144,536	55,897	95,833
	625,303,894	**511,388,716**	**463,655,966**	**520,971,678**	**474,981,729**
EXPENSES					
Salaries and employee benefits	13,056,367	14,210,811	13,730,177	13,132,372	13,113,285
Legal fees	180,114	206,452	119,206	61,211	96,986
Accounting fees	238,329	267,383	217,754	180,443	175,245
Professional fees—other	4,106,960	3,458,443	2,760,065	2,912,782	1,668,646
OTHER					
Assessment collection cost	1,754	8,499		15,174	33,924
Depreciation and amortization	242,145	259,469	298,763	306,758	458,051
Directors' fees and expenses	113,713	113,093	100,228	52,000	21,057
Insurance	223,619	199,551	207,732	148,589	79,500
Investor education	69,476	98,011	159,454	228,357	319,974
Office supplies and expense	322,941	325,104	250,756	175,433	219,738
EDP and internet expenses	1,737,008	1,818,117	1,505,228	1,218,879	1,123,508
Postage	8,790	13,213	7,527	2,226	3,215
Printing & mailing annual report	15,065	16,183	15,323	15,299	29,852
Publications and reference services	360,152	315,603	250,621	317,496	330,481
Rent office space	947,623	967,914	983,293	995,613	962,241
Travel and subsistence	80,952	86,105	44,217	5,486	21,885
Pesonnel recruitment	187,819	151,884	135,782	154,986	
Miscellaneous	38,185	59,011	9,177	9,810	24,827
	4,349,242	4,431,757	3,968,101	3,646,106	3,628,253
	21,931,012	**22,574,846**	**20,795,303**	**19,932,914**	**18,682,415**
CUSTOMER PROTECTION PROCEEDINGS:					
Net advances to (recoveries from):					
Trustees other than SIPC:					
Securities	(3,370,711)	(2,104,307)	(4,714,197)	(9,900,767)	(13,494,404)
Cash	(148)	499,983	(1,992)	(336,862)	(2)
	(3,370,859)	(1,604,324)	(4,716,189)	(10,237,629)	(13,494,406)
Administration expenses	169,324,563	141,171,350	134,654,476	127,802,790	135,123,659
	165,953,704	139,567,026	129,938,287	117,565,161	121,629,253
Net change in estimated future recoveries	100,000	(1,300,000)	2,600,000	5,700,000	4,200,000
	166,053,704	**138,267,026**	**132,538,287**	**123,265,161**	**125,829,253**
SIPC as Trustee:					
Securities	(4,658)	(600)	(124,970)	(24,226)	(16,088)
Cash	(188)	(291)	(366)	(1,954)	(284,025)
	(4,846)	(891)	(125,336)	(26,180)	(300,113)
Administration expenses	(53)	(1,375)	(4,125)	(4,125)	(30,676)
	(4,899)	(2,266)	(129,461)	(30,305)	(330,789)
Direct payments:					
Securities					
Cash					
Administration expenses					
Net change in estimated cost to complete proceedings	(10,000,000)	(141,100,000)	(23,000,000)	116,800,000	(133,100,000)
	156,048,805	(2,835,240)	109,408,826	240,034,856	(7,601,536)
	177,979,817	19,739,606	130,204,129	259,967,770	11,080,879
Total net revenues	447,324,077	491,649,110	333,451,837	261,003,908	463,900,850
Realized and unrealized (loss) gain on U.S. Government securities	(28,309,262)	86,434,687	(447,552,259)	(154,703,047)	166,303,052
Pension and postretirement benefit changes other than net periodic benefit costs	4,965,768	3,388,869	(6,676,331)	6,248,553	1,932,568
Increase (decrease) in net assets	**$423,980,583**	**$581,472,666**	**($120,776,753)**	**$112,549,414**	**$632,136,470**

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 New York, NY (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, 2024

	Distribution of Assets Held by Trustee[c]			SIPC Advances				
	Total	**For Accounts of Customers**	**Administration Expenses**	**Total Advanced**	**Administration Expenses**	**Contractual Commitments**	**Securities**	**Cash**
	$13,934,362,650	$13,911,244,963	$23,117,687	$3,181,279,369	$2,589,427,443		$591,851,926	
	$13,934,362,650	**$13,911,244,963**	**$23,117,687**	**$3,181,279,369**	**$2,589,427,443**		**$591,851,926**	

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, 2024

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 2024

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 2024						
TOTAL 329 MEMBERS 1973–2023[d]				3,209,381	602,256	770,405
TOTAL 329 MEMBERS 1973–2024				3,209,381	602,256	770,405

December 31, 2024

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
$129,900,385,617	$ 127,791,773,175	$ 2,108,612,441	$535,261,442	$214,780,990	$1,388,427	$186,473,284	$132,618,742
$129,900,385,617	$ 127,791,773,175	$ 2,108,612,441	$535,261,442	$214,780,990	$1,388,427	$186,473,284	$132,618,742

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, 2024

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
$ 13,934,362,650	$ 13,911,244,963	$ 23,117,687	$3,181,279,369	$2,589,427,443		$591,851,926	
13,934,362,650	13,911,244,963	23,117,687	3,181,279,369	2,589,427,443		591,851,926	
129,900,385,617	127,791,773,175	2,108,612,441	535,261,442	214,780,990	$1,388,427	186,473,284	$132,618,742
$143,834,748,267	**$141,703,018,138**	**$2,131,730,128**	**$3,716,540,811**	**$2,804,208,433**	**$1,388,427**	**$778,325,210**	**$132,618,742**

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