

DARBY SWAP TRADING, LLC
(a limited liability company)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2025

CONFIDENTIAL



Report of Independent Auditors

To the Management of Darby Swap Trading, LLC

Opinion

We have audited the accompanying statement of financial condition of Darby Swap Trading, LLC (the "Company") as of December 31, 2025, including the related notes (referred to as the "statement of financial condition").

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Statement of Financial Condition section of our report. We are required to be independent of the Company 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 Statement of Financial Condition

Management is responsible for the preparation and fair presentation of the statement of financial condition 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 a statement of financial condition that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Statement of Financial Condition

Our objectives are to obtain reasonable assurance about whether the statement of financial condition as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statement of financial condition.

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 statement of financial condition, 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 statement of financial condition.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 statement of financial condition.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 statement of financial condition audit.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
February 25, 2026

DARBY SWAP TRADING, LLC

Statement of Financial Condition

December 31, 2025

(dollars in thousands)

Assets

Cash and cash equivalent	\$	74,724
Securities owned - at fair value		320,708
Receivable from counterparties		21,386
Other assets		608
		<hr/>
Total assets	\$	<u>417,426</u>

Liabilities and member's equity

Payable to clearing brokers	\$	26,722
Securities sold, not yet purchased - at fair value		28,194
Accrued trading payables		961
Payable to affiliates		1,512
Accrued compensation		2,625
Accrued expenses and other liabilities		181
		<hr/>
Total liabilities		60,195
Member's equity		<hr/> 357,231
Total liabilities and member's equity	\$	<u>417,426</u>

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DARBY SWAP TRADING, LLC

Notes to Statement of Financial Condition

December 31, 2025

(dollars in thousands)

NOTE 1 – ORGANIZATION

Darby Swap Trading, LLC (the "Entity") is a swap-dealer registered with the Commodity Futures Trading Commission (the "CFTC"). The Entity's designated examining authority is the National Futures Association. The Entity trades currency options which, in accordance with the Dodd-Frank Act, meet the regulatory definition of a swap. The Entity is wholly owned by Darby Swap Holdings Inc.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

This statement of financial condition has been prepared in conformity with accounting principles generally accepted in the United States of America, which require the use of estimates by management. Actual results could differ from those estimates.

Financial Instruments

The Entity records purchases and sales of securities and related revenues and expenses on a trade-date basis. Interest is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Entity manages its investments on a fair value basis, therefore management elects to carry all of its investments at fair value.

Trading and Execution Charges

Trading and execution charges include the direct expenses incurred in the course of the Entity's trading activities. These expenses generally increase and decrease in direct correlation with the Entity's trading volumes and the level of trading activity. These fees are accrued on a trade-date basis.

Employee Compensation

Employee compensation consists of payroll and bonuses.

Cash and Cash Equivalent

The Entity maintains a deposit account for cash, which at times, may exceed federally insured limits of \$250. The cash equivalent consists of a money market account.

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Purchases and sales of financial instruments that are denominated in foreign currencies are translated into United States dollar amounts at the prevailing rates of exchange on the transaction date.

Current Expected Credit Losses ("CECL")

The Entity assessed certain financial assets, as noted below, measured at amortized cost for credit losses using a CECL methodology to estimate expected credit losses over the life of the financial asset, as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts.

Receivable from counterparties; No allowance for credit losses is recognized for receivable from counterparties. The Entity has concluded that there are currently no expected credit losses based on the nature and contractual life or expected life of the financial assets due from the Entity's counterparties. The Entity monitors the capital adequacy of its counterparties.

DARBY SWAP TRADING, LLC

Notes to Statement of Financial Condition

December 31, 2025

(dollars in thousands)

Valuation of Financial Instruments

The Entity measures its financial instruments in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("ASC") Section for Fair Value Measurements. This codification section clarifies the definition of fair value financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. Fair Value Measurements establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under Fair Value Measurements are described below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

As required by the Codification Section for Fair Value Measurements, financial instruments are classified within the level of the lowest significant input considered in determining fair value. Financial instruments classified within Level 3 whose fair value measurement considers several inputs may include Level 1 or Level 2 inputs as components of the overall fair value measurement.

See Note 5 – *Fair Value of Financial Instruments* for further information.

NOTE 3 – RISK FACTORS

In the normal course of its business, the Entity trades various financial instruments and enters into various financial transactions where the risk of potential loss due to market risk, interest rate risk, currency risk, credit risk, liquidity risk and other risks could exceed the related amounts recorded. In general, the Entity hedges its positions to mitigate these risks based on certain models. These models take into consideration the types of risks mentioned above in an attempt to identify arbitrage opportunities associated with various types of financial instruments held by the Entity. Losses may occur when the underlying assumptions on which the Entity's trading is based are not completely representative of actual market conditions. The success of any trading activity is influenced by general economic conditions that may affect the level and volatility of equity prices, credit spreads and interest rates for both equity and interest rate sensitive instruments. Unexpected volatility or illiquidity in relevant markets could adversely affect the Entity's operating results.

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of financial instruments resulting from market fluctuations.

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of fixed income or rate-sensitive instruments.

Currency risk is the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. Financial instruments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Credit risk represents the potential loss that would occur if counterparties fail to perform pursuant to the terms of their obligations.

Liquidity risk is the risk stemming from the lack of marketability of a position that cannot be bought or sold quickly enough to prevent or minimize a loss.

DARBY SWAP TRADING, LLC

Notes to Statement of Financial Condition

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(dollars in thousands)

Short selling, or the sale of securities not owned by the Entity, exposes the Entity to the risk of loss in an amount greater than the initial proceeds. Such losses can increase rapidly, and in the case of equities, without effective limit.

While the use of certain forms of leverage, including margin borrowing and derivative instruments, can substantially improve the return on invested capital; such use may also increase the adverse impact to which the portfolio of the Entity may be subject.

NOTE 4 – RELATED PARTY TRANSACTIONS

The schedule below identifies the location of the Entity's related party activities within the Entity's statement of financial condition. Explanations of the relationships are included below the schedule.

Activity	Payable	Statement of Financial Condition Location
(1) Shared services agreement	\$ 1,027	Payable to affiliates
(2) Infrastructure support services	6	Payable to affiliates
(3) Administrative and technology support services	47	Payable to affiliates
(4) Sublicensing agreement	432	Payable to affiliates

(1) An affiliate acts as a common payment agent for the Entity for various direct and indirect operating expenses. Direct operating expenses typically include payroll costs, professional fees, and market data costs while indirect operating expenses primarily include overhead costs. The Entity pays the affiliate for these costs.

(2) An affiliate provides infrastructure support services to the Entity. The Entity pays a monthly fee for these services.

(3) Affiliates provide the Entity with administrative and technology support services. The Entity pays a monthly fee for these services.

(4) The Entity pays an annual sublicensing fee to an affiliate for use of intellectual property and research and development licensed by another affiliate.

Because of its short-term nature, the fair value of the payable to affiliates approximates its carrying amount.

The Entity and various other entities are under common ownership and control. As a result, management can exercise its discretion when determining which entity will engage in new or current business activities and/or trade new products. Therefore, the financial position presented herein may not necessarily be indicative of that which would be obtained had these entities operated autonomously.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The tables that follow set forth information about the level within the fair value hierarchy at which the Entity's financial instruments are measured at December 31, 2025.

Assets measured at fair value:

Description	Totals	Level 1	Level 2
Options	\$ 48,545	\$ —	\$ 48,545
Government debt securities	272,163	—	272,163
Total securities owned	\$ 320,708		
Cash equivalent	74,469	74,469	—

DARBY SWAP TRADING, LLC

Notes to Statement of Financial Condition

December 31, 2025

(dollars in thousands)

Liabilities measured at fair value:

Description	Totals	Level 1	Level 2
Options	\$ 28,194	\$ —	\$ 28,194
Total securities sold, not yet purchased	\$ 28,194		
Forwards	3,742	—	3,742

The amounts presented in each of the above tables include a net amount for those instances where the Entity holds the long and short positions for the same security symbol.

Options are priced using a standard option pricing model with inputs sourced from observed market activity on the last business day of the year. Debt securities are generally valued using broker or dealer quotations or alternative pricing sources on the last business day of the year. Forwards are priced using a standard forward pricing model with inputs sourced from observed market activity on the last business day of the year. Cash equivalents are valued at the last published net asset value price on the last business day of the year.

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments may be used to manage market risk and to take an active long or short position in the market.

Derivatives used for risk management include currency options and forwards.

Options are contracts in which the option purchaser has the right, but not the obligation, to purchase from or sell to the option writer financial instruments within a defined time period for a specified price. The Entity's contingent obligation to satisfy the purchase or sale of securities underlying such options may exceed the amount recognized on the statement of financial condition.

Forwards are contracts that commit counterparties to purchase or sell financial instruments, commodities, or currencies for an agreed-upon price on an agreed future date.

The following table sets forth the fair value and average quarterly absolute outstanding notional value for the year ended December 31, 2025:

Derivative Category	Fair Value		Notional
	Assets	Liabilities	
Currencies	\$ 48,545	\$ 31,936	\$ 59,534,066

NOTE 7 – OFFSETTING ASSETS AND LIABILITIES

In connection with its derivative activities, the Entity generally enters into netting agreements and collateral agreements with its counterparties. These agreements provide the Entity with the right, in the event of a default by a counterparty (such as bankruptcy or a failure to pay or perform), to net the counterparty's rights and obligations under the agreement and to liquidate and set off collateral against any net amount owed by the counterparty. The enforceability of the netting agreements is taken into account in the Entity's risk management practices and application of counterparty credit limits. The following tables present information about the offsetting of derivative instruments and related collateral amounts. Any excess collateral received from or pledged to each counterparty is not presented in these tables:

DARBY SWAP TRADING, LLC

Notes to Statement of Financial Condition

December 31, 2025

(dollars in thousands)

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amount of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
				Financial Instruments	Cash Collateral Received	Net Amount
Options	\$ 179,293	\$ (130,748)	\$ 48,545	\$ —	\$ —	\$ 48,545
Forwards	41,210	(41,210)	—	—	—	—

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amount of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		
				Financial Instruments	Cash Collateral Pledged	Net Amount
Options	\$ 158,942	\$ (130,748)	\$ 28,194	\$ —	\$ (4,910)	\$ 23,284
Forwards	44,952	(41,210)	3,742	—	—	3,742

In the event of default, the Entity has the ability to offset options of \$28,194 under master netting agreements, not reflected on the Entity's statement of financial condition.

NOTE 8 – RECEIVABLE FROM AND PAYABLE TO CLEARING BROKERS AND COUNTERPARTIES

The clearing and depository operations for the Entity's securities transactions are primarily provided by BofA Securities, Inc., Bank of America NA., BNP Paribas SA, and The Bank of New York Mellon.

The table that follows sets forth information about the amounts receivable from counterparties and payable to clearing brokers at December 31, 2025:

	Receivable	Payable
Receivable from counterparties (Cash collateral)	\$ 21,386	\$ —
Payable to clearing brokers	—	22,980
Forwards	—	3,742
	<u>\$ 21,386</u>	<u>\$ 26,722</u>

NOTE 9 – INCOME TAXES

No provision for federal income taxes has been made because the Entity is a single-member LLC and, therefore, is not subject to federal income taxes. The Entity is currently not subject to state or local income taxes.

The Entity's U.S. federal income tax return is generally subject to examination by the Internal Revenue Service for a period of three years after it is filed. State and local tax returns and/or other filings may be subject to examination for different periods, depending upon the tax rules of each applicable jurisdiction.

The Entity is not presently associated with an open tax examination.

At December 31, 2025, management has determined that there are no material uncertain income tax positions.

DARBY SWAP TRADING, LLC

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December 31, 2025

(dollars in thousands)

NOTE 10 – NET CAPITAL REQUIREMENT

As a registered swap-dealer, the Entity is subject to the CFTC's net capital requirement pursuant to Regulation 240.18a-1. The Entity computes its net capital using a non-model based approach, which requires it to maintain minimum net capital, as defined, of \$20,000. At December 31, 2025, the Entity had net capital of \$187,547, which exceeded its requirement of \$20,000 by \$167,547.

NOTE 11 – SUBSEQUENT EVENTS

The Entity evaluated subsequent events to consider if the impact of such events needed to be reflected or disclosed on the statement of financial condition. Such evaluation was performed through February 25, 2026, the date that this statement of financial condition was available to be issued.

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