

Mizuho Markets Americas LLC

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Statement of Financial Condition

For the Six Months Ended September 30, 2020

(Unaudited)



Mizuho Markets Americas LLC

Statement of Financial Condition

Six Months Ended September 30, 2020

(Unaudited)

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**Mizuho Markets Americas LLC**  
**Statement of Financial Condition**

September 30, 2020

(In Thousands)

(Unaudited)

**Assets**

Cash and cash equivalents	\$ 160,402
Securities borrowed	79,577
Securities owned, at fair value (including securities pledged of \$16,108)	16,108
Derivatives	8,448
Other assets	65
<b>Total assets</b>	<u>\$ 264,600</u>

**Liabilities and member's equity**

Securities loaned	16,470
Securities sold, not yet purchased, at fair value	82,903
Derivatives	153
Payables to brokers/dealers, clearing organizations and customers	13
Accrued interest payable	25
Accrued expenses and other liabilities	89
<b>Total liabilities</b>	<u>\$ 99,653</u>

Subordinated borrowings 130,000

Member's equity 34,947

**Total liabilities and member's equity** \$ 264,600

The accompanying notes are an integral part of the *Statement of Financial Condition*

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 1. Organization and Description of Business

Mizuho Markets Americas LLC (the “Company”), a Delaware limited liability company, is a wholly owned subsidiary of Mizuho Capital Markets LLC (“MCM”).

The Company participates in the purchase and sale of equity derivatives and is registered with the Securities and Exchange Commission (“SEC”) as an Over-the-Counter derivatives dealer (“OTCDD”).

MCM, a Delaware limited liability company, is a wholly owned subsidiary of Mizuho Americas LLC (“MHA”). MHA is a bank holding company, which is wholly owned by Mizuho Bank Ltd (“MHBK”) and ultimately wholly owned by Mizuho Financial Group, Inc. (“MHFG”). MHFG is a holding company listed on the Tokyo, Osaka, and New York Stock Exchanges that provides comprehensive financial services through its subsidiaries.

### 2. Summary of Significant Accounting Policies

#### *Use of estimates*

The preparation of the Statement of Financial Condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Statement of Financial Condition. Actual results could differ from those estimates.

#### *Cash and cash equivalents*

The Company defines cash equivalents as highly liquid investments with initial maturities of three months or less, that are not used for trading purposes. The Company had cash equivalents of approximately \$152,000 as of September 30, 2020 consisting of money market funds.

#### *Fair value measurements*

The Company reports certain assets and liabilities at fair value on the Statement of Financial Condition in accordance with ASC 820, Fair Value Measurements and Disclosures (“ASC 820”). The Company has made no elections under the “Fair Value Option” in ASC 825, *Financial Instruments* (“ASC 825”), which allows the Company to irrevocably elect fair value as the initial

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

and subsequent measurement attribute for most financial assets and liabilities on an instrument-by-instrument basis.

#### *Securities transactions*

Securities owned and securities sold, not yet purchased, are recorded on a trade date basis at fair value. Fair value is generally based upon quoted market prices, where available. When quoted market prices are not available, the Company uses other market data, such as transacted prices for the same or similar securities. Related interest amounts, including accrued interest, are included in accrued interest receivable or accrued interest payable on the Statement of Financial Condition.

In securities borrowed transactions, the Company is required to deposit cash or other collateral with the lender in an amount generally in excess of the market value of securities borrowed. In securities loaned transactions, the Company receives collateral in the form of cash or securities in an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned on a daily basis, and obtains or returns additional collateral as necessary.

#### *Derivative financial instruments*

The Company recognizes all derivative financial instruments in the Statement of Financial Condition as either assets or liabilities at fair value. Transactions in derivative instruments are recorded on a trade date basis. In accordance with ASC 815, *Derivatives and Hedging* (“ASC 815”), the Company nets certain derivative contracts with the same counterparty in the Statement of Financial Condition. The Company does not apply hedge accounting as defined in ASC 815; therefore, certain of the disclosures required under ASC 815 are generally not applicable with respect to these financial instruments.

The fair values of derivative assets and liabilities traded in the Over-the-Counter (“OTC”) markets are determined using quantitative models that require the use of multiple market inputs to value the positions, including interest rates, prices and indices to generate continuous yield or pricing curves and volatility factors.

The majority of market inputs are actively quoted and can be validated through external sources including brokers, market transactions and third-party pricing services. The fair values of derivative assets and liabilities traded on exchanges are determined using exchange prices. Refer to Note 5 for additional details of fair value measurements.

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

The Company applies the disclosure requirements for derivative instruments prescribed in ASC 815, which requires companies to disclose how derivative instruments (and any related hedged items) are accounted for, their location and amounts in a company's Statement of Financial Condition. The disclosures required by ASC 815 are included in Note 3.

#### *Principal transactions*

Principal transactions consist of realized and unrealized gains and losses on the Company's securities owned, securities sold, not yet purchased and derivative transactions, as well as net gains or losses resulting from foreign currency revaluation.

#### *Interest income and interest expense*

The Company generally earns interest income on cash and cash equivalents, securities owned, and amounts pledged as collateral. The Company pays interest expense on amounts received as collateral, securities sold, and other borrowings.

#### *Foreign exchange*

Assets and liabilities denominated in foreign currencies are revalued into U.S. dollars using the spot foreign exchange rate at the date of the Statement of Financial Condition. Revenues and expenses denominated in foreign currencies are recorded in U.S. dollars using the effective spot foreign exchange rate at the date of the transaction.

#### *Income taxes*

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes the method to account for uncertainty in income tax positions taken or expected to be taken in a tax return by applying a "more-likely-than-not" ("MLTN") criteria as to whether a tax position will be sustained upon examination, based on the technical merits of the position. Accordingly, the Company assesses this likelihood based on the facts, circumstances, and information available at the end of each period. A tax position that meets the MLTN recognition threshold is measured initially and subsequently as the largest amount of tax benefit that will likely be realized upon settlement with a taxing authority that has full knowledge of all the relevant information. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. Deferred tax expenses or benefits are recognized in the financial statements at amounts expected to be realized for the changes in deferred tax liabilities ("DTLs") or assets ("DTAs") between years. The Company

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 2. Summary of Significant Accounting Policies (continued)

recognizes the current and deferred tax consequences of all transactions in the Statement of Financial Condition using the provisions of the currently enacted tax laws. It is the Company's policy to include interest and penalties related to gross unrecognized tax benefits within its provision or benefit for income taxes.

#### *Accounting pronouncements adopted during 2020*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326: Measurement of Credit Losses on Financial Instruments). This ASU requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected, using the Current Expected Credit Losses (“CECL”) model in measuring credit losses, and enhancement of disclosures regarding credit risk. Under CECL, expected credit losses are measured using historical experience, current conditions, and reasonable and supportable forecasts. This ASU affects loans, debt securities, net investments in leases, off-balance-sheet credit exposures and any other financial assets that are not excluded from the scope, and that have the contractual right to receive cash. This ASU did not have a material impact on the Statement of Financial Condition.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. This ASU modifies the disclosure requirements for fair value measurements in order to improve the effectiveness of disclosure in the notes to financial statements by facilitating clear communication of the information required by U.S. GAAP that is most important to users of each entity's financial statements. This ASU did not have a material impact on the Statement of Financial Condition.

#### *Recent Accounting Pronouncements*

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides optional accounting relief to entities with contracts, hedge accounting relationships or other transactions that reference LIBOR or other interest rate benchmarks for which the referenced rate is expected to be discontinued or replaced. This optional relief generally allows for contract modifications solely related to the replacement of the reference rate to be accounted for as a continuation of the existing contract instead of as an extinguishment of the contract, and would therefore not trigger certain accounting impacts that would otherwise be required. The optional relief can be applied beginning January 1, 2020, and ending December 31, 2022. The Company plans to apply the accounting relief as relevant contract modifications are made during the course of the reference rate reform transition period. The Company's current evaluation indicates that the adoption of new standard will not have a material impact on its Statement of Financial Condition.

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 3. Financial Instruments

#### *Derivative financial instruments*

The Company enters into transactions in derivative instruments to meet the financing and hedging needs of customers and to manage exposure to market and interest rate risk in connection with normal trading activities. These derivative instruments mainly include equity forwards and equity swaps. These instruments involve, to varying degrees, elements of credit, interest rate, and currency risk.

Equity forwards consist of a delayed delivery of equity securities at a specified future date and price. Such equity forwards are bilateral and face the counterparty directly.

Total return swap contracts include payments based on a set rate in exchange for a return on an underlying stock or equity index.

The following table summarizes the notional and fair value amounts of derivative instruments outstanding as of September 30, 2020. Fair value balances are presented net of derivative valuation adjustments, but prior to the application of counterparty and cash collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into effect the legally enforceable master netting agreements with netting due to cash collateral received or paid.

	Notional amount	Fair value	
		Derivative receivables	Derivative payables
Equity Forwards	\$ 74,409	\$ 8,448	\$ –
Total Return Swaps	15,955	–	(153)
Offset in the Statement of Financial Condition			
Counterparty Netting		–	–
Cash Collateral Netting		–	–
	<u>\$ 90,364</u>	<u>\$ 8,448</u>	<u>\$ (153)</u>



# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 3. Financial Instruments (continued)

#### *Valuation adjustments*

Valuation adjustments are integral to determining the fair value of derivative portfolios and are achieved by developing and calibrating sophisticated pricing models to determine the fair value and appropriate exit price. The Company utilizes a valuation methodology that incorporates various valuation adjustments (“XVA”) in the valuation of open trades.

XVA is comprised of credit valuation adjustment (“CVA”), which accounts for the credit risk inherent in the uncollateralized portion of derivative portfolios, debt valuation adjustment (“DVA”), which accounts for the Company’s own default risk in its uncollateralized portfolio valuation, and funding valuation adjustment (“FVA”), which accounts for the funding risk inherent in the uncollateralized portion of derivative portfolios. Market-based inputs are generally used when calibrating valuation adjustments to market-clearing levels. For derivatives that include significant unobservable inputs, the Company makes model or exit price adjustments to account for the valuation uncertainty present in the transaction. The Company had no derivatives that include significant unobservable inputs at September 30, 2020.

#### *Offsetting assets and liabilities*

For those derivative activities transacted under legally enforceable master netting agreements, the Company has the right, in the event of default by the counterparty, to liquidate collateral and to offset receivables and payables with the same counterparty. For purposes of the Statement of Financial Condition, and in accordance with ASC 210-20, Offsetting, and ASC 815 Derivatives and Hedging, the Company offsets derivatives assets, liabilities, and cash collateral, except on initial margin, held with the same counterparty where it has such a legally enforceable master netting agreement.

In accordance with FASB ASC 210-20-45-1, Balance Sheet, Offsetting, Other Presentation Matters, the Company offsets securities borrowed and securities loaned on the Statement of Financial Condition with the same counterparty where they have a legally enforceable master netting agreement and all criteria for netting have been met.

Derivative instruments are included in derivative assets and derivative liabilities on the Statement of Financial Condition. Securities financing agreements are included in securities borrowed and securities loaned on the Statement of Financial Condition. The following table presents derivative instruments and securities financing agreements as of September 30, 2020. Balances are presented on a gross basis, prior to the application of counterparty and collateral netting.

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 3. Financial Instruments (continued)

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition (2)	Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition (1)		Net Amount
Assets				Financial Instruments (3)	Collateral Received (4)	
Derivatives	8,448	–	8,448	–	–	8,448
Securities borrowed	79,577	–	79,577	16,470	63,107	–

	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition (2)	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition (1)		Net Amount
Liabilities				Financial Instruments (3)	Collateral Delivered (4)	
Derivatives	153	–	153	–	–	153
Securities loaned	16,470	–	16,470	16,470	–	–

- (1) For some counterparties, the financial instruments and collateral not net on the Statement of Financial Condition may exceed the net asset recognized. Where this is the case, the total amounts reported in these two columns are limited to the balance of the net assets recognized. As a result, a net amount is reported even though the Company, on an aggregate basis has received securities collateral with a total fair value that is greater than the funds provided to counterparties.
- (2) Amounts relate to master netting agreements, which have been determined by the Company to be legally enforceable in the event of default and where certain other criteria are met in accordance with applicable offsetting guidance or clearing organization agreements.
- (3) These represent liabilities with the same counterparties that are not presented net on the Statement of Financial Condition because all U.S. GAAP netting criteria were not met.
- (4) These represent collateral values received on net assets recognized after consideration of liabilities with the same counterparties (note (3)).

### 4. Risk Management

Risk is an inherent part of the Company's business and activities. The Company has established risk management policies and procedures to measure and monitor each of the various types of significant risks involved in its underwriting business. The Company's ability to properly and

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 4. Risk Management (continued)

effectively identify, assess, monitor, and manage its risk is critical to the overall execution of the Company's strategy and its profitability.

Risk management at the Company requires independent Company-level oversight. Effective risk practices are carried out through constant communication, exercise of professional judgement, and knowledge of specialized products and markets. The Company's senior management take an active role in the identification, assessment, and management of risks at the Company level.

**Market Risk** – Market risk is the potential loss the Company may incur as a result of changes in the market value of a particular instrument. The Company manages market risk by economically hedging its exposure to risk factors if necessary.

**Credit Risk** – Risk mainly arises from the potential liability of counterparties to perform under the term of contracts and from changes in interest rates. The Company is engaged various trading activities with banks and other institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk of loss. The risk of default mainly depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the creditworthiness of counterparties. The settlement of these transactions did not have a material effect upon the Company's Statement of Financial Condition.

**Operational Risk** – Operational risk is the risk of loss, whether direct or indirect, to which the Company is exposed due to inadequate or failed internal processes or systems, human error or misconduct, or external events. Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime, and environmental risk, but excludes strategic and reputational risk. Operational risk, in some form exists in each of the Company's business and support activities, and can result in financial loss, regulatory sanctions and damage to the Company's reputation. The Company has developed policies, processes, and assessment methodologies to ensure that operation risk is appropriately identified.

### 5. Fair Value Measurements

The Company applies the methods of calculating fair value defined in ASC 820, *Fair Value Measurements and Disclosure*, to value its financial assets and liabilities, where applicable. ASC 820 defines fair value as “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” or an “exit price.”

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 5. Fair Value Measurements (continued)

The valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs, using techniques that are appropriate and for which sufficient data is available. For inputs based on bid and ask prices, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

#### *Fair value hierarchy*

ASC 820 prioritizes the inputs used to measure fair value into three broad levels, assigning the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest to unobservable inputs (Level 3 measurements). If the inputs used to measure an asset or liability fall into different levels within the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

The three categories are as follows:

Level 1- Assets and liabilities whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include exchange-traded equity securities.

Level 2 - Assets and liabilities whose values are based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. If no quoted market prices are available, the fair values of OTC derivative contracts in this category are determined using a pricing model with inputs that are observable in the market or can be derived from or corroborated by observable market data. Level 2 assets and liabilities consist of equity forwards and equity swaps.

Level 3 - Assets and liabilities whose values are based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Company had no Level 3 assets or liabilities at September 30, 2020.

In determining the appropriate measurement levels, the Company performs analyses on the assets and liabilities subject to ASC 820 at the end of each reporting period. Changes in the observability

**Mizuho Markets Americas LLC**  
**Notes to Statement of Financial Condition**

(In Thousands)

(Unaudited)

**5. Fair Value Measurements (continued)**

of significant valuation inputs during the reporting period may result in a reclassification of certain assets and liabilities within the fair value hierarchy.

*Valuation techniques*

Equity securities are measured at fair value using quoted prices for identical securities traded in Exchanges.

Derivative contracts can be exchange-traded or OTC. The Company classifies exchange-traded contracts typically within Level 1 of the fair value hierarchy. OTC derivatives that trade in liquid markets, such as forwards, swaps, and options, are classified within Level 2 of the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. If quoted market prices are not available, fair value is based upon internally developed valuation models that use current market-based or independently sourced market parameters, such as interest rates, currency rates, credit spreads, and option volatilities. Such models are often based on a discounted cash flow analysis.

The following table presents the Company's major categories of assets and liabilities that are measured at fair value on a recurring basis using the above fair value hierarchy at September 30, 2020.

<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Counterparty and Cash Collateral Netting</b>	<b>Balance as of September 30, 2020</b>
<b>Assets</b>					
Securities owned, at fair value					
Equity securities	\$ 16,108	\$ –	\$ –	\$ –	\$ 16,108
Derivatives	–	8,448	–	–	8,448
	<u>\$ 16,108</u>	<u>\$ 24,556</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 24,556</u>
<b>Liabilities</b>					
Securities sold, not yet purchased, at fair value					
Equity securities	\$ 82,903	\$ –	\$ –	\$ –	\$ 82,903
Derivatives	–	153	–	–	153
	<u>\$ 82,903</u>	<u>\$ 83,056</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 83,056</u>

**Mizuho Markets Americas LLC**  
**Notes to Statement of Financial Condition**

(In Thousands)

(Unaudited)

**6. Securities Owned and Securities Sold, Not Yet Purchased, at Fair Value**

Securities owned and securities sold, not yet purchased, consist of equity securities. Securities sold, not yet purchased, represent the Company's obligation to acquire the securities at then prevailing market prices, which may differ from the amount reflected on the Statement of Financial Condition.

**7. Payables to brokers/dealers, clearing organizations and customers**

Amounts payable to brokers/dealers, clearing organizations and customers at September 30, 2020 consist of the following:

	<u>Payables</u>
Cash collateral received	\$ 11
Payables to SEC	2
Total	<u>\$ 13</u>

Under Section 31 of the Securities Exchange Act of 1934, self-regulatory organizations ("SROs") must pay transaction fees to the SEC based on the volume of securities that are sold on their markets. These fees are designed to recover the costs incurred by the government, including the SEC, for supervising and regulating the securities markets and securities professionals. The SROs have adopted rules that require their broker-dealer members to pay a share of these fees. These fees are settled on a monthly basis.

**8. Subordinated Borrowings**

The Company has a \$130,000 subordinated note payable to MCM that is set to mature in September 2023. The interest rate on the note is based on one-month LIBOR plus a spread. This borrowing is subordinated to claims of general creditors, is covered by an agreement approved by the SEC, and is included in computing net capital under the SEC's Uniform Net Capital Rule. To the extent that this borrowing is required for the Company's continued compliance with minimum net capital requirements, it cannot be repaid.

**Mizuho Markets Americas LLC**  
**Notes to Statement of Financial Condition**

(In Thousands)

(Unaudited)

**9. Related-Party Transactions**

In the normal course of business, the Company enters into transactions with affiliated companies as part of its trading, clearing, financing, and general operations. At September 30, 2020, the Statement of Financial Condition included the following balances with affiliates:

**Statement of Financial Condition**

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**Assets**

Securities borrowed	\$	79,577
Other assets		65

**Liabilities**

Securities loaned	16,470
Accrued interest payable	25
Accrued expenses and other liabilities	88
Subordinated borrowings	130,000

*Securities borrowed and loaned*

At September 30, 2020, the securities borrowed and loaned is comprised of agreements with Mizuho Securities USA LLC.

*Accrued expenses and other liabilities*

Accrued expenses and other liabilities primarily consist of balances due to MCM.

*Borrowings from affiliates*

At September 30, 2020, the Company had a \$130,000 subordinated note payable to MCM with accrued interest payable in the amount of \$25.

*Commitments and contingencies*

The Company had an uncommitted line of credit with a total limit of \$420,000 as of September 30, 2020 with MHBK. The Company has a \$150,000 guarantee from MHBK on its negative exposure on derivatives transactions with counterparties. At September 30, 2020, \$153 was utilized.

# Mizuho Markets Americas LLC

## Notes to Statement of Financial Condition

(In Thousands)

(Unaudited)

### 10. Income Taxes

The Company is a single member limited liability company, and as such, is a disregarded entity owned by MHA for U.S. corporation income tax purposes. The Company is included in MHA's federal, state and local income tax returns. In addition, the Company, as a division of MHA files certain combined or unitary group tax return filings for state and local income tax purposes. Pursuant to a federal, state and local tax sharing agreement, the Company computes its federal, state and local tax provision on a separate return basis which is then adjusted for the effect of filing in the combined or unitary group. This adjustment is computed on a consistent and equitable basis among the members of the combined or unitary tax groups. The Company's share of the combined or unitary state tax expense or benefit will be settled periodically with the lead filer of each combined or unitary income tax filing. At September 30, 2020, the Company had an income tax receivable of \$14 due from an affiliate, which was recorded under other assets in the Statement of Financial Condition

### 11. Commitments and Contingencies

#### *Litigation*

In accordance with the provisions of ASC 450, *Contingencies*, the Company accrues for a litigation-related liability when the assessed likelihood of realizing a future loss is probable and the amount of loss can be reasonably estimated. In applying these principles, the information available may indicate that the estimated amount of loss is within a certain range. The Company accrues when an amount within a range of loss is identified as the most likely result.

### 12. Net Capital Requirements

As a registered OTC derivatives-dealer, the Company is subject to the SEC's capital, margin, and segregation requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital and Segregation Requirements for Broker-Dealers Rule 18a-1, which requires the maintenance of minimum net capital in accordance with a formula set forth therein. This method requires that the Company maintain minimum net capital, as defined, equivalent to the greater of \$20,000 or 2% of total risk margin as defined by SEC Rule 18a-1, plus excess margin collected on securities received on resale agreements, as defined.

At September 30, 2020, the Company's net capital of \$161,535 was \$141,535 in excess of the required amount of \$20,000. Advances to affiliates, repayment of subordinated liabilities, dividend



**Mizuho Markets Americas LLC**  
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(In Thousands)

*(Unaudited)*

**12. Net Capital Requirements (continued)**

payments, and other equity withdrawals are subject to certain limitations and other provisions of the SEC and other regulators.

**13. Subsequent events**

Under the provisions of ASC 855, *Subsequent Events* (“ASC 855”), companies are required to evaluate events and transactions that occur after the balance sheet date but before the date the Statement of Financial Condition are issued, or available to be issued in the case of non-public entities. As such, the Company is required to evaluate and recognize in the Statement of Financial Condition the effect of all events or transactions that provide additional evidence of conditions that existed at the balance sheet date, including estimates inherent in the preparation of the Statement of Financial Condition.

The Company is monitoring the recent outbreak of the coronavirus, or COVID-19, which has adversely affected global economic conditions. As these conditions continue, they could negatively impact financial results. The extent to which this may affect the Company’s financial condition will depend on future developments, which are highly uncertain at this time. The Company evaluated all events subsequent to September 30, 2020, through November 30, 2020, the date on which the Statement of Financial Condition are available to be issued. There were no other material recognizable or non-recognizable subsequent events during this period.