

**Statement of Financial Condition**

Nearwater Capital Markets, Ltd.

December 31, 2024

With Independent Auditors' Report

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL REPORTS  
FORM X-17A-5  
PART III

OMB APPROVAL
OMB Number: 3235-0123
Expires: Nov. 30, 2026
Estimated average burden hours per response: 12
SEC FILE NUMBER

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 1/1/2024 AND ENDING 12/31/2024  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Nearwater Capital Markets, Ltd.

TYPE OF REGISTRANT (check all applicable boxes):

- ☐ Broker-dealer ☒ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

Fleming Court, Fleming's Place 3rd Floor

(No. and Street)

Dublin 4, Dublin

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Robert Pascuzzi (212) 774-9023 robert.pascuzzi@nwcmltd.com  
(Name) (Area Code – Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

KPMG LLP

(Name – if individual, state last, first, and middle name)

345 Park Avenue New York NY 10154  
(Address) (City) (State) (Zip Code)

10/20/2003 185  
(Date of Registration with PCAOB)(if applicable) (PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



## OATH OR AFFIRMATION

I, Robert Pascuzzi, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of NEARWATER CAPITAL MARKETS, LIMITED, as of 12/31, 2024, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

ABIGAIL PAHOLSKI  
Notary Public - State of New York  
NO. 01PA0014963  
Qualified in New York County  
My Commission Expires Oct 26, 2027

Abigail Paholski  
Notary Public Abigail Paholski

Signature: [Signature]

Title: Chief Financial Officer

### This filing\*\* contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☐ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☐ (d) Statement of cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

Nearwater Capital Markets, Ltd.  
Statement of Financial Condition

December 31, 2024

Table of Contents

Independent Auditor's Report.....	5
Statement of Financial Condition.....	6
Notes to the Statement of Financial Condition.....	7





KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Shareholder and Board of Directors  
Nearwater Capital Markets, Ltd.:

### *Opinion*

We have audited the statement of financial condition of Nearwater Capital Markets, Ltd. (the Company) as of December 31, 2024, and the related notes (collectively, the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2024, in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement 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 Financial Statement*

Management is responsible for the preparation and fair presentation of the financial statement in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 that the financial statement is issued.

### *Auditors' Responsibilities for the Audit of the Financial Statement*

Our objectives are to obtain reasonable assurance about whether the financial statement 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 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 financial statement.
- 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 audit.

KPMG LLP

New York, New York  
February 28, 2025

Nearwater Capital Markets, Ltd.  
Statement of Financial Condition  
December 31, 2024

**Assets**

Cash		\$	157,268,704
Financial instruments owned, at fair value	\$	3,405,051,180	
Financial instruments, pledged as collateral, at fair value		654,806,062	
Total financial instruments, at fair value			4,059,857,242
Interest and dividend receivable			13,964,146
Receivables from brokers, dealers and clearing organizations			615,458
Other assets			1
		\$	<u>4,231,705,551</u>

**Liabilities and member's equity**

Short-term borrowings from related parties	\$	3,500,889,728
Payables to brokers, dealers and clearing organizations		149,809,828
Financial instruments sold, not yet purchased, at fair value		77,265,814
Interest and dividend payable		855,859
Other liabilities		1,084,973
	\$	<u>3,729,906,202</u>
Equity	\$	<u>501,799,349</u>
	\$	<u>4,231,705,551</u>

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



Nearwater Capital Markets, Ltd.  
Notes to the Statement of Financial Condition

## **1. Organization**

Nearwater Capital Markets, Ltd. (the "Company"), is a limited company incorporated under the laws of Ireland on April 21, 2021. The Company is a subsidiary of Nearwater Capital Manager, Ltd. (the "Manager"), which is an affiliate of Nearwater Capital, LP ("Nearwater"), a leading global financial services firm focusing on capital markets and financing activities with principal activities in the United States, Europe, and Australia. For purposes of this report, an "affiliate" is defined as Nearwater Capital, LP or a direct or indirect subsidiary of Nearwater Capital, LP.

The Company and all its assets and liabilities are consolidated by the Manager pursuant to Accounting Standards Codification Topic 810, Consolidation. As the sole owner, the Manager directs all day-to-day activities of the Company and maintains sole voting rights.

As of July 12, 2022, Nearwater Capital Markets, Ltd. is conditionally registered with the U.S. Securities and Exchange Commission (the "SEC") as a security-based swap dealer.

### **Nature of business**

The Company is a dealer in security-based swaps, makes markets in security-based swaps, and enters into security-based swaps with counterparties as an ordinary course of business for its own account. The business activities of the Company consist of entering into security-based swap transactions with counterparties and hedging via the underlying reference securities resulting in the Company earning a net financing spread. The Company's counterparties consist of global banks or their affiliates which are also registered as security-based swap dealers with the SEC.

## **2. Significant accounting policies**

### **Basis of presentation**

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Cash**

Cash represents funds deposited with financial institutions which may, at times, exceed federal insurance limits.

### **Receivables and payables from brokers, dealers and clearing organizations**

Receivables from brokers, dealers and clearing organizations include amounts receivable for cash deposits. Payables to brokers, dealers and clearing organizations include payables arising from unsettled trades.



## 2. Significant accounting policies (continued)

### Financial instruments owned, at fair value

Financial instruments owned and securities sold, not yet purchased are stated at fair value and recorded on a trade date basis. Fair value is 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.

Derivatives are financial instruments whose value is based upon an underlying asset, index or reference rate or a combination of these factors. The Company's derivative transactions are in the form of total return swaps ("TRS") which are individually negotiated contracts in an over-the-counter market. Total return swap contracts are included in securities owned and securities sold, not yet purchased on the statement of financial condition.

See Note 3 for further information regarding financial instruments owned and financial instruments sold, not yet purchased.

### Principal transactions

When acting as a principal, the Company enters into a transaction in its own name and for its own account. As a principal, the Company has beneficial ownership of and legal title to the assets. Transactions in which securities flow through the Company's inventory are considered principal transactions. The Company assumes credit and market risk from the inception of the transaction. Amounts receivable and payable for principal transactions that have not reached their contractual settlement date are recorded as receivables from and payables to brokers, dealers and clearing organizations in the statement of financial condition.

### Credit Risk

Credit risk is the risk of financial loss resulting from failure by a counterparty to meet its contractual obligations to the Company. This can be caused by factors directly related to the counterparty. It can also be triggered by economic or political factors in the country in which the counterparty is based or where it has substantial assets.

The Company is engaged in trading activities in which counterparties are global banks or their affiliates. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company manages credit risk by monitoring net exposure to individual counterparties, credit limits and margin collateral levels daily. The Company's maximum exposure to credit risk at any point in time is represented by the fair value of the amounts reported as assets at such time.

### Market Risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. The Company's portfolio is either: (i) highly rated securities or (ii) fully hedged TRS positions by executing equal and opposite transactions in the underlying securities. The Company has a very limited market risk exposure to adverse movements in the market.

## 2. Significant accounting policies (continued)

### Income tax

The Company is a limited company under the laws of Ireland and has made the appropriate elections to be considered a disregarded entity for income tax purposes.

### 3. Fair value measurement

U.S. GAAP defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements.

The guidance establishes 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 are as follows:

*Level 1 measurements* – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2 measurements* – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value.

*Equity securities and exchange traded funds ("ETFs")* – Equity securities and ETFs are primarily traded on public stock exchanges where quoted prices are readily and regularly available.

*U.S. Treasury securities* – U.S. Treasury securities are generally actively traded and are valued using quoted market prices.

*Commercial paper* – Commercial paper have short-term maturities and carry interest rates that approximate market rates.

*Derivative contracts* – Derivative contracts represent over the counter total return swaps which are referenced to equity securities or exchange traded funds. Fair value of TRS has been determined using the price of the equity securities or ETFs referred under these contracts.

Nearwater Capital Markets, Ltd.  
Notes to the Statement of Financial Condition (continued)

### 3. Fair value measurement (continued)

#### Assets and liabilities measured at fair value

On December 31, 2024, financial instruments owned, and securities sold, not yet purchased by the Company are illustrated in the following two tables:

Financial instruments owned, at fair value	Level 1	Level 2	Level 3	Counterparty Netting <sup>(1)</sup>	Total
Equity securities and ETFs	\$3,503,752,664	\$ -	\$ -	\$ -	\$ 3,503,752,664
U.S. Treasury securities	487,048,129	-	-	-	487,048,129
Derivative contracts	-	79,362,993	-	(60,300,503)	19,062,490
Commercial paper	-	49,993,959	-	-	49,993,959
Total	\$3,990,800,793	\$ 129,356,952	\$ -	\$ (60,300,503)	\$ 4,059,857,242

Financial instruments sold, not yet purchased, at fair value	Level 1	Level 2	Level 3	Counterparty Netting	Total
Derivative contracts	\$ -	\$ 137,566,317	\$ -	\$ (60,300,503)	\$ 77,265,814
Total	\$ -	\$ 137,566,317	\$ -	\$ (60,300,503)	\$ 77,265,814

<sup>(1)</sup> The Company enters into master netting agreements with substantially all of its derivative counterparties. Where legally enforceable, these master netting agreements give the Company, in the event of default by the counterparty, the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. For purposes of the Statement of Financial Condition, the Company offsets derivative assets and liabilities held with the same counterparty where it has such a legally enforceable master netting agreement as well as net of cash collateral received or posted, as applicable.

#### Assets and liabilities not measured at fair value

Other financial instruments are recorded by the Company at contract amounts and include cash, short-term borrowings from related parties, receivables from and payables to brokers, dealers, and clearing organizations, dividends and interest receivable, and dividends and interest payable. These financial instruments carried at contract amounts either have short-term maturities (one year or less), or bear market interest rates and, accordingly, are carried at amounts approximating fair value. Financial assets and liabilities not measured at fair value are Level 2 assets and liabilities except for cash which is Level 1 asset.

### 4. Derivative instruments

In the normal course of business, the Company enters into transactions in derivative instruments in order to reduce its own exposure to market. Risks arise from unfavorable changes in the market values of the securities underlying the instruments as well as the possible inability of counterparties to meet the terms of their contracts.

The table below presents the notional and fair value amounts of the Company's derivative activity recorded in financial instruments owned, at fair value and Financial instruments sold, not yet purchased, at fair value on the Company's statement of financial condition. Notional amounts are disclosed on a gross basis.

	Notional <sup>(1)</sup>	Fair Value Derivative Assets	Fair Value Derivative Liabilities
Derivative contracts	\$ 3,503,752,664	\$ 79,362,993	\$ 137,566,317
Total	\$ 3,503,752,664	\$ 79,362,993	\$ 137,566,317

<sup>(1)</sup> Represents the total contract/notional amount of derivative assets and liabilities outstanding.



## **5. Related party transactions**

Related party transactions may include any transactions between entities under common control, executive officers, the principal owner of the Company, as well as any other person or entity with significant influence over the Company's management or operations. Because of this relationship, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Through a services agreement, the Company receives management, administration, marketing, and other support from Nearwater affiliates.

On December 21, 2022, February 13, 2024, and October 18, 2024, the Company entered into credit agreements (the "Credit Agreements") with Saugatuck Funding Company, LLC, Brigantine Funding Company, LLC, and Helvetica Funding Company, LLC (the "Lenders"), a wholly owned subsidiaries of Nearwater. The Credit Agreements provide for the Lenders to issue loans to the Company in its sole discretion. As of December 31, 2024, the Company borrowed \$3.5 billion under the Credit Agreements.

## **6. Equity**

As of December 31, 2024, equity securities issued comprised of the following (i) a EUR 1 controlling share and (ii) equity securities representing an economic interest in the business activities of the Company. Equity securities are owned by the Manager.

## **7. Net capital requirements**

As a security-based swap dealer, the Company is subject to the net capital requirements of the SEC. The Company is required to maintain minimum net capital, as defined under SEC Rule 18a-1, of not less than the greater of \$20 million or 2% of the risk margin amount, as defined. The Company's net capital and excess net capital as of December 31, 2024, were \$426,902,389 and \$406,902,389, respectively.

## **8. Segment reporting**

The Company is engaged in a single line of business as a dealer in security-based swaps. The Company has identified its Senior Officer as the chief operating decision maker ("CODM"), who uses net income to evaluate the results of the business, predominantly in the forecasting process, to manage the Company. Additionally, the CODM uses excess net capital (see Note 7), which is not a measure of profit and loss, to make operational decisions while maintaining capital adequacy. The Company's operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The accounting policies used to measure the profit and loss of the segment are the same as those described in the summary of significant accounting policies.

## **9. Subsequent events**

The Company has evaluated its subsequent event disclosure through the date that the Company's financial statements were issued and has determined that there are no events that would have a material impact on the financial statements.