

F&O Financial LLC

NFA ID: 0550813

**Statement of Financial Condition and Supplemental Schedules
Pursuant to Regulation 1.10 of the Commodity Exchange Act and
Report of Independent Registered Public Accounting Firm
December 31, 2024**

F&O Financial LLC

Index

December 31, 2024

	Page(s)
Report of Independent Registered Public Accounting Firm	1-2
Financial Statement	
Statement of Financial Condition	3
Notes to Statement of Financial Condition.....	4-5
<u>Supplemental Information</u>	
Schedule I - Reconciliation of Statement of Financial Condition to Net Capital Computation.....	6
Schedule II - Statement of the Computation of the Minimum Capital Requirements	7
Schedule III - Statement of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges	8
Schedule IV - Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts	9
Schedule V - Statement of Secured Amounts and Funds Held in Separate Accounts Pursuant to Commission Regulation 30.7	10
Schedule VI - Statement of Cleared Swaps Customer Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4D(F) of CEA	11



Report of Independent Registered Public Accounting Firm

To the Member and the Board of Directors of F&O Financial LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of F&O Financial LLC (the Company) as of December 31, 2024 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting

principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to those charged with governance and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. We determined that there are no critical audit matters.

Supplemental Information

The accompanying information contained in Schedules I, II, III, IV, V and VI has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statement. Such information is the responsibility of the Company's management. Our audit procedures included determining whether the information reconciles to the financial statement or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with Regulation 1.10 under the Commodity Exchange Act. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

We have served as the Company's auditor since 2022.
February 28, 2025

F&O Financial LLC
Statement of Financial Condition
December 31, 2024

(dollars in thousands)

Assets

Cash and cash equivalents

\$ 2,427

Total Assets

\$ 2,427

Liabilities and Member's Equity

Liabilities

Payable to affiliates

\$ 18

Accrued expenses and other liabilities

\$ 51

Total Liabilities

\$ 69

Member's Equity

2,358

Total Liabilities and Member's Equity

\$ 2,427

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

F&O Financial LLC

Notes to Statement of Financial Condition

December 31, 2024

1. Organization

F&O Financial LLC (the “Company”) is a Delaware limited liability company formed on July 8, 2022. The Company has one member (the “parent”), F&O Holdings LLC (“FOH”). The member’s risk is limited to the amount they invested in the Company. The Company is an indirect wholly owned subsidiary of CME Group Inc. (“CMEG”). Effective October 25, 2024, the Company registered as a futures commission merchant (“FCM”) with the Commodity Futures Trading Commission (“CFTC”) and was approved by the National Futures Association (“NFA”) as an FCM and a Swap firm.

2. Summary of Significant Accounting Policies

(a) Basis of presentation

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles. The U.S. Dollar is the functional currency of the Company. The Company adopted the accounting policy around Simplifying the Accounting for Income Taxes. As such, the Company does not recognize income taxes. In the opinion of management, the financial statements include all adjustments necessary to present fairly the financial position at December 31, 2024.

(b) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosure of contingent amounts on the financial statements and accompanying notes. Management determines that the estimates utilized in preparing its financial statements are reasonable and prudent. Due to the inherent uncertainty involved with estimates, actual results may differ.

(c) Cash and Cash Equivalents

Cash at December 31, 2024, includes \$2.4 million of cash held in demand deposit accounts by one financial institution. The Company considers short-term interest-bearing investments with initial maturities of three months or less to be cash equivalents. The Company’s cash typically includes cash held in demand deposit accounts and is therefore considered a Level 1 asset. Level 1 assets are considered the most reliable evidence of fair value and consist of quoted prices (unadjusted) for identical assets or liabilities in active markets. Additionally, at December 31, 2024, the Company had a cash balance that exceeded the Federal Deposit Insurance Corporation (“FDIC”) limit of \$250 thousand, held at one financial institution. The Company does not hold any cash equivalents at December 31, 2024.

(d) Accrued Expenses and Liabilities

Accrued expenses and other liabilities at December 31, 2024, include approximately \$51 thousand of expenses for legal and professional fees.

F&O Financial LLC

Notes to Statement of Financial Condition

December 31, 2024

3. Liabilities Subordinated to Claims of General Creditors

There are no subordinated liability agreements at December 31, 2024.

4. Transactions with Affiliates

The Company has a support service agreement with Chicago Mercantile Exchange Inc., a wholly owned subsidiary of CMEG, for accounting, human resources, legal, security, office supplies, telecommunications, and general overhead expenses. There are also transactions between entities for reimbursement of payments made to vendors on behalf of the Company.

The Company has payables to affiliates of \$18 thousand, all of it owed to Chicago Mercantile Exchange Inc. The balances between these affiliates represent costs for the support service agreement and reimbursement of payments made to vendors made on behalf of the Company.

Amounts payable to affiliates are non-interest bearing and due on demand.

5. Net Capital Requirements

The Company is subject to CFTC Regulation 1.17 minimum financial requirements for futures commission merchants (the "Rule"), which requires the maintenance of minimum net capital. The Rule requires that the Company maintain net capital equivalent to the greater of \$1.0 million or the sum of 8% of the customer risk maintenance margin requirement plus 8% of the non-customer risk maintenance margin requirement, as these terms are defined.

At December 31, 2024, the Company had adjusted net capital of \$2.4 million under Regulation 1.17.

6. Subsequent Events

The Company has performed an evaluation of subsequent events through February 28, 2025 which is the date the financial statements were available to be issued. There have been no subsequent events that occurred during this period that would require recognition in the financial statements or disclosure as of December 31, 2024.

F&O Financial LLC

Reconciliation of Statement of Financial Condition to Net Capital Computation December 31, 2024

(dollars in thousands)

Total Assets

Total assets reflected in the Statement of Financial Condition	\$	2,427
Less non-current assets:		-
Net current assets (as defined)	\$	2,427

Total Liabilities

Total liabilities reflected in the Statement of Financial Condition	\$	69
Add items not reflected in the Statement of Financial Condition:		-
Total liabilities	\$	69

NOTE: The above is a reconciliation of current assets and total liabilities, as reported in the Statement of Financial Condition included herein, to the amounts shown in the Statement of the Computation of the Minimum Capital Requirements, as reported on Form 1-FR-FCM. There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.

F&O Financial LLC**Statement of the Computation of the Minimum Capital Requirements****December 31, 2024****Supplemental Schedule II***(dollars in thousands)***Net Capital Calculation:**

Net Current Assets, as defined (see Supplemental Schedule I)	\$	2,427
Less: Total Liabilities (see Supplemental Schedule I)		<u>(69)</u>
Net capital before deductions		2,358
Less: Deductions		<u>-</u>
Adjusted Net Capital	\$	2,358

Net Capital Required:**A. Risk-based requirement:**

Amount of customer risk maintenance margin	\$	-
8% of customer risk maintenance margin	\$	-
Amount of non-customer risk maintenance margin	-	-
8% of non-customer risk maintenance margin		<u>-</u>
Total risk based requirement	\$	-

B. Minimum dollar amount required \$ 1,000

Amount required \$ 1,000

Excess net capital \$ 1,358

Computation of Early Warning Level:

150% of minimum dollar amount required \$ 1,500

NOTE: There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.

F&O Financial LLC**Statement of Segregation Requirements and Funds in Segregation for
Customers Trading on U.S. Commodity Exchanges
December 31, 2024****Supplemental Schedule III***(dollars in thousands)*

Segregation requirements:

Net ledger balance:

Cash	\$	-
Securities, at market		-

Net unrealized gain in open futures contracts traded on a contract market		-
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Exchange-traded options:

Market value of open option contracts purchased on a contract market		-
Market value of open option contracts granted (sold) on a contract market		-

Net equity		-
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Accounts liquidating to a deficit and accounts with debit balances, gross amount		-
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Less amount offset by customer-owned securities		-
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Amount required to be segregated		-
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Funds on deposit in segregation:

Deposited in segregated funds bank accounts:

Cash		-
Securities representing investments of customers' funds (at market)		-
Securities held for particular customers or option customers in lieu of cash (at market)		-

Margins on deposit with clearing organizations of contract markets:

Cash		-
Securities representing investments of customers' funds (at market)		-
Securities held for particular customers or option customers in lieu of cash (at market)		-

Net settlement due from clearing organizations of contract market		-
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Exchange-traded options:

Unrealized receivables for open option contracts purchased on a contract market		-
Unrealized obligations for open option contracts sold on a contract market		-

Net equities with other futures commission merchants:

Net liquidating equity		-
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Segregated funds on hand		-
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Total amount in segregation		-
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Excess funds in segregation		-
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Management Target Amount Excess funds in segregation		-
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Excess funds in segregation over Management Target Amount		-
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NOTE: There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.

F&O Financial LLC**Statement of Segregation Requirements and Funds in Segregation for
Customers' Dealer Options Accounts
December 31, 2024****Supplemental Schedule IV***(dollars in thousands)*

Amount required to be segregated in accordance with Commission Regulation 32.6	\$ -
Funds in segregated accounts:	
Cash	-
Securities (at market)	-
Total	-
Excess (deficiency) funds in segregation	\$ -

NOTE: There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.

F&O Financial LLC**Statement of Secured Amounts and Funds Held in Separate Accounts Pursuant
to Commission Regulation 30.7
December 31, 2024****Supplemental Schedule V***(dollars in thousands)*

Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder	\$	-
Net ledger balance - Foreign Futures and Foreign Option Trading - All Customers		-
Net unrealized profit (loss) in open futures contracts on a foreign board of trade		-
Market value of open contracts purchased on a foreign board of trade		-
Net equity		-
Accounts liquidating to a deficit and accounts with debit balances-gross amount		-
Amount required to be set aside in separate Section 30.7 accounts		-

NOTE: There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.

F&O Financial LLC**Statement of Cleared Swaps Customer Segregation Requirements and Funds in
Cleared Swaps Customer Accounts under 4D(F) of CEA
December 31, 2024****Supplemental Schedule VI***(dollars in thousands)*

Cleared Swaps Customer Requirements:

Net ledger balance:	
Cash	\$ -
Securities, at market	-
Net unrealized profit (loss) in open swaps	-
Cleared swaps options:	
Market value of open cleared swaps option contracts purchased	-
Market value of open cleared swaps granted (sold)	-
Net equity (deficit)	-
Accounts liquidating to a deficit and accounts with debit balances, gross amount	-
Less amount offset by customer-owned securities	-
Amount required to be segregated for cleared swap customers	-

Funds in Cleared Swaps Customer Segregation Accounts:

Deposited in cleared swaps customer segregated accounts at banks:	
Cash	-
Securities representing investments of customers' funds (at market)	-
Securities held for particular customers or option customers in lieu of cash (at market)	-
Margins on deposit with derivatives clearing organizations in cleared swaps	-
Customer Segregated Accounts	
Cash	-
Securities representing investments of customers' funds (at market)	-
Securities held for particular cleared swaps customers in lieu of cash (at market)	-
Net settlement due from (to) clearing organizations of contract market	-
Cleared swap options:	
Value of open cleared swaps long and short option contracts-net	-
Net equities with futures commission merchants	-
Net liquidating equity	-
Securities representing investments of cleared swaps customers' funds (at market)	-
Securities held for particular cleared swaps customers in lieu of cash (at market)	-
Cleared swaps customer funds on hand	-
Total amount in cleared swaps customer segregation	-
Excess funds in segregation	-
Management Target Amount Excess funds in cleared swaps segregation accounts	-
Excess funds in cleared swaps customer segregation over Management Target Amount	-

NOTE: There are no material differences between the amounts presented above and the amounts reported in the Company's corresponding unaudited Form 1-FR-FCM filing as of December 31, 2024, filed on January 21, 2025.