

STATEMENT OF FINANCIAL CONDITION AND SUPPLEMENTAL INFORMATION

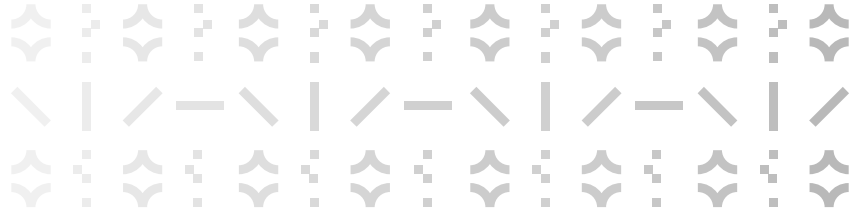
Bakkt Clearing, LLC

Year Ended December 31, 2020

With Report of Independent Registered Public Accounting Firm



Unlocking the value of digital assets.



February 26, 2021

Bakkt Clearing, LLC, a registered futures commission merchant, is submitting this audited annual report and its attachments as of and for the year ended December 31, 2020. The person whose signature appears below represents that, to the best of their knowledge, all information contained therein is true, correct and complete.

DocuSigned by:

Thomas Mallers

FAC28AB551DD462...

Thomas Mallers
Chief Compliance Officer
Bakkt Clearing, LLC

www.bakkt.com

© 2020 Bakkt. The following are trademarks of Bakkt and/or its affiliated companies: Intercontinental Exchange, ICE, New York Stock Exchange, NYSE and Bakkt. For more information regarding trademarks owned by Intercontinental Exchange, Inc. and/or its affiliated companies see: <https://www.bakkt.com/terms-of-use>

Bakkt Clearing, LLC
Financial Statement and Supplemental Information
Year Ended December 31, 2020

Contents

Report of Independent Public Accounting Firm.....	4
Statement of Financial Condition.....	6
Notes to Financial Statements.....	7
Supplemental Information	
Statement of the Computation of the Minimum Capital Requirements.....	10
Reconciliation of the Statement of Financial Condition to the Statement of the Computation of the Minimum Capital Requirements.....	11
Statement of Segregation Requirements and Funds in Segregation for Customers Trading on the US Commodity Exchanges.....	12
Statement of Segregation Requirements and Funds in Segregation for Customers' Dealer Options Accounts.....	13
Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign Futures and Foreign Options Customers Pursuant to Commission Regulation 30.7.....	14
Statement of Cleared Swaps Segregation Requirements and Funds in Cleared Swaps Customer Accounts under 4D(F) of the CEAct.....	15



Ernst & Young LLP
Suite 1000
55 Ivan Allen Jr. Boulevard
Atlanta, GA 30308

Tel: +1 404 874 8300
ey.com

Report of Independent Registered Public Accounting Firm

To the Managing Member and Management of Bakkt Clearing, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Bakkt Clearing, LLC (the Company) as of December 31, 2020 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, 2020, 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 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 statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, 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 presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

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.



Critical Audit Matters

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

Ernst + Young LLP

We have served as the Company's auditor since 2019.

Atlanta, GA

February 26, 2021

Bakkt Clearing, LLC
Statement of Financial Condition
(In Thousands)
December 31, 2020

Assets

Cash and cash equivalents	\$	4,496
Deposits with clearing organizations		1
Accounts receivable		72
Prepaid expenses		17
Investment in shares of affiliate stock		1,823
Due from affiliates		<u>3,124</u>
Total assets	\$	<u>9,533</u>

Liabilities and Member's Equity

Due to affiliates		32
Accounts payable and accrued expenses		<u>319</u>
Total liabilities		<u>351</u>
Member's Equity	\$	<u>9,182</u>
Total Liabilities and member's equity	\$	<u>9,533</u>

See accompanying notes to financial statements.

1. Description of Business

Bakkt Clearing LLC (BC or the Company) is registered as a futures commission merchant (FCM) with the Commodity Futures Trading Commission (CFTC) and a member of the National Futures Association (NFA). BC is a wholly-owned subsidiary of Bakkt Holdings, LLC (Holdings), which is BC's managing member. BC withdrew as a clearing member of ICE Clear US on May 20, 2020 and is in dormant status with the CFTC and NFA.

Management continues to evaluate the impact of the COVID-19 global pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

The Company follows the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure consistent reporting of financial condition, results of operations, and cash flows.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all short-term, highly liquid investments with original maturities at the purchase date of three months or less to be cash equivalents. As of December 31, 2020, the Company did not hold any cash equivalents.

Exchange Memberships

Exchange memberships, which include restricted shares of stock held for membership privileges, are carried at cost, and are evaluated periodically for impairment.

During the year, BC withdrew its ICE Clear US membership and the shares of stock held were no longer pledged for membership purposes. The shares owned are included in "Investment in shares of affiliate stock" in the statement of financial condition. See "Investment in shares of affiliate stock" section below for accounting policy.

Investment in shares of affiliate stock

Transactions in securities are recorded on trade date. Securities owned are recorded at fair value in accordance with FAB ASC 820, *Fair Value Measurement*, with unrealized gains and losses reflected in "Other" in the statement of income.

The securities owned are exchange-traded equity securities which are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy.

3. Related-Party Transactions

The Company provides services to affiliates of Bakkt Holdings. Receivables due from affiliates associated to the intercompany management fees total \$3,124,459.

BC receives office space, information technology, communication, accounts payable, administrative services and participation in a 401(k) plan from these. Payables due to affiliates as a result of these activities total \$32,264 at December 31, 2020.

BC withdrew from ICUS on May 20, 2020. Amounts due from ICUS of \$736 are included in deposits with clearing organizations. We are no longer required to hold ICE shares for ICUS membership but have not liquidated/sold this position as of December 31, 2020.

4. Guarantees and Indemnifications

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of future obligations under these indemnifications to be remote. As of December 31, 2020, we have no such outstanding contracts due to our dormant status.

5. Net Capital Requirements

BC is subject to the net capital requirements of CFTC Regulation 1.17, and the NFA. Under these requirements, BC is generally required to maintain "adjusted net capital" equivalent to the greater of \$1,000,000 or the sum of 8 percent of customer and noncustomer risk maintenance margin requirements on all positions, as these terms are defined. Adjusted net capital and risk maintenance margin requirements change from day to day, but at December 31, 2020, the Company had adjusted net capital of \$4,146,000, which was \$3,146,000 in excess of its required net capital of \$1,000,000. The minimum capital requirements may effectively restrict the repayment of subordinated borrowings and the withdrawal of member's equity.

6. Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through February 26, 2021, the date these financial statements were available to be issued, and determined that no events of transactions met the definition of a subsequent event for purposes of recognition or disclosure in these financial statements.

Supplemental Information

Bakkt Clearing, LLC

**Statement of the Computation of the Minimum Capital Requirements
December 31, 2020
(In Thousands)**

Schedule I

<hr/>	
Current assets	\$ 4,497
Total liabilities	<u>351</u>
Net capital	4,146
Charges against net capital:	
Charge against securities owned by firm	-
	<hr/>
Adjusted net capital	<u>4,146</u>
Net capital required using the risk-based requirement:	
Amount of customer risk maintenance margin	<u>\$ -</u>
8% of customer risk maintenance margin	\$ -
Amount of noncustomer risk maintenance margin	<u>-</u>
8% of noncustomer risk maintenance margin	<u>-</u>
	-
Minimum requirement	<u>1,000</u>
Amount required	<u>1,000</u>
Excess net capital	<u>\$ 3,146</u>

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Bakkt Clearing, LLC**Reconciliation of the Statement of Financial Condition to the
Statement of the Computation of the Minimum Capital Requirements
December 31, 2020
(In Thousands)****Schedule II****Current Assets**

Total assets reflected in statement of financial condition	\$	9,533
		<u>9,533</u>

Less noncurrent assets included in total assets:

Receivables:

Affiliate	(3,124)	
Other	(72)	
Investment in Shares of Affiliate Stock	(1,823)	
Other assets	(17)	
		<u>(5,036)</u>

Total current assets\$ 4,497**Total Liabilities**

Total liabilities reflected in statement of financial condition	\$	351
---	----	-----

Total liabilities\$ 351

NOTE: The total non-current assets in Schedule II had a net decrease compared to the Company's unaudited Form 1-FR-FCM filing due to a reduction of prepaid expenses offset by the reclass of the exchange membership to firm owned securities with the corresponding increase in market value which is still treated as non-current identified subsequent to our initial focus filing. There were no other material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Bakkt Clearing, LLC

**Statement of Segregation Requirements and Funds in Segregation for
Customers Trading on U.S. Commodity Exchanges**

Schedule III

December 31, 2020

(In Thousands)

Segregation requirements:

Net ledger balance:		
Cash	\$	-
Securities, at market		-
Net unrealized gain in open futures contracts traded on a contract market		-
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		-
Accounts liquidating to a deficit and accounts with debit balances, gross amount		-
Less amount offset by customer-owned securities		-
		-
Amount required to be segregated		-

Funds on deposit in segregation:

Deposited in segregated funds bank accounts:		
Cash		-
Securities representing investments of customers' funds (at market)		-
Securities held for particular customer 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 (to) clearing organizations of contract market		-
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		-
Securities representing investments of customers' funds (at market)		-
Segregated funds on hand		-
		-
Total amount in segregation		-
		-
Excess funds in segregation	\$	-
		-
Management Target Amount Excess funds in segregation	\$	-
		-
Excess funds in segregation over Target Amount	\$	-

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Bakkt Clearing, LLC

**Statement of Segregation Requirements and Funds
In Segregation for Customers' Dealer Options Accounts
December 31, 2020
(In Thousands)**

Schedule IV

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

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Bakkt Clearing, LLC

**Statement of Secured Amounts and Funds Held in Separate Accounts for Foreign
Futures and Foreign Options Customers Pursuant to Commission Regulation 30.7
December 31, 2020
(In Thousands)**

Schedule V

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	-
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	-
Funds on deposit in separate Section 30.7 accounts:	
Cash in banks located in the United States	-
Other banks designated by the CFTC	-
Securities in safekeeping with other banks qualified under Regulation 30.7	-
Equities with registered futures commission merchants	-
Total funds in separate Section 30.7 accounts	-
Excess funds in separate Section 30.7 accounts	\$ -
Management Target Amount Excess funds in 30.7 accounts	\$ -
Excess funds in segregation over Target Amount	\$ -

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.

Bakkt Clearing, LLC

**Statement of Cleared Swaps Segregation Requirements and
Funds in Cleared Swaps Customer Accounts under 4D(F) of the CEAct**

Schedule VI

December 31, 2020

(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)		<u>-</u>
Accounts liquidating to a deficit and accounts with debit balances, gross amount		-
Less amount offset by customer-owned securities		<u>-</u>
Amount required to be segregated for cleared swaps customers		<u>-</u>

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 customer 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 swaps options:		
Value of open cleared swaps long and short option contracts-net		-
Net equities with other 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		<u>-</u>
Total amount in cleared swaps customer segregation		<u>-</u>
Excess funds in segregation	\$	<u>-</u>
Management Target Amount Excess funds in cleared swaps segregated accounts	\$	<u>-</u>
Excess funds in cleared swaps customer segregation over Target Amount	\$	<u>-</u>

NOTE: There are no material differences between the above computation and the Company's corresponding unaudited Form 1-FR-FCM filing.