

The Depository Trust Company

Financial Statements (Unaudited) as of September 30, 2023 and
December 31, 2022 and for the three and nine months ended
September 30, 2023 and 2022

THE DEPOSITORY TRUST COMPANY

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THE DEPOSITORY TRUST COMPANY

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of September 30, 2023	As of December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 723,654	\$ 648,185
Accounts receivable - net of allowance for credit losses	47,985	49,101
Participants' Fund cash deposits	1,993,920	2,001,893
Other Participants' assets	1,282,798	849,895
Other current assets	6,924	2,984
Total current assets	4,055,281	3,552,058
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$11,770 and \$11,245 as of September 30, 2023 and December 31, 2022, respectively	14,106	14,631
Intangible assets - net of accumulated amortization of \$67,190 and \$54,986 as of September 30, 2023 and December 31, 2022, respectively	40,927	39,760
Other non-current assets	37,314	33,960
Total non-current assets	92,347	88,351
TOTAL ASSETS	\$ 4,147,628	\$ 3,640,409
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 64,187	\$ 66,531
Participants' Fund cash deposits	1,993,920	2,001,893
Payable to Participants	1,282,798	849,895
Other current liabilities	24,363	4,471
Total current liabilities	3,365,268	2,922,790
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	3,567	3,607
Total liabilities	3,368,835	2,926,397
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A, \$100 par value - 3,250,000 shares authorized; 1,500,000 issued and outstanding	150,000	150,000
Common stock, \$100 par value - 18,500 shares authorized, issued and outstanding	1,850	1,850
Additional paid-in capital	61,546	61,546
Retained earnings	565,397	500,616
Total shareholders' equity	778,793	714,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,147,628	\$ 3,640,409

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
REVENUES				
Settlement and asset services	\$ 132,339	\$ 125,760	\$ 393,826	\$ 367,399
Other services	7,591	6,593	22,193	19,599
Total revenues	<u>139,930</u>	<u>132,353</u>	<u>416,019</u>	<u>386,998</u>
EXPENSES				
Employee compensation and related benefits	60,785	59,013	190,799	178,647
Information technology	14,034	13,120	39,964	36,654
Professional and other services	31,822	34,958	82,506	90,774
Occupancy	4,164	4,672	11,843	11,760
Depreciation and amortization	4,160	3,994	12,729	12,397
General and administrative	7,627	7,083	19,043	20,784
Total expenses	<u>122,592</u>	<u>122,840</u>	<u>356,884</u>	<u>351,016</u>
Total operating income	<u>17,338</u>	<u>9,513</u>	<u>59,135</u>	<u>35,982</u>
NON-OPERATING INCOME (EXPENSE)				
Interest income	43,455	18,181	119,468	26,474
Refunds to Participants	(31,718)	(13,118)	(87,086)	(18,834)
Interest expense	(2,886)	(1,856)	(8,752)	(5,533)
Other non-operating income, net	3,009	1,553	9,316	5,470
Total non-operating income	<u>11,860</u>	<u>4,760</u>	<u>32,946</u>	<u>7,577</u>
Income before taxes	29,198	14,273	92,081	43,559
Provision for income taxes	8,434	5,446	27,300	14,068
Net income	<u>\$ 20,764</u>	<u>\$ 8,827</u>	<u>\$ 64,781</u>	<u>\$ 29,491</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	Preferred Stock Series A	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2023	\$ 150,000	\$ 1,850	\$ 61,546	\$ 500,616	\$ 714,012
Net income	—	—	—	21,619	21,619
BALANCE - March 31, 2023	\$ 150,000	\$ 1,850	\$ 61,546	\$ 522,235	\$ 735,631
Net income	—	—	—	22,398	22,398
BALANCE - June 30, 2023	\$ 150,000	\$ 1,850	\$ 61,546	\$ 544,633	\$ 758,029
Net income	—	—	—	20,764	20,764
BALANCE - September 30, 2023	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 565,397</u>	<u>\$ 778,793</u>

(In thousands)	Preferred Stock Series A	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2022	\$ 150,000	\$ 1,850	\$ 61,546	\$ 462,045	\$ 675,441
Net income	—	—	—	10,782	10,782
BALANCE - March 31, 2022	\$ 150,000	\$ 1,850	\$ 61,546	\$ 472,827	\$ 686,223
Net income	—	—	—	9,882	9,882
BALANCE - June 30, 2022	\$ 150,000	\$ 1,850	\$ 61,546	\$ 482,709	\$ 696,105
Net income	—	—	—	8,827	8,827
BALANCE - September 30, 2022	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 491,536</u>	<u>\$ 704,932</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	For the nine months ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 64,781	\$ 29,491
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	12,729	12,397
Deferred income taxes	(3,258)	(1,419)
Other	30	21
Net change in:		
Accounts receivable	1,086	9,019
Other assets	(4,036)	(1,410)
Accounts payable and accrued expenses	(2,344)	1,238
Other liabilities	19,852	(4,877)
Participants' Fund liabilities	(7,973)	294
Payable to Participants	432,903	1,312,669
Net cash provided by operating activities	<u>513,770</u>	<u>1,357,423</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized software development costs	(13,371)	(13,730)
Cash used in investing activities	<u>(13,371)</u>	<u>(13,730)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend on common stock	—	(150,000)
Dividend on preferred stock	—	(135)
Cash used in financing activities	<u>—</u>	<u>(150,135)</u>
Net increase in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	500,399	1,193,558
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of period	<u>3,499,973</u>	<u>4,027,985</u>
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of period	<u>\$ 4,000,372</u>	<u>\$ 5,221,543</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 8,388</u>	<u>\$ 5,455</u>
Income taxes paid - net of refunds	<u>\$ 10,550</u>	<u>\$ 20,150</u>

The Notes to Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

1. BUSINESS AND OWNERSHIP

The Depository Trust Company (DTC or the Company) is a limited purpose trust company formed under the Banking Law of New York State and supervised by the New York State Department of Financial Services (NYSDFS); a State member bank of the Federal Reserve System (FRS), subject to examination by the Federal Reserve Bank of New York (FRBNY) under delegated authority from the Board of Governors (the FRB) of the FRS; and a clearing agency registered with and under the supervision of the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the securities, banking and other financial industries (referred to herein as its Participants).

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC, DTCC Deriv/SERV LLC and DTCC Solutions LLC.

DTC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to enhanced standards for risk management, operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited, interim financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The interim financial statements exclude some of the disclosures required in audited financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2022 and 2021, which are located on the Company's website at <http://www.dtcc.com/legal/financial-statements>. See Note 2 in DTC's audited financial statements for the years ended December 31, 2022 and 2021, for additional information on the Company's Summary of Significant Accounting Policies.

The interim financial statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Management makes estimates regarding, among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefits, impairment of intangible assets, fair value measurements, expense allocations and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

Other Participants' assets and Payable to Participants. The Company receives cash and stock dividends, interest, reorganization and redemption proceeds on securities registered in the name of its nominee, Cede and Co., and interest and redemption proceeds on bearer securities, which it distributes to Participants. Balances comprised of cash that represent cash dividends, interest, reorganization, redemptions, and cash collateral received are included in Other Participants' assets, with a corresponding liability recorded in Payable to Participants, on the accompanying Statements of Financial Condition.

Commitments and contingencies. The Company is involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation is not expected to have a material effect on the accompanying Statements of Financial Condition, Income or Cash Flows.

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition. The Company derives its revenue from transaction fees, subscription revenue, and usage fees. Revenue from transaction fees is billed monthly and calculated based on the number of executed transactions and the established fee schedules, less any applicable volume discounts. The volume targets or thresholds for the discounts primarily reset monthly. Subscription revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Usage fees are recognized when services are provided based on contractual terms.

Details for each revenue stream presented in the Company's Statements of Income follow:

Settlement and asset services. Revenue derived from this revenue stream is in the form of transaction fees and subscription revenue. The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the United States of America. Asset Servicing includes a broad range of services for underwriting, custody, corporate actions, dividend, proxy and reorganization services, as well as the electronic registration and transfer of securities processing.

Other services. Revenue derived from this revenue stream may be in the form of subscription revenue and usage fees, which include referential and activity-based announcement, security reference, and liquidity data through the DTCC Data Services product. These offerings are delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data.

Deferred revenue. Deferred revenue represents the Company's liability to perform services in the future related to payments received in advance of those services. Deferred revenue as of September 30, 2023 and December 31, 2022 was \$3,827,000 and \$3,984,000, respectively, and is included in Other current liabilities and Other non-current liabilities on the accompanying Statements of Financial Condition. Of the \$3,984,000 as of December 31, 2022, \$587,000 and \$3,049,000 were recognized as revenue during the three and nine months ended September 30, 2023, respectively.

Expense allocations. Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries, including DTC, based upon their estimated use of such goods or services as determined by various allocation factors including level of support provided and utilization of technology resources. Accordingly, the expenses in the accompanying Statements of Income represent allocated costs including Employee compensation and related benefits, Information technology, Professional and other services, Occupancy and General and administrative.

Reconciliation of Cash and cash equivalents and other limited use cash. When reconciling the beginning and ending total amounts shown in the Statements of Cash Flows, the Company includes all cash on the Statements of Financial Condition, regardless of which line it is included. The Statement of Cash Flows includes Cash and cash equivalents and cash balances that are not available for general corporate purposes due to certain limitations, including - Participants' Fund cash deposits and Cash in Other Participants' assets.

A reconciliation of Cash and cash equivalents, Participants' Fund cash deposits, and Cash in Other Participants' assets, reported within the Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Statements of Cash Flows follows (in thousands):

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 723,654	\$ 648,185	\$ 635,485
Participants' Fund cash deposits (see Note 3)	1,993,920	2,001,893	1,962,961
Cash in Other Participants' assets	1,282,798	849,895	2,623,097
Total Cash and cash equivalents, Participants' Fund cash deposits and Cash in Other Participants' assets shown on the Statements of Cash Flows	<u>\$ 4,000,372</u>	<u>\$ 3,499,973</u>	<u>\$ 5,221,543</u>

THE DEPOSITORY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Global Events and Crises. Global pandemics, sanctions, war, or natural disasters may have an adverse impact on market, economic and geopolitical conditions and trigger a period of global economic slowdown. Such a slowdown may have a material impact on the Company's financial results including changes in revenue, interest rates, liquidity/credit, and government and regulatory policy. At this time, the Company has not experienced any material adverse financial impacts from these events and crises.

3. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund cash deposits as of September 30, 2023 and December 31, 2022 follow (in thousands):

	<u>2023</u>	<u>2022</u>
Total deposits	\$ 1,993,920	\$ 2,001,893
Less: Required deposits	1,151,000	1,170,000
Excess deposits	<u>\$ 842,920</u>	<u>\$ 831,893</u>

Participants' cash deposits in the Participants Fund may be applied to satisfy obligations of the depositing Participant, other Participants or DTC as pursuant to DTC's rules.

4. LINES OF CREDIT AND CREDIT RATINGS

Lines of credit. The Company maintains a committed line of credit, pursuant to DTC's rules, to support settlement of its payment obligations in the event any of its Participants default. Details for the terms of the outstanding lines of credit as of September 30, 2023 and December 31, 2022 follow:

<u>Committed</u>	<u>2023</u>	<u>2022</u>
Amount	\$1.9 billion	\$1.9 billion
Denomination	USD	USD
Number of Participants/Lenders	29/35	30/36
Borrowing Rate	The greatest of the FRBNY rate, Adjusted Daily Secure Overnight Financing Rate (SOFR), or zero on the day of borrowing plus 1.40%	The greatest of the FRBNY rate, Adjusted Daily Secure Overnight Financing Rate (SOFR), or zero on the day of borrowing plus 1.40%
Maturity Date	April 2024	May 2023
Annual Facility Fee	0.10% ⁽¹⁾	0.10% ⁽¹⁾

(1) The annual facility fee associated with maintaining the line of credit is included in Professional and other services in the accompanying Statements of Income.

There were no borrowings under the lines of credit during 2023 and 2022.

Details for debt covenants related to the committed line of credit as of September 30, 2023 and December 31, 2022 follow:

	<u>2023</u>	<u>2022</u>
Minimum Net Worth	\$200 million	\$200 million
Minimum Participants' Fund deposits	\$750 million	\$750 million

As of September 30, 2023 and December 31, 2022, the Company was in compliance with its debt covenants.

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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4. LINES OF CREDIT AND CREDIT RATINGS (CONTINUED)

Credit Ratings. The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for issuer credit ratings and ratings outlooks for the Company as of September 30, 2023 follow:

Moody's ⁽¹⁾			S&P		
Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Aaa	P-1	Stable	AA+	A-1+	Stable

(1) Moody's categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under the agency's Clearing Houses Rating Methodology.

5. FAIR VALUE MEASUREMENTS

See Note 8 in DTC's Audited Financial Statements for the years ended December 31, 2022 and 2021, for the Company's valuation basis, including valuation techniques and inputs, as well as the fair value hierarchy used in measuring the Company's financial assets and liabilities that are both accounted for at fair value and at other than fair value.

Financial assets and liabilities measured at fair value on a recurring basis.

There were no assets or liabilities measured at fair value on a recurring basis during the periods ended September 30, 2023 and December 31, 2022.

Financial assets and liabilities measured at other than fair value. The carrying values, fair values and fair value hierarchy levels of all financial instruments measured at other than fair value on the accompanying Statements of Financial Condition as of September 30, 2023 and December 31, 2022 follow (in thousands):

	2023				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 723,654	\$ 723,654	\$ 723,654	\$ —	\$ —
Participants' Fund cash deposits	1,993,920	1,993,920	1,993,920	—	—
Other Participants' assets	1,282,798	1,282,798	1,282,798	—	—
Total	<u>\$ 4,000,372</u>	<u>\$ 4,000,372</u>	<u>\$ 4,000,372</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:					
Participants' Fund liabilities	\$ 1,993,920	\$ 1,993,920	\$ 1,993,920	\$ —	\$ —
Payable to Participants	1,282,798	1,282,798	1,282,798	—	—
Total	<u>\$ 3,276,718</u>	<u>\$ 3,276,718</u>	<u>\$ 3,276,718</u>	<u>\$ —</u>	<u>\$ —</u>

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5. FAIR VALUE MEASUREMENTS (CONTINUED)

	2022				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	\$ 648,185	\$ 648,185	\$ 648,185	\$ —	\$ —
Participants' Fund cash deposits	2,001,893	2,001,893	2,001,893	—	—
Other Participants' assets	849,895	849,895	849,895	—	—
Total	<u>\$ 3,499,973</u>	<u>\$ 3,499,973</u>	<u>\$ 3,499,973</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:					
Participants' Fund liabilities	\$ 2,001,893	\$ 2,001,893	\$ 2,001,893	\$ —	\$ —
Payable to Participants	849,895	849,895	849,895	—	—
Total	<u>\$ 2,851,788</u>	<u>\$ 2,851,788</u>	<u>\$ 2,851,788</u>	<u>\$ —</u>	<u>\$ —</u>

Assets measured at fair value on a non-recurring basis.

There were no assets measured at fair value on a non-recurring basis during the periods ended September 30, 2023 and December 31, 2022.

6. RETIREMENT PLANS

Defined contribution retirement plans. Eligible U.S. DTCC employees participate in one of two defined contribution plans, The Depository Trust & Clearing Corporation Employee Savings Plan (Employee Savings Plan) and The Depository Trust & Clearing Corporation Operations Level Employee Savings Plan (Operations Level Savings Plan). The Employee Savings Plan is a single employer plan covering non-bargaining unit employees. The Operations Level Savings Plan is a single employer plan covering bargaining unit employees.

Defined benefit pension and other postretirement benefit plans. Eligible DTCC employees participate in DTCC's non-contributory defined benefit pension and other postretirement plans, which provide for certain benefits upon retirement. DTCC's sponsored non-contributory plans include a defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan. The other postretirement plans include retiree medical and life insurance plans for eligible retired employees and their beneficiaries.

Cost allocation. DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary's salary cost relative to DTCC's total salary cost. The defined contribution retirement plans costs allocated to DTC were expense \$3,698,000 and \$3,499,000 for the three months ended September 30, 2023 and 2022, respectively, and \$10,493,000 and \$10,424,000 for the nine months ended September 30, 2023 and 2022, respectively. The defined benefit pension and other postretirement benefit plans costs allocated to DTC were expense of \$121,000 and \$391,000 for the three months ended September 30, 2023 and 2022, respectively, and \$410,000 and \$629,000 for the nine months ended September 30, 2023 and 2022. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net, in the accompanying Statements of Income based on the nature of the pension expense component.

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AS OF SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

7. INCOME TAXES

Rollforward of unrecognized tax benefits for the nine months ended September 30, 2023 and 2022 follow (in thousands):

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 2,147	\$ 1,423
Increases:		
Prior period tax positions	—	724
Current period tax positions	85	—
Unrecognized tax benefit	2,232	2,147
Accrued interest	697	611
Ending balance	<u>\$ 2,929</u>	<u>\$ 2,758</u>

See Note 10 in DTC's Audited Financial Statements for the years ended December 31, 2022 and 2021 for additional information pertaining to the Company's income taxes.

8. SHAREHOLDERS' EQUITY

DTC Series A Non-Cumulative Perpetual Preferred stock. Under a plan adopted by the Board of Directors, each Participant of DTC is required to own shares of DTC Series A preferred stock. The ownership of DTC preferred stock is reported as non-controlling interests in the consolidated financial statements. There was \$150,000,000 of DTC Series A preferred stock (1,500,000 shares at par value of \$100 per share) outstanding as of September 30, 2023 and December 31, 2022. Dividends are subject to regulatory limitations and restrictions per the New York Banking Law and Federal Reserve Act and must be approved and declared by the Board of Directors. When declared, dividend amounts are based on the weighted-average rate of interest paid by the Company on required Participants' Fund deposits during the dividend period as disclosed in the DTC's rules.

There were no dividends declared to holders of the Series A Preferred Stock during the nine months ended September 30, 2023.

Details of dividends paid to holders of the Series A Preferred Stock during the nine months ended September 30, 2022 follow:

<u>Approved and Declared Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Declared Dividend</u>	<u>Dividend Paid</u>
February 23, 2022	February 23, 2022	April 11, 2022	\$ 45,000	\$ 45,000
December 15, 2021	December 17, 2021	January 11, 2022	\$ 90,000	\$ 90,000

Common stock dividend. On December 15, 2021, the Board of Directors approved a dividend in the amount of \$150 million from DTC to DTCC, which was paid on February 8, 2022.

9. CAPITAL REQUIREMENTS

As required by Rule 17Ad-22(e)(15) of the CCAS and pursuant to the Clearing Agency Policy on Capital Requirements, the Company must meet its total capital requirement by holding liquid net assets funded by equity. The total capital requirement for DTC is equal to the sum of the general business risk capital requirement and corporate contribution, as described below.

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9. CAPITAL REQUIREMENTS (CONTINUED)

General Business Risk Capital Requirement. This capital requirement is held to cover potential general business losses so that the Company can continue operations and provide services as a going concern if those losses materialize. It is determined based on the Company's general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations and, at a minimum, is equal to six months of operating expenses.

Corporate Contribution. The corporate contribution is applied to losses of the Company as provided in DTC's rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

Details for the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of September 30, 2023 and December 31, 2022 follow (in thousands):

	2023	2022
General business risk capital requirement	\$ 232,733	\$ 229,966
Corporate contribution	116,367	114,983
Total requirement	349,100	344,949
Liquid net assets funded by equity	723,654	648,185
Excess	\$ 374,554	\$ 303,236

Capital Adequacy. The capital and leverage ratios required by the FRBNY and the NYSDFS as of September 30, 2023 follow:

	Ratio	Minimum Capital Ratio ^(a)	Well Capitalized Ratio ^(a)
Tier 1 capital ratio ⁽¹⁾	84.76 %	6.00 %	8.00 %
Total capital ratio ⁽¹⁾	84.76 %	8.00 %	10.00 %
Tier 1 leverage ratio ⁽²⁾	17.99 %	4.00 %	4.00 %

(a) As defined by the regulations issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

(1) Total capital and Tier 1 capital include common stock, retained earnings and preferred stock. DTC's tier 1 capital and total capital ratios are based on tier 1 capital and total risk-weighted assets.

(2) Tier 1 leverage ratio is based on tier 1 capital and quarterly average total assets.

10. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after September 30, 2023 through October 30, 2023, the date these financial statements were available to be issued, for potential recognition or disclosure. No events or transactions occurred during such period that would require recognition or disclosure in these financial statements.