

## **THE DEPOSITORY TRUST & CLEARING CORPORATION (“DTCC”) PRINCIPLES OF CORPORATE GOVERNANCE**

These “Principles of Corporate Governance” set forth the shared vision of DTCC, The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation (“FICC”), and National Securities Clearing Corporation (“NSCC”, collectively referred to “DTCC” throughout these Principles) Board of Directors (the “Board”) and management regarding the governance, management and oversight practices to be followed at DTCC. These Principles are designed to enable DTCC to operate its businesses and to meet its responsibilities in a manner consistent with effective corporate governance practices and sufficient to support the safe and sound operation of the global system for clearing and settling transactions in financial instruments and related activities (the “global clearance and settlement system”). To do so, DTCC’s governance model must align with the critical role DTCC plays in the financial marketplace, establish accountability of the DTCC Board and management, support the public interest, and define the roles and responsibilities of each in discharging their respective responsibilities.

DTCC has a broad range of stakeholders including, but not limited to:

- DTCC’s shareholders,
- its financial institution participants,
- participants’ customers,
- investors and issuers,
- other persons that access the national system for clearance and settlement indirectly, and
- the governmental and supervisory authorities responsible for the global clearance and settlement systems.

DTCC’s responsibilities to those stakeholders include supporting the public interest requirements in Section 17A of the Securities Exchange Act of 1934 by:

- promoting the prompt and accurate clearance and settlement of securities transactions,
- assuring the safeguarding of securities and funds which are in the custody or control of the clearing agency
- fostering cooperation and coordination with parties engaged in the clearance and settlement of securities transactions
- providing a broad range of services supporting their financial activities at the lowest reasonable cost,

- expanding those services as needed to meet stakeholders' other evolving financial needs promptly and efficiently,
- structuring and operating DTCC's services in a manner that contributes to the successful management of DTCC,
- structuring and operating DTCC to mitigate and progressively reduce the risks of DTCC's stakeholders and of the global clearance and settlement system more broadly (both at the micro- and the macro-prudential level) as well as the risks incurred by DTCC itself, and
- structuring and operating DTCC in a manner that prioritizes its safety and efficiency and supports the global financial stability and development of the financial system, protecting investors, and fostering fair and efficient markets.

DTCC recognizes that it plays a systemically important role to ensure the continued stable operations of the global clearance and settlement system and the containment and resolution of potential risks within the system. In view of this role, DTCC recognizes that its responsibilities for successful management, mitigation and progressive reduction in the risks of DTCC's stakeholders and the global clearance and settlement system more broadly must be viewed as primary among its overall responsibilities.

DTCC's management is responsible for articulating a strategy for the successful operation of DTCC's businesses, for managing, operating and developing DTCC's services and capabilities within its risk management framework and risk tolerance policy approved by the Board, for maintaining processes and reports that will provide transparency to the DTCC Board and to DTCC's supervisors so that those groups may appropriately discharge their responsibilities.

DTCC's Board of Directors is responsible for overseeing management's activities in managing, operating and developing DTCC as a firm, for considering the appropriateness of management's handling of material matters regarding DTCC's operations, growth, and new initiatives, and for evaluating management's performance in its responsibilities, including management's decision making in crises and emergencies. The Board of Directors is responsible for evaluating and approving management's proposals regarding corporate strategy, rules, and major decisions with due regard to Board members' fiduciary responsibilities to DTCC as a business and a systemically important market infrastructure considering and balancing legitimate interests and differing views and incentives of DTCC's direct and indirect participants and other relevant stakeholders.

DTCC's services and businesses support the evolution of the financial markets and, in many cases, the expansion of particular markets and the mitigation or reduction of risks in those markets. For these reasons DTCC's management follows a structured process for the development of new businesses and services or the enhancement of existing businesses and services, in a manner that makes the progress of such initiatives transparent to DTCC's Board and to its supervisors. This process balances the need for detailed oversight of major initiatives with the need for "speed to market" on initiatives posing less consequential questions for the Board, supervisors and DTCC's other

stakeholders.

The composition of DTCC's Board of Directors and its Committees provides for a mix of talents and perspectives. Board members must be sufficiently senior and experienced (or knowledgeable) in the financial markets to be able to address issues coming before the Board and to commit their firms and DTCC's participant community generally to the agreed resolution of those issues. For these reasons and in light of the oversight responsibilities identified above, Board Committees consist only of Board members. DTCC's governance practices and arrangements ensure that the Board's composition for appropriateness of skills and incentives as well as absence of potential conflicts of interest to fulfill the Board's multiple roles is assessed on an annual basis, or more frequently, as necessary.

DTCC also establishes appropriate Advisory Councils, composed of non-Board members, to support the Board, its committees and DTCC's management with expert guidance on such issues and to ensure that DTCC has a broad connection to its participant constituency that best enables it to evolve and develop such services that permit it to achieve its core mission and uphold its responsibilities to all of its stakeholders.

In view of the breadth of DTCC's constituencies and the need to consider and resolve issues in a manner reflecting the interests of all of these constituencies, DTCC's Board also includes certain non-participant representatives, with sufficient experience and knowledge to be able to contribute to DTCC's consideration of issues.

DTCC recognizes the importance of its relationships with governmental and supervisory authorities and commits to maintain on-going, productive and cooperative relationships with governmental authorities and supervisors with responsibilities for the global clearance and settlement system.

DTCC strives to provide transparency into its activities to governmental authorities and supervisors, and to contribute to a full and open discussion with governmental authorities and supervisors on issues relating to the role of DTCC's services in the financial markets. DTCC recognizes that this productive and cooperative relationship rests on a frank communication between DTCC and governmental authorities and supervisors.

The Board retains discretion to amend these Principles from time to time.