

# **IMPORTANT NOTICE**

**The Depository Trust Company**



**#:** B7748-10  
**Date:** December 16, 2010  
**To:** All Participants  
**Category:** Compliance  
**From:** General Counsel's Office  
**Attention:** Managing Partner/Officer Cashier/ Operations Management  
**Subject:** Nominations to the Board of Directors of The Depository Trust & Clearing Corporation

For your information, the attached documents outline the nominations process for the Board of Directors of The Depository Trust & Clearing Corporation. Please note that these materials have also been distributed to participants of National Securities Clearing Corporation and Fixed Income Clearing Corporation.

If you have any questions about this Important Notice, please contact Candice Fordin, Associate Counsel at 212-855-7632 or Donaldine B. Temple, Senior Associate Counsel and Corporate Secretary, at 212-855-3277.

DTCC is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

To remove your name from the former system of email notifications, send a message to [unsubscribe@dtcc.com](mailto:unsubscribe@dtcc.com).

**To:** Participants of The Depository Trust Company, National Securities Clearing Corporation and Fixed Income Clearing Corporation

**Attention:** Chief Executive Officer or Chief Operating Officer

**Subject:** Nominations to the Board of Directors of The Depository Trust & Clearing Corporation

**Date:** December 16, 2010

---

The Annual Meeting of shareholders of The Depository Trust & Clearing Corporation (DTCC) will occur on April 18, 2011. At that time the annual election of the Board of Directors of DTCC will take place.

DTCC's procedure for the annual nomination and election of Directors is set forth in the notice attached to this letter (the "Nominations Notice").

The Governance Committee invites suggestions for director nominees from participants of DTC, NSCC and FICC. The Governance Committee is seeking candidates with the characteristics specified in the attached Notice. Individuals nominated and elected to the Board of DTCC will also be elected to the Boards of DTC, NSCC and FICC.

Any suggestions must be received by us no later than January 14, 2011, and should include the title, business address and biographical information of the individual concerned. Please send suggestions and related information to the Governance Committee, c/o Larry E. Thompson, General Counsel, The Depository Trust & Clearing Corporation, 55 Water Street, New York, New York 10041.

The Governance Committee

Art Certosimo, Chairman  
Stephen Luparello  
Gary Stern  
Robin Vince  
David Weisbrod

## THE DEPOSITORY TRUST & CLEARING CORPORATION

### PROCEDURE FOR THE ANNUAL NOMINATION AND ELECTION OF THE BOARD OF DIRECTORS

The Governance Committee is appointed by the Board of Directors (the “Board”) of The Depository Trust & Clearing Corporation (“DTCC”) and is charged with, among other matters, assisting the Board in the annual nomination and election of directors by identifying individuals qualified to become Board members of DTCC; reviewing the qualifications of any person submitted to be considered as a Board member by participant-shareholders (including evaluation of incumbent directors for potential re-nomination); and recommending to the Board candidates for nomination for election or reelection.

The Board is currently comprised of 19 directors:

- 11 directors who represent clearing agency participants, including broker/dealers, custodian and clearing banks, and investment institutions;
- 2 directors designated by DTCC’s preferred shareholders (NYSE Euronext and the Financial Industry Regulatory Authority);
- 3 management directors (the Chairman and Chief Executive Officer, the President and the Chief Operating Officer); and
- 3 non-participant directors.

All of the Board members except those designated by the preferred shareholders are elected annually.

The Governance Committee considers possible nominations on its own initiative and invites suggestions from all participants of each of DTCC’s clearing and depository subsidiaries, The Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC”). The Governance Committee may also use a professional director search consultant to assist in identifying candidates for the non-participant Board positions.

In identifying potential candidates, the Governance Committee will consider the criteria approved by the Board as itemized below, among other factors. Potential candidates will be asked to complete a questionnaire eliciting information regarding how their experience aligns with these factors.

#### *For Participant Directors and Non-Participant Directors:*

1. Characteristics essential for effectiveness as a Board member, including such factors as integrity, independence, objectivity, sound judgment and leadership;
2. Relevant expertise and experience, such as in the areas of: (a) strategic planning (e.g., new business development, expansion of markets/products/customers, joint ventures); (b) risk management (specifically relevant to the following risk areas: credit; market; liquidity; operational; compliance/legal/regulatory; payment systems; clearance/settlement; new products; risk modeling/valuation; systemic); (c) technology (e.g., infrastructure; applications development and maintenance; information security; disaster recovery); (d) operations; (e) management of a business unit or function; (f) finance; (g) audit; (h) governmental/legislative

relationship management; (i) regulatory affairs; (j) compensation and human resources; and (k) legal, regulatory and compliance expertise;

3. Substantial seniority in their own firms;
4. Industry affiliations;
5. Education / other certification(s); and
6. Adequate diversity on the Board.

*For Participant Directors:*

1. The ability to represent users of the services of DTC, FICC and NSCC. With respect to user representation, the Governance Committee will consider the nature of the firm a prospective director is associated with, and will include among nominees one or more representatives of subsidiary participants that are engaged in one or more of the following activities: (a) custodian bank; (b) investment bank; (c) retail broker-dealer; (d) clearing firm; (e) government securities dealer; and (f) mortgage-backed securities dealer; and
2. Ownership of DTCC common stock by the entity employing the nominee.

In presenting recommendations for candidates to the Board and in developing its recommendations to the Board of Directors, the Governance Committee will consider the current composition of the Board as whole, including whether the Board reflects the appropriate balance of participant and non-participant directors (bearing in mind the statutory requirements of “fair representation,” which requires the Board to be representative of its participant shareholders), sound judgment, diversity and skills and experience needed to effectively oversee DTCC’s business, such as risk management experience, seniority, business specialization, technical skills, industry stature and experience at their own organizations.

Upon the Board’s approval, the Board will propose a slate of director nominees for election at the Annual Meeting of the Shareholders. The nominations shall be included in proxy materials sent to the shareholders at least ten days prior to the Annual Meeting of the Shareholders. If any shareholder wishes to vote to elect a person who has not been nominated, it may nominate and vote for that person by so indicating on the proxy card. Voting will be on a cumulative basis, which permits shareholders with a minority interest an opportunity to obtain representation on the Board in proportion to their interest in all shares voted.