

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 Executive Chairman, the President and Chief Executive Officer 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; (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) information technology; (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; and
5. Education / other certification(s).

The Board also strives to ensure diversity of representation among its members. When considering prospects for possible recommendation to the Board, the Governance Committee reviews available information about the expertise, qualifications, attributes and skills of prospects, as well as their gender, race, ethnicity and other diversity considerations.

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.

For Non-Participant Directors:

1. The ability to bring additional skills and expertise to the Board;
2. The ability to mitigate potential conflicts of interest of participant directors; and
3. The ability to introduce different perspectives.

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.