



**THE BOARD OF DIRECTORS OF
THE DEPOSITORY TRUST & CLEARING CORPORATION**

MISSION STATEMENT

The Board of Directors of The Depository Trust & Clearing Corporation (“DTCC” or the “Corporation”) is responsible for providing direction to and overseeing the conduct of the affairs of the Corporation in the interests of the Corporation, its shareholders and other stakeholders including investors, issuers and participants in the financial markets which DTCC serves. The Board will discharge its oversight responsibilities and exercise its authority in a manner, consistent with applicable legal and regulatory provisions and with regulatory expectations of a systemically important market infrastructure, that:

- Promotes the safe, sound and efficient operation of the Corporation and its subsidiaries, including the clearance and settlement activities conducted by its registered clearing agency subsidiaries;
- Fosters the safe, sound and efficient operation of services provided by DTCC and its subsidiaries supporting the global system for processing transactions in financial instruments and related activities;
- Seeks to develop the services and businesses of DTCC and its subsidiaries in a manner promoting further safety, soundness and efficiency broadly in the global system for processing transactions in financial instruments and related activities; and
- Leverages DTCC’s role as a leader in financial services with respect to risk management and systemic risk management, promoting sound practices in governance and in transparency to its membership and user community and in its role as a systemic component of the financial market infrastructure supporting the operation of orderly and efficient markets in the interest of the investing public.

THE BOARD OF DIRECTORS OF THE DEPOSITORY TRUST & CLEARING CORPORATION

CHARTER

I. SCOPE

This Charter of the Board of Directors of The Depository Trust & Clearing Corporation (“DTCC”) sets forth the duties and responsibilities of the Board and of its member Directors. Except as expressly provided herein, this Charter applies to the boards and directors of DTCC and all of its subsidiaries.

II. DUTIES AND RESPONSIBILITIES OF THE BOARD

In meeting its responsibilities under the corporate Mission Statement, the Board’s Mission Statement, and this Charter, the Board of Directors fulfills its role (directly or by delegating certain responsibilities to its committees) by:

1. Overseeing management’s activities in managing, operating and developing DTCC as a firm and evaluating management’s performance in its responsibilities;
2. Selecting and overseeing the Executive Chairman of the Board and the Chief Executive Officer, providing advice and counsel to the Executive Chairman of the Board and the Chief Executive Officer, and, where appropriate, replacing the Executive Chairman of the Board and the Chief Executive Officer;
3. Providing oversight of performance of the Executive Chairman of the Board and the Chief Executive Officer and of the Corporation to evaluate whether the business is being appropriately managed;
4. Setting expectations about the tone and ethical culture of the Corporation, and reviewing management efforts to instill an appropriate tone and culture throughout the Corporation;
5. Reviewing and approving the Corporation’s financial objectives (including annual goals) and major corporate plans and actions (including material capital expenditures, transactions outside the ordinary course of business, actions relating to the Corporation’s operational and technology capabilities and the periodic review of the types and amounts of insurance coverage available which shall include adequate coverage for the clearing agency’s operations, operations of a sub-custodian delivery service or other agent);

6. Providing guidance to the Executive Chairman of the Board and the Chief Executive Officer and to management in formulating corporate strategy and approving strategic plans;
7. Providing oversight of risk assessment and risk management monitoring processes, including with respect to systemic risk and reviewing risk tolerances submitted to the Board for approval by the Board Risk Committee;
8. Providing input and direction to governance structures and practices to position the Board to fulfill its duties effectively and efficiently (including organizational structure and guidelines for escalation of matters to the Board) consistent with DTCC's Principles of Governance, DTCC's Policy Statements with respect to Systemic Risk and Operating Risks and DTCC's New Initiative Approval Policy;
9. Providing oversight and guidance regarding the design of informational reporting to the Board;
10. Adopting principles governing enterprise-wide new initiative approval processes and overseeing the company's processes relating to new business selection and development of new businesses and new or expanded products and services, including guidelines for the analyses supporting any material operational or risk management changes that are proposed by management;
11. Providing oversight of internal and external audit processes, financial reporting, and disclosure controls and procedures, including approving major changes in auditing and accounting principles and practices;
12. Fostering the company's ability to ensure compliance with applicable laws and regulations including banking, securities and corporation laws and other applicable regulatory guidance and international standards including, but not limited to:
 - the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended;
 - the Payment System Risk Policy of the Board of Governors of the Federal Reserve System, which incorporates the CPSS-IOSCO Recommendations for Central Counterparties and Recommendations for Securities Settlement Systems and the "Assessment Methodology for the Recommendations for Securities Settlement Systems;" and

- Guidance and/or standards as set forth in the Basel Committee on Banking Supervision’s Enhancing Corporate Governance for Banking Organizations issued February 2006, and the Organization for Economic Co-operation and Development Principles of Corporate Governance issued 2004.
13. Review the annual study and evaluation of the Corporation’s system of internal accounting controls.
 14. Regularly evaluating and fixing the compensation of the CEO, approving the Corporation’s compensation policies and practices, and engaging in CEO succession planning; and
 15. Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

III. BOARD COMPOSITION

Under DTCC’s by-laws, the number of directors on the Board is to be between fifteen (15) and twenty-five (25), with the actual number set from time to time by Board resolution. All Board members, except those designated by the preferred shareholders (NYSE Euronext and the Financial Industry Regulatory Authority), are elected annually for one-year terms.

The majority of Board members are representatives of financial institutions which are users of DTCC’s services (“participant directors”). The Executive Chairman of the Board and the Chief Executive Officer are, *ex officio*, members of the Board (“management directors”); from time to time other members of management may be elected as management directors, but at no time shall the number of management directors exceed one third of the total number of Board members. The Board also shall include some members who are not directly affiliated with any financial institution user of DTCC’s services (“non-participant directors”). The Governance Committee shall periodically review the appropriate mix of participant, management and non-participant directors.

A Director shall serve as Executive Chairman of the Board; DTCC’s current practice is that the Executive Chairman of the Board shall not be the CEO.

Annually the Governance Committee shall recommend and the Board shall elect a non-management director to serve as Presiding Director. The responsibilities of the Presiding Director shall include:

1. Chair meetings of the Board at which the Executive Chairman of the Board and the Chief Executive Officer are not present, including executive sessions of the non-management directors;

2. Consult as appropriate with the Executive Chairman of the Board on the agenda for Board meetings and on such other matters as the Executive Chairman may request;
3. Determine, in consultation with the Executive Chairman of the Board as appropriate, the agenda for any executive sessions of non-management directors;
4. Act as principal liaison between the non-management directors and the Executive Chairman of the Board on sensitive issues; and
5. Perform such other duties as may reasonably be requested by the Board in furtherance of the Board's duties and responsibilities.

In the event of the incapacity of the Executive Chairman and CEO, the Presiding Director shall temporarily assume the position of Executive Chairman of the Board, shall work with the acting CEO, and shall direct the Secretary of the Corporation to take all necessary and appropriate action to call a special meeting of the Board.

IV. MEETINGS OF THE BOARD

The Board meets a minimum of six times per year. Directors are expected to attend all meetings of the Board, review all materials in advance and be prepared to participate fully in the meeting.

The Executive Chairman of the Board establishes the agenda for each Board meeting in consultation with the Presiding Director. At a minimum, agendas for Board meetings shall provide for discussion on risk issues at each regularly-scheduled meeting, for a formal discussion of corporate strategy at least annually, and such other matters as shall be appropriate for the Board to consider. Information and data that is important to the Board's understanding of the business and consideration of such issues as may be scheduled for discussion is distributed to the Board generally in advance of the meeting.

V. ELECTIONS TO THE BOARD

DTCC serves a broad range of constituencies including DTCC shareholders, its financial institution participants, their issuer and investor clients and the governmental and supervisory authorities responsible for the global clearance and settlement systems. In accordance with the statutory requirements of "fair representation," the Board must be representative of its participant shareholders, who by virtue of making deposits to a clearing fund or otherwise, share the risk of loss associated with settlement defaults or other clearing agency losses.

Each year, the Board proposes a slate of director nominees for election at the Annual Meeting of Shareholders. The Governance Committee of the Board is responsible for designating annually a proposed slate of nominees in accordance with procedures the Governance Committee may develop from time to time for such process. Any such procedures shall be presented by the Governance Committee for Board approval prior to their use. The Governance Committee shall review with the Board annually the general criteria by which it will consider nominees to the Board (including any proposed modifications to those criteria) prior to the issuance of a solicitation for nominations; these criteria are reaffirmed from time to time and are attached as Appendix A.

VI. BOARD COMMITTEES

The Board shall establish any standing committees that it deems necessary or appropriate to discharge its responsibilities. The Board currently has eight committees: the Audit Committee, the Compensation and Human Resources Committee, the Risk Committee, the Governance Committee, the Business and Products Committee, the Operations and Technology Committee, the Finance/Capital Committee and the Executive Committee.

For each such committee the Board shall establish a written charter which shall set forth the responsibilities of that committee, as well as committee structure and operations, and any required reporting to the full Board. Directors shall be appointed by the Board to individual Committees upon recommendation of the Governance Committee. Directors are expected to attend all meetings of Committees to which they are appointed, review all materials in advance and be prepared to participate fully in the meeting.

The Chairman of each committee shall determine the frequency and length of committee meetings consistent with the requirements set forth in the committee's charter. The Chairman of the committee, in consultation with appropriate members of management, will develop the committee's agenda. Management will be responsible for assuring that information and data important to the committee's understanding of the matters to be considered and acted upon by the committee are distributed to each member of the committee in advance of the meeting to allow a reasonable time for review and evaluation of such information and data.

VII. DUTIES AND RESPONSIBILITIES OF DIRECTORS

Each Director is required to act in good faith in the best interests of the Corporation and with due regard to his or her fiduciary responsibilities to DTCC as a business and a systemically important market infrastructure. In addition, each director is required to comply with the provisions relating to conflicts of interest and confidentiality as set forth in the Code of Ethics. Each director

nominee will be asked to read the DTCC Board Code of Ethics (the “Code”) and provide a certificate attesting to his/her compliance with the Code. If the nominee certifications are not received within a reasonable timeframe, the Office of the General Counsel will notify the Chairman of the Board.

A. Commitment and Limits on Other Activities

Service on the Board requires a substantial commitment from directors. As such, Directors must be prepared to devote the time required to prepare for and attend Board meetings, and fulfill their responsibilities effectively. Because of the time commitment associated with Board service, directors are expected to limit the number of other boards (excluding non-profits) on which they serve. Directors are asked to advise the Executive Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on another board.

B. Board Tenure and Qualifications

As an alternative to term limits, the Governance Committee formally reviews the performance of each director in determining whether to re-nominate directors for election. Absent exceptional circumstances, directors are expected to serve on the Board for a period not exceeding five (5) years. The Board’s composition and the qualifications of the directors will also be in accordance with applicable laws and regulations.

C. Resignation Upon a Job Change

When a director’s principal occupation or business association changes substantially from the position such director held when originally invited to join the Board, the director shall submit to the Executive Chairman of the Board a letter of resignation. The Governance Committee shall review whether it would be appropriate for the director to continue serving on the Board and recommend to the Board whether, in light of the circumstances, the Board should accept the resignation or request that the director continue to serve.

D. Vacancies

In the event that a seat on the Board is left vacant, as a result of a director resignation or other cause, the Secretary must notify the Superintendent of the New York State Department of Financial Services, in writing, of such vacancy and any elections held to fill the vacant seat.

VIII. DIRECTORS’ ACCESS TO MANAGEMENT AND INDEPENDENT ADVISERS

The Board and its committees are authorized to retain independent (non-management) advisers to assist them in carrying out their activities and the Corporation shall provide, if necessary, adequate resources to compensate such advisers. Directors have complete access to senior management and to the Board's advisers.

IX. ANNUAL BOARD AND COMMITTEE PERFORMANCE EVALUATIONS

The Board conducts an annual self-evaluation of its performance, the performance of its committees and the performance of individual Board and committee members. The evaluation is moderated by the Chairman of the Governance Committee, and the results of the evaluation are summarized and presented to the full Board. The Governance Committee recommends to the Board and its committees the methodology for such evaluations and oversees its execution.

X. DIRECTOR COMPENSATION

From time to time the Compensation and Human Resources Committee reviews the form and amount of director compensation for non-participant directors, and makes recommendations thereon to the Board.

XI. BOARD MISSION STATEMENT AND CHARTER

The Governance Committee reviews this Mission Statement and Charter periodically and recommends amendments to the Board as necessary.

APPENDIX A

DIRECTOR QUALIFICATION STANDARDS

Selection of Board Nominees

Each year, the Board proposes a slate of director nominees for election at the Annual Meeting of Shareholders. The process of screening potential director candidates has been delegated to the Governance Committee by the Board. In accordance with the statutory requirements of “fair representation,” the Board must be representative of DTCC’s participant shareholders, who by virtue of making deposits to a clearing fund or otherwise, share the risk of loss associated with settlement defaults or other clearing agency losses. Invitations to stand for election are extended to director nominees by the Executive Chairman of the Board and the Chair of the Governance Committee.

The criteria used by the Governance Committee in considering nominees to the Board include:

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.

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate criteria that directors are required to fulfill (including experience, qualifications, attributes, skills and other characteristics) in the context of the current make-up of the Board and the needs of the Board given the circumstances of the Corporation.

The Governance Committee values the input of participant shareholders in identifying director candidates, and it solicits suggestions from industry members for prospective director nominees. The Governance Committee also considers possible nominations on its own initiative. The Governance Committee considers recommendations for Board candidates submitted by industry members and participant shareholders using the same criteria it applies to recommendations from the Governance Committee, directors and members of management. Participant shareholders of each of the clearing agency subsidiaries are allocated entitlements to purchase the common stock of DTCC based upon their usage, and participant shareholders who take advantage of the opportunity to purchase such stock are thereby able to vote in the election of directors.