The Depository Trust & Clearing Corporation

Unaudited Condensed Consolidated Financial Statements as of September 30, 2015 and December 31, 2014 and for the nine months and three months ended September 30, 2015 and 2014

THE DEPOSITORY TRUST & CLEARING CORPORATION

TABLE OF CONTENTS

	Page
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014 AND FOR THE NINE MONTHS AND THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014:	
Unaudited Condensed Consolidated Statements of Financial Condition	1
Unaudited Condensed Consolidated Statements of Income	2-3
Unaudited Condensed Consolidated Statements of Comprehensive Income	4-5
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity	6
Unaudited Condensed Consolidated Statements of Cash Flows	7
Notes to Unaudited Condensed Consolidated Financial Statements	8-38

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except for share data)

	September 30, 2015	December 31, 2014 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - $27,039 and $23,008 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	$ 2,019,939	$ 780,734
Reverse repurchase agreements	-	100,000
Participants' segregated cash	87,185	42,009
Accounts receivable - net of allowance for doubtful accounts of $3,170 and $4,102 at September 30, 2015 and December 31, 2014, respectively; $37 and $0 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	186,912	187,751
Participant and clearing fund:		
Cash deposits	17,148,029	14,188,857
Investments in marketable securities	200,000	200,000
Other deposits - securities at fair value	7,947,474	7,714,359
Other participant assets	675,999	537,577
Other current assets - $627 and $0 at September 30, 2015 and December 31, 2014, respectively related to consolidated variable interest entity	75,864	78,000
Total current assets	28,341,402	23,829,287
NON-CURRENT ASSETS		
Premises and equipment - net of accumulated depreciation of $533,244 and $491,033 at September 30, 2015 and December 31, 2014, respectively	263,608	268,413
Goodwill	65,535	65,535
Intangible assets - net of accumulated amortization of $770,607 and $648,287 at September 30, 2015 and December 31, 2014, respectively; $1,989 and $18,822 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	491,907	556,488
Equity method investments	23,258	27,669
Other non-current assets - $884 and $2,252 at September 30, 2015 and December 31, 2014, respectively related to consolidated variable interest entity	396,095	387,560
Total non-current assets	1,240,403	1,305,665
TOTAL ASSETS	$ 29,581,805	$ 25,134,952
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - $10,043 and $8,043 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	$ 131,418	$ 147,647
Participant and clearing fund:		
Cash deposits	17,348,029	14,388,857
Other deposits - securities at fair value	7,947,474	7,714,359
Payable to participants	763,184	579,586
Commerical paper	551,300	-
Current portion of long term debt	65,777	15,524
Other current liabilities - $21,792 and $0 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	193,427	205,621
Total current liabilities	27,000,609	23,051,594
NON-CURRENT LIABILITIES		
Long-term debt and other borrowings	96,927	388,509
Pension and post retirement benefits	327,545	336,494
Other non-current liabilities - $0 and $3,464 at September 30, 2015 and December 31, 2014, respectively, related to consolidated variable interest entity	362,049	377,688
Total non-current liabilities	786,521	1,102,691
Total liabilities	27,787,130	24,154,285
COMMITMENTS AND CONTINGENT LIABILITIES (Note 18)		
SHAREHOLDERS' EQUITY		
Preferred stock:		
Series A, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series B, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series C, $0.50 par value - 1,600 shares authorized, issued (above par), and outstanding	1	-
Common stock, $100 par value - 80,000 shares authorized, 50,908 shares issued and outstanding	5,091	2,366
Paid-in capital	801,064	13,571
Retained earnings	1,009,241	976,319
Treasury stock	-	(42)
Accumulated other comprehensive loss, net of tax	(170,768)	(172,997)
Non-controlling interest	149,446	160,850
Total shareholders' equity	1,794,675	980,667
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 29,581,805	$ 25,134,952

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands)

	For the nine months September 30,	
	2015	**2014**
REVENUES:		
Settlement and asset services	$ 320,560	$ 311,980
Clearing services	327,670	300,303
Data services	235,261	226,711
Repository services	191,374	147,634
Investment product services	76,512	73,518
Other services	36,162	23,098
Investment (loss) income	(6,849)	8,582
Income from equity method investment	-	542
Total revenues	1,180,690	1,092,368
EXPENSES:		
Employee compensation and related benefits	455,147	462,551
Information technology	119,296	100,953
Professional and other services	280,644	278,367
Occupancy	33,990	36,547
Depreciation and amortization	164,531	132,918
Other general and administrative	34,629	43,305
Total expenses	1,088,237	1,054,641
Total operating income	92,453	37,727
NON-OPERATING INCOME (EXPENSE):		
Interest income	8,879	6,030
Refunds to Participants	(5,036)	(4,537)
Interest expense	(6,544)	(16,985)
Loss on equity method investments	(3,945)	-
Impairment on intangible assets	(28,418)	-
Other income	458	1,657
Total non-operating expense	(34,606)	(13,835)
Income before taxes	57,847	23,892
Provision for income taxes	46,450	13,060
Net income	11,397	10,832
Net (loss) income attributable to non-controlling interests	(21,525)	(3,953)
Net income attributable to DTCC	$ 32,922	$ 14,785

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands)

	For the three months September 30,	
	2015	2014
REVENUES:		
Settlement and asset services	$ 110,234	$ 105,269
Clearing services	111,659	101,012
Data services	80,903	77,030
Repository services	66,842	60,437
Investment product services	25,780	24,500
Other services	10,123	5,892
Investment loss	(7,845)	4,675
Income from equity method investment	-	347
Total revenues	397,696	379,162
EXPENSES:		
Employee compensation and related benefits	146,559	152,365
Information technology	41,807	40,010
Professional and other services	104,714	106,015
Occupancy	12,214	12,790
Depreciation and amortization	51,329	49,916
Other general and administrative	11,332	19,789
Total expenses	367,955	380,885
Total operating income (loss)	29,741	(1,723)
NON-OPERATING INCOME (EXPENSE):		
Interest income	3,452	1,930
Refunds to Participants	(1,916)	(1,667)
Interest expense	(1,913)	(9,341)
Loss on equity method investments	(962)	-
Impairment on intangible assets	(28,418)	-
Other (expense) income	(2,904)	1,657
Total non-operating (loss) income	(32,661)	(7,421)
Income (loss) before taxes	(2,920)	(9,144)
Provision (benefit) for income taxes	15,204	436
Net income (loss)	(18,124)	(9,580)
Net (loss) income attributable to non-controlling interests	(13,132)	(4,073)
Net income (loss) attributable to DTCC	$ (4,992)	$ (5,507)

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	For the nine months September 30,	
	2015	**2014**
Net income	$ 11,397	$ 10,832
OTHER COMPREHENSIVE INCOME (LOSS)- Net of tax:		
Defined benefit pension and other plans	2,616	52,340
Currency translation	(387)	8,547
Derivative instruments	-	395
Other comprehensive income	2,229	61,282
Comprehensive income	13,626	72,114
Comprehensive loss attributable to non-controlling interests	(21,525)	(3,953)
Comprehensive income attributable to DTCC	$ 35,151	$ 76,067

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	For the three months September 30,			
	2015		**2014**	
Net loss	$	(18,124)	$	(9,580)
OTHER COMPREHENSIVE INCOME (LOSS)- Net of tax:				
Defined benefit pension and other plans		(5,224)		144,491
Currency translation		943		1,337
Derivative instruments		-		403
Other comprehensive income		(4,281)		146,231
Comprehensive (loss) income		(22,405)		136,651
Comprehensive (loss) income attributable to non-controlling interests		(13,132)		(4,073)
Comprehensive (loss) income attributable to DTCC	$	(9,273)	$	140,724

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Preferred Stock							Accumulated Other Comprehensive Income (Loss), Net of Tax				
	Series A	Series B	Series C	Common Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Defined Benefit Pension and Other Plans	Currency Translation	Derivative Instruments	Non-controlling Interests	Total Shareholders' Equity
BALANCE - December 31, 2013	$ 300	$ 300	$ -	$ 2,366	$ 13,571	$ 943,792	$ (42)	$ (99,314)	$ (4,342)	$ (395)	$ 150,000	$ 1,006,236
Net income (loss)	-	-	-	-	-	32,527	-	-	-	-	(13,810)	18,717
Other comprehensive loss	-	-	-	-	-	-	-	(75,204)	(199)	-	-	(75,403)
Amounts reclassified from comprehensive income, net of tax	-	-	-	-	-	-	-	-	6,062	395	-	6,457
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	24,900	24,900
Dividend to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(240)	(240)
BALANCE - December 31, 2014	$ 300	$ 300	$ -	$ 2,366	$ 13,571	$ 976,319	$ (42)	$ (174,518)	$ 1,521	$ -	$ 160,850	$ 980,667
Net income	-	-	-	-	-	32,922	-	-	-	-	(21,525)	11,397
Other comprehensive income	-	-	-	-	-	-	-	2,616	(387)	-	-	2,229
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	10,301	10,301
Issuance of preferred series C shares	-	-	1	-	389,999	-	-	-	-	-	-	390,000
Issuance of common stock	-	-	-	2,725	397,494	-	42	-	-	-	-	400,261
Dividend to Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(180)	(180)
BALANCE - September 30, 2015 (unaudited)	$ 300	$ 300	$ 1	$ 5,091	$ 801,064	$ 1,009,241	$ -	$ (171,902)	$ 1,134	$ -	$ 149,446	$ 1,794,675

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the nine months ended September 30,	
	2015	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 11,397	$ 10,832
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	164,531	132,918
Loss on impairment of intangible assets	28,418	-
Gain on disposal of equipment	-	(595)
Net premium amortized on investments in marketable securities	(44)	(24)
Decrease in equity method investments	4,411	64
Deferred income taxes	(5,445)	(3,137)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	883	(44,868)
Decrease (increase) in other assets	(954)	(31,192)
Increase in other participants' assets	(138,422)	(13,445)
Decrease in accounts payable	(16,229)	(12,692)
Increase (decrease) in payable to participants	183,598	(3,999)
Decrease in other liabilities	(27,832)	(9,186)
Decrease in pension and post retirement benefits	(6,333)	(14,501)
Decrease in participant and clearing fund cash deposits	-	150,000
Net cash provided by operating activities	197,979	160,175
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturities of investments in marketable securities	200,000	300,000
Purchases of investments in marketable securities	(200,000)	(300,000)
(Increase) decrease in participants' segregated cash	(45,176)	17,444
Sale of reverse repurchase agreements	100,000	-
Purchases of software	(86,156)	(106,930)
Purchases of premises and equipment	(37,408)	(32,722)
Net cash provided by (used in) investing activities	(68,740)	(122,208)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to non-controlling interests	(180)	(180)
Proceeds from non-controlling interests	10,301	24,900
Proceeds from issuance of common stock	400,261	-
Proceeds from issuance of preferred stock, net of issuance fees	390,000	-
Issuance of commercial paper	551,300	-
Proceeds from issuance of debt and notes payable	-	4,459
Principal payments on debt and capital lease obligations	(241,329)	(71,087)
Net cash provided by financing activities	1,110,353	(41,908)
Effect of foreign exchange rate changes on cash and cash equivalents	(387)	8,964
Net increase in cash and cash equivalents	1,239,205	5,023
Cash and cash equivalents - Beginning of period	$ 780,734	$ 818,020
Cash and cash equivalents - End of period	$ 2,019,939	$ 823,043
SUPPLEMENTAL DISCLOSURES:		
Non-cash financing activity - capitalized lease	$ -	$ 8,206
Income taxes paid - net of refunds	$ 37,813	$ 21,455
Interest paid	$ 3,445	$ 1,748

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

THE DEPOSITORY TRUST AND CLEARING CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND OWNERSHIP

The Depository Trust & Clearing Corporation (DTCC) is a holding company that is the parent company of various operating subsidiaries including The Depository Trust Company (DTC), National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), Omgeo LLC (Omgeo), DTCC Deriv/SERV LLC, DTCC Solutions LLC, Business Entity Data, B.V. (GMEI) and Avox Limited (Avox), collectively, the “Company” or “Companies.”

Subsidiaries

DTC is a limited-purpose trust company under New York State banking law, a member of the Federal Reserve System, and a clearing agency registered with the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the financial community.

NSCC is a clearing agency registered with the SEC that provides various services to members of the financial community, consisting principally of securities trade capture (validation and comparison), clearance, netting, and risk management services.

FICC is a clearing agency registered with the SEC that provides various services to members that participate in the government and mortgage-backed securities markets, consisting principally of automated real-time trade comparison, netting, settlement, trade confirmation, risk management, and electronic pool notification. FICC has two divisions, the Government Securities Division (GSD) and the Mortgage-Backed Securities Division (MBSD).

Omgeo provides post-trade processing and other related services primarily to financial institutions.

DTCC Deriv/SERV LLC, through its subsidiaries and affiliates, enhances transparency and provides operational efficiency for the derivatives market. Its trade repositories support a multitude of data submissions including real-time price reporting, transaction details, confirmation records and valuation data. Its Warehouse Trust Company subsidiary provides life cycle event processing including credit event processing and payment reconciliation/netting.

DTCC Solutions LLC provides information and technology solutions that help financial institutions manage risk and create more efficient internal processes.

GMEI is responsible for developing and maintaining the Commodity Futures Trading Commission (CFTC) Interim Compliant Identifier (CICI) Utility.

Avox validates and maintains business entity reference data, including corporate hierarchies, registered address information, industry sector codes, and company identifiers. The members of DTCC’s clearing agencies are collectively referred to as Participants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The unaudited condensed consolidated financial statements should be read in conjunction with DTCC's audited consolidated financial statements for the years ended December 31, 2014 and 2013. The unaudited condensed consolidated 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. The unaudited condensed consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and unaudited condensed consolidated Variable Interest Entities (VIEs). Intercompany accounts and transactions have been eliminated in consolidation.

The Company applies the "VIE subsections" of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*, which provide guidance on how to identify a VIE and how to determine when assets, liabilities, non-controlling interests, and results of operation of a VIE need to be included in the Company's unaudited condensed consolidated financial statements. Accounting guidance on the consolidation of variable interest entities is included in ASC 810 *Consolidation*, ASU 2009-17 "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities". Where the Company holds current or potential rights that give DTCC the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, combined with a variable interest that gives DTCC the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, the Company is deemed to have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the design of the entity, the Company reconsiders whether it is subject to the VIE model (see Note 3).

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements. Management makes estimates regarding the collectability of receivables, the outcome of litigation, the realization of deferred taxes, the recognition of uncertain tax benefits, fair value measurements, and other matters that affect the reported amounts. Estimates, by their nature, are based on judgment and available information; therefore, actual results could differ materially from those estimates.

Acquired Businesses. The Unaudited Condensed Consolidated Statements of Financial Condition and Unaudited Condensed Consolidated Statements of Income include the results of acquired businesses accounted for using the acquisition method of accounting in accordance with FASB ASC Topic 805, Business Combinations and equity investments, from the dates of acquisition. The acquisition method requires the Company to recognize the fair value of the assets acquired, liabilities assumed, and any non-controlling interests in the acquiree on the date of acquisition. The excess of the fair value of the purchase consideration over the identifiable assets and liabilities is recorded as goodwill. The Company may record adjustments to the assets acquired and liabilities assumed with an offset to goodwill during the one-year measurement period. After the measurement period, any adjustments will be recorded through the Unaudited Condensed Consolidated Statement of Income.

Equity Method Investments. Equity method investments of less than a majority, but at least 20% ownership where the Company can exert significant influence over the operations of the investment, are accounted for using the equity method. The investments are initially recognized at cost. Earnings are recorded through the Unaudited Condensed Consolidated Statement of Income in the period earned. Dividends are recorded as a reduction in the investment account.

Non-Controlling Interests. Non-controlling interests included in permanent equity are adjusted for the income or (loss) attributable to the non-controlling interest shareholders and any distributions to those shareholders.

Cash and Cash Equivalents. All highly liquid investments purchased with an original maturity of three months or less at the date of acquisition are classified as cash and cash equivalents. Cash equivalents consist primarily of highly liquid investments in deposits held in banks and overnight bank deposits and money market mutual funds.

Reverse Repurchase Agreements. Reverse repurchase agreements provide for delivery of cash in exchange for securities having a fair value of at least 102% of the amount of the agreements. Securities purchased under reverse repurchase agreements are typically U.S. Treasury and agency securities. Reverse repurchase agreements as of September 30, 2015 and December 31, 2014 were $0 and $100,000,000, respectively, and are recorded at the contract amounts.

Participants Segregated Cash. The Company receives cash in exchange for the exclusive benefit of the Participants' customers for the Participants' compliance with SEC rule 15c3-3 (customer protection).

Investments in Marketable Securities. The Company's investments consist principally of U.S. Treasury securities. The maturity of marketable securities is typically 12 months or less. All of the marketable securities are classified as held to maturity and are recorded at amortized cost. The Company intends and has the ability to hold all held-to-maturity securities to maturity. The Company does not intend to reclassify any amount of held-to-maturity investments to available-for-sale or trading investments.

The Company performs a periodic review of its investment portfolio for impairment. A debt security is considered impaired if its fair value is less than its carrying value. The decline in fair value is determined to be other-than-temporary impairment if (a) the Company has the intent to sell the impaired debt security or (b) it is more likely than not that the Company will be required to sell the security before the recovery of the amortized cost. Additionally, regardless of whether there is intention to sell or requirement to sell, if the Company does not expect to recover the entire amortized cost basis, the impaired debt security is considered to be other-than-temporarily impaired. The Company does not intend to sell those securities and it is not more likely than not the Company will have to sell.

Fair Value Measurements. The guidance related to "Fair Value Measurements" included in FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

Valuation Hierarchy. FASB ASC Topic 820 established a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets as of the valuation date.

Level 2 — Inputs to the valuation methodology are other than unadjusted quoted market prices for similar assets and liabilities in active markets, which are either directly or indirectly observable as of the valuation date or can be derived principally from, or corroborated by, observable market data.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Instruments Measured at Fair Value. The Company has established processes for determining fair values. Fair value is based upon quoted market prices in active markets, where available. Where quotes from recent exchange transactions are not available, the Company determines fair value using discounted cash flow analyses or performing comparisons to similar instruments. Discounted cash flow analyses are dependent upon estimated future cash flows and the level of interest rates.

Financial Instruments Not Measured at Fair Value. The carrying amounts of financial instruments (i.e., monetary assets and liabilities) are determined under different accounting methods. As discussed in Note 10, Fair Value Measurements, these instruments are discussed on a uniform fair value basis. However, active markets do not exist for a significant portion of these instruments. For financial instruments where quoted prices for identical assets and liabilities in active markets do not exist, the Company determines fair value using discounted cash flow analyses and comparable pricing of similar instruments.

Financial Instruments Measured at Fair Value on a Non-Recurring Basis. The Company has established processes for determining fair values. Where quotes from recent exchange transactions are not available, the Company determines fair

value using discounted cash flow analyses or comparing similar instruments. Discounted cash flow analyses are dependent upon estimated future cash flows and the level of interest rates.

The Company uses recently executed transactions, as well as other observable market data such as exchange data, broker/dealer quotes, third party pricing vendors and aggregation services for validating the fair values of financial instruments. The Company assesses the external sources and related valuation methodologies to determine if the external providers meet the minimum standards expected of a third-party pricing source. Pricing data provided by approved external sources are evaluated using a number of approaches to ensure the best available market data source is used to validate the fair value of financial instruments.

Accounts Receivable. Accounts receivable are stated at cost, net of an allowance. The Company establishes an allowance for doubtful accounts receivable to ensure the Company has not overstated receivable balances due to uncollectibility. The Company determines the need for an allowance based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, historical experience and the financial condition of customers and other debtors.

Participant and Clearing Fund. Margin deposits and Participant contributions are maintained within the Participant and Clearing Fund on the Unaudited Condensed Consolidated Statements of Financial Condition due to the benefits and risk of ownership being incurred by the Company. Deposits and contributions may be in the form of cash and cash equivalents or securities. These deposits and contributions may be applied to satisfy obligations of the depositing Participant, other Participants, or the Company as provided in the Company rules.

Cash Deposits and Investments in Marketable Securities. Deposits may be invested in overnight reverse repurchase agreements, commercial paper bank sweep deposits, money markets funds, direct obligations of the U.S. Government, and interest bearing deposits. Overnight reverse repurchase agreements provide for DTCC's delivery of cash in exchange for securities having a fair value, which is at least 102% of the amount of the agreements. Securities purchased under overnight reverse repurchase agreements are typically U.S. Treasury and agency securities. Any interest earned on these investments is accrued and is included within interest income in the Unaudited Condensed Consolidated Statements of Income. Any amounts passed through to Participants are included as refunds to Participants in the Unaudited Condensed Consolidated Statements of Income.

Other Deposits, at Fair Value. Securities may include US Treasury Securities, US agency-issued debt securities, and US agency residential mortgage-backed securities. Any interest earned on these investments is accrued and included within interest income in the Unaudited Condensed Consolidated Statements of Income. Any amounts passed through to Participants are included as refunds to Participants on the Unaudited Condensed Consolidated Statements of Income.

Securities Held in Custody. Securities held in custody by DTC for participants, which are predominantly in electronic book form, but also include physical certificates, are not reported in the Unaudited Condensed Consolidated Financial Statements. Cash dividends and interest received by DTC or due on such securities and in the process of distribution or awaiting claim, are included in payable to Participants. Short positions occasionally exist in securities balances and are credited to the account of the Participants; such short positions are valued and collateralized daily by 130% of the short position reflected in other Participant assets. DTC's obligation to return such cash collateral to Participants is also reflected in payable to Participants.

Premises and Equipment. Premises and equipment are stated at cost, net of accumulated depreciation. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that appreciably extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income. Premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Leasehold improvements are amortized using the straight line method over their useful lives or the remaining term of the related lease, whichever is shorter. Furniture and equipment are depreciated over estimated useful lives ranging from five to seven years, using the straight line method. Building and improvements are primarily amortized over 39 years using the

straight line method. Depreciation expense for leasehold improvements, furniture and equipment, and buildings and improvements is included in depreciation and amortization in the Unaudited Condensed Consolidated Statements of Income.

Goodwill and Identified Intangible Assets. Identified intangible assets with estimable lives are amortized in a pattern consistent with the assets' identifiable cash flows or using a straight-line method over their remaining estimated benefit periods if the pattern of cash flows is not estimable. Intangible assets with estimable lives are reviewed for possible impairment when events or changed circumstances may affect the underlying basis of the asset. Goodwill and intangible assets with indefinite lives are not amortized, but are assessed annually for impairment, or more often if events and circumstances indicate it is more likely than not that they may be impaired.

Capitalized Software. The Company capitalizes eligible costs associated with the acquisition or development of internal-use software projects that provide new or significantly improved functionality. The Company capitalizes projects expected to result in longer-term operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality. Once the software is ready for its intended use, the Company amortizes the capitalized cost on a straight line basis over an estimated useful life of three to five years. All other costs incurred in connection with an internal-use software project are expensed as incurred. Capitalized software is included in intangible assets on the Unaudited Condensed Consolidated Statements of Financial Condition.

The Company considers many factors, including estimated future utility to estimate cash flows. Impairments are reviewed annually or more frequently if certain events or circumstances exist. The Company calculates the estimated fair value of finite lived intangible assets using undiscounted cash flows that are expected to result from the use of intangible assets or group of assets. For indefinite-lived intangible assets, an impairment exists when the carrying amount exceeds its fair value.

Impairment of Long-Lived Assets. The Company evaluates long lived assets for impairment when indicators of impairment are present. The Company periodically evaluates the recoverability of long lived assets when events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. When indicators of impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and future undiscounted cash flows of the underlying business. The net book value of the underlying asset is adjusted to its fair value if the sum of the future undiscounted cash flows is less than its book value. Fair values are based on estimates of market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk. Impairment losses are included in other general and administrative expenses on the accompanying Unaudited Condensed Consolidated Statements of Income.

The Company considers the following to be important factors that could trigger an event-driven impairment review:

- Significant underperformance relative to historical or projected future operating results;
- Identification of other impaired assets within a reporting unit;
- A more likely than not expectation that a reporting unit, or a significant portion of a reporting unit, will be sold;
- Significant adverse changes in business conditions, market environment, or regulations;
- Significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business or significant negative industry or economic trends.

Derivatives and Hedging. The Company enters into various derivative financial instruments for non-trading purposes primarily as part of its asset/liability management process. These derivatives are designated as either fair value or cash flow hedges of certain assets and liabilities when the Company enters into the derivative contracts. Gains and losses associated with fair value hedges are recorded in income as well as any change in the value of the related hedged item associated with the designated risks being hedged. Gains and losses on cash flow hedges are recorded in Other Comprehensive Income (OCI), until reclassified into earnings to meet the risks being hedged. Foreign currency transaction gains and losses related to a hedged net investment in a foreign operation, net of tax effect, are recorded as cumulative foreign currency translation adjustments within OCI. The Company formally documents all relationships between hedging instruments and hedged items, as well as the Company's risk-management objectives and strategy for undertaking various hedging transactions.

Hedge accounting is applied when a derivative is highly effective at reducing the risk associated with the hedged exposure and the risk management objective and strategy are documented. Hedge documentation identifies the derivative hedging instrument, the asset or liability and type of risk hedged, and how the effectiveness of the derivative is assessed prospectively and retrospectively. Derivatives not designated as hedges are recorded at fair value on the Unaudited Condensed Consolidated Statement of Financial Condition with relative changes in fair value recorded through the Unaudited Condensed Consolidated Statements of Income.

Revenue Recognition. The Company derives its revenue from transaction fees, subscription and support services, other professional services, and other services. Revenue from transaction fees is recognized when services are provided while subscription and support revenue is recognized ratably over the contract term.

Professional services and other revenues, when sold with subscription and support offerings, are accounted for separately when these services have value to the customer on a standalone basis. The Company considers the following factors when determining whether professional services should be accounted for separately from subscription and support services: (i) availability of similar services from other vendors, (ii) objective and reliable evidence of fair value exists for the undelivered elements, (iii) the nature of the services, (iv) the timing of when the services contract was signed in comparison to the license/subscription service start date, and (v) the contractual dependence of the license/subscription service on the customer's satisfaction of the services.

If the services contract does not qualify for separate accounting, DTCC recognizes professional services ratably over the remaining term of the subscription. If the service contract qualifies for separate accounting, revenues are recognized as the services are rendered. The Company allocates the total amount the customer will pay to the separate units of accounting based on their relative fair values, as determined by the price of the undelivered items when sold separately.

Other Services. Other services represents fees generated from providing various support services and office facilities to related parties and is recognized when services are provided based on contractual terms.

Deferred Revenue. Deferred revenue consists of billings or payments received in advance for the Company's subscription and support services, as well as professional service fees, which are recognized as and to the extent that the revenue recognition criteria are not met. The deferred revenue balance represents the remaining portion of the annual contracts invoiced to customers for subscription and support services, as well as certain deferred professional service fees, which are recognized as revenue ratably over the subscription contract term. The Company defers the professional service fees in situations where the professional services and subscription contracts are accounted for as a single unit of accounting and recorded in other liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.

Pension. The measurement date for DTCC's pension plan is the 1st of October. Plan assets are determined based on fair value generally representing observable market prices. The projected benefit obligation is determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the yield curves of high-quality corporate bonds available in the marketplace. The net periodic pension expense or credit includes service costs, interest costs based on an assumed discount rate, an expected return on plan assets based on an actuarially derived market-related value and amortization of prior years' actuarial gains and losses.

Actuarial gains and losses include the impact of plan amendments, gains or losses related to changes in the amount of the projected benefit obligation or plan assets resulting from experience different from the assumed rate of return, changes in the discount rate or other assumptions. To the extent an actuarial gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is recognized over the future service periods of active employees. The expected long-term rate of return on plan assets is based on anticipated returns for each applicable asset class. Anticipated returns are weighted for the expected allocation for each asset class and are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long term historical returns for these markets. The Company also considers the growth outlook for the U.S. and global economies, as well as current and prospective interest rates.

The market-related value utilized to determine the expected return on plan assets is based on the fair value of plan assets adjusted for the difference between expected returns and actual performance of plan assets. The difference between actual experience and expected returns on plan assets is included as an adjustment in the market-related value over a 5-year period.

Income Taxes. Deferred tax assets and liabilities are reported in other current and non-current assets and liabilities, in the Unaudited Condensed Consolidated Statements of Financial Condition and represent the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Valuation allowances are recognized if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by the tax authorities.

For certain of its non-U.S. subsidiaries, the Company has deemed the undistributed earnings relating to these subsidiaries to be indefinitely reinvested within its foreign operations. Accordingly, the Company has not provided for the amount of unrecognized deferred tax liability related to these earnings. It is not practicable to determine the amount of deferred taxes that might be required to be provided if such earnings were distributed in the future.

Foreign Currency. Assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing on the dates of the Unaudited Condensed Consolidated Statements of Financial Condition. Revenues and expenses are translated at average rates of exchange during the year. Gains or losses on foreign currency transactions are included in the Unaudited Condensed Consolidated Statements of Income. Gains or losses on translation of the financial statements of foreign subsidiaries, when the functional currency is other than the U.S. dollar, are reflected as a separate component of equity and included in the Unaudited Condensed Consolidated Statements of Comprehensive Income.

Recently Issued Accounting Standards.

FASB ASC Topic 606, *Revenue from Contracts with Customers*. In August 2015, the FASB issued ASU No. 2015-14 – Revenue from Contracts with Customers – Deferral of Effective Date. This ASU defers the effective date of ASU No. 2014-09 which requires an entity to recognize the amount of revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The ASU will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles (GAAP) when it becomes effective. The new standard is now effective for the Company on January 1, 2019. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the impact this ASU will have on its condensed consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

FASB ASC Topic 810, Consolidation. In February 2015, the FASB issued an update that changes the analysis that the Company must perform to determine whether it should consolidate certain types of legal entities. The Company is required to reevaluate its interests in legal entities in scope of the new guidance under the revised consolidation model. The guidance is effective for the Company beginning January 1, 2016. Early adoption is permitted. The Company is currently evaluating the potential impact of adopting this update.

Recently Adopted Standards.

FASB ASC Topic 740, Income Taxes. In July 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-11, requiring public and private entities to present unrecognized tax benefits as a decrease in a net operating loss, similar tax loss or tax credit carry forward if certain criteria are met. The determination of whether a deferred tax asset is available is based on the unrecognized tax benefit and the deferred tax asset that exists at the reporting date and presumes disallowance of the tax position at the reporting date. For nonpublic entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The amendment was adopted effective January 1, 2015. The adoption of this guidance did not have an impact on DTCC's unaudited condensed consolidated financial condition, results of operations or cash flows.

FASB ASC Topic 405, Liabilities. In February 2013, the FASB issued ASU No. 2013-04, adding disclosure requirements for entities with joint and severally liable agreements with other co-obligors. This update requires entities to measure the obligation as the sum of the amount the entity has agreed with co-obligors to pay and any additional amount it expects to pay on behalf of one or more co-obligors. Required disclosures include a description of the nature of the arrangement, how the liability arose, the relationship with co-obligors and the terms and conditions of the arrangement (ASC 460-10, Guarantees). For nonpublic entities, the ASU is effective for fiscal years beginning after December 15, 2014, and interim and annual periods thereafter. Early adoption is permitted. The amendments in the ASU should be applied prospectively. The adoption of this guidance did not have an impact on DTCC's unaudited condensed consolidated financial condition, results of operations or cash flows.

FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 306 Property, Plant, and Equipment. In April 10, 2014, the FASB issued ASU No. 2014-08 – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This ASU changes the criteria for determining which future disposals can be presented as discontinued operations and modifies related disclosure requirements. This ASU is effective for periods beginning on or after December 15, 2014. Early adoption is permitted. The adoption of this guidance did not have an impact on DTCC's unaudited condensed consolidated financial condition, results of operations or cash flows.

3. VARIABLE INTEREST ENTITIES

Consolidated VIEs

A VIE is an entity in which the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as the primary beneficiary, and is the entity with (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) has an obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. The Company consolidates VIEs of which it is the primary beneficiary. The Company performs ongoing qualitative, and in certain cases, quantitative analyses to determine whether the Company is the primary beneficiary of a VIE based on the facts and circumstances and the Company's interest(s) in the VIE.

Clarient Global LLC (Clarient) is a joint venture with Credit Suisse Finance (GUERNSEY) Ltd, The Goldman Sachs Group, Inc., LabMorgan Investment Corporation, SSB Investments, Inc., Barclays Bank PLC and BNY Capital Corporation that was incorporated on July 25, 2014. Clarient is a comprehensive reference data solution providing control, standardization, and transparency of client reference data during the client onboarding process and through ongoing client lifecycle events.

The impact of the consolidation of Clarient on the Company's Unaudited Condensed Consolidated Statements of Financial Condition at September 30, 2015 and December 31, 2014 were as follows:

	2015	2014
Consolidated assets		
Cash and cash equivalents	$ 27,039	$ 23,008
Accounts receivable	37	-
Other current assets	627	-
Intangible assets	1,989	18,822
Other non-current assets	884	2,252
Total assets	$ 30,576	$ 44,082
Consolidated liabilities		
Accounts payable	$ 10,043	$ 8,043
Other current liabilities	21,792	-
Other non-current liabilities	-	3,464
Total liabilities	$ 31,835	$ 11,507

The creditors or other beneficial interest holders of Clarient have no recourse to the general credit of DTCC, the primary beneficiary. Furthermore, liabilities of Clarient are non-recourse to DTCC.

For the nine months ended September 30, 2015 and 2014, the net losses of consolidated VIEs included within the Income before taxes line in the Company's Unaudited Condensed Consolidated Statements of Income before taxes line were $49,826,000 and $14,560,000, respectively.

4. SEGREGATED CASH, OTHER PARTICIPANT ASSETS AND PAYABLE TO PARTICIPANTS

Details for segregated cash, other Participant assets and payable to Participants as of September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015	2014
Assets:		
NSCC's Special Reserve Account	$ 87,185	$ 42,009
Total segregated cash	$ 87,185	$ 42,009
Other participant assets	675,999	537,577
Total	$ 763,184	$ 579,586
Liabilities:		
Payable to participants	$ 763,184	$ 579,586

NSCC's special reserve account represents cash received from Participants for the exclusive benefit of the Participants' customers and related to the Participants' compliance with SEC rule 15c3-3 (customer protection).

Other Participant assets reflect the Company's receipt of cash and stock dividends, interest and reorganization and redemption proceeds on securities registered in the name of its nominee and interest and redemption proceeds on bearer securities, which it distributes to its Participants. Amounts received on registered securities withdrawn before record date but not transferred from the name of the Company's nominee, cannot be distributed unless claimed by the owners of the securities.

Payable to Participants reflects cash dividends, interest, reorganization, redemption payables, securities held in a custodial account, and settlement accounts payable. Stock dividends payable are not reported in the unaudited condensed consolidated financial statements. At September 30, 2015 and December 31, 2014, payable to Participants also included $330,000 and $908,000 respectively, of cash collateral received from Participants representing 130% of short positions. Unclaimed balances are remitted to the appropriate authority when required by abandoned property laws.

5. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of September 30, 2015 and December 31, 2014 (in thousands):

	2015	2014
Due from participants for services	163,767	$ 138,687
Other receivables	23,145	49,064
Total	$ 186,912	$ 187,751

As of September 30, 2015 and December 31, 2014, the allowance for doubtful accounts was $3,170,000 and $4,102,000, respectively. During the nine months ended September 30, 2015, there were write-offs in the allowance for doubtful accounts totaling $624,000. There were no write-offs in the allowance for doubtful accounts in 2014.

6. PARTICIPANT AND CLEARING FUNDS

The rules of DTC, FICC, and NSCC require their Participants to maintain deposits related to their respective activities based on calculated requirements. The deposits are available to secure Participants' obligations and certain liabilities of the Companies. All deposits of cash and securities are recorded in the Unaudited Condensed Consolidated Statements of Financial Condition under Participant and Clearing Funds.

A summary of the deposits held at September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015			
	DTC	NSCC	FICC	Total
Required deposits	$ 1,150,000	$ 5,664,841	$ 13,445,124	$ 20,259,965
Excess deposits	581,091	698,634	3,755,813	5,035,538
Total	$ 1,731,091	$ 6,363,475	$ 17,200,937	$ 25,295,503

	2014			
	DTC	NSCC	FICC	Total
Required deposits	$ 1,150,000	$ 3,144,669	$ 11,619,470	$ 15,914,139
Excess deposits	601,147	654,095	4,933,835	6,189,077
Total	$ 1,751,147	$ 3,798,764	$ 16,553,305	$ 22,103,216

*Cash Deposits and Investments in Marketable Securities***.** Cash deposits and investments in marketable securities of the Clearing Fund, which may be applied to satisfy obligations of the depositing Participant as provided in respective clearing agency rules, as of September 30, 2015 and December 31, 2014, were invested as follows (in thousands):

	2015			
	DTC	**NSCC**	**FICC**	**Total**
Cash deposits	$ 1,731,091	$ 5,906,397	$ 9,510,541	$ 17,148,029
Investments in marketable securities	-	-	200,000	200,000
Securities on deposit - at fair value	-	457,078	7,490,396	7,947,474
Total	$ 1,731,091	$ 6,363,475	$ 17,200,937	$ 25,295,503

	2014			
	DTC	**NSCC**	**FICC**	**Total**
Cash deposits	$ 1,751,147	$ 3,798,764	$ 8,638,946	$ 14,188,857
Investments in marketable securities	-	-	200,000	200,000
Securities on deposit - at fair value	-	340,285	7,374,074	7,714,359
Total	$ 1,751,147	$ 4,139,049	$ 16,213,020	$ 22,103,216

A summary of the total Participant and Clearing fund deposits held, including the excess of the calculated requirements as of September 30, 2015 and December 31, 2014, as follows (in thousands):

	2015			
	DTC	**NSCC**	**FICC**	**Total**
Reverse repurchase agreements	$ -	$ 860,000	$ 1,900,000	$ 2,760,000
Money market investments	-	4,321,000	5,960,000	10,281,000
Bank deposits	1,731,091	725,397	1,650,541	4,107,029
Treasury bills	-	-	200,000	200,000
Total	$ 1,731,091	$ 5,906,397	$ 9,710,541	$ 17,348,029

	2014			
	DTC	**NSCC**	**FICC**	**Total**
Reverse repurchase agreements	$ -	$ 1,390,000	$ 2,700,000	$ 4,090,000
Money market investments	-	1,883,000	4,288,000	6,171,000
Bank deposits	1,751,147	525,764	1,650,946	3,927,857
Treasury bills	-	-	200,000	200,000
Total	$ 1,751,147	$ 3,798,764	$ 8,838,946	$ 14,388,857

Refunds to Participants. The total amount of interest income the Company earned from the investment of cash deposits in the Clearing Fund were $5,036,000 and $4,537,000 for the nine months ended September 30, 2015 and 2014 and $1,916,000 and $1,667,000 for the three months ended September 30, 2015 and 2014, respectively in the Unaudited Condensed Consolidated Statements of Income.

7. PREMISES AND EQUIPMENT

Premises and equipment as of September 30, 2015 and December 31, 2014, consisted of the following (in thousands):

	2015			2014		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Furniture and equipment	$ 416,967	$ 309,128	$ 107,839	$ 401,310	$ 289,340	$ 111,970
Leasehold improvements	281,924	161,324	120,600	256,373	149,142	107,231
Leased property under capital leases	65,032	47,986	17,046	65,144	43,174	21,970
Building and improvements	28,708	14,806	13,902	32,398	9,377	23,021
Land	4,221	-	4,221	4,221	-	4,221
Total	$ 796,852	$ 533,244	$ 263,608	$ 759,446	$ 491,033	$ 268,413

Depreciation expense for premises and equipment, including lease properties under capital leases, for the nine months ended September 30, 2015 and 2014, was approximately $42,211,000 and $25,558,000, and $14,965,000 and $12,748,000 for the three months ended September 30, 2015 and 2014, respectively, and is included within depreciation and amortization expense in the accompanying Unaudited Condensed Consolidated Statements of Income.

During the nine months period ended September 30, 2014, disposal of equipment resulted in a loss of $8,488,000 and the removal of $31,718,000 and $23,230,000 from the related costs and accumulated depreciation accounts, respectively.

8. GOODWILL AND INTANGIBLE ASSETS

Impairment Testing: The goodwill impairment testing assesses qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. Considerations include factors such as macroeconomic conditions, deterioration in financial performance, and company specific events. If after considering the totality of events and circumstances the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carry amount, it will not have to perform a two-step impairment test.

The first step compares the estimated value of the reporting unit with its carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount, it is considered not impaired. However, if the carrying amount of the reporting unit were to exceed its estimated fair value, a second step would be performed that would compare the implied fair value of the reporting unit's goodwill with the carrying amount of goodwill. An impairment loss would be recorded to the extent the carrying amount of goodwill exceeds its implied fair value.

The estimated fair value of each of the Company's reporting units exceeded the carrying value and no goodwill impairment was recognized. Intangible assets not subject to amortization are tested annually for impairment, or more often, if events or circumstances indicate they may be impaired.

Intangible Assets. The gross carrying value, accumulated amortization, net carrying value and remaining useful lives of other finite-lived intangible assets were as follows at September 30, 2015 and December 31, 2014 (in thousands):

	2015			2014		
	Carrying Value	**Accumulated Amortization**	**Net Carrying Value**	**Carrying Value**	**Accumulated Amortization**	**Net Carrying Value**
Amortized intangible assets:						
Customer relationships and other	$ 239,774	$ 43,378	$ 196,396	$ 239,774	$ 28,366	$ 211,408
Software	1,007,216	727,229	279,987	941,253	619,921	321,332
Total amortized intangible assets	1,246,990	770,607	476,383	1,181,027	648,287	532,740
Unamortized intangible assets:						
Trademarks and tradenames	15,524	n/a	$ 15,524	23,748	n/a	23,748
Total	$ 1,262,514	$ 770,607	$ 491,907	$ 1,204,775	$ 648,287	$ 556,488

Finite-lived Intangible Assets. Amortization expenses related to finite-lived intangible assets was approximately $15,012,000 and $15,012,000 for the nine months ended September 30, 2015 and 2014, and $5,004,000 and $5,004,000 for the three months ended September 30, 2015 and 2014, respectively, and is included within depreciation and amortization expenses in the accompanying Unaudited Condensed Consolidated Statements of Income.

Capitalized Software. Capitalized costs for software either for internal use or purchased during the nine months September 30, 2015 and 2014 total $90,078,000 and $106,930,000, and total $34,015,000 and $32,715,000 for the three months ended September 30, 2015 and 2014, respectively. Amortization expense for capitalized software for the nine months ended September 30, 2015 and 2014 was approximately $107,308,000 and $92,347,000, and $31,360,000 and $32,434,000 for the three months ended September 30, 2015 and 2014, respectively, and is included within the depreciation and amortization expenses in the accompanying Unaudited Condensed Consolidated Statements of Income.

During the third quarter of 2015, capitalized software was impaired resulting in a loss of $20,195,000 and the removal of $24,115,000 and $3,920,000 from the related costs and accumulated amortization accounts, respectively. During 2014, disposals of software resulted in a loss of $8,644,000 and the removal of $23,668,000 and $15,024,000 from the related costs and accumulated amortization accounts, respectively, and is included within Impairment of intangible assets expenses in the accompanying Unaudited Condensed Consolidated Statements of Income.

During the third quarter of 2015, the Company executed its brand migration strategy and folded its subsidiaries brands, namely Omgeo and Avox under the DTCC brand. This resulted in a triggering event under ASC 820 and the Company evaluated the ongoing value of its acquired Omgeo and Avox tradenames. This evaluation resulted in a lower value of the aforementioned acquired tradenames and, as a result, the Company recognized an $8,224,000 impairment as of September 30, 2015, which is included within Impairment of intangible assets expenses in the accompanying Unaudited Condensed Consolidated Statements of Income.

At September 30, 2015 estimated future amortization expense relating to intangible assets for each of the next five years and thereafter is as follows (in thousands):

2015	$ 52,188
2016	146,150
2017	88,098
2018	39,062
2019	27,513
Thereafter	123,372
Total future estimated amortization	$ 476,383

9. EQUITY METHOD INVESTMENTS

Details for DTCC's equity method investments as of September 30, 2015 and December 31, 2014 were as follows (in thousands, other than ownership percentage):

	2015	2014
ECCP, N.V.		
Percentage ownership	25%	25%
Carrying value	11,048	10,802
Dividends Received	-	-
Soltra Solutions, LLC		
Percentage ownership	50%	50%
Carrying value	-	-
Dividends Received	-	-
DTCC-Euroclear Global Collateral, LTD		
Percentage ownership	50%	50%
Carrying value	12,210	16,867
Dividends Received	-	-

ECCP N.V. a joint venture with BATS Chi-x Europe, NASDAQ OMX, and ABN AMRO Clearing Bank, provides a pan-European clearing solution offering the economies of scale and risk management expertise of the U.S. market to European market Participants. ECCP N.V. uses the risk management framework and customer service organization of EMCF, and it operates on the technology and using infrastructure of EMCF. The new entity, called EuroCCP N.V., is headquartered in Amsterdam.

Soltra Solutions, LLC (Soltra), a joint venture with Financial Services Information and Analysis Center (FS-ISAC), will be responsible for the development of solutions to facilitate sharing of information related to cyber threats among critical infrastructure companies in real time.

DTCC-Euroclear Global Collateral LTD, a joint venture with Euroclear, provides support to financial institutions in addressing significant regulatory, operational and industry challenges related to the management of margin calls and collateral that will impact the over-the-counter (OTC) derivative market.

10. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. During the third quarter of 2015, the Company recognized $20,195,000 related to capitalized software costs that were determined to have no realizable value. The Company recognized an $8,644,000 impairment charge related to capitalized software as of December 31, 2014 that was determined to have no realizable value. These items are included within Impairment of intangible assets expenses in the accompanying Unaudited Condensed Consolidated Statements of Income

During the third quarter of 2015, the Company executed its brand migration strategy and folded its subsidiaries brands, namely Omgeo and Avox under the DTCC brand. This resulted in a triggering event under ASC 820 and the Company evaluated the ongoing value of its acquired Omgeo and Avox tradenames. This evaluation resulted in a lower value of the aforementioned acquired tradenames and, as a result, the Company recognized an $8,224,000 impairment as of September 30, 2015, which is included within Impairment of intangible assets expenses in the accompanying Unaudited Condensed Consolidated Statements of Income. Refer to Note 8, Goodwill and Intangible Assets, for further information about the Company's intangible software and trademarks and tradenames.

Fair values on the aforementioned capitalized software and acquired tradenames were based on expected future cash flows using Level 3 inputs under ASC 820. The cash flows are those expected to be generated by the market participants, discounted at the risk-free rate of interest.

Assets and Liabilities Measured at Fair Value on a Recurring Basis. The following is a description of the valuation basis, including valuation techniques and inputs, used in measuring the Company's financial assets and liabilities accounted for at fair value on a recurring basis:

U.S. Government and Federal Agency Securities:

U.S. Treasury Securities — U.S. Treasury securities are measured based on quoted market prices and classified in Level 1 of the fair value hierarchy.

U.S. Agency-Issued Debt Securities — U.S. agency issued debt securities are measured primarily based on quoted market prices obtained from external pricing services. Callable U.S. agency securities are classified within Level 2 of the fair value hierarchy while non-callable U.S. agency securities are classified within Level 1.

U.S. Agency Residential Mortgage-Backed Securities — U.S. agency residential mortgage-backed securities include mortgage pass-through securities (fixed and adjustable rate), interest-only and principal-only securities and are generally measured using market price quotations from external pricing services and categorized within Level 2 of the fair value hierarchy.

Other Financial Assets. Consist of the investment assets of a Rabbi Trust and shares in Markit, Ltd. as discussed in Note 11, Other Assets, and are measured based on quoted market prices. These assets are classified within Level 1 and Level 2 of the fair value hierarchy.

Fair value measurements for those items measured on a recurring basis are summarized below as of September 30, 2015 (in thousands):

	2015			
	Level 1	Level 2	Level 3	Total
Assets - Clearing Fund - U.S. government and Federal Agency securities	$ 7,216,724	$ 730,750	$ -	$ 7,947,474
Other financial assets	166,021	30,614	-	196,635
Total	$ 7,382,745	$ 761,364	$ -	$ 8,144,109
Liabilities:				
Clearing fund - U.S. government securities and Federal agency securities	7,216,724	730,750	-	7,947,474
Total	$ 7,216,724	$ 730,750	$ -	$ 7,947,474

Fair value measurements for those items measured on a recurring basis are summarized below as of December 31, 2014 (in thousands):

	2014			
	Level 1	Level 2	Level 3	Total
Assets - Clearing Fund - U.S. government and Federal Agency securities	$ 7,217,742	$ 496,617	$ -	$ 7,714,359
Other financial assets	186,529	29,220	-	215,749
Total	$ 7,404,271	$ 525,837	$ -	$ 7,930,108
Liabilities:				
Clearing fund - U.S. government securities and Federal agency securities	7,217,742	496,617	-	7,714,359
Total	$ 7,217,742	$ 496,617	$ -	$ 7,714,359

There were no transfers between Level 1 and Level 2 nor were any amounts classified as Level 3 during the nine months ended September 30, 2015 and year ended December 31, 2014.

Assets and Liabilities not Measured at Fair Value. A description of the valuation basis, including valuation techniques and inputs, used in measuring the Company's financial assets and liabilities not accounted for at fair value follows:

Cash and Cash Equivalents — Consist primarily of highly liquid investments in time deposits held in banks, commercial paper bank sweep deposits, and money market funds and are classified as Level 1 within the valuation hierarchy.

Participant and Clearing Fund Cash Deposits — Consist of highly liquid investments in time deposits held in banks and are classified as Level 1, as well as reverse repurchase agreements which, are classified as Level 2 within the valuation hierarchy.

Reverse Repurchase Agreements — The estimated fair value of reverse repurchase agreements is based on inputs such as interest rates and tenors. These agreements are classified as Level 2 within the valuation hierarchy due to their short-term nature.

Marketable Securities, Held-to-Maturity — Marketable securities held-to-maturity are comprised of U.S. Treasury securities, U.S. Treasury Bills, which are classified as Level 1 within the valuation hierarchy.

Commercial Paper — Constitutes short-term unsecured obligations, which are classified as Level 2 within the valuation hierarchy.

Long-term Debt and Other Borrowings — Primarily consist of line of credit borrowings, notes payable, and capital lease obligations. The estimated fair value of long-term debt is based on current rates for instruments of the same remaining

maturity or quoted market prices for the same or similar issues. Long-term debt is classified as Level 2 within the valuation hierarchy.

The table below presents the carrying value, fair value and fair value hierarchy level of certain financial instruments not measured at fair value in the Unaudited Condensed Consolidated Statement of Financial Condition at September 30, 2015 (in thousands):

	2015				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 2,019,939	$ 2,019,939	$ 2,019,939	$ -	$ -
Participant and clearing fund cash deposits	17,148,029	17,148,029	14,388,029	2,760,000	-
Marketable securities, held-to-maturity	200,000	199,628	199,628	-	-
Total	$ 19,367,968	$ 19,367,596	$ 16,607,596	$ 2,760,000	$ -
Liabilities:					
Participant and clearing fund cash deposits	$ 17,348,029	$ 17,348,029	$ 17,348,029	$ -	$ -
Commerical paper	551,300	551,300	-	551,300	-
Long-term debt and other borrowings	162,704	159,382	-	159,382	-
Total	$ 18,062,033	$ 18,058,711	$ 17,348,029	$ 710,682	$ -

The table below presents the carrying value, fair value and fair value hierarchy level of certain financial instruments not measured at fair value in the Unaudited Condensed Consolidated Statement of Financial Condition at December 31, 2014 (in thousands):

	2014				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 780,734	$ 780,734	$ 780,734	$ -	$ -
Overnight repurchase agreements	100,000	100,002	-	100,002	-
Participant and clearing fund cash deposits	14,188,857	14,188,857	10,098,857	4,090,000	-
Marketable securities, held-to-maturity	200,000	199,846	199,846	-	-
Total	$ 15,269,591	$ 15,269,439	$ 11,079,437	$ 4,190,002	$ -
Liabilities:					
Participant and clearing fund cash deposits	$ 14,388,857	$ 14,388,857	$ 14,388,857	$ -	$ -
Long-term debt and other borrowings	404,033	399,442	-	399,442	-
Total	$ 14,792,890	$ 14,788,299	$ 14,388,857	$ 399,442	$ -

11. OTHER ASSETS

Details for other assets as of September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015	2014
Prepaid expenses	$ 65,573	$ 42,348
Taxes receivable	1,692	14,147
Deferred tax assets, net	8,276	8,276
Other current assets	323	13,229
Total current assets	$ 75,864	$ 78,000
Long term incentive plan assets	$ 198,965	$ 205,210
Cash surrender value	54,432	53,290
Prepaid expenses	23,572	16,525
Deferred tax asset, net	104,464	99,019
Royalty receivable	3,663	5,263
Other non-current assets	10,999	8,253
Total non-current assets	$ 396,095	$ 387,560
Total	$ 471,959	$ 465,560

Prepaid expenses represent the interest and fees paid in advance for lines of credit maintained to support the settlement operation for DTC and NSCC and maintenance contracts for various hardware and software services.

Royalty receivable represents the consideration due to the sale of DTCC Loan/SERV messaging portal on January 5, 2011.

Long term incentive plans. DTCC's Long Term Incentive Plan is provided to certain designated employees of DTCC to establish retention incentives for certain key employees. The performance period is a three year period commencing January 1 of each calendar year, unless modified, extended or terminated by the Compensation Committee. Only those employees specifically designated by the Compensation Committee are eligible to participate in this plan.

DTCC maintains a self-directed, non-qualified deferred compensation plan structured as a "Rabbi Trust" for certain executives and other highly compensated employees. Under the plan, Participants may elect to defer receipt of a portion of their annual compensation. Amounts deferred under the plan are invested in various mutual funds and stocks. All such investments are held in the Rabbi Trust and the plan requires settlement in cash. The investment assets of the Rabbit Trust are recorded at fair value and included in other noncurrent assets as Long Term Incentive Plan Assets. The amount of compensation deferred under the plan is credited to each Participant's deferral account and a deferred compensation liability is recorded in other non-current liabilities in DTCC's Unaudited Condensed Consolidated Statements of Financial Condition. This liability represents DTCC's obligation to distribute the funds to the Participants. In 2015 and 2014, the investment assets of the Rabbi Trust are classified as trading securities and, accordingly, changes in their fair values are recorded as investment income (loss) in DTCC's Unaudited Condensed Consolidated Statements of Income. In addition, changes in the fair value of the plan's investments are recorded as employee compensation and benefits in the Unaudited Condensed Consolidated Statements of Income. The loss in the fair value of these investments was $6,849,000 and a gain of $3,993,000 in September 30, 2015 and 2014, respectively.

Cash surrender value represents the amounts receivable from various insurance companies upon cancellation of the life insurance policies purchased for employees who participated in DTCC Deferred Compensation plans established in 2005 – 2006 and 2007. The associated liability for these deferred compensation plans and the loans drawn down against these policies are classified in non-current liabilities as long term incentive plans.

12. OTHER LIABILITIES

Details for other liabilities as of September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015	2014
Compensation payable	$ 105,764	$ 129,578
Miscellaneous payables	84,575	73,846
Current portion of deferred rent	3,088	2,197
Total current liabilities	$ 193,427	$ 205,621
Long-term incentive plans	$ 280,347	$ 303,628
Unrecognized tax benefits	56,535	53,236
Deferred rent	19,306	18,019
Other payables	5,861	2,805
Total non-current liabilities	$ 362,049	$ 377,688
Total	$ 555,476	$ 583,309

Unrecognized tax benefits. DTCC applies the provisions of FASB issued Financial Interpretation No. 48 (FIN 48). Accounting for Uncertainty in Income Taxes (codified primarily in FASB ASC Topic 740, Income Taxes) to record unrecognized tax benefits (UTBs). Refer to Note 16, Income Taxes, for additional details.

13. COMMERCIAL PAPER

Details for commercial paper as of September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015	2014
Commericial paper	$ 551,300	$ -

In September 2015, NSCC commenced issuance under a newly established $5 billion commercial paper funding program approved by the Company's Board of Directors. The proceeds from the issuance of the commercial paper which are included in Cash and cash equivalents on the Unaudited Condensed Consolidated Statements of Financial Condition, constitutes liquid resources of NSCC that, together with other liquid resources of the Company, will enable NSCC to effect the settlement of its payment obligations in the event of the default of any of its members in accordance with its rules and procedures. Pending any use by NSCC of the proceeds of the commercial paper issuance for this purpose, the funds raised will be invested in highly liquid short-term instruments in accordance with NSCC's investment policy. At September 30, 2015, $551.3 million was outstanding under the commercial paper program and the average interest rate on these borrowings was 0.16%.

14. LONG-TERM DEBT

Details for long-term debt as of September 30, 2015 and December 31, 2014 were as follows (in thousands):

	2015	2014
Notes payable	$ 107,176	$ 109,101
Capital lease obligations	55,528	64,932
Line of credit	-	230,000
Total long-term debt	$ 162,704	$ 404,033
Current portion of long term debt	(65,777)	(15,524)
Total long term debt and other borrowings	$ 96,927	$ 388,509

At September 30, 2015, principal payments due on long-term debt over the next five years from 2015 to 2019 and thereafter are as follows (in thousands):

	Notes Payable	Capital Lease
2015	$ 725	$ 3,144
2016	53,776	12,619
2017	13,650	12,693
2018	2,650	12,767
2019	2,650	8,517
Thereafter	33,725	5,788
Total	$ 107,176	$ 55,528

Notes Payable. The following table summarizes notes payable (in thousands) at September 30, 2015 and December 31, 2014:

				Outstanding Balance	
	Rate	Issue Date	Maturity	2015	2014
DTC	5.59%	4/6/2009	4/15/2016	$ 51,126	$ 51,126
DTCC	2.64%	4/26/2012	4/26/2017	11,000	11,000
DTCC	3.83%	4/26/2012	4/26/2032	24,650	25,375
DTCC	3.93%	9/28/2012	9/28/2032	20,400	21,600
Total				$ 107,176	$ 109,101

Outstanding notes payable for the Company at September 30, 2015 and December 31, 2014 totaled $107,176,000 and $109,101,000, respectively, at a weighted average fixed rate of 4.56% for both periods. Interest expense for the Company was $6,544,000 and $16,985,000 for the nine months ended September 30, 2015 and 2014 and $1,913,000 and $9,341,000, for the three months ended September 30, 2015 and 2014, respectively.

Hudson County Improvement Authority (HCIA) Bond. On December 17, 2010, NSCC entered into a Recovery Zone Facility Bond arrangement with the Hudson County Improvement Authority, with a principal balance of $24,905,000. The debt had a variable interest rate equal to the sum of the LIBOR index rate plus 1.65%, multiplied by a factor of 68%, and maturity on December 1, 2020. Mandatory repayment of the debt commenced on February 1, 2011. On December 2, 2014, the Company executed an optional prepayment of the remaining principal amount of the bond. Interest expense related to the HCIA bond totaled $0 and $191,000 for the nine months ended September 30, 2015 and 2014, respectively.

In connection with this Recovery Zone Facility Bond arrangement with the Hudson County Improvement Authority, NSCC made a loan to DTCC in the principal amount of $24,905,000 with the same terms and conditions, which was repaid concurrent with repayment of the HCIA bond.

Cash Flow Hedge for HCIA Bond. On December 17, 2010, the Company also entered into an interest rate swap arrangement to hedge the Hudson County Improvement Authority floating rate debt payments to fixed rate payments in the principal amount of $24,905,000. The Company terminated this swap on August 14, 2014 and as noted above, subsequently repaid the underlying debt on December 2, 2014.

For the nine months ended September 30, 2014, the fair value of the swap resulted in a net gain of $395,000. This is reported as other comprehensive loss, net of tax in the Unaudited Condensed Consolidated Statements of Comprehensive Income. There were no undesignated derivatives at September 30, 2015 and 2014.

Lease Obligations. Leased property meeting certain criteria is capitalized and the present value of the related lease payments is recorded as a liability. At September 30, 2015, capital lease agreements with remaining future minimum payments including interest, which are due through September 2021, totaled $55,986,000.

During 2014, the Company extinguished certain hardware capitalized as a capital lease, resulting in a decrease of lease liability of $11,936,000. Refer to Note 7 Premises and Equipment, for further detail of the disposal.

Lines of Credit. DTCC maintains lines of credit for general funding purposes while certain of its subsidiaries, DTC and NSCC, also maintain lines of credit to support settlement. Outstanding lines of credit and related terms as of September 30, 2015 were as follows:

	Amount	Denomination	No. of Participants/ Lenders	Borrowing rate
DTCC				
Committed	$150 million	USD	3	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.25%
DTC				
Committed	$1.9 billion	USD	31/38	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.40%
Uncommitted	$150 million (1)	CAD	1	N/A
NSCC				
Committed	$12.1 billion	USD	31/38	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.40%

Prior to September 30, 2015, the DTCC $150 million line of credit totaled $375 million. DTCC had previously borrowed $230 million of the $375 million line of credit to finance its purchase of Omgeo in 2013. The Company has subsequently paid down the line of credit as of September 30, 2015; additionally, DTCC reduced the amount of the outstanding credit line from $375 million to $150 million.

Terms and outstanding lines of credits for December 31, 2014 were as follows:

	Amount	Denomination	No. of Participants/ Lenders	Borrowing rate
DTCC				
Committed	$375 million	USD	3	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.25%
Committed	$100 million	USD	1	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 0.50%
DTC				
Committed	$1.9 billion	USD	29/37	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.40%
Uncommitted	$150 million (1)	CAD	1	N/A
NSCC				
Committed	$13.47 billion	USD	29/37	The greater of the federal funds rate, adjusted LIBOR, or lender's cost of funds, on the day of borrowing, plus 1.40%

(1) Used to support Canadian settlement

Debt Covenants. Long-term debt agreements contain affirmative and negative financial covenants. Customary affirmative covenants include access to financial statements, notice of default and certain other material events, maintenance of business and insurance, and events of default. As of September 30, 2015 and 2014, the Company was in compliance with the applicable debt covenants.

15. PENSION AND POST RETIREMENT BENEFITS

The following table provides components of net periodic expenses (benefit) associated with the pension benefits and other benefits for the nine months ended September 30, 2015 in the accompanying Unaudited Condensed Consolidated Statements of Income (in thousands):

	Retirement Plan	Restoration Plan	SERP	Other
Service cost	$ 1,544	$ -	$ 3,952	$ 1,848
Interest cost	29,636	1,918	971	3,130
Expected return on assets	(28,449)	-	-	(95)
Amortization of prior service cost	120	(1)	635	(5,261)
Amortization of net (gain)/loss	5,297	75	518	1,718
Total net periodic benefit cost	$ 8,148	$ 1,992	$ 6,076	$ 1,340

The following table provides components of the net periodic expenses (benefit) associated with the pension benefits and other benefits for the three months ended September 30, 2015 in the accompanying Unaudited Condensed Consolidated Statements of Income (in thousands):

	Retirement Plan	Restoration Plan	SERP	Other
Service cost	$ 515	$ -	$ 1,317	$ 616
Interest cost	9,878	639	323	1,043
Expected return on assets	(9,483)	-	-	(31)
Amortization of prior service cost	40	-	211	(1,754)
Amortization of net (gain)/loss	1,765	25	173	572
Total net periodic benefit cost	$ 2,715	$ 664	$ 2,024	$ 446

On August 12, 2015, the Company made a $10 million contribution to its pension plan.

16. INCOME TAXES

The Company's effective tax rate was 80.3% and 54.7% for the nine months ended September 30, 2015 and 2014, respectively. The increase in the effective tax rate is primarily due to net losses attributable to non-controlling interest and a valuation allowance against deferred tax assets relating to foreign net operating losses and intangible asset impairment.

The Company classifies interest related to UTBs and penalties, if incurred, in tax expense in the Consolidated Statements of Income. As of September 30, 2015 and December 31, 2014, the amount of accrued interest recorded in the Company's Unaudited Condensed Consolidated Statements of Financial Condition related to UTBs was $13,032,000 and $10,222,000, respectively.

The Company is subject to U.S. federal income tax as well as income tax in various state and local and non-U.S. jurisdictions. During the year, the U.S. Internal Revenue Service ("IRS") concluded its review of the income tax returns for 2009 through 2012; however, it is pending the closing agreements from the IRS. The federal income tax returns for 2013 and 2014 remain subject to examination by the IRS. New York State income tax returns for 2007 through 2011 are currently under examination and 2012 through 2013 remain open to examination. New York City income tax returns for 2010 through 2011 are currently under examination and 2012 through 2013 remain open to examination. DTC's New York State income tax returns for 2008 through 2010 are currently under examination and 2011 through 2013 remain open to examination. DTC's New York City income tax returns for 2012 through 2013 are currently under examination. Florida income tax returns for 2008 through 2013 are currently under examination and 2014 remains open to examination. Illinois income tax returns for 2012 through 2013 are currently under examination and 2014 remains open to examination.

For the current ongoing audits related to open tax years, the Company estimates it is possible the balance of UTBs could decrease in the next 12 months as a result of the effective settlement of these audits, which might involve the payment of additional taxes, the adjustment of certain deferred taxes and/or the recognition of tax benefits. It is also possible new issues might be raised by tax authorities which might necessitate increases to the balance of UTBs. As the Company is unable to predict the timing of conclusion of these audits, the Company is unable to estimate the amount of changes to the balance of UTBs at this time. However, the Company believes it has adequately provided for its financial exposure for all open tax years by tax jurisdiction.

17. SHAREHOLDERS' EQUITY

DTC Series A Preferred Stock. Under a plan adopted by the board of directors, each Participant of DTC is required to own shares of its Series A preferred stock. The ownership of DTC preferred stock is reported as non-controlling interests in the Unaudited Condensed Consolidated Statements of Financial Condition. There was $150,000,000 of DTC Series A preferred stock outstanding as of September 30, 2015 and December 31, 2014 (1,500,000 shares at a par value of $100 per share). In

December 2010, DTC's authorized Series A preferred stock was increased by 1,750,000 shares bringing the total to 3,250,000 authorized shares, or $325,000,000. None of the additional authorized shares have been issued.

Series	Description	Total shares issued and outstanding *(in thousands)*		Carrying value at Sep. 30, 2015 and Dec. 31, 2014 *(in thousands)*	Per annum dividend rate		Dividends paid per share in 2015-2014 *(in dollars)*
Series A	Noncumulative Perpetual	1,500	$	150,240	240	$	0.16

On February 6, 2014, the U.S. Securities and Exchange Commission approved DTC rule filing SR-DTC-2014-01. Under the rule change, which became effective March 3, 2014, DTC no longer included the amount paid by Participants for the purchase of DTC Series A Preferred Stock ($150 million in the aggregate) as a liquidity resource for the Participant Fund. Subsequent to March 3, 2014, the $150 million has been accounted for as available for general business purposes.

DTCC Series C Preferred Stock. On May 19, 2015 DTCC issued 1,600 shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, $0.50 par value per share, with a liquidation preference of $250,000 per share.

At September 30, 2015 and December 31, 2014, there were 0 and 11 shares of Treasury stock, respectively.

Common Stock. At a special meeting held on January 27, 2015, DTCC's shareholders approved the amendment and restatement of the DTCC Shareholders Agreement to include, among other changes, a mechanism for DTCC to sell, and require those common shareholders who are already required to own DTCC common shares to purchase, additional newly-issued common shares. At this special meeting, DTCC shareholders approved a $400 million common equity capital raise using this new mechanism. The settlement date for the $400 million common equity capital raise occurred on April 30, 2015. DTCC has 80,000 authorized shares of common stock with a par value of $100 per share. At September 30, 2015 and December 31, 2014, 50,908 and 23,655 shares of common stock were outstanding, respectively.

Regulatory Capital. DTCC and its regulated subsidiaries maintain and report regulatory capital in accordance with all relevant laws, rules and guidelines. As a multinational enterprise, various DTCC subsidiaries are subject to regulatory capital regimes, as applicable. DTCC subsidiaries file regulatory capital reports with the Federal Reserve Bank of New York (FED), the New York State Department of Financial Services, and the U.S. Commodity Futures Trading Commission (CFTC) in the United States; the Bank of England in the United Kingdom; the Japan Financial Services Agency (JFSA) in Japan; Australian Securities and Investments Commission (ASIC) in Australia; Ontario Securities Commission (OSC) in Canada; and the Monetary Authority of Singapore (MAS) in Singapore.

Various DTCC subsidiaries are subject to capital guidelines issued by federal and state banking regulators. At September 30, 2015, DTCC operated banking activities under two subsidiaries: DTC and The Warehouse Trust Company (WTC). Under these guidelines, DTC and WTC measured capital adequacy based on their Tier 1 Risk Based Capital Ratios. At September 30, 2015, DTC and WTC maintained Tier1 risk based capital ratios of approximately 64% and 159%, respectively, in excess of the well capitalized standards established by the Federal Reserve of 8%.

18. COMMITMENTS AND CONTINGENT LIABLITIES

Lease Commitment. The Company leases office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 2015. Rent expense under these leases was $21,622,000 and $20,367,000 for the nine months ended September 30, 2015 and 2014 and $6,971,000 and $7,001000 for the three months ended September 2015 and 2014, respectively and are included in the occupancy line of the Unaudited Condensed Consolidated Statements of Income.

At September 30, 2015, future minimum rental payments under all noncancelable leases are as follows (in thousands):

2015	$	7,805
2016		30,628
2017		29,850
2018		30,956
2019		26,735
Thereafter		263,804
Total minimum rental payments	$	389,778

Litigation. 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 Company's unaudited condensed consolidated financial position, operations, or cash flows.

19. GUARANTEES

Certain DTCC subsidiaries (NSCC and FICC) provide central counterparty (CCP) services, including clearing, settlement, and risk management services. Acting as a CCP, they guarantee the settlement of trades in the event one party to a trade defaults. A Participant default is defined in each clearing subsidiary's rules. In its guarantor role, each clearing subsidiary has equal claims to and from Participants on opposite sides of netted transactions. To cover its guarantee risk, the clearing subsidiaries use risk-based margining to collect cash and securities collateral (Clearing Fund).

NSCC is the leading provider of U.S. clearance, netting, risk management and settlement for virtually all U.S. broker-to-broker trades involving equities, corporate and municipal debt, exchange traded funds and unit investment trusts. Through its Continuous Net Settlement (CNS) System, NSCC is interposed between Participants in securities clearance and settlement. CNS transactions are generally guaranteed as of the later of midnight of trade date (T) +1 or midnight of the day the transactions are reported to the membership as compared/recorded. Because NSCC stands between the Participants delivering and receiving CNS trades, the failure of Participants to deliver securities to NSCC on settlement date, and the corresponding failure of NSCC to redeliver the securities, results in open positions. Open CNS positions are marked-to-market daily. Such marks are debited from or credited to the involved Participants through the settlement process. At the close of business on September 30, 2015 and December 31, 2014, open positions due to and from NSCC totaled $251.1 billion and $172.2 billion, respectively. There were no defaults by Participants to these obligations.

FICC, through its Government Securities Division (GSD), is the leading provider of real-time trade matching, clearing, netting, risk management and settlement for trades in U.S. government debt, including repurchase agreements. Securities processed by GSD include Treasury bills, bonds, notes, zero-coupon securities, government agency securities, and inflation-indexed securities. The U.S. government securities market is predominantly an over-the-counter market and most transactions are settled on a T+1 basis. Trades are guaranteed upon comparison. GSD's netting system interposes FICC as settlement counterparty between GSD Participants for eligible trades that have been netted. The guarantee of net settlement positions by FICC results in a potential liability to FICC. Guaranteed positions that have not yet settled are margined and collateralized twice-daily via the member's Clearing Fund, and marked-to-market twice-daily with cash debited from or credited to the responsible Participants through the funds-only settlement process. At September 30, 2015 and December 31, 2014, the amount of guaranteed positions due from netting GSD Participants to FICC approximated $846.2 billion and $846.9 billion, respectively. There is an equal amount due to certain other GSD Participants from FICC after consideration of deliveries pending to FICC. There were no defaults by Participants to these obligations.

MBSD's approval as central counterparty and pool netting system were implemented opening of business on April 2, 2012. This implementation positioned MBSD to begin to guarantee transaction settlement. The pool netting system interposes FICC between MBSD Participants for eligible trades that have been pool netted. The guarantee of settlement for pool netting eligible trades as well as TBA trades by FICC results in potential liability to FICC. Guaranteed positions that have

not yet settled are margined, marked-to-market daily and collateralized via the member's Clearing Fund. At September 30, 2015 and December 31, 2014, the gross amount of guaranteed positions by MBSD which were scheduled to settle approximated $292.3 billion and $286.3 billion, respectively. There were no defaults by Participants to these obligations.

In the event of a default of a participant of either NSCC or FICC, the amounts on deposit to the clearing fund of that CCP from that defaulting participant (along with any other resources of, or attributable to, the defaulting participant that may be accessible by the CCP under its rules, including amounts under applicable clearing agency cross guaranty arrangements) would be the first source of funds that the CCP would use to cover any losses that may result from the closeout of the defaulting participant's guaranteed positions. To address the potential tail losses, NSCC and FICC each separately maintain additional prefunded resources. These consist of (i) the CCP's clearing fund which, in the aggregate, currently serves as the CCP's default fund, and (ii) a portion of the CCP's retained earnings.

Therefore, if, after closing out and liquidating a defaulting participant's positions, the CCP were to suffer a loss, such loss would be satisfied as follows: (i) first, apply defaulter's resources, including any amounts available under cross-guaranty agreements to which the CCPs are a party, described below; (ii) next, the CCPs may use up to 25% of their respective retained earnings (or such higher amount as approved by their Board of Directors); and (iii) access and replenish clearing fund (i.e. participant loss allocation).

Amounts that may be available under cross-guaranty agreements include, for NSCC, amounts available under either the netting contract and limited cross-guaranty between DTC and NSCC relating to collateralization across the DTC-NSCC interface, or the agreement between Option Clearing Corporation (OCC) and NSCC, providing for payments to each other relating to the settlement of certain option exercises and assignments in the event of a mutual participant's failure; or, for FICC, amounts available under the cross-margining agreements between GSD and the Chicago Mercantile Exchange Inc. (CME), which may provide for additional funds if the defaulting member was a cross margining participant.

NSCC, DTC, FICC, and OCC have also entered into a multilateral netting contract and limited cross-guaranty agreement, under which these clearing agencies have agreed to make payments to each other for any remaining unsatisfied obligations of a common defaulting participant to the extent that these clearing agencies have excess resources belonging to the defaulting participant. Under this agreement, no party ever needs to pay "out of pocket" and no party can receive more than its loss.

If DTC suffers a loss or liability due to participant default, DTC would first apply any remaining resources of the defaulting Participant (additional collateral, Participant Fund deposit), and any amounts available to it under cross-guaranty agreements to which it is a party (listed above). If any losses remain, DTC may apply the participants fund deposit of non-defaulting participants (i.e. participants loss allocation) and DTC may charge its existing retained earnings and undivided profits to satisfy the loss or liability if and as approved by its Board of Directors.

On December 2, 2014, FICC filed a proposed rule change (SR-FICC-2014-11) with the SEC to move the timing of novation to the time the trade is guaranteed. The rule change was approved by the SEC on January 30, 2015, this change is currently effective in the GSD Rules and the MBSD Rules.

20. OFF BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a Participant. The Company's exposure to credit risk arises primarily from clearing and settlement service operations. Credit risk also arises from financial assets, which consist principally of cash and cash equivalents, investments, accounts receivable, and Participant Fund and Clearing Fund.

Concentrations of credit risk may arise due to large connected individual exposures and significant exposures to groups of Participants whose likelihood of default is driven by common underlying factors, including economic conditions affecting the securities industry and debt issuing countries.

Given that NSCC and FICC are CCPs, they are exposed to significant credit risk of third parties, including their customer base, which extends to companies within the global financial services industry. Customers are based in the United States and overseas and include participating brokers, dealers, institutional investors, banks, trust issuers, mutual fund companies, insurance carriers, hedge funds, and other financial intermediaries — either directly or through correspondent relationships.

Cash and Cash Equivalents. The Company maintains cash and cash equivalents with various financial institutions. These financial institutions are located in various geographical regions, and the Company's policy is designed to limit exposure to any one institution. As part of its risk management processes, the Company performs periodic evaluations of the relative credit standing of the financial institutions with whom it places funds. The Company generally makes deposits with financial institutions having a credit rating of at least BBB+/Baa1 or better from recognized rating agencies and that are approved via its internal credit review process. The Company also monitors the condition of the financial institutions with whom it places funds on an ongoing basis to identify any significant change in an institution's financial condition. If such a change takes place, the amounts deposited with such financial institutions may be adjusted.

Marketable Securities. In addition to making investments in reverse repurchase agreements, money market funds, and interest-bearing deposits, the Company also makes direct investments in U.S. Treasury securities. Credit risk related to marketable securities involves the risk of nonperformance by the counterparty, which could result in a material loss. To mitigate the risk of credit loss, the Company only makes investments in debt obligations of the U.S. government or those U.S. government agencies guaranteed by the U.S. government.

Accounts Receivable. Credit risk related to accounts receivable involves the risk of nonpayment by the counterparty. Credit risk is diversified due to the large number of Participants comprising the Company's customer base. The Company also performs ongoing credit evaluations of the financial condition of its customers and evaluates the delinquency status of the receivables.

Participant Fund and Clearing Fund. In addition to risk management policies described above for cash and cash equivalents, when Participants provide cash deposits to the Clearing Fund, the Company may invest the cash in reverse repurchase agreements (reverse repos). The Company bears credit risk related to reverse repurchase agreements only to the extent that cash advanced to the counterparty exceeds the value of collateral received. Securities purchased under reverse repos are generally U.S. Treasury and agency securities having minimal credit risk due to low probability of U.S. government default and the highly liquid nature of these securities. Reverse repo investments are secured; collateral must have a market value greater than or equal to 102% of the cash invested. Additionally, reverse repo investments are typically placed with financial institutions having a credit rating of BBB+/Baa1 or better from recognized rating agencies and that are approved via the Company's credit review process. To avoid concentration of credit risk exposures, the Company sets credit limits for each counterparty.

Participant cash deposits may also be invested in money market mutual funds under Rule 2a-7 of the Investment Company Act of 1940 having a credit rating of AAA/Aaa from recognized rating agencies. Since the Company only invests in highly rated money market mutual funds and cash is returned each day, the Company has minimal credit risk related to these investments.

The Company is also exposed to credit risk on a daily basis as a result of its responsibilities for clearing and settlement services. This risk arises at DTCC should a Participant fail to fulfill its settlement obligation.

The Company provides risk management/mitigation by identifying, measuring and responding to these risks in order to protect the safety and soundness of the clearing and settlement system. Various tools are utilized to mitigate these risks, including, but not limited to the following: setting capital adequacy standards; assessing new applicants; performing continuous monitoring of Participants' financial condition; reviewing Participants' daily trading activity and determining appropriate collateral requirements; maintaining the Participant Fund and Clearing Fund; trade and continuous trade netting; marking unsettled trades to market; and utilizing a variety of advanced quantitative analytical methodologies, such as back and stress testing.

In order to become a participating member at any of DTCC's clearing agency or RCH subsidiaries, an applicant must meet minimum eligibility criteria (which are specified in the subsidiaries' respective rules). All applicants must provide the Company with certain financial and operational information. This information is reviewed to ensure the applicant has sufficient financial resources to make anticipated contributions to the relevant subsidiary's Participants Fund or Clearing Fund and to meet obligations to the subsidiary. The credit quality of the clearing Participant is evaluated at the time of application and monitored on an ongoing basis to periodically review the Participant's financial condition and ability to meet the financial requirements of membership. As part of its review, the Company utilizes an internal credit risk rating matrix to risk rate its bank and broker Participants. The resulting rating determines the level of financial review that will be performed on each Participant and may impact their Participants Fund and Clearing Fund requirements.

Collateralization controls and net debit caps are employed by DTC to protect Participants against the risk that one or more Participants may fail to pay their settlement obligations. DTC's collateralization controls prevent the completion of transactions that would cause a Participant's net debit balance to exceed the value of collateral in its account. This is designed so that if a Participant fails to pay or meet its settlement obligation, DTC will have sufficient collateral to secure funding for settlement and liquidation of the collateral to repay any borrowings. DTC's net debit cap controls limit the net settlement debit that each Participant can incur to an amount, based upon activity level, which would be covered by DTC's sources of liquidity. The net debit cap is structured so that DTC will have sufficient liquidity to complete settlement should any single Participant or Participant family fail to settle.

NSCC and FICC collect Clearing Fund deposits from their Participants using a risk-based margining methodology. The risk-based methodology enables them to identify the risks posed by a Participant's unsettled portfolio and to quickly adjust and collect additional deposits as needed to cover those risks. At multiple times during the day, Clearing Fund requirements are calculated for each Participant based on then-current unsettled and pending transactions. Security pricing is updated on an intraday basis and additional charges may be collected to cover significant price movements from those Participants with a significant exposure in the identified security. The Company monitors Participants overall trading activities throughout the trading day to determine whether exposures are building up that would require special actions to increase their Clearing Fund deposits. The Company regularly performs back and stress testing of the quality and accuracy of its risk management systems to ensure the adequacy of Clearing Fund requirements and to respond to other risk factors the tests may reveal.

DTC and NSCC also maintain lines of credit to support potential liquidity needs in the event of a Participant default. See Note 14, Debt.

The Company also limits its exposure to potential losses from default by Participants through multilateral netting contracts and limited cross-guaranty agreements with other clearing agencies. These arrangements are designed to provide a mechanism for the sharing of excess net collateral resources of a common defaulting Participant held at one clearing agency to cover losses incurred at another clearing agency. NSCC, FICC, and DTC have a multilateral netting contract and limited cross-guaranty agreement with each other and with OCC under which these clearing agencies have agreed to make payment to each other for any remaining unsatisfied obligations of a common defaulting Participant to the extent they have excess resources of the defaulting Participant. NSCC and OCC also have an agreement providing for payments to each other relating to the settlement of certain option exercises and assignments in the event of a mutual Participant's failure. Further, DTC and NSCC have a netting contract and limited cross-guaranty agreement which includes certain arrangements and financial guarantees to ensure securities delivered by DTC to NSCC to cover CNS allocations are fully collateralized.

If a DTC Participant fails to pay any obligation to DTC, such Participant's deposits to the Participants Fund may be applied to payment of that obligation. DTC may also apply the Participants Fund deposits of non-defaulting Participants to satisfy any loss or liability incurred by DTC and/or DTC may charge its existing retained earnings and undivided profits to satisfy the loss or liability.

21. IMPACT FROM SUPERSTORM SANDY

During the last quarter of 2012, the Company's operations were significantly impacted by Superstorm Sandy (Sandy). The floodwaters that engulfed the lobby and underground floors of its corporate headquarters at 55 Water Street in Lower Manhattan forced a lengthy closure of the building, displacing some 2,300 employees along with the Company's operations at the site.

For the year ended December 31, 2014, the expenses and insurance recoveries related to Sandy were recorded in other general and administrative, and are as follows (in thousands):

		2014
Clean up and restoration of security certificates	$	1,444
Corporate expenses		610
Legal fees		116
Replacement of technical equipment		188
Property damage and building restoration		42
Total expenses		2,400
Insurance recoveries and rent credit		(14,531)
Net benefit	$	(12,131)

There have been no expenses and recoveries related to Sandy during the nine months ended September 30, 2015.

In addition, as a result of Sandy, DTC is at risk for a range of additional potential exposures. The most significant of these stem from the flooding of the vault and resultant damage to certificates. As a result, the Company has potential contingent liabilities from: (i) the issuance of indemnifications to Transfer Agents for damaged certificates to enable the processing of transactions until such time that the certificates become physically available, (ii) replacement of the certificates, and (iii) issuance of surety bonds for the replaced certificates.

Since the last quarter of 2012, DTCC issued 99,997 Letter of Indemnification (LOI) certificates and rescinded 99,580 of them as of September 30, 2015. As of September 30, 2015, the total number of certificates outstanding were 417, valued at $114 million. The Company continues to assess this matter and believes, based on information available to it, the resolution of these matters will not have a material adverse effect on the financial condition and to the Company's operating results or cash flows for any particular period. Accordingly, no such amounts have been recognized by the Company in the accompanying unaudited condensed consolidated financial statements. The Company continues to assess the probability and the estimation of the exposure to determine the extent of further disclosure and/or whether recognition may be necessary going forward.

In accordance with applicable guidance, DTCC establishes accruals for replacement of the certificates and issuance of surety bonds for the replaced certificates where they represent loss contingencies that are both probable and reasonably estimable. As of September 30, 2015, the company had previously established a $2.5 million accrual for these probable cash outflows. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. DTCC will continue to monitor such matters for developments that could affect the amount of the accrual, and will adjust the accrual as appropriate. DTCC believes its accruals for these exposures are appropriate and, in the aggregate, are not material to the unaudited condensed consolidated financial position of DTCC, although future accruals could have material effect on net income in a given period.

DTCC maintains a property insurance policy that has sublimits that apply to various types of damage, such as business interruption (lost profits), extra expenses (expenses incurred to maintain normal business operations), debris removal, etc., and also to specific types of damage incurred from catastrophic natural disasters such as hurricanes, earthquakes, and floods. DTCC also maintains insurance coverage for losses relating to its business as a custodian of property, including losses arising from damage or destruction of securities. During 2014, DTCC received $14.5 million against its claims related to property, business interruption and losses arising from damage or destruction of securities, which is included

within other general and administrative expenses in the accompanying Unaudited Condensed Consolidated Statements of Income.

22. OTHER MATTERS

Lehman Brothers Inc. On September 19, 2008, a Trustee was appointed, under the Securities Investor Protection Act (SIPA), to administer and liquidate the business of Lehman Brothers Inc. (LBI). As part of the liquidation of LBI, certain of its assets were sold to Barclays Capital Inc. (Barclays). These assets did not, include the accounts that LBI maintained at NSCC, FICC, and DTC.

As a result, the Trustee, Barclays, and DTCC, on behalf and for the benefit of NSCC, FICC, and DTC (collectively, the "Clearing Agency Subsidiaries") entered into an agreement that provided for the Clearing Agency Subsidiaries to wind down their respective LBI accounts, including the close out of pending transactions and the use of the proceeds in accordance with their respective rules and procedures, in the same manner in which they close out positions of participants for whom they cease to act. On September 24, 2008, the Clearing Agency Subsidiaries formally ceased to act for LBI.

In addition, Barclays agreed to guaranty, indemnify, and hold harmless DTCC, each of NSCC, FICC, and DTC, and their officers, directors, employees, owners, agents, and representatives against any and all losses, claims, damages, expenses (including legal fees), or liabilities that any of them may incur as a result of winding down and closing out the respective accounts. The guaranty is limited to a $250,000,000 cash deposit (the "Cash Deposit") it provided for that purpose.

Any losses will first be satisfied from the Cash Deposit. If there are losses in excess of the Cash Deposit, they will be satisfied in accordance with the rules and procedures of NSCC, FICC and DTC, respectively (including through application of LBI's Clearing or Participants Fund deposits and any Clearing Agency cross guaranty agreements). If any portion of such funds remains after the close out of the LBI Accounts and satisfaction of all obligations of NSCC, FICC, and DTC, they will be remitted to the Trustee. The Cash Deposit is held at DTCC to facilitate its investment pending application against losses or its turnover to the Trustee.

With respect to LBI, DTCC and its subsidiaries held the following deposits/balances as of September 30, 2015 and December 31, 2014:

	2015	2014
Segregated cash	$ 3,301,827	$ 4,101,862
Participant and clearing funds	1,160,135	1,160,135
Matured money market investment accounts	30,644,008	30,644,008
Total	$ 35,105,970	$ 35,906,005

As of September 30, 2015, DTCC has delivered to the Trustee of the LBI estate $5,154,013,000 in cash and clearing fund securities valued at $159,479,000, attributable to the LBI estate.

MF Global Inc. On October 31, 2011, a Trustee was appointed, under the SIPA, to administer and liquidate the business of MF Global Inc. (MFG). As part of the liquidation of MFG, any losses will first be satisfied in accordance with the rules and procedures of NSCC, FICC and DTC, respectively (including through application of MFG's Clearing or Participants Fund deposits and any Clearing Agency cross guaranty agreements). If any portion of such funds remains after the close out of the MFG accounts and satisfaction of all obligations of NSCC, FICC, and DTC, they will be remitted to the Trustee.

With respect to MFG, DTCC and its subsidiaries held the following deposits/balances as of September 30, 2015 and December 31, 2014:

	2015	2014
Total participant and clearing funds	$ 1,987,406	$ 1,987,406

As of September 30, 2015 DTCC had delivered cash to the Trustee of the MFG estate of $254,298,000, attributable to the MFG estate.
Management does not expect there will be any losses attributable to the liquidation of the LBI or MFG accounts to be assessed against retained earnings or participants.

23. SUBSEQUENT EVENTS

In accordance with the Amended Certificate of Incorporation of DTCC, the Board of Directors approved and declared a dividend in the amount of $6,703.125 per share on the 1,600 shares outstanding of its Series C Preferred Stock. The dividend will be payable on December 15, 2015, to the holders of Series C Preferred Stock as of record date November 30, 2015.

The Company evaluated events and transactions occurring after September 30, 2015 through November 19, 2015 for potential recognition or disclosure in these unaudited condensed consolidated financial statements. No other events or transactions occurred during such period that would require recognition or disclosure in these unaudited condensed consolidated financial statements.