The Depository Trust Company

Consolidated Financial Statements as of and for the Years Ended December 31, 2016 and 2015, and Report of Independent Registered Public Accounting Firm

THE DEPOSITORY TRUST COMPANY

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Depository Trust Company
New York, NY

We have audited the accompanying consolidated statements of financial condition of The Depository Trust Company and subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Depository Trust Company and subsidiary as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 28, 2017

THE DEPOSITORY TRUST COMPANY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	As of December 31, 2016	2015
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 379,400	$ 378,564
Accounts receivable	40,688	89,596
Participants' Fund cash deposits	1,752,431	1,738,971
Other Participants' assets	958,048	433,489
Other current assets	4,139	8,932
Total current assets	3,134,706	2,649,552
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of $176,999 and $211,302 as of December 31, 2016 and 2015, respectively	19,036	24,119
Intangible assets - net of accumulated amortization of $220,379 and $206,536 as of December 31, 2016 and 2015, respectively	26,171	26,342
Other non-current assets	83,699	86,029
Total non-current assets	128,906	136,490
TOTAL ASSETS	$ 3,263,612	$ 2,786,042
LIABILITIES AND SHAREHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ —	$ 51,126
Loan payable to DTCC	—	50,000
Accounts payable	13,798	13,046
Payable to Participants	958,048	433,489
Participants' Fund cash deposits	1,752,431	1,738,971
Other current liabilities	—	391
Total current liabilities	2,724,277	2,287,023
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	20,058	20,425
Total liabilities	2,744,335	2,307,448
COMMITMENTS AND CONTINGENCIES (Note 15)		
SHAREHOLDERS' EQUITY:		
Preferred stock, Series A, $100 par value - 3,250,000 shares authorized; 1,500,000, issued and outstanding	150,000	150,000
Common stock, $100 par value - 18,500 shares authorized; issued and outstanding	1,850	1,850
Paid-in capital	61,546	61,546
Retained earnings	305,881	265,198
Total shareholders' equity	519,277	478,594
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,263,612	$ 2,786,042

The Notes to the Consolidated Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(In thousands)	For the years ended December 31, 2016	2015
REVENUES:		
Settlement and asset services	$ 406,850	$ 399,120
Other revenue	7,113	6,400
Total revenues	413,963	405,520
EXPENSES:		
Employee compensation and related benefits	168,999	167,920
Information technology	33,865	29,602
Professional and other services	103,742	112,016
Occupancy	8,289	8,796
Depreciation and amortization	18,560	19,986
Other general and administrative	7,861	10,811
Total expenses	341,316	349,131
Total operating income	72,647	56,389
NON-OPERATING INCOME (EXPENSE):		
Interest income	2,925	1,275
Refunds to Participants	(413)	(122)
Interest expense	(4,218)	(5,334)
Total non-operating expense	(1,706)	(4,181)
Income before taxes	70,941	52,208
Provision for income taxes	29,778	20,047
Net income	$ 41,163	$ 32,161

The Notes to the Consolidated Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)	Preferred Stock Series A	Common Stock	Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2015	$ 150,000	$ 1,850	$ 61,546	$ 233,277	$ 446,673
Net income	—	—	—	32,161	32,161
Dividends on preferred stock	—	—	—	(240)	(240)
BALANCE - December 31, 2015	150,000	1,850	61,546	265,198	478,594
Net income	—	—	—	41,163	41,163
Dividends on preferred stock	—	—	—	(480)	(480)
BALANCE - December 31, 2016	$ 150,000	$ 1,850	$ 61,546	$ 305,881	$ 519,277

The Notes to the Consolidated Financial Statements are an integral part of these statements.

THE DEPOSITORY TRUST COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the years ended December 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 41,163	$ 32,161
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,560	19,986
Loss on disposal of Premises and equipment	366	43
Impairment of Intangible assets	—	467
Deferred income taxes	2,330	4,366
Changes in operating assets and liabilities:		
Decrease (increase) in Accounts receivable	48,908	(36,171)
Decrease (increase) in Other assets	4,793	(8,862)
Increase (decrease) in Accounts payable	512	(5,193)
Decrease in Other liabilities	(758)	(1,846)
Net cash provided by operating activities	115,874	4,951
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of securities under Reverse repurchase agreements	—	100,000
Purchases of Premises and equipment	—	(214)
Purchases of Intangible assets	(13,672)	(13,449)
Net cash (used in) provided by investing activities	(13,672)	86,337
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds received on Loan payable to DTCC	—	55,000
Repayments on Loan payable to DTCC	(50,000)	(5,000)
Repayments on long-term debt	(51,126)	—
Dividends on Preferred stock	(240)	(240)
Net cash (used in) provided by financing activities	(101,366)	49,760
Net increase in Cash and cash equivalents	836	141,048
Cash and cash equivalents - Beginning of year	378,564	237,516
Cash and cash equivalents - End of year	$ 379,400	$ 378,564
SUPPLEMENTAL DISCLOSURES:		
Cash interest paid	$ 1,995	$ 3,302
Cash income taxes paid to DTCC - net of refunds	$ 19,479	$ 25,950

The Notes to the Consolidated Financial Statements are an integral part of these statements.

1. BUSINESS AND OWNERSHIP

The Depository Trust Company (DTC or the Company) is a limited purpose trust company formed under the Banking Law of New York State and supervised by the New York State Department of Financial Services (NYSDFS); a State member bank of the Federal Reserve System (FRS), subject to examination by the Federal Reserve Bank of New York (FRBNY) under delegated authority from the Board of Governors (the FRB) of the FRS; and a clearing agency registered with, and under the supervision of, the U.S. Securities and Exchange Commission (SEC). DTC provides central securities depository, settlement and related services to members of the securities, banking and other financial industries (collectively referred to as Participants).

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). Other subsidiaries of DTCC include National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), Omgeo LLC, DTCC Deriv/SERV LLC, DTCC Solutions LLC, Business Entity Data, B.V. and Avox Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) and include the accounts of DTC and its wholly-owned subsidiary. Intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. Management makes estimates regarding among other things, the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized 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.

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.

Fair value measurements. The Company may be required or permitted to measure and disclose certain assets and liabilities using fair value measurements. Fair value is defined 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. The Company uses a three-level classification hierarchy of fair value measurements that establishes the quality of inputs used to measure fair value. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

Accounts receivable. Accounts receivable are stated at cost, net of an allowance for doubtful accounts. The Company establishes an allowance for estimated losses resulting from 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.

Participants' Fund. The rules of DTC require Participants to maintain deposits in the Participants' Fund related to their DTC activities based on calculated requirements, as determined by the Company. The deposits may be applied to satisfy obligations of the depositing Participants, other Participants or DTC as provided in DTC's rules. Participant cash deposits are maintained within the Participants' Fund on the accompanying Consolidated Statements of Financial Condition due to the benefits and risks of ownership incurred by the Company.

Cash deposits. Deposits and contributions received in the form of cash may be invested in bank deposits, reverse repurchase agreements, money market funds and direct obligations of the U.S. Government. Reverse repurchase agreements provide for DTC's delivery of cash in exchange for securities having a fair value that is at least 102% of the amount of the agreements. Securities purchased under reverse repurchase agreements are typically U.S. Treasury and agency securities. All interest earned on these investments is accrued and refunded to the Participants within Interest income in the accompanying 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 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 on the accompanying Consolidated Statements of Financial Condition. 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 Participants' assets on the accompanying Consolidated Statements of Financial Condition. DTC's obligation to return such cash collateral to Participant is also reflected in Payable to Participants.

Federal Reserve Stock. DTC is a member of the FRBNY and, as a member, is required to maintain a minimum level of investment in Federal Reserve Bank stock based on the Company's capital. The Federal Reserve Bank stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value. Based on this evaluation, the Company determined there is not an other-than temporary impairment as of December 31, 2016 and 2015. The Federal Reserve Bank stock is included in Other non-current assets on the accompanying Consolidated Statements of Financial Condition.

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 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 the accompanying Consolidated Statements of 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 accompanying Consolidated Statements of Income.

Intangible assets. Intangible assets represent 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. All other costs incurred in connection with an internal-use software project are expensed as incurred.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. Intangible assets are amortized over estimated useful lives ranging from three to five years using the straight-line method.

Revenue recognition. The Company's revenue primarily consists of fees generated from settlement and asset services. Revenue is generally recognized as services are rendered and is billed on a monthly basis.

Income taxes. The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amount and tax bases 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. Deferred tax assets and liabilities are reported net in non-current assets or liabilities on the accompanying Consolidated Statements of Financial Condition. 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.

Expense allocations. Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries, including DTC, based upon their use of such goods or services as determined by various allocation factors including direct expenses, level of support provided and utilization of technology resources. Accordingly, the expense classifications in the accompanying Consolidated Statements of Income represent allocated expenses including Employee compensation and related benefits, Information technology, Professional and other services, Occupancy, Depreciation and amortization, and Other general and administrative.

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Date of Issuance/ Adoption	Impact on the consolidated financial statements or other significant matters
Recently Issued Accounting Standards			
ASU No. 2016-18, *FASB ASC Topic 230, Statement of Cash Flows*	The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. The amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.	November 2016/ January 1, 2018 Early adoption is permitted.	The Company is evaluating the effect on its Consolidated Statement of Cash Flows and related disclosures.
ASU No. 2016-15, *FASB ASC Topic 230, Statement of Cash Flows*	The amendments in this update address eight specific cash flow issues with the objective of reducing the existing diversity in treatment. The cash flow issues addressed include: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies; distributions received from equity method investees; beneficial interests in securitization transactions; separately identifiable cash flows and application of the predominance principle. The amendments provide guidance for each of the eight issues, where current guidance is either unclear or does not specify treatment, thereby reducing the current and potential future diversity in practice.	August 2016/ January 1, 2018 Early adoption is permitted.	The Company is evaluating the impact on its Consolidated Statement of Cash Flows and related disclosures.
ASU No. 2016-13, *FASB ASC Topic 326, Financial Instruments - Credit Losses*	The standard replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortized cost. All lifetime credit losses for financial assets held at the reporting date will be required to be estimated based on factors such as historical experience, current conditions and forecasts. Additionally, the standard requires entities to record allowances for available-for-sale debt securities.	June 2016/ January 1, 2020 Early adoption is permitted for fiscal years beginning after December 15, 2018.	The Company is evaluating the effect on its Consolidated Financial Statements and related disclosures.

Standard	Description	Date of Issuance/ Adoption	Impact on the consolidated financial statements or other significant matters
Recently Issued Accounting Standards (Continued)			
ASU No. 2016-02, *FASB ASC Topic 842, Leases*	The standard requires a lessee to recognize leases with terms of longer than 12 months within balance sheet assets and liabilities. The recognition measurement and presentation of expenses and cash flows arising from a lease will now depend on its classification as a financing or operating lease as determined by the lessee. Lessor accounting will remain largely unchanged from current GAAP. Leases of fewer than 12 months are exempt from the updated standard.	February 2016/ January 1, 2019 (including interim periods) Early adoption is permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and related disclosures.
ASU No. 2016-01, *FASB ASC Topic 825, Recognition and Measurement of Financial Assets and Financial Liabilities*	The standard requires the fair value measurement of unconsolidated equity investments, except those accounted for under the equity method. Entities will be required to measure these investments at the end of each reporting period and recognize the changes in fair value in net income. Entities will no longer be able to recognize unrealized gains and losses on equity securities classified as available-for-sale in other comprehensive income.	January 2016/ January 1, 2018 Early adoption is permitted.	The Company is evaluating the effect on its Consolidated Financial Statements and related disclosures.
ASU No. 2014-09, *FASB ASC Topic 606 Revenue from Contracts with Customers* ASU No. 2016-08, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* ASU No. 2016-10, *Identifying Performance Obligations and Licensing* ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients*	The standards outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Additionally, the ASU expands the disclosure requirements for revenue recognition.	May 2014/ January 1, 2018 Early adoption is permitted.	The Company is evaluating the updated revenue recognition guidance collectively, including the alternative methods of adoption. On a preliminary basis, the Company does not anticipate a material change to the timing and pattern of revenue recognition, although the analysis used to determine the timing and pattern of revenue recognition will differ. The Company anticipates the primary impact of the adoption on its Consolidated Financial Statements will be the additional required disclosures around revenue recognition in the notes to its financial statements. The Company's preliminary assessment is subject to change.

Standard	Description	Date of Issuance/ Adoption	Impact on the consolidated financial statements or other significant matters
Recently Adopted Accounting Standards			
ASU No. 2015-02, *FASB ASC Topic 810, Consolidation*	The standard changed the analysis that the Company must perform to determine whether it should consolidate certain types of legal entities and whether or not such legal entities are considered variable interest entities. The Company was required to reevaluate its interests in legal entities in scope of the new guidance under the revised consolidation model.	February 2015/ January 1, 2016	The adoption of this guidance did not have a material impact on its Consolidated Statements of Financial Condition, Statements of Income, Cash Flows or related disclosures.
ASU No. 2015-17, *FASB ASC Topic 740, Income Taxes*	The update required deferred tax assets and liabilities to be presented as noncurrent deferred tax assets or noncurrent deferred tax liabilities in a classified statement of financial position. This update aligned the presentation of deferred tax assets and liabilities with International Financial Reporting Standards.	November 2015/ December 31, 2015	The Company early adopted this standard prospectively and reclassified all of its deferred tax assets to noncurrent deferred tax assets on its Consolidated Statement of Financial Condition as of December 31, 2015. The adoption did not have a material impact to its Consolidated Statements of Income or Cash Flows or related disclosures. This standard was not retrospectively applied and prior periods were not adjusted.

4. ACCOUNTS RECEIVABLE

Details for Accounts receivable as of December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Securities depository and settlement fees due from Participants	$ 40,688	$ 42,209
Due from related parties [1]	—	47,387
Total	$ 40,688	$ 89,596

There were no allowances for doubtful accounts as of December 31, 2016 and 2015.

(1) See Note 14 for additional information.

5. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund deposits as of December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Required cash deposits	$ 1,150,000	$ 1,150,000
Excess cash deposits	602,431	588,971
Total	$ 1,752,431	$ 1,738,971

Participants' Fund cash deposits. Participants' cash deposits to the Participants' Fund may be applied to satisfy obligations of the depositing Participants as provided in DTC's rules.

Refunds to Participants. The total amount of Interest income the Company earned from the investment of Participants' cash deposits in the Participants' Fund and refunded to Participants totaled $9,547,000 and $4,734,000 for the years ended December 31, 2016 and 2015, respectively, included in the accompanying Consolidated Statements of Income.

6. OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

The Company receives cash and stock dividends, interest, reorganization and redemption proceeds on securities registered in the name of its nominee, Cede and Co., and interest and redemption proceeds on bearer securities, which it distributes to Participants. Balances representing cash dividends, interest, reorganization and redemptions of $958,048,000 and $433,489,000 as of December 31, 2016 and 2015, respectively, are included in Other Participants' assets with a corresponding liability recorded in Payable to Participants on the accompanying Consolidated Statements of Financial Condition.

As of December 31, 2016 and 2015, Payable to Participants also includes $153,000 and $838,000, 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.

7. PREMISES AND EQUIPMENT

The cost, accumulated depreciation and net book value of Premises and equipment for the years ended December 31, 2016 and 2015 follow (in thousands):

	Furniture and equipment	Leasehold improvements	Capital leases	Buildings and improvements	Land	Total
Cost:						
As of January 1, 2015	$ 150,957	$ 142,765	$ 21,580	$ 12,986	$ 2,506	$ 330,794
Additions	—	214	—	—	—	214
Disposals	(32,436)	(63,151)	—	—	—	(95,587)
As of December 31, 2015	118,521	79,828	21,580	12,986	2,506	235,421
Disposals	(5,354)	(12,452)	(21,580)	—	—	(39,386)
As of December 31, 2016	$ 113,167	$ 67,376	$ —	$ 12,986	$ 2,506	$ 196,035
Accumulated depreciation:						
As of January 1, 2015	$ 148,343	$ 126,319	$ 21,571	$ 4,606	—	$ 300,839
Depreciation expense	1,994	3,701	9	303	—	6,007
Disposals	(32,436)	(63,108)	—	—	—	(95,544)
As of December 31, 2015	117,901	66,912	21,580	4,909	—	211,302
Depreciation expense	253	4,161	—	303	—	4,717
Disposals	(4,987)	(12,453)	(21,580)	—	—	(39,020)
As of December 31, 2016	$ 113,167	$ 58,620	$ —	$ 5,212	$ —	$ 176,999
Net book value:						
As of January 1, 2015	$ 2,614	$ 16,446	$ 9	$ 8,380	$ 2,506	$ 29,955
As of December 31, 2015	$ 620	$ 12,916	$ —	$ 8,077	$ 2,506	$ 24,119
As of December 31, 2016	$ —	$ 8,756	$ —	$ 7,774	$ 2,506	$ 19,036

During 2016 and 2015, disposals of premises and equipment resulted in a loss of $366,000 and $43,000, respectively, and are included within Other general and administrative in the accompanying Consolidated Statements of Income.

8. INTANGIBLE ASSETS

The gross carrying value, accumulated amortization and net carrying value of capitalized software for the years ended December 31, 2016 and 2015 follow (in thousands):

	Capitalized Software
Gross carrying value:	
As of January 1, 2015	$ 224,222
Additions	13,449
Impairment	(4,793)
As of December 31, 2015	232,878
Additions	13,672
As of December 31, 2016	$ 246,550
Accumulated amortization:	
As of January 1, 2015	$ 196,883
Amortization expense	13,979
Write-offs	(4,326)
As of December 31, 2015	206,536
Amortization expense	13,843
As of December 31, 2016	$ 220,379
Net carrying value:	
As of January 1, 2015	$ 27,339
As of December 31, 2015	$ 26,342
As of December 31, 2016	$ 26,171

The Company recognized impairment charges of $0 and $467,000 for the years ended December 31, 2016 and 2015, respectively, that were determined to have no realizable value. The impairment charges are included within Other general and administrative in the accompanying Consolidated Statements of Income.

Details for the estimated amortization expense for each of the next four years follow (in thousands):

2017	$ 11,900
2018	8,864
2019	4,038
2020	1,369
Total future estimated amortization	$ 26,171

9. DEBT

Details for the Current portion of long-term debt and Loan payable to DTCC, including interest rate, terms and maturities as of December 31, 2016 and 2015 follow (in thousands):

				Outstanding Balance	
	Rate	**Issue Date**	**Maturity**	**2016**	**2015**
Current portion of long-term debt	Fixed 5.59%	4/6/2009	4/15/2016	$ —	$ 51,126
Loan payable to DTCC	LIBOR+1.30%	5/1/2015	On demand	—	50,000

Current portion of long-term debt. Interest payments were due semi-annually on April 15 and October 15 of each year through maturity. Interest on the loan included in Interest expense on the accompanying Consolidated Statements of Income was $834,000 and $2,858,000 for the years ended December 31, 2016 and 2015, respectively.

Loan payable to DTCC. The proceeds of the loan supplemented the Company's liquid financial resources pursuant to the SEC's standards for covered clearing agencies. The loan was fully repaid as of December 31, 2016. Interest on the loan, which is included in Interest expense in the accompanying Consolidated Statements of Income, was $503,000 and $506,000 for the years ended December 31, 2016 and 2015, respectively.

Interest expense on other borrowings included in the accompanying Consolidated Statements of Income was $2,881,000 and $1,970,000 for the years ended December 31, 2016 and 2015, respectively.

Lines of credit. The Company maintain lines of credit to support settlement. Details for the terms of the outstanding lines of credit as of December 31, 2016 and 2015 follow:

Committed	**2016**	**2015**
Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
No. of Participants/Lenders	31/37	31/38
Borrowing rate	The greater of the federal funds offered rate, adjusted LIBOR, or lenders' cost of funds, on the day of borrowing, plus 1.40%	

Uncommitted	**2016**	**2015**
Amount	$150 million (1)	$150 million (1)
Denomination	CAD	CAD
No. of Participants/Lenders	1/1	1/1

(1) Used to support Canadian settlement.

There were no borrowings under any of these lines of credit as of December 31, 2016 and 2015.

Details for debt covenants related to the lines of credit as of December 31, 2016 and 2015 follow:

	2016	**2015**
Minimum Net Worth	$150 million	$125 million
Minimum Participants Fund deposits	750 million	750 million

As of December 31, 2016 and 2015, the Company was in compliance with its debt covenants.

Credit Ratings. The Company is rated by Moody's Investors Service, Inc. (Moody's) and S&P Global Inc. (S&P). Details for senior debt ratings and ratings outlooks for the Company as of December 31, 2016 follow:

Moody's (1)			S&P		
Long-term	**Short-term**	**Outlook**	**Long-term (2)**	**Short-term**	**Outlook (2)**
Aaa	P-1	Stable	AA+	A-1+	Stable

(1) Moody's categorizes the long-term issuer ratings of the Company as a clearing counterparty rating (CCR) under their new Clearing Houses Rating Methodology introduced in January 2016.

(2) On May 17, 2016, S&P placed the AA+ long–term issuer credit rating of DTC on CreditWatch with negative implications. Subsequently, on September 20, 2016, DTC's long-term rating was affirmed by S&P and its ratings outlook was changed to stable.

10. FAIR VALUE MEASUREMENTS

Valuation hierarchy

U.S. GAAP provides for a three-level valuation hierarchy based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. Details for the descriptions of the three levels follow:

- 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 quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 — Inputs to the valuation methodology are unobservable and reflect the Company's own assumptions about the estimates market participants would use pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding timing and amount of expected cash flows).

A financial asset or liability's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value on a recurring basis. For financial assets and liabilities measured at fair value on a recurring basis (categorized in the valuation hierarchy above), the Company measures fair value based upon quoted market prices of identical or similar assets in active markets, where available. Where quotes from recent exchange transactions and other observable data are not available, the Company determines fair value based on discounted cash flow analyses. Discounted cash flow analyses are dependent upon various factors including estimated future cash flows, interest rate yield curves and volatility of inputs.

There were no assets or liabilities measured at fair value on a recurring basis during the years ended December 31, 2016 and 2015.

Financial assets and liabilities measured at other than fair value. For financial assets and liabilities that are not required to be carried at fair value on a recurring basis the Company applies the following valuation techniques to measure fair value:

Product/ Instrument	Valuation Methodology	Classification in the valuation hierarchy
Liabilities - Current Liabilities		
Current portion of long-term debt	Discounted cash flows using current market rates for similar instruments of the same remaining maturity or quoted prices for the same of similar issues	Level 2
Loan payable to DTCC		Level 2

Financial assets and liabilities whose carrying value approximates fair value. The carrying values of certain assets and liabilities approximate their fair values because they are short-term in duration, have no defined maturity, or have market-based interest rates. These instruments include Cash and cash equivalents, Accounts receivable, Participants' Funds - Cash deposits, Other Participants' assets, Accounts payable and Payable to Participants.

The table below present the carrying values, fair values and fair value hierarchy levels of certain financial instruments measured at other than fair value on the accompanying Consolidated Statements of Financial Condition as of December 31, 2016 and 2015 (in thousands):

	2016				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 379,400	$ 379,400	$ 379,400	$ —	$ —
Accounts receivable	40,688	40,688	—	40,688	—
Participants' Fund cash deposits	1,752,431	1,752,431	1,752,431	—	—
Other Participants' assets	958,048	958,048	955,081	2,967	
Total	$ 3,130,567	$ 3,130,567	$ 3,086,912	$ 43,655	$ —
Liabilities:					
Accounts payable	$ 13,798	$ 13,798	$ —	$ 13,798	$ —
Payable to Participants	958,048	958,048	958,048	—	—
Participants' Fund cash deposits	1,752,431	1,752,431	1,752,431	—	—
Total	$ 2,724,277	$ 2,724,277	$ 2,710,479	$ 13,798	$ —

	2015				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 378,564	$ 378,564	$ 378,564	$ —	$ —
Accounts receivable	89,596	89,596	—	89,596	—
Participants' Fund cash deposits	1,738,971	1,738,971	1,738,971	—	—
Other Participants' assets	433,489	433,489	429,563	3,926	—
Total	$ 2,640,620	$ 2,640,620	$ 2,547,098	$ 93,522	$ —
Liabilities:					
Current portion of long-term debt	$ 51,126	$ 49,368	$ —	$ 49,368	$ —
Loan Payable to DTCC	50,000	50,000	—	50,000	—
Accounts payable	13,046	13,046	—	13,046	—
Payable to Participants	433,489	433,489	433,489	—	—
Participants' Fund cash deposits	1,738,971	1,738,971	1,738,971	—	—
Total	$ 2,286,632	$ 2,284,874	$ 2,172,460	$ 112,414	$ —

Financial assets measured at fair value on a non-recurring basis. Certain assets are subject to measurement at fair value on a non-recurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if determined to be impaired. Fair value is based on discounted cash flow analyses or comparing values of similar instruments. Discounted cash flow analyses are dependent upon various factors including estimated future cash flows, interest rate yield curves and volatility of inputs.

Fair value on the aforementioned capitalized software impairment, disclosed in Note 8, was based on discounted cash flows using Level 3 inputs under the fair value guidance. The cash flows are those expected to be generated by the market participants, discounted at the risk-free rate of interest. The impairment charges are included in the accompanying Consolidated Statements of Income.

11. PENSION AND POSTRETIRMENT BENEFITS

DTCC eligible employees participate in DTCC's trusteed non-contributory defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan, which provide for certain benefits upon retirement. DTCC eligible employees also participate in DTCC's life insurance program, which provides for the payment of death benefits to beneficiaries of eligible retired employees and DTCC's healthcare program, which provides benefits to eligible retired employees.

Cost allocation. DTCC allocates the cost of these plans to participating subsidiaries based primarily upon the proportion of each subsidiary's allocated salary cost to the aggregate salary cost of DTCC and its subsidiaries. The benefit plan costs allocated to DTC were $3,473,000 and $4,551,000 for the years ended December 31, 2016 and 2015, respectively. These costs are included in Employee compensation and related benefits in the accompanying Consolidated Statements of Income.

12. INCOME TAXES

DTC is included in DTCC's consolidated Federal and combined and unitary state tax returns. DTC files other state tax returns on a separate company basis.

Details for the components of the Company's income tax provision calculated on a separate company basis for the years ended December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Current income tax:		
Federal	$ 20,451	$ 12,168
State and local	5,634	1,921
Total current income tax	26,085	14,089
Deferred income tax:		
Federal	1,706	4,940
State and local	1,987	1,018
Total deferred income tax	3,693	5,958
Provision for income taxes	$ 29,778	$ 20,047

Pursuant to a tax sharing agreement between DTCC and DTC, the Company is liable for its allocable share of Federal, state and local tax liabilities that are paid by DTCC. For the years ended December 31, 2016 and 2015, the Company paid income taxes to DTCC, net of refunds, of $19,479,000 and $25,950,000, respectively.

The 2016 and 2015 effective tax rates differ from the 35% Federal statutory rate primarily due to state and local taxes and changes in unrecognized tax benefits.

Details for the reconciliation of the U.S. Federal statutory tax rate to the Company's effective tax rate on Income before taxes for the years ended December 31, 2016 and 2015 follow:

	2016	2015
U.S. statutory tax rate	35.0%	35.0%
State and local income taxes, net of Federal tax benefit	5.9	5.8
Change in unrecognized tax benefits	1.3	2.0
Other	(0.2)	(4.4)
Effective tax rate	42.0%	38.4%

Details for the components of deferred tax assets and (liabilities) as of December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Deferred tax assets:		
Accrued compensation	$ 15,439	$ 15,986
Accrued employee benefits	44,437	47,740
Depreciation	8,212	10,462
Deferred rent	6,761	5,085
Other	8,877	8,469
Total deferred tax assets	83,726	87,742
Deferred tax liabilities:		
Software	(6,429)	(8,115)
Total deferred tax liabilities	(6,429)	(8,115)
Net deferred tax assets	$ 77,297	$ 79,627

The deferred tax assets are expected to be fully realized and, accordingly, no valuation allowance was established.

Details for unrecognized tax benefits as of December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Beginning balance at January 1,	$ 11,873	$ 11,548
Increases to prior period tax positions	—	325
Ending balance as of December 31,	$ 11,873	$ 11,873

The Company classifies interest and penalties related to unrecognized tax benefits, if incurred, in Provision for income taxes in its accompanying Consolidated Statements of Income. As of December 31, 2016 and 2015, accrued interest related to unrecognized tax benefits recorded on the accompanying Consolidated Statements of Financial Condition totaled $6,255,000 and $4,892,000, respectively.

The Company is subject to U.S. Federal income tax as well as income tax in various state and local jurisdictions.

Details for the periods currently under examination and remaining subject to examination by jurisdiction as of December 31, 2016 follow:

	Tax Years	
Jurisdiction	**Under Examination**	**Subject to Examination**
U.S. Federal - Internal Revenue Service ("IRS")	2009 - 2012 (1)	2013 - 2015
New York State	2008 - 2010	2011 - 2015
New York City	2012 - 2013	2014 - 2015
State of Florida	2008 - 2013	2014 - 2015
State of Illinois	2012 - 2013	2014 - 2015

(1) The IRS concluded its review of the Federal income tax returns for 2009 through 2012; however, it is pending the closing agreements from the IRS.

For the current ongoing audits related to open tax years, the Company estimates it is possible the balance of unrecognized tax benefits could decrease in the next twelve 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 that new issues might be raised by tax authorities, which might necessitate increases to the balance of unrecognized tax benefits. 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 unrecognized tax benefits at this time. However, the Company believes it has adequately provided for its financial exposure for all open tax years by tax jurisdiction.

13. SHAREHOLDERS' EQUITY

DTC Series A Non-Cumulative Perpetual 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. Details for the Preferred stock as of December 31, 2016 follow (in thousands):

Series	Description	Total shares issued and outstanding	Carrying value	Per annum dividend rate	Dividends paid per share in 2016
Series A	Noncumulative Perpetual	1,500	150,000	480	0.32

Capital Adequacy. Details for DTC's Capital Adequacy capital ratios as of December 31, 2016 follow:

	DTC	Minimum Capital Ratio(1)	Well Capitalized Ratio(1)
Tier 1 capital ratio	71.52%	6.00%	8.00%
Total capital ratio	71.52%	8.00%	10.00%

(1) As defined by the regulations issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

14. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of the business, the Company enters into related party transactions with DTCC and its other subsidiaries. From time-to-time, the Company funds purchases of long-term assets acquired by DTCC on its behalf.

Transactions with DTCC. DTC has an agreement with DTCC whereby DTCC pays for substantially all of the operational expenses of DTC. The related expenses are allocated to DTC based upon its use of such goods or services. Further, the agreement provides that DTCC performs credit and quantitative risk services and certain other services for DTC including administrative, internal audit, finance and legal services. In 2016 and 2015, the billing for these services was 108% of total allocated expenses, excluding charges passed through to Participants and capitalized software costs. The fee, representing the amount over actual cost, is included in Professional and other services in the accompanying Consolidated Statements of Income.

Transactions with DTCC Solutions LLC. DTCC Solutions LLC performs validation services on behalf of DTC in connection with DTC's corporate action data information and are billed at cost. Expenses under this agreement are included in Professional and other services in the accompanying Consolidated Statements of Income.

Details for related party transactions with DTCC and DTCC Solutions LLC for 2016 and 2015 follow (in thousands):

	Expenses For the years ended December 31,		Payables / (Receivables) (2) As of December 31,	
	2016	2015	2016	2015
DTCC (1)	$ 23,326	$ 24,685	$ 2,334	$ (48,081)
DTCC Solutions LLC	32,247	30,046	2,947	694
Total	$ 55,573	$ 54,731	$ 5,281	$ (47,387)

(1) DTCC expenses relate to the 8% billing for services described above.
(2) Included in Accounts payable and Accounts receivable, respectively, on the accompanying Consolidated Statements of Financial Condition.

15. COMMITMENTS AND CONTINGENCIES

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 accompanying Consolidated Statements of Financial Condition, Income or Cash Flows.

Lease commitment. The Company leases office space and data processing and other equipment. Rent expense under these leases, which includes allocation of rent from DTCC, was $8,289,000 and $8,200,000 for the years ended December 31, 2016 and 2015, respectively. These amounts are included in Occupancy in the accompanying Consolidated Statements of Income.

Details for for future minimum rental payments under all non-cancelable leases as of December 31, 2016 follow (in thousands):

2017	$	2,663
2018		2,743
2019		2,825
2020		2,910
2021		2,997
Thereafter		35,388
Total minimum rental payments	$	49,526

16. OFF BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS

DTC is exposed to significant credit risk to third-parties including its customer base, which extends to companies within the global financial services industry. 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 comes mostly from clearing and settlement service operations. Customers are based in the United States and include participating brokers, dealers, banks, mutual fund companies, insurance carriers, and other financial intermediaries. Credit risk also comes from financial assets, which consist principally of cash and cash equivalents, accounts receivable and the Participants' 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.

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 with any one financial institution. As part of its credit and 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 a financial institution's condition. If such a change takes place, the amounts deposited in such financial institutions may be adjusted.

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 conditions of its customers and evaluates the delinquency status of the receivables.

Participants' Fund cash deposits. In addition to risk management policies described above for cash and cash equivalents, when Participants provide cash deposits to the Participants' 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, coupled with the highly liquid nature of these securities. Reverse repos are collateralized; collateral must have a market value greater than or equal to 102% of the cash invested. Additionally, reverse repos are typically placed with financial institutions with 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 invests in highly rated money market mutual funds and cash is returned daily, DTC has minimal credit risk related to these investments.

The Company is exposed to credit risk on a daily basis. This risk arises at DTC 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 DTC settlement system. Various tools are utilized to mitigate these risks including, but not limited to: 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 Participants' Fund; 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, an applicant must meet minimum eligibility criteria which are specified in the Company's rules. All applicants to be a DTC Participant 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 Participants' Fund and to meet its obligations to the Company. The credit quality of the Participant is evaluated at the time of application and monitored on an ongoing basis to determine if the Participant continues to be financially stable and able 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 Participants. The resulting rating determines the level of financial review to be performed on each Participant and may impact their Participants' 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 for 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 if a Participant fails to pay for its settlement obligation, DTC will have sufficient collateral to obtain funding for settlement. 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 liquidity resources. 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.

DTC maintains a committed, secured line of credit to support potential liquidity needs in the event of a Participant default.

The Company also limits its exposure to potential losses from default by Participants through its multilateral netting contract and limited cross-guaranty agreements with NSCC, FICC and the Options Clearing Corporation (OCC). These arrangements are designed to provide a mechanism for the sharing of excess net resources of a common defaulting Participant held at one clearing agency to cover losses incurred at another clearing agency. DTC and the 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 has a netting contract and limited cross-guaranty agreement with NSCC, which includes certain arrangements so that securities delivered by DTC to NSCC to cover Continuous Net Settlement (CNS) system allocations are fully collateralized.

If a Participant defaults, such Participant's deposits to the Participants' Fund would be liquidated to satisfy an outstanding obligation and/or loss incurred by DTC. If those funds are insufficient to cover the defaulting Participant's outstanding obligations, DTC may use other Participant deposits to the Participants' Fund or apply a portion of its retained earnings to cover the loss.

17. 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 (collectively, the "Clearing Agency Subsidiaries").

As a result, the Trustee, Barclays and DTCC, on behalf and for the benefit of NSCC, FICC and DTC 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 million cash deposit (the "Cash Deposit") 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.

Details for the deposits/balances held by DTCC and its subsidiaries as of December 31, 2016 and 2015 follow (in thousands):

	2016	2015
Segregated cash	$ 1,173	$ 3,302
Participants/Clearing and Settlement Funds	25	1,160
Matured money market investment accounts	1,000	31,133
Total	$ 2,198	$ 35,595

As of December 31, 2016, DTCC had delivered to the Trustee of the LBI estate $5,186,330,000 in cash as well as Clearing Fund securities valued at $159,479,000.

Management does not expect there will be any losses attributable to the liquidation of the LBI accounts to be assessed against retained earnings or Participants.

Severance. For the years ended December 31, 2016 and 2015, severance allocated by DTCC to DTC were $4,971,000 and $1,307,000, respectively, that is included within Employee compensation and related benefits in the accompanying Consolidated Statements of Income.

18. SUBSEQUENT EVENTS

On January 11, 2017, DTC's wholly-owned subsidiary, Brooklyn Facilities Company LLC was dissolved. As a result of the dissolution, DTC will no longer be a consolidated company under U.S. GAAP.

The Company evaluated events and transactions occurring after December 31, 2016 through February 28, 2017, for potential recognition or disclosure in these Consolidated Financial Statements. Other than as disclosed above, no other events or transactions occurred during such period that would require recognition or disclosure in these accompanying Consolidated Financial Statements.