The Depository Trust & Clearing Corporation

Unaudited Condensed Consolidated Financial Statements as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015

THE DEPOSITORY TRUST & CLEARING CORPORATION

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)

		As of March 31, 2016		As of December 31, 2015 (audited)
ASSETS:				
CURRENT ASSETS:				
Cash and cash equivalents	$	2,740,792	$	2,521,558
Investment in marketable securities		7,400		7,400
Reverse repurchase agreements		100,000		-
Participants' segregated cash		19,296		26,581
Accounts receivable - net of allowance for doubtful accounts of $1,948 and $2,010 at March 31, 2016 and December 31, 2015, respectively		207,139		187,253
Participants and Clearing Fund:				
Cash deposits		15,458,854		13,464,610
Investments in marketable securities		100,000		100,000
Securities on deposit - at fair value		9,251,573		7,827,458
Other Participants' assets		855,888		439,838
Other current assets		73,266		92,330
Total current assets		28,814,208		24,667,028
NON-CURRENT ASSETS:				
Premises and equipment - net of accumulated depreciation of $412,345 and $397,142 at March 31, 2016 and December 31, 2015, respectively		273,307		275,499
Goodwill		65,535		65,535
Intangible assets - net of accumulated amortization of $812,684 and $769,330 at March 31, 2016 and December 31, 2015, respectively		449,278		471,370
Equity method investments		15,709		18,398
Other non-current assets		356,626		362,403
Total non-current assets		1,160,455		1,193,205
TOTAL ASSETS (1)	$	29,974,663	$	25,860,233
LIABILITIES AND SHAREHOLDERS' EQUITY:				
CURRENT LIABILITIES:				
Commerical paper	$	1,415,993	$	1,007,124
Current portion of long term debt		57,826		66,395
Accounts payable		142,510		142,202
Participants and Clearing Fund:				
Cash deposits		15,558,854		13,564,610
Securities on deposit - at fair value		9,251,573		7,827,458
Payable to Participants		875,184		466,419
Other current liabilities		119,131		225,866
Total current liabilities		27,421,071		23,300,074
NON-CURRENT LIABILITIES:				
Long-term debt and other borrowings		59,341		92,440
Pension and post retirement benefits		314,923		307,402
Other non-current liabilities		352,067		361,137
Total non-current liabilities		726,331		760,979
Total liabilities (2)		28,147,402		24,061,053
COMMITMENTS AND CONTINGENCIES (Note 17)				
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		390,516		390,516
Common stock, $100 par value - 80,000 shares authorized, 50,908 shares issued and outstanding		5,091		5,091
Paid-in capital		411,065		411,065
Retained earnings		1,042,499		1,008,522
Accumulated other comprehensive loss, net of tax		(164,769)		(162,348)
Non-controlling interest		142,259		145,734
Total shareholders' equity		1,827,261		1,799,180
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	29,974,663	$	25,860,233

(1) Our consolidated assets at March 31, 2016 and December 31, 2015, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs (in thousands): Cash and cash equivalents, $23,977 and $17,321; Accounts receivable – net, $3,028 and $94; Other current assets, $648 and $973; Intangible assets, $5,167 and $4,168; Other non-current assets, $748 and $815; and Total Assets, $33,568 and $23,371, respectively.

(2) Our consolidated liabilities at March 31, 2016 and December 31, 2015, include the following VIE liabilities for which the VIE creditors do not have recourse to DTCC (in thousands): Accounts payable, $12,747 and $10,438; Other current liabilities, $38,414 and $22,628; and Total liabilities, $51,161 and $33,066, respectively.

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

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands)

	For the three months ended March 31, 2016	2015
REVENUES:		
Settlement and asset services	$ 106,200	$ 103,175
Clearing services	121,006	109,085
Data services	81,636	78,269
Repository services	72,876	61,177
Investment product services	26,419	25,321
Other services	15,608	17,221
Investment (loss) income	(444)	5,511
Total revenues	423,301	399,759
EXPENSES:		
Employee compensation and related benefits	169,029	150,382
Information technology	43,591	39,973
Professional and other services	85,246	86,934
Occupancy	11,931	12,368
Depreciation and amortization	59,919	55,381
Other general and administrative	9,808	14,147
Total expenses	379,524	359,185
Total operating income	43,777	40,574
NON-OPERATING INCOME (EXPENSE):		
Interest income	10,212	2,392
Refunds to Participants	(6,859)	(1,706)
Interest expense	(3,990)	(2,836)
Loss on equity method investments	(2,689)	(1,452)
Other income (loss)	6,095	(632)
Total non-operating income (expense)	2,769	(4,234)
Income before taxes	46,546	36,340
Provision for income taxes	16,044	18,134
Net income	30,502	18,206
Net loss attributable to non-controlling interests	(3,475)	(3,465)
Net income attributable to DTCC	$ 33,977	$ 21,671

The Notes to the Unaudited Condensed Consolidated Financial Statements 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 ended March 31, 2016	2015
Net income	$ 30,502	$ 18,206
OTHER COMPREHENSIVE INCOME - Net of tax:		
Defined benefit pension and other plans	-	(2,574)
Currency translation	(2,421)	2,146
Other comprehensive loss	(2,421)	(428)
Comprehensive income	28,081	17,778
Comprehensive loss attributable to non-controlling interests	(3,475)	(3,465)
Comprehensive income attributable to DTCC	$ 31,556	$ 21,243

The Notes to the Unaudited Condensed Consolidated Financial Statements 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	Non-controlling Interests	Total Shareholders' Equity
BALANCE - December 31, 2014	$ 300	$ 300	$ -	$ 2,366	$ 13,571	$ 976,319	$ (42)	$ (174,518)	$ 1,521	$ 160,850	$ 980,667
Net income (loss)	-	-	-	-	-	42,928	-	-	-	(25,177)	17,751
Other comprehensive income	-	-	-	-	-	-	-	13,587	(2,938)	-	10,649
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	10,301	10,301
Issuance of preferred series C shares	-	-	400,000	-	-	-	-	-	-	-	400,000
Issuance cost for preferred series C shares	-	-	(9,484)	-	-	-	-	-	-	-	(9,484)
Issuance of common stock	-	-	-	2,725	397,494	-	42	-	-	-	400,261
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(240)	(240)
Dividend on preferred stock	-	-	-	-	-	(10,725)	-	-	-	-	(10,725)
BALANCE - December 31, 2015	$ 300	$ 300	$ 390,516	$ 5,091	$ 411,065	$ 1,008,522	$ -	$ (160,931)	$ (1,417)	$ 145,734	$ 1,799,180
Net income (loss)	-	-	-	-	-	33,977	-	-	-	(3,475)	30,502
Other comprehensive income	-	-	-	-	-	-	-	-	(2,421)	-	(2,421)
BALANCE - March 31, 2016	$ 300	$ 300	$ 390,516	$ 5,091	$ 411,065	$ 1,042,499	$ -	$ (160,931)	$ (3,838)	$ 142,259	$ 1,827,261

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

THE DEPOSITORY TRUST & CLEARING CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the three months ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 30,502	$ 18,206
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Net premium amortized on investments in marketable securities	61	43
Depreciation and amortization	59,919	55,381
Loss on equity method investments	2,689	3,140
Deferred income taxes	(1,640)	10,130
Changes in operating assets and liabilities:		
Increase in Accounts receivable	(19,947)	(10,267)
Increase in Other Participants' assets	(416,050)	(103,678)
Decrease (increase) in Other assets	26,482	(15,114)
Increase in Accounts payable	308	23,795
Increase in Payable to Participants	408,765	119,620
Increase (decrease) in Pension and post retirement benefits	5,320	(189)
Decrease in Other liabilities	(115,620)	(85,465)
Net cash (used in) provided by operating activities	(19,211)	15,602
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchase) Sale of Reverse repurchase agreements	(100,000)	100,000
Decrease (increase) in Participants' segregated cash	7,285	(15,942)
Maturities of Investments in marketable securities	-	100,000
Purchases of Investments in marketable securities	-	(100,000)
Purchases of Premises and equipment	(14,372)	(11,139)
Purchases of software	(21,263)	(26,638)
Net cash (used in) provided by investing activities	(128,350)	46,281
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Commercial paper	408,869	-
Proceeds from issuance of debt and notes payable	-	25,000
Principal payments on debt and capital lease obligations	(41,668)	(3,731)
Proceeds from non-controlling interests	-	10,301
Payments to non-controlling interests	-	(60)
Net cash provided by financing activities	367,201	31,510
Effect of foreign exchange rate changes on cash and cash equivalents	(406)	2,146
Net increase in cash and cash equivalents	219,234	95,539
Cash and cash equivalents - Beginning of period	2,521,558	780,734
Cash and cash equivalents - End of period	$ 2,740,792	$ 876,273
SUPPLEMENTAL DISCLOSURES:		
Cash interest paid	$ 453	$ 684
Cash income taxes paid - net of refunds	$ (14,527)	$ 2,419

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

THE DEPOSITORY TRUST AND CLEARING CORPORATION

NOTES TO THE 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 and a central counterparty (CCP) 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 and a CCP 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, formerly known as the U.S. Commodity Futures Trading Commission (CFTC) Interim Compliant Identifier (CICI) utility is DTCC's legal identifier (LEI) solution offered in collaboration with SWIFT. GMEI is designed to create and apply a single universal standard identifier to any organization or firm involved in a financial transaction internationally.

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. BASIS OF PRESENTATION AND USE OF ESTIMATES

Basis of presentation. The accompanying Unaudited Condensed Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. 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, 2015 and 2014 which is located on the Company's website *http://www.dtcc.com/legal/financial-statements*.

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 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 operations 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*, Accounting Standard Update (ASU) 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities.* Where the Company holds current or potential rights that provide DTCC with sufficient control 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 control 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. For additional information, refer to Note 4.

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 Unaudited Condensed Consolidated Financial Statements. Management makes estimates regarding the collectability of receivables, the outcome of litigation, the realization of deferred taxes, unrecognized tax benefits (UTBs), 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.

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Recently Issued Accounting Standards.

FASB ASC Topic 606, Revenue from Contracts with Customers. In March 2016, the FASB issued ASU No. 2016-08 – Principal versus Agent Considerations. This ASU amends the principal versus agent implementation guidance with regard to determination of the appropriate unit of account under the new revenue standard, ASU No. 2014-09. The standard also provides guidance for applying the indicators of whether an entity is a principal or agent in accordance with the control principle. The new standard is effective for the Company on January 1, 2019, but may be adopted for not public businesses as of January 1, 2018. Early adoption is not permitted. The standard permits the use of the cumulative effect transition method. The Company is evaluating the impact this ASU will have on its Unaudited 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 323, Investments – Equity Method and Joint Ventures. In March 2016, the FASB issued ASU No. 2016-07 – Simplifying the Transition to the Equity Method of Accounting. This ASU eliminates the step-by-step retroactive adjustment requirement when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence. The amendments require the inclusion of the cost of acquiring the additional interest in the current basis of the investor's previously held interest and the adoption of the equity method of accounting as of the date the investment becomes qualified for equity method accounting. The update also requires that an entity with an available-for-sale equity security that becomes qualified for equity method accounting recognize the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment qualifies for equity method accounting. The new standard is effective for the Company on January 1, 2017. Early adoption is permitted. The amendments should be applied prospectively upon the effect date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. The Company is evaluating the impact this ASU will have on its Unaudited Condensed Consolidated Financial Statements and related disclosures if an applicable transaction occurs.

FASB ASC Topic 842, Leases. In February 2016, the FASB issued ASU No. 2016-02 – Leases. This ASU includes a lessee accounting model that recognizes two types of leases, financing and operating leases. The update requires that a lessee 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. Additionally, there are new disclosure requirements to help investors understand the amount, timing and uncertainty of the cash flows, which include both qualitative and specific quantitative requirements. Lessor accounting will remain largely unchanged from current GAAP. Leases of fewer than 12 months are exempt from the updated standard. The new standard is effective for the Company on January 1, 2019, including interim periods. Early adoption is not permitted. The standard permits the use of the modified retrospective approach as the transition method. The Company is evaluating the impact this ASU will have on its Unaudited 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 825, Recognition and Measurement of Financial Assets and Financial Liabilities. In January 2016, the FASB issued ASU No. 2016-01 – Recognition and Measurement of Financial Assets and Financial Liabilities. This ASU requires equity investments (aside from those measured under the equity method investment or consolidation) to be measured at fair value, with changes to fair value recognized in net income. Additionally, the impairment assessment of equity method investments that do not possess readily determinable fair values will be simplified by requiring a qualitative assessment to identify impairments. If the qualitative assessment results suggest an impairment, the entity will measure the investment at fair value and the disclosure of fair value of financial instruments at amortized cost is no longer required. An entity will be required to present separately the financial assets and financial liabilities by measurement category and form of financial asset and financial liability on the balance sheet or notes to the financial statements. The ASU seeks to make targeted improvements to U.S. GAAP in order to enhance and simplify the reporting model of financial instruments. The new standard will be effective for the Company (non public businesses) on January 1, 2018. Early adoption is not permitted. The standard permits the use of the cumulative effect transition method. The Company is evaluating the impact this ASU will have on its Unaudited 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 820, Fair Value Measurement. In May 2015, the FASB issued ASU No. 2015-07 – Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Under the amendments in the ASU, investments in which fair value is measured at net asset value per share using the practical expedient would be removed from the fair value hierarchy. The requirement of certain disclosures for investments that are eligible to be measured at fair value using the net asset value per share practical expedient is also removed. The change will ensure that all investments categorized in the fair value hierarchy are valued using a consistent approach. The new standard is effective for the Company on January 1, 2017. Early application is permitted. The reporting entity should apply the amendment retrospectively to all periods presented. The Company is evaluating the impact this ASU will have on its Unaudited Condensed Consolidated Financial Statements and related disclosures.

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. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2019. Early adoption is not permitted. 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 Unaudited Condensed Consolidated Financial Statements and its 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.

Recently Adopted Accounting Standards.

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 guidance was adopted effective January 1, 2016, and did not have an impact on the Company's Unaudited Condensed Consolidated Statements of Financial Condition, Statements of Income, or Cash Flows.

FASB ASC Topic 740, Income Taxes. In November 2015, the FASB issued ASU No. 2015-17, as part of the initiative to reduce complexity in accounting standards, in which cost and complexity can be reduced while maintaining the information presented in the financial statements. In order to simplify the presentation of deferred income taxes, the update requires 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 aligns the presentation of deferred tax assets and liabilities with International Financial Reporting Standards. The Company early adopted this standard prospectively and reclassified all of its deferred tax assets to noncurrent deferred tax assets on its Audited Consolidated Statement of Financial Condition as of December 31, 2015. The adoption did not have an impact to the Company's Unaudited Condensed Consolidated Statements of Income or Cash Flows. This standard was not retrospectively applied and prior periods were not adjusted.

FASB ASC Topic 740, Income Taxes. In July 2013, the FASB issued 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 the Company's Unaudited Condensed Consolidated Statements of Financial Condition, Statements of Income or Cash Flows.

4. 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 that (i) has the control 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 March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Consolidated assets:		
Cash and cash equivalents	$ 23,977	$ 17,321
Accounts receivable	3,028	94
Other current assets	648	973
Intangible assets	5,167	4,168
Other assets	748	815
Total assets	$ 33,568	$ 23,371
Consolidated liabilities:		
Accounts payable	$ 12,747	$ 10,438
Other current liabilities	38,414	22,628
Total liabilities	$ 51,161	$ 33,066

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 have no recourse to DTCC.

For the three months ended March 31, 2016 and 2015, the net losses of consolidated VIEs included within Income before taxes in the Company's Unaudited Condensed Consolidated Statements of Income were $7,898,000 and $11,092,000, respectively.

5. PARTICIPANTS' SEGREGATED CASH, OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

Details for Participants' segregated cash, Other Participants' assets and Payable to Participants as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Assets:		
NSCC's Special Reserve Account	$ 19,296	$ 26,581
Total segregated cash	$ 19,296	$ 26,581
Other Participants' assets	855,888	439,838
Total	$ 875,184	$ 466,419
Liabilities:		
Payable to Participants	$ 875,184	$ 466,419

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 Participants' 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 custodial accounts and settlement accounts payable. Stock dividends payable are not reported in the Unaudited Condensed Consolidated Financial Statements. At March 31, 2016 and December 31, 2015, Payable to Participants also included $185,000 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.

6. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of March 31, 2016 and December 31, 2015 (in thousands):

	2016	2015
Due from Participants for services	$ 182,671	$ 165,519
Other receivables	24,468	21,734
Total	$ 207,139	$ 187,253

As of March 31, 2016 and December 31, 2015, the allowance for doubtful accounts was $1,948,000 and $2,010,000, respectively. There were $274,000 and $0 write-offs in the allowance for doubtful accounts during the three months ended March 31, 2016 and 2015, respectively.

7. PARTICIPANTS AND CLEARING FUNDS

The rules of DTC, NSCC and FICC 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 on the Unaudited Condensed Consolidated Statements of Financial Condition under Participants and clearing funds.

A summary of the deposits held at March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016			
	DTC	**NSCC**	**FICC**	**Total**
Required deposits	$ 1,150,000	$ 4,632,133	$ 13,213,282	$ 18,995,415
Excess deposits	616,209	885,877	4,312,926	5,815,012
Total	$ 1,766,209	$ 5,518,010	$ 17,526,208	$ 24,810,427

	2015			
	DTC	**NSCC**	**FICC**	**Total**
Required deposits	$ 1,150,000	$ 3,164,627	$ 11,970,161	$ 16,284,788
Excess deposits	588,971	972,843	3,545,466	5,107,280
Total	$ 1,738,971	$ 4,137,470	$ 15,515,627	$ 21,392,068

*Cash deposits, Investments in marketable securities, and Securities on deposit***.** Cash deposits, Investments in marketable securities, and Securities on deposit of the Participants and Clearing Funds, which may be applied to satisfy obligations of the depositing Participants as provided in the respective clearing agency rules, as of March 31, 2016 and December 31, 2015, were as follows (in thousands):

	2016			
	DTC	**NSCC**	**FICC**	**Total**
Cash deposits	$ 1,766,209	$ 5,114,455	$ 8,578,190	$ 15,458,854
Investments in marketable securities	-	-	100,000	100,000
Securities on deposit - at fair value	-	403,555	8,848,018	9,251,573
Total	$ 1,766,209	$ 5,518,010	$ 17,526,208	$ 24,810,427

	2015			
	DTC	**NSCC**	**FICC**	**Total**
Cash deposits	$ 1,738,971	$ 3,847,082	$ 7,878,557	$ 13,464,610
Investments in marketable securities	-	-	100,000	100,000
Securities on deposit - at fair value	-	290,388	7,537,070	7,827,458
Total	$ 1,738,971	$ 4,137,470	$ 15,515,627	$ 21,392,068

A summary of the investment of the Participants and Clearing Fund cash deposits held as of March 31, 2016 and December 31, 2015, consisted of the following (in thousands):

	2016			
	DTC	**NSCC**	**FICC**	**Total**
Reverse repurchase agreements	$ -	$ 750,000	$ 1,000,000	$ 1,750,000
Money market fund investments	-	919,000	1,788,000	2,707,000
Bank deposits	1,766,209	3,445,455	5,790,190	11,001,854
U.S. Treasury bills	-	-	100,000	100,000
Total	$ 1,766,209	$ 5,114,455	$ 8,678,190	$ 15,558,854

	2015			
	DTC	**NSCC**	**FICC**	**Total**
Reverse repurchase agreements	$ -	$ 615,000	$ 1,465,000	$ 2,080,000
Money market fund investments	-	2,382,000	4,793,000	7,175,000
Bank deposits	1,738,971	850,082	1,620,557	4,209,610
U.S. Treasury bills	-	-	100,000	100,000
Total	$ 1,738,971	$ 3,847,082	$ 7,978,557	$ 13,564,610

Refunds to Participants. The total amount of Interest income the Company earned from the investment of cash deposits in the Participants and Clearing Funds was $6,859,000 and $1,706,000 for the three months ended March 31, 2016 and 2015, respectively, in the Unaudited Condensed Consolidated Statements of Income.

8. EQUITY METHOD INVESTMENTS

Details for DTCC's equity method investments as of March 31, 2016 and December 31, 2015 were as follows (in thousands, other than ownership percentage):

	2016	2015
European Central Counterparty N.V.		
Percentage ownership	25%	25%
Carrying value	13,266	11,852
Soltra Solutions, LLC		
Percentage ownership	50%	50%
Carrying value	-	700
DTCC-Euroclear Global Collateral, LTD		
Percentage ownership	50%	50%
Carrying value	2,443	5,846

European Central Counterparty N.V. (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 European Multilateral Clearing Facility N.V. (EMCF), and it conducts its operations using the technology platform and infrastructure of EMCF. The new entity, EuroCCP N.V., is headquartered in Amsterdam.

Soltra Solutions, LLC (Soltra), a joint venture with Financial Services Information Sharing 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) derivatives market.

9. FAIR VALUE MEASUREMENTS

For a discussion of the Company's valuation basis, including valuation techniques and inputs and the fair value hierarchy used in measuring the Company's financial assets and liabilities accounted for at fair value and financial assets and liabilities not accounted for at fair value, refer to Note 10 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

Assets and liabilities measured at fair value on a recurring basis. Fair value measurements for those items measured on a recurring basis are summarized below as of March 31, 2016 (in thousands):

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Clearing Fund - U.S. government and Federal Agency securities	$ 8,516,375	$ 735,198	$ -	$ 9,251,573
Other financial assets	141,043	34,378	-	175,421
Total	$ 8,657,418	$ 769,576	$ -	$ 9,426,994
Liabilities:				
Clearing Fund - U.S. government and Federal Agency securities	$ 8,516,375	$ 735,198	$ -	$ 9,251,573
Total	$ 8,516,375	$ 735,198	$ -	$ 9,251,573

Fair value measurements for those items measured on a recurring basis are summarized below as of December 31, 2015 (in thousands):

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Clearing Fund - U.S. government and Federal Agency securities	$ 7,186,627	$ 640,831	$ -	$ 7,827,458
Other financial assets	151,058	32,242	-	183,300
Total	$ 7,337,685	$ 673,073	$ -	$ 8,010,758
Liabilities:				
Clearing Fund - U.S. government and Federal Agency securities	$ 7,186,627	$ 640,831	$ -	$ 7,827,458
Total	$ 7,186,627	$ 640,831	$ -	$ 7,827,458

There were no transfers between Level 1 and Level 2, nor were any amounts classified as Level 3 during the three months ended March 31, 2016 and year ended December 31, 2015.

Assets and Liabilities not measured at fair value. The tables below presents the carrying value, fair value and fair value hierarchy level of certain financial instruments not measured at fair value on the Unaudited Condensed Consolidated Statement of Financial Condition at March 31, 2016 and December 31, 2015 (in thousands):

	2016				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 2,740,792	$ 2,740,792	$ 2,740,792	$ -	$ -
Investments in marketable securities	7,400	7,400	7,400	-	-
Reverse repurchase agreements	100,000	100,000	-	100,000	-
Participants and Clearing Fund:					
Cash deposits	15,458,854	15,458,854	13,708,854	1,750,000	-
Investments in marketable securities	100,000	99,757	99,757	-	-
Total	$ 18,407,046	$ 18,406,803	$ 16,556,803	$ 1,850,000	$ -
Liabilities:					
Participants and Clearing Fund Cash deposits	$ 15,558,854	$ 15,558,854	$ 15,558,854	$ -	$ -
Commercial paper	1,415,993	1,415,993	-	1,415,993	-
Long-term debt and other borrowings	117,167	112,642	-	112,642	-
Total	$ 17,092,014	$ 17,087,489	$ 15,558,854	$ 1,528,635	$ -

	2015				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 2,521,558	$ 2,521,558	$ 2,521,558	$ -	$ -
Investments in marketable securities	7,400	7,400	7,400	-	-
Participants and Clearing Fund:					
Cash deposits	13,464,610	13,464,610	11,384,610	2,080,000	-
Investments in marketable securities	100,000	99,757	99,757	-	-
Total	$ 16,093,568	$ 16,093,325	$ 14,013,325	$ 2,080,000	$ -
Liabilities:					
Participants and Clearing Fund Cash deposits	$ 13,564,610	$ 13,564,610	$ 13,564,610	$ -	$ -
Commercial paper	1,007,124	1,007,124	-	1,007,124	-
Long-term debt and other borrowings	158,835	156,431	-	156,431	-
Total	$ 14,730,569	$ 14,728,165	$ 13,564,610	$ 1,163,555	$ -

10. OTHER ASSETS

Details for other assets as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Prepaid expenses	$ 72,779	$ 60,452
Prepaid taxes	-	27,744
Royalty receivable	-	3,663
Other current assets	487	471
Total current assets	$ 73,266	$ 92,330
Long term incentive plan assets	$ 175,421	$ 185,631
Cash surrender value	58,069	55,965
Prepaid expenses	21,345	22,453
Deferred tax asset, net	89,092	87,452
Other non-current assets	12,699	10,902
Total non-current assets	$ 356,626	$ 362,403
Total	$ 429,892	$ 454,733

For additional information, refer to Note 11, in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

11. OTHER LIABILITIES

Details for other liabilities as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Compensation payable	$ 35,923	$ 140,397
Taxes payable	3,701	-
Miscellaneous payables	76,211	82,261
Current portion of deferred rent	3,296	3,208
Total current liabilities	$ 119,131	$ 225,866
Long-term incentive plans	$ 268,921	$ 278,210
Unrecognized tax benefits (1)	58,867	57,992
Deferred rent	20,453	19,873
Other payables	3,826	5,062
Total non-current liabilities	$ 352,067	$ 361,137
Total	$ 471,198	$ 587,003

(1) *UTB's.* DTCC applies the provisions of FASB ASC 740-10, *Income taxes*, with respect to UTBs. For additional information, refer to Note 16, in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

12. COMMERCIAL PAPER

Details for commercial paper as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Commercial paper	$ 1,415,993	$ 1,007,124

At March 31, 2016 and December 31, 2015, $1,416 million and $1,007 million was outstanding under the commercial paper program and the average interest rates on these borrowings were 0.45% and 0.40%, respectively. Total Interest expense included in the accompanying Unaudited Condensed Consolidated Statements of Income for the three months ended March 31, 2016 and 2015 was $1,251,000 and $0, respectively.

13. LONG-TERM DEBT AND OTHER BORROWINGS

Details for Long-term debt and other borrowings as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	2016	2015
Notes payable	$ 105,851	$ 106,451
Capital lease obligations	11,316	52,384
Total long-term debt	$ 117,167	$ 158,835
Current portion of long term debt	(57,826)	(66,395)
Total long-term debt and other borrowings	$ 59,341	$ 92,440

At March 31, 2016, principal payments due on Long-term debt and other borrowings from 2016 to 2020 and thereafter were as follows (in thousands):

	Notes Payable	Capital Leases
2016	$ 53,176	$ 3,031
2017	13,650	4,105
2018	2,650	4,180
2019	2,650	-
2020	2,650	-
Thereafter	31,075	-
Total	$ 105,851	$ 11,316

Notes payable. The following table summarizes notes payable (in thousands) at March 31, 2016 and December 31, 2015:

	Rate	Issue Date	Maturity	Outstanding Balance 2016	Outstanding Balance 2015
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	23,925	23,925
DTCC	3.93%	9/28/2012	9/28/2032	19,800	20,400
Total				$ 105,851	$ 106,451

Outstanding notes payable for the Company at March 31, 2016 and December 31, 2015 totaled $105,851,000 and $106,451,000, respectively, at a weighted average interest rate of 4.58% and 4.57%, respectively. Total Interest expense included in the accompanying Unaudited Condensed Consolidated Statements of Income was $1,808,000 and $2,140,000, for the three months ended March 31, 2016 and 2015, respectively.

Capital lease obligations. Leased property meeting certain criteria is capitalized and the present value of the related lease payments is recorded as a liability. Interest expense included in the accompanying Unaudited Condensed Consolidated Statements of Income was $112,000 and $259,000 for the three months ended March 31, 2016 and 2015, respectively.

On January 29, 2016, the Company repaid $40,346,000 of its capital lease obligation, which includes a one-time prepayment fee of $765,000.

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. On January 27, 2016, DTCC entered into a $500 million three-year unsecured credit agreement maturing January 25, 2019 with a syndicate of banks.

Terms of the outstanding lines of credit as of March 31, 2016 were as follows:

2016	Amount	Denomination	No. of Participants/ Lenders	Borrowing rate
DTCC				
Committed	$500 million	USD	10	The highest of Prime rate, federal funds rate, or adjusted LIBOR 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%

Terms of the outstanding lines of credit as of December 31, 2015 were as follows:

2015	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%

(1) Used to support Canadian settlement.

Debt Covenants. The negative covenants related to DTCC's private placement notes require a minimum net worth of $400 million and priority debt of less than 20% of consolidated net worth. The negative covenants related to DTCC's committed line of credit require a minimum net worth of $1.1 billion and priority debt of less than $200 million.

The negative covenants related to DTC's private placement notes require a minimum net worth of $15 million and a Participants Fund greater than or equal to $575 million, in addition to priority debt of less than $125 million. The negative covenants related to DTC's committed line of credit include a minimum net worth requirement of $125 million and a Participants Fund balance greater than or equal to $750 million.

The negative covenants related to NSCC's committed line of credit include a minimum net worth requirement of $100 million and a Clearing Fund balance greater than or equal to $1 billion.

Affirmative covenants include timely access to financial statements, notices of material events, maintenance of business and insurance, and compliance with laws. The committed lines of credit also define events of default.

As of March 31, 2016 and December 31, 2015, the Company and its subsidiaries were in compliance with the applicable debt covenants.

14. 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 three months ended March 31, 2016 in the accompanying Unaudited Condensed Consolidated Statements of Income (in thousands):

	Retirement Plan	Restoration Plan	SERP	Other
Service cost	$ 729	$ -	$ 1,067	$ 476
Interest cost	8,946	501	327	898
Expected return on assets	(9,247)	-	-	(31)
Amortization of prior service cost	28	-	212	(1,570)
Amortization of net loss	1,141	8	86	218
Total net periodic benefit cost	$ 1,597	$ 509	$ 1,692	$ (9)

During the three months ended March 31, 2016, the Company did not contribute to its pension plans. Based on actuarial assumptions, the Company anticipates funding $10 million to its pension plans during 2016.

For additional information, refer to Note 15, in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

15. INCOME TAXES

The Company's effective tax rate was 34.5% for the three months ended March 31, 2016. The effective tax rate differs from the statutory tax rate primarily due to higher proportion of taxable income generated internationally in lower tax jurisdictions.

The Company is under examination by the IRS and other tax authorities in various states and local and non-U.S. jurisdictions. The tax years currently under examination vary by jurisdiction but include year's ranging from 2007 through 2014. The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. The Company has established UTBs that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts UTBs only when more information is available or when an event occurs necessitating a change. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of UTBs and impact on the Company's effective tax rate over the next 12 months.

For additional information, refer to Note 16, in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

16. 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. The ownership of DTC preferred stock is reported as Non-controlling interests on the accompanying Unaudited Condensed Consolidated Statements of Financial Condition. There was $150,000,000 of DTC Series A preferred stock outstanding as of March 31, 2016 and December 31, 2015 (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.

DTCC Series C Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock. On May 27, 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. When declared by DTCC's Board of Directors, dividends on the Series C Preferred Stock are payable in arrears on June 15 and December 15 of each year, beginning December 15, 2015 through June 15, 2020, at a fixed rate of 4.875% per annum. From June 15, 2020 onward, dividends will accrue at a floating rate equal to three-month LIBOR plus 3.167% per annum.

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 March 31, 2016 and December 31, 2015, there were 50,908 shares of common stock outstanding, respectively.

Regulatory Capital. DTCC's 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 March 31, 2016, DTCC operated banking activities under two subsidiaries: DTC and The Warehouse Trust Company (WTC). Details for capital ratios of these subsidiaries as of March 31, 2016 were as follows:

	DTC	WTC	Minimum Capital Ratios (1)	Well Capitalized Ratios (1)
Tier 1 capital ratio	64.21%	148.99%	6.00%	8.00%
Total capital ratio	64.21%	148.99%	8.00%	8.00%

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

17. COMMITMENTS AND CONTINGENCIES

Lease commitments. The Company leases office space and data processing and other equipment. The leases for office space provide for rent escalations subsequent to 2016. Rent expense under these leases was $7,348,000 and $6,560,000 for the three months ended March 31, 2016 and 2015, respectively, and was included within Occupancy in the accompanying Unaudited Condensed Consolidated Statements of Income.

At March 31, 2016, future minimum rental payments under all noncancelable leases were as follows (in thousands):

2016	$	19,980
2017		27,916
2018		30,092
2019		26,103
2020		26,024
Thereafter		305,051
Total minimum rental payments	$	435,166

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 Statements of Financial Condition, operations or cash flows.

18. GUARANTEES

Certain DTCC subsidiaries (NSCC and FICC) provide CCP services, including clearing, settlement and risk management services. Acting as a CCP, NSCC and FICC 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 (represented by their Clearing Fund).

The following table summarizes open CCP positions for which a trade guarantee applies at March 31, 2016 and December 31, 2015 (in billions):

	2016		2015	
NSCC	$	219	$	157
FICC				
GSD		856		829
MBSD		314		245

There were no defaults by Participants to these obligations.

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.

For additional information, refer to Note 20, in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

19. 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 at March 31, 2016 and December 31, 2015:

	2016	2015
Segregated cash	$ 3,301,827	$ 3,301,827
Participant and Clearing Funds	1,160,135	1,160,135
Matured money market investment accounts	31,133,201	31,133,201
Total	$ 35,595,163	$ 35,595,163

As of March 31, 2016, DTCC had delivered to the Trustee of the LBI estate $5,154,013,000 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.

20. SUBSEQUENT EVENTS

On April 11, 2016, the Company made a capital contribution to Soltra which resulted in DTCC becoming the majority voting interest and requires DTCC to consolidate Soltra. For further information, refer to Note 8.

On April 15, 2016, in accordance with the Amended Certificate of Incorporation of DTCC, the Board of Directors approved and declared a dividend in the amount of $6,093.75 per share on 1,600 shares outstanding of its Series C Preferred Stock. The dividend will be payable on June 15, 2016, to the holders of the Series C Preferred Stock as of record date May 31, 2016.

On May 17, 2016, Standard & Poor's Financial Services LLC (S&P) placed its AA long-term issuer credit rating on DTCC along with related issue ratings, and the AA+ long-term issue ratings on core subsidiaries FICC, NSCC, and DTC on CreditWatch with negative implications. The short-term issuer credit ratings on all four entities, as well as the short-term issue rating on commercial paper issued by NSCC, remain unchanged at A-1+ and are not on CreditWatch.

On May 19, 2016, the Company signed an agreement to sublease 97,417 square feet of commercial space that it currently occupies to a third party through December 31, 2027. The agreement includes an option for the subtenant to extend the term of the sublease for an additional five years to December 31, 2032. The transaction will result in a reduction of future minimum rental payments of approximately $43 million through December 31, 2027. Further, the transaction will trigger acceleration of approximately $10 million of pre-tax depreciation expense in 2016, as well as the recognition of a pre-tax loss of approximately $20 million on the sublease related to the impact of the Company's ongoing rental payments exceeding the rental income pursuant to the sublease.

The Company evaluated events and transactions occurring after March 31, 2016 through May 24, 2016 for potential recognition or disclosure in these Unaudited Condensed Consolidated Financial Statements. Other than as disclosed above, no events or transactions occurred during such period that would require recognition or disclosure in these Unaudited Condensed Consolidated Financial Statements.