

# The Depository Trust Company

Condensed Financial Statements  
as of June 30, 2019 and December 31, 2018 and for the  
three and six months ended June 30, 2019 and 2018

# THE DEPOSITORY TRUST COMPANY

## TABLE OF CONTENTS

---

	<b>Page</b>
CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018:	
Statements of Financial Condition	1
Statements of Income	2
Statements of Changes in Shareholders' Equity	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 10

# THE DEPOSITORY TRUST COMPANY

## CONDENSED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

<u>(In thousands, except share data)</u>	<u>As of June 30, 2019</u>	<u>As of December 31, 2018</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 579,727	\$ 529,478
Accounts receivable	41,248	40,826
Participants' Fund cash deposits	1,911,849	1,834,363
Other Participants' assets	447,816	513,542
Other current assets	6,134	6,893
Total current assets	<u>2,986,774</u>	<u>2,925,102</u>
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of \$117,943 and \$117,582 as of June 30, 2019 and December 31, 2018, respectively	17,086	17,447
Intangible assets - net of accumulated amortization of \$136,079 and \$131,598 as of June 30, 2019 and December 31, 2018, respectively	29,752	26,283
Other non-current assets	44,320	45,004
Total non-current assets	<u>91,158</u>	<u>88,734</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,077,932</u>	<u>\$ 3,013,836</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 21,060	\$ 20,332
Participants' Fund cash deposits	1,911,849	1,834,363
Payable to Participants	447,816	513,542
Other current liabilities	6,346	—
Total current liabilities	<u>2,387,071</u>	<u>2,368,237</u>
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	6,140	6,165
Total liabilities	<u>2,393,211</u>	<u>2,374,402</u>
COMMITMENTS AND CONTINGENCIES (Note 2)		
<b>SHAREHOLDERS' EQUITY</b>		
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	471,325	426,038
Total shareholders' equity	<u>684,721</u>	<u>639,434</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 3,077,932</u>	<u>\$ 3,013,836</u>

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

# THE DEPOSITORY TRUST COMPANY

## CONDENSED STATEMENTS OF INCOME (UNAUDITED)

<b>(In thousands)</b>	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>				
Settlement and asset services	\$ 108,673	\$ 108,164	\$ 212,308	\$ 213,992
Other services	6,736	4,496	9,845	8,567
Total revenues	<u>115,409</u>	<u>112,660</u>	<u>222,153</u>	<u>222,559</u>
<b>EXPENSES</b>				
Employee compensation and related benefits	44,491	45,196	89,674	86,482
Information technology	8,354	7,079	16,721	13,648
Professional and other services	20,167	23,018	40,540	50,593
Occupancy	2,589	2,595	5,381	5,212
Depreciation and amortization	2,387	3,144	4,842	6,391
General and administrative	6,125	5,014	10,860	10,266
Total expenses	<u>84,113</u>	<u>86,046</u>	<u>168,018</u>	<u>172,592</u>
Total operating income	<u>31,296</u>	<u>26,614</u>	<u>54,135</u>	<u>49,967</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Interest income	16,308	11,647	32,461	20,954
Refunds to Participants	(11,876)	(8,662)	(23,800)	(15,888)
Interest expense	(3,204)	(2,655)	(5,651)	(4,988)
Other non-operating income	2,913	2,195	5,462	4,125
Total non-operating income	<u>4,141</u>	<u>2,525</u>	<u>8,472</u>	<u>4,203</u>
Income before taxes	35,437	29,139	62,607	54,170
Provision for income taxes	9,830	8,601	17,320	16,034
Net income	<u>\$ 25,607</u>	<u>\$ 20,538</u>	<u>\$ 45,287</u>	<u>\$ 38,136</u>

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

## THE DEPOSITORY TRUST COMPANY

### CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

<u>(In thousands)</u>	<u>Preferred Stock Series A</u>	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
BALANCE - January 1, 2019	\$ 150,000	\$ 1,850	\$ 61,546	\$ 426,038	\$ 639,434
Net income	—	—	—	19,680	19,680
BALANCE - March 31, 2019	150,000	1,850	61,546	445,718	\$ 659,114
Net income	—	—	—	25,607	25,607
BALANCE - June 30, 2019	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 471,325</u>	<u>\$ 684,721</u>

<u>(In thousands)</u>	<u>Preferred Stock Series A</u>	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
BALANCE - January 1, 2018	\$ 150,000	\$ 1,850	\$ 61,546	\$ 345,261	\$ 558,657
Net income	—	—	—	17,598	17,598
BALANCE - March 31, 2018	150,000	1,850	61,546	362,859	576,255
Net income	—	—	—	20,538	20,538
BALANCE - June 30, 2018	<u>\$ 150,000</u>	<u>\$ 1,850</u>	<u>\$ 61,546</u>	<u>\$ 383,397</u>	<u>\$ 596,793</u>

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

**THE DEPOSITORY TRUST COMPANY**  
**CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)**

<b>(In thousands)</b>	<b>For the six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 45,287	\$ 38,136
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	4,842	6,391
Deferred income taxes	684	2,106
Net change in:		
Accounts receivable	(422)	1,626
Other assets	759	(236)
Accounts payable and accrued expenses	3,068	3,475
Other liabilities	6,321	972
Participants' Fund liabilities, net	77,486	(22,438)
Payable to Participants	(65,726)	(204,333)
Net cash provided by/(used in) operating activities	<u>72,299</u>	<u>(174,301)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Intangible assets	(7,950)	(6,405)
Net cash provided by/(used in) investing activities	<u>(7,950)</u>	<u>(6,405)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Dividend on preferred stock	(2,340)	(1,080)
Net cash provided by/(used in) financing activities	<u>(2,340)</u>	<u>(1,080)</u>
Net increase/(decrease) in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	62,009	(181,786)
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of the period	<u>2,877,383</u>	<u>3,075,695</u>
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of the period	<u>\$ 2,939,392</u>	<u>\$ 2,893,909</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash income taxes paid to DTCC - net of refunds	<u>\$ 8,866</u>	<u>\$ 10,352</u>

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

# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

---

### 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), DTCC ITP LLC, DTCC Deriv/SERV LLC and DTCC Solutions LLC.

DTC is designated as a Systemically Important Financial Market Utility (SIFMU) by the U.S. Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which subjects the Company to enhanced standards for operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

### 2. BASIS OF PRESENTATION AND USE OF ESTIMATES

**Basis of presentation.** The accompanying Condensed Financial Statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying interim financial statements have not been audited. These interim financial statements do not include all of the information and notes required by U.S. GAAP for complete financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2018 and 2017, which are located on the Company's website at <http://www.dtcc.com/legal/financial-statements>. See Note 2 in DTC's Audited Financial Statements for the years ended December 31, 2018 and 2017, for additional information on the Company's Summary of Significant Accounting Policies.

The Condensed 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.

**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 Condensed 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, expense allocations and other matters that affect the reported amounts. Estimates are based on judgment and available information; therefore, actual results could differ materially from those estimates.

**Commitments and Contingencies.** 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 Condensed Statements of Financial Condition, Income or Cash Flows.

# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

### 2. BASIS OF PRESENTATION AND USE OF ESTIMATES (CONTINUED)

**Revenue recognition.** The Company derives its revenue from transaction fees, subscription revenue and other services. Revenue from transaction fees is recognized at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription revenues are recognized ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. Other services, which represent fees generated from offering referential based data and business processing solutions to financial institutions globally, is recognized when services are provided based on contractual terms. The Company typically bills its customers 30 days in arrears.

*Revenue streams.* Details for each revenue stream presented in the Company's Condensed Statements of Income follow:

*Settlement and asset services.* The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the U.S. The payment and transfer of securities ownership occurs at the Company, which provides custody and asset servicing for securities. Asset services include underwriting, corporate actions processing, securities processing, global tax services and issuer services.

*Other services.* The Company offers referential and activity-based, announcement, security reference, and liquidity data through the DTCC Data Services product. These offerings are delivered in fixed or configurable formats, sourced from the Company's transaction, reference, position and asset servicing data.

**Expense allocations.** Substantially all expenses are recorded at DTCC and are allocated to its subsidiaries, including DTC, based upon their estimated 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 expenses in the accompanying Condensed Statements of Income represent allocated costs including Employee compensation and related benefits, Information technology, Professional and other services, Occupancy, Depreciation and amortization and General and administrative.

**Impacts to previously reported results.** The Company reclassified prior period amounts related to allocated depreciation and amortization to conform to the current year presentation. This reclassification had no impact on previously reported total assets, total liabilities, revenues, net income, and cash flows.

The impact of the change in presentation for allocated depreciation and amortization on the Company's previously reported results for the three and six months ended June 30, 2018 follows (in thousands):

	For the three months ended June 30, 2018			For the six months ended June 30, 2018		
	As Previously Reported	Reclassification Presentation Adjustment	As Restated	As Previously Reported	Reclassification Presentation Adjustment	As Restated
Information technology	\$ 8,949	\$ (1,870)	\$ 7,079	\$ 17,743	\$ (4,095)	\$ 13,648
Occupancy	3,145	(550)	2,595	6,259	(1,047)	5,212
General and administrative	2,594	2,420	5,014	5,124	5,142	10,266



# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

### 2. BASIS OF PRESENTATION AND USE OF ESTIMATES (CONTINUED)

**Restricted cash.** The Company has reported the Cash and cash equivalents related to Participants' Fund cash deposits, Cash in Other Participants' assets within the beginning and ending balances of Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets on the accompanying Condensed Statements of Cash Flows.

A reconciliation of Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets, reported within the accompanying Condensed Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Condensed Statements of Cash Flows follows (in thousands):

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash and cash equivalents	\$ 579,727	\$ 529,478	\$ 489,250
Participants' Fund cash deposits	1,911,849	1,834,363	1,748,640
Cash in Other Participants' assets	447,816	513,542	656,019
Total Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets shown on the Condensed Statement of Cash Flows	<u>\$ 2,939,392</u>	<u>\$ 2,877,383</u>	<u>\$ 2,893,909</u>

As a result of this accounting change, net cash provided by operating activities of approximately \$72 million is primarily driven by the change in Participants' Fund liabilities and Payable to Participants.

### 3. ACCOUNTING AND REPORTING DEVELOPMENT

See Note 3 in DTC's Audited Financial Statements for the years ended December 31, 2018 and 2017, for additional information on the Company's Accounting and Reporting Developments.

Standard	Description	Impact on the financial statements or other significant matters
<i>Financial Accounting Standards Board Standard Issued, but not yet Adopted</i>		
ASU 2019-05 Financial Instruments - Credit Losses: Targeted Transition Relief  <i>Issued May 2019</i>	<ul style="list-style-type: none"><li>Provides entities with an option upon adoption of ASU 2016-13 Customer's Financial Instruments - Credit Losses to irrevocably elect the fair value option on an instrument-by-instrument basis for certain financial instruments that are both within the scope of the current expected credit loss and eligible for the fair value option.</li></ul>	<ul style="list-style-type: none"><li>Effective January 1, 2020.</li><li>The Company does not intend to elect the fair value option on any instrument within the scope and therefore no impact is expected.</li></ul>

### 4. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund cash deposits as of June 30, 2019 and December 31, 2018 follow (in thousands):

	<u>2019</u>	<u>2018</u>
Required cash deposits	\$ 1,153,000	\$ 1,150,000
Excess cash deposits	758,849	684,363
Total	<u>\$ 1,911,849</u>	<u>\$ 1,834,363</u>

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

# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

### 5. 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, redemptions, and cash collateral received of respectively, are included in Other Participants' assets, with a corresponding liability recorded in Payable to Participants, on the accompanying Statements of Financial Condition.

Details for Other Participants' assets and Payable to Participants as of June 30, 2019 and December 31, 2018 follow (in thousands):

	<u>2019</u>	<u>2018</u>
Assets:		
Other Participants' assets:		
Cash	\$ 447,816	\$ 513,542
Liabilities:		
Payable to Participants	\$ 447,816	\$ 513,542

As of June 30, 2019 and December 31, 2018, Payable to Participants also includes \$81,000 and \$127,000, respectively, of cash collateral received from Participants representing 130% of short positions. Unclaimed balances are remitted to the appropriate authority when required, pursuant to abandoned property laws.

### 6. PENSION AND POSTRETIREMENT BENEFITS

Eligible DTCC employees participate in DTCC's trustee non-contributory defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan, which provide for certain benefits upon retirement. Eligible DTCC 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 health care program, which provides benefits to eligible retired employees.

**Cost allocation.** DTCC allocates the cost of these plans to its subsidiaries based primarily upon the estimated proportion of each subsidiary's salary cost relative to DTCC's total salary cost. The benefit plan costs allocated to DTC were \$2,297,000 and \$943,000 for the three months ended June 30, 2019 and 2018, respectively, and \$4,475,000 and \$1,816,000 for the six months ended June 30, 2019 and 2018. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income in the accompanying Condensed Statements of Income based on the nature of the pension expense component.

### 7. 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 DTC Series A preferred stock. There was \$150,000,000 of DTC Series A preferred stock (1,500,000 shares at par value of \$100 per share) outstanding as of June 30, 2019 and December 31, 2018. Annual dividends are accrued based on the weighted average rate of interest paid by the Company on required Participants Fund deposits during the dividend period as disclosed in the DTC's rules. The 2018 annual dividend amount of \$2,340,000 was approved and declared by the Board of Directors in February 2019, and was paid in April 2019, to the holders of DTC Series A Preferred stock during 2018.

# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

### 8. CAPITAL REQUIREMENTS

The capital requirements for DTC is equal to the sum of the general business risk capital requirement and corporate contribution, as described below. The Company must meet the capital requirements by holding liquid net assets funded by equity, as described in rule 17Ad-22(e)(15) of the CCAS and the Clearing Agency Policy on Capital Requirements.

**General Business Risk Capital Requirement.** The general business risk capital requirement is determined according to Rule 17Ad-22(e)(15) of the CCAS and the Clearing Agency Policy on Capital Requirements. The capital requirement is held to cover potential general business losses so that the Company can continue operations and provide services as a going concern if those losses materialize. It is determined based on the Company's general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations and, at a minimum, is equal to six months of operating expenses.

**Corporate Contribution.** The Company maintains an amount referred to as the corporate contribution, to be applied to losses of the Company as provided in the clearing agency rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

Details for general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of June 30, 2019 and December 31, 2018, respectively. (in thousands):

	<b>2019</b>	<b>2018</b>
General business risk capital requirement	\$ 167,607	\$ 169,119
Corporate contribution	83,803	84,559
Total requirement	251,410	253,678
Liquid net assets funded by equity	579,727	529,478
Excess	\$ 328,317	\$ 275,800

**Capital Adequacy.** The capital and leverage ratios filed with the FRBNY and the NYSDFS as of June 30, 2019 follow:

	<b>Ratio</b>	<b>Minimum Capital Ratio<sup>(a)</sup></b>	<b>Well Capitalized Ratio<sup>(a)</sup></b>
Tier 1 capital ratio <sup>(a)</sup>	103.54%	6.00%	8.00%
Total capital ratio <sup>(1)</sup>	103.54%	8.00%	10.00%
Tier 1 leverage ratio <sup>(2)</sup>	21.23%	4.00%	4.00%

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

(1) Tier 1 capital primarily includes common stock, retained earnings and preferred stock. DTC's tier 1 capital and total capital ratios are based on tier 1 capital and total risk-weighted assets.

(2) Tier 1 leverage ratio is based on tier 1 capital and quarterly average total assets.

# THE DEPOSITORY TRUST COMPANY

## NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

### 9. LINES OF CREDIT AND CREDIT RATINGS

**Lines of credit.** The Company maintains lines of credit to support settlement. Details for the terms of the outstanding lines of credit as of June 30, 2019 and December 31, 2018 follow:

<b>Committed</b>	<b>2019</b>	<b>2018</b>
<b>Amount</b>	\$1.9 billion	\$1.9 billion
<b>Denomination</b>	USD	USD
<b>Number of Participants/Lenders</b>	32/41	33/41
<b>Uncommitted</b>	<b>2019</b>	<b>2018</b>
<b>Amount</b>	C\$150 million <sup>(1)</sup>	C\$150 million <sup>(1)</sup>
<b>Denomination</b>	CAD	CAD
<b>Number of Participants/Lenders</b>	1/1	1/1

(1) Used to support Canadian settlement.

There were no borrowings under any of these lines during 2019 and 2018.

Details for debt covenants related to the committed line of credit as of June 30, 2019 and December 31, 2018 follow:

	<b>2019</b>	<b>2018</b>
<b>Minimum Net Worth</b>	\$150 million	\$150 million
<b>Minimum Participants' Fund deposits</b>	\$750 million	\$750 million

As of June 30, 2019 and December 31, 2018, 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 June 30, 2019 follow:

<b>Moody's <sup>(1)</sup></b>			<b>S&amp;P</b>		
<b>Long-term</b>	<b>Short-term</b>	<b>Outlook</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Outlook</b>
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 the agency's Clearing Houses Rating Methodology.

### 10. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after June 30, 2019 through July 31, 2019, for potential recognition or disclosure in these accompanying Condensed Financial Statements. No events or transactions occurred during such period that would require recognition or disclosure in these accompanying Condensed Financial Statements.