DTCC AUDIT COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of DTCC has established an Audit Committee (the “Committee”) to assist the Board in overseeing: (i) the integrity of DTCC’s financial statements and financial reporting; (ii) the overall effectiveness of DTCC’s internal control environment; (iii) the effectiveness of DTCC’s process for monitoring compliance with applicable laws, regulations and the code of ethics; (iv) the performance and coverage of the internal audit function; (v) the external auditor’s independence, performance and coverage; and (vi) legal, compliance and regulatory risks.

II. Administrative Structure

A. Composition

The Committee shall be composed of not less than four members, including the Chair of the Committee. All members of the Committee shall be Members of the Board who are not employed by DTCC (“non-management” directors). Committee Members shall be selected by the Board, upon nomination by the Governance Committee, and shall serve at the pleasure of the Board. At least one member of the Committee shall qualify as independent from the participant members of DTCC.

Committee Members shall be independent of management and free from any relationship that would interfere with the exercise of independent judgment. All Committee Members shall have experience in dealing with matters relating to finance and accounting and be able to read and understand fundamental financial statements. At least one member of the Committee shall have considerable accounting or related financial management expertise as defined by legislation and regulation. DTCC will make available to the Committee as needed educational opportunities relevant to the Committee.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

B. Committee Chair

The Chair of the Committee shall be selected by the Board, upon nomination by the Governance Committee and shall serve at the pleasure of the Board. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.
C. Meetings

There shall be scheduled at least four meetings of the Committee annually, with additional meetings called as the Committee deems appropriate. Meetings of the Committee shall be called by the Chair or the Chair’s designee. Meetings of the Committee are open to all Board members and guests invited by the Board or the Committee. The Chair or the Chair’s designee shall, in consultation with management, as appropriate, prepare an agenda in advance of each meeting. The Chair or the Chair’s designee shall report regularly to the Board on Committee activities. The Committee also retains the authority to call an “executive session” in which any guests of the Committee may be excluded. Should a matter come before the Committee that requires a certain expertise and the Committee member (or members) with knowledge of such expertise is not at the meeting, that matter should be voted on at a subsequent meeting at which such Committee member (or members) is present.

The General Auditor, the external auditor, the Chief Compliance Officer, and the General Counsel, shall, at least four times per year and at the discretion of the Committee, or at the request of such officer(s), be provided the opportunity to meet in executive session separately with the Committee. The Group Chief Risk Officer shall, at least two times per year (or more frequently at the discretion of the Committee or at the request of such officer), be provided the opportunity to meet in executive session separately with the Committee.

D. Quorum

A majority of the incumbent Committee members shall constitute a quorum for the transaction of business.

E. Minutes and Reports

The Committee shall maintain minutes of all Committee meetings and shall report to the Board regularly on its activities through the circulation of the minutes of its meetings and by other means.

The Committee Chair is responsible for ensuring that important issues discussed at Committee meetings are reported to the full Board.

F. Staff Liaison

The General Auditor shall have a direct reporting line to the Chairman of the Committee and is responsible for assisting the Committee as needed in the performance of its duties. The Chief Compliance Officer shall have a direct reporting line to the Chairman of the Committee and is responsible to assist the Committee in the performance of its duties with regards to oversight of legal, compliance, regulatory and Code of Ethics matters.
The Committee may also require the attendance at any Committee meeting of any additional officers or employees of DTCC as it deems appropriate.

III. Authority

A. Scope

Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of DTCC, and its wholly owned subsidiaries. The Committee also has the authority to retain advisors, consultants and counsel to assist it in carrying out its activities. DTCC shall provide adequate resources to support the Committee’s activities.

B. Delegation

The Committee may delegate a subset of its responsibilities to one or more subcommittees composed of members of the Committee. In addition, the Committee may rely on members of DTCC management to assist it in undertaking its responsibilities. However, in all instances, the Committee retains the obligation to oversee such delegated activity and to assure itself that delegation and reliance on the work of the persons delegated to and members of DTCC management is reasonable.

C. Authority of the Chair

The Chair of the Committee may act on behalf of the Committee in an emergency when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as possible to the Committee for their ratification.

D. Advisory Resources

The Committee may obtain such advice as it requires from time to time to address its responsibilities, whether through the appointment of one or more Advisory Councils to provide expert input, the engagement of consultants or other advisory resources, or through any other appropriate action.

IV. Responsibilities

The Committee’s job is one of oversight, recognizing that DTCC’s management is responsible for preparing DTCC’s financial statements and for establishing and maintaining internal control. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to DTCC’s financial statements or any certification as to the work of any auditor.

DTCC Audit Committee Charter
February 2015
The following responsibilities are set forth to guide the Committee in fulfilling its purpose; the Committee may undertake other and different activities as appropriate for that purpose, or as may be delegated to it by the Board.

A. **Financial Statements and Financial Reporting**

The Committee is responsible for overseeing the management of financial risks, specifically risks over financial reporting. To this end, the Committee shall:

1. Discuss with management and the external auditor the audited and unaudited financial statements;

2. Review the DTCC annual report prior to publication;

3. Review with management, the external auditor and Internal Audit (as appropriate) significant financial reporting issues and judgments made in connection with the preparation of the financial statements, critical accounting and tax policies, any major issues regarding accounting principles and financial statement presentations and the effect of regulatory and accounting initiatives;

4. Approve material changes in accounting principles and practices;

5. Review with senior management DTCC’s internal control over financial reporting;

6. Review and discuss with the external auditor any audit problems or difficulties and management’s responses thereto; and

7. Resolve any disagreements between management and the external auditor regarding DTCC’s financial reporting.

B. **Internal Control Environment**

The Committee is responsible for overseeing the overall quality of the internal control environment of DTCC. To this end, the Committee shall:

1. Review the results of selected internal audits, compliance testing and regulatory examinations, and management’s planned response to the issues arising in those reports;

2. Review external audit’s annual management letter, and their annual opinions on the quality of controls for DTC, NSCC, and FICC;

3. Review the aging and past due status of high priority action plans arising from internal audit, external audit, compliance, and regulatory reports and examinations;

4. Annually review the travel, entertainment, and other expenditures of the
Executive Chairman of the Board and Chief Executive Officer with the assistance of Internal Audit and the Chief Financial Officer;

5. Review any disclosure of (a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect DTCC’s ability to record, process, summarize, and report financial data, and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in Ethical Compliance, Legal Compliance, or Risk Management;

6. Require the attendance at any Committee meeting of additional officers or employees of DTCC as it deems appropriate to discuss aspects of risk management and the internal control environment; and

7. Institute and oversee investigations into matters within the scope of the Committee’s responsibilities, including hiring and determining funding for outside experts, including outside counsel.

C. Internal Audit Performance and Coverage

The Committee shall:

1. Be responsible for recommending to the Board the appointment, replacement, reassignment or dismissal of the General Auditor;

2. Supervise the General Auditor in the performance of the General Auditor’s duties, and oversee the effectiveness of the internal audit function;

3. Delegate to the Committee Chair the responsibility to review and approve the Compensation/HR Committee’s recommendation for the compensation of the General Auditor;

4. Annually review and approve the Internal Audit Department charter and review key policies, including the frequency of audits and the risk assessment process;

5. Approve material changes in auditing principles and practices;

6. Review and approve the annual budgets for DTCC’s Internal Audit and Compliance departments and recommend those budgets to the Board for approval;

7. Annually review and approve the structure, staffing, and resources of the Internal Audit Department; review and approve Internal Audit’s annual objectives and the annual internal audit plan; and review any significant changes to the internal audit plan;

8. Review any aspects of the internal audit function that are outsourced to a third party; and
9. Review any delay in the issuance of an internal audit report extending beyond the standard time frame adopted by internal audit, and any serious difficulties or disputes with management encountered during the course of an audit, including any restrictions on the scope of the audit or access to required information.

D. External Audit Independence, Performance and Coverage

The Committee shall:

1. Monitor and evaluate the external auditor’s qualifications, performance and independence and based upon such evaluations recommend the appointment or dismissal of the external auditor to the Board;

2. Approve all external audit fees and terms, and both the scope and fees for any other services to be provided by the external auditors unrelated to the audit; in the absence of a scheduled meeting, the Chairman will have the authority to pre-approve such services and report to the Committee at the next regularly scheduled meeting;

3. Obtain and review, at least annually, a report by the external auditor describing the auditor’s internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues;

4. Ensure that the lead audit partner (signing the External Auditor opinion) and the concurring audit partner serve no more than five consecutive years and the relationship partner and other non-signing partners rotate off the audit at least every seven years; ensure annually the receipt from the external auditors of a formal written statement delineating all relationships between the external auditors and DTCC, and discuss with the external auditors all disclosed relationships and their impact on the external auditor’s independence;

5. Have a clear understanding with the external auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditors is to the Board and the Committee;

6. Review and approve the scope of the annual audit of DTCC’s financial statements including a discussion of the review of risk and the scope of the external auditor’s evaluation of the effectiveness of internal control;

7. Review periodically the results of and any significant findings from the annual audit of DTCC’s financial statements, including the recommendations for improvements in accounting controls and administrative efficiency, and the results of internal control reviews;

8. Review periodically matters required to be communicated in accordance with
American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 114, The Auditor’s Communication with Those Charged with Governance and Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, Communications with Audit Committees; and

9. Review annually the fees paid to and services rendered by all external audit firms to DTCC.

E. Legal, Compliance and Regulatory Risks

The Committee is responsible for overseeing the management of legal, compliance and regulatory risk. To this end, the Committee shall:

1. Oversee the design and management of DTCC’s Compliance Program, including policies and procedures reasonably designed to ensure that compliance issues are resolved effectively and expeditiously by the Chief Compliance Officer and senior management;

2. Meet periodically with DTCC’s regulators;

3. Be responsible for reviewing and endorsing management’s appointment, reassignment or dismissal of a Chief Compliance Officer for DTCC, and presenting that appointment, reassignment or dismissal to the Board for its approval;

4. Delegate to the Committee Chair the responsibility to review and approve the Compensation/HR Committee’s recommendation for the compensation of the Chief Compliance Officer;

5. Oversee the structure, staffing, and resources of the Compliance Department;

6. Review and approve the BSA/AML Program on an annual basis and recommend to the Board for its approval;

7. Monitor ongoing compliance activities and issues by receiving regular updates from the Chief Compliance Officer;

8. Review key risks and compliance concerns detected as part of the compliance program, including summaries of and trends concerning Suspicious Activity Reports (“SARs”) and other significant BSA/AML related filings;

9. Review relevant initiatives that have a significant impact on the financial, capital, processing or technological resources of member firms, along with the associated communications plan;

10. Understand the potential impact on DTCC of changes in applicable laws, regulations, regulatory guidance and industry practices, and ensure that critical
11. Review the process for communicating the Code of Ethics to personnel, any submissions by DTCC employees under the Code of Ethics, including confidential anonymous submissions, regarding questionable accounting or auditing matters; and the results of management’s investigation and follow-up (including disciplinary action) of any instances of noncompliance or purported material violations of law or fiduciary duty;

12. Annually review a report from DTCC’s General Counsel on existing, pending, or threatened litigation, and discuss legal matters that may have a material impact on the financial statements; and

13. Annually review a report from DTCC’s General Counsel on DTCC’s use of external counsel services, including details of associated and aggregated costs by firm.

F. Coordination, Reporting and Self-Evaluation

The Committee shall:

1. Review annually the Committee’s responsibilities as set forth in the Charter and recommend any changes to the Governance Committee for consideration and approval by the Governance Committee and the Board; and

2. Undertake an annual self-assessment of the Committee’s performance and provide results of such assessment to the Board for review.

G. Audit Committee Chairman

The Audit Committee Chairman shall:

1. Meet with the Chairman of the Board Risk Committee quarterly to share information and concerns and coordinate the activities of the two committees.