



**THE DEPOSITORY TRUST & CLEARING CORPORATION
THE DEPOSITORY TRUST COMPANY
FIXED INCOME CLEARING CORPORATION
NATIONAL SECURITIES CLEARING CORPORATION**

COMPENSATION AND HUMAN RESOURCES COMMITTEE CHARTER

I. Purpose

The Boards of Directors (collectively, the “Board”) of The Depository Trust & Clearing Corporation, (“DTCC”), The Depository Trust Company (“DTC”), Fixed Income Clearing Corporation (“FICC”), and National Securities Clearing Corporation (“NSCC”) (DTC, FICC, NSCC are collectively referred to as the “SIFMUs” and the SIFMUs together with DTCC, are collectively referred to as the “Company”) have each established a Compensation and Human Resources Committee (collectively, the “Committee”) to assist the Board in overseeing DTCC’s human capital management programs to ensure that they are aligned with the organization’s strategic goals and objectives and to continually improve business performance. Programs included in the scope of the Committee’s responsibilities include those related to talent acquisition, retention, executive leadership development, performance management, succession planning, total rewards, diversity and the fostering of a high performance corporate culture. The Committee further advises on the extent to which human capital management programs are periodically reviewed and revised so as to be in alignment with industry and regulatory best practices.

II. Administrative Structure

A. Composition

The Committee shall be composed of not less than four members, including the Chair of the Committee, who are serving Directors of the Board and who are not current employees of DTCC or any of its affiliates. The Non-Executive Chairman shall serve as an *ex officio* member of the Committee. 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 the SIFMUs. The Committee shall include members with experience in matters relating to total rewards, talent acquisition and development, performance management, succession planning and diversity.

Committee members shall be independent of management and free from any relationship that would interfere with the exercise of independent judgment. Committee members must satisfy the requirements of an “outside director” for

purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.¹

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, the Non-Executive Chairman shall serve as Chair of such meeting. In the absence of the Non-Executive Chairman at any meeting at which the Chair is absent, 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 three 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" from which guests of the Committee in attendance may be excluded. The Non-Executive Chairman shall be permitted to attend and participate in executive sessions called by the Committee.

The Committee shall meet at least annually with the President and Chief Executive Officer and any other corporate officers the Board and Committee deem appropriate to discuss and review the performance criteria and compensation levels of key executives.

¹ While not a requirement for the charter, DTCC has elected to include this provision. "Performance-based compensation" under Section 162(m) of the Internal Revenue Code is exempt from the \$1 million limitation on deductibility of compensation for certain employees if certain conditions are met including having the compensation granted by a committee comprised solely of two or more "outside directors." "Outside director" is defined in Section 1.162-27(e)(3)(i) of the Income Tax Regulations as a director who: (A) is not a current employee of the company; (B) is not a former employee of the company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year; (C) has not been an officer of the company; and (D) does not receive remuneration from the company, either directly or indirectly, in any capacity other than as a director.

D. Quorum and Voting

A majority of the Committee members shall constitute a quorum for the transaction of business. The presence of the Non-Executive Chairman shall not be counted towards quorum for the transaction of business at a meeting of the Committee where a quorum of voting Committee members is present, but may be counted towards quorum for the transaction of business at a meeting of the Committee at which a quorum of voting Committee members is not present. The Non-Executive Chairman shall not be a voting member of the Committee; provided, however, that (i) in the event of a tie vote or deadlock among the voting members of the Committee, the Non-Executive Chairman shall have the casting vote which shall determine the outcome of such tie vote or deadlock, and (ii) the Non-Executive Chairman may vote at a meeting of the Committee at which he is counted towards 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.

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

F. Staff Liaison

A designated officer of management shall serve to assist the Committee and to perform liaison functions between staff and the Committee. 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/or 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 activities to one or more subcommittees composed of members of the Committee. However, in all instances, the Committee retains the obligation to exercise independent judgment and oversee such delegated activity and to assure itself that delegation and reliance on the work of the persons delegated to is reasonable.

C. Authority of the Chair to Act in an Emergency²

In an emergency situation, the Chair of the Committee shall make a reasonable effort to convene a meeting of the Committee. If a quorum cannot be obtained, the majority vote of those Committee members present at the meeting will be sufficient for the Committee to take action. If no Committee members are able to attend the emergency meeting, the Chair of the Committee, or the Non-Executive Chairman if the Chair of the Committee is unavailable, may act on behalf of the Committee when immediate action is required. In such instance, the Chair or Non-Executive Chairman, as the case may be, shall report to the Committee as soon as possible on any actions taken at the meeting, or by the Chair of Non-Executive Chairman, as the case may be, for its 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 independent consultants or other advisory resources, or through any other appropriate action. The Committee may request an annual review of advisor independence. The Committee may also request that the company demonstrate the availability of appropriate funding for payment of reasonable compensation to independent advisors and legal counsel.

IV. Responsibilities

The following responsibilities are set forth to guide the Committee in fulfilling its purpose to assist the Board in overseeing DTCC's human capital management policies and practices; the Committee may undertake other and different activities as appropriate for that purpose, or as may be delegated to it by the Board of Directors. The Committee will perform its responsibilities with regard to DTCC and its wholly owned subsidiaries but not to its other affiliates.

² Should the emergency situation concern a participant represented by a member of the Committee, such Committee member shall recuse himself/herself from attending the meeting.

The Committee shall:

1. Oversee the development and administration of DTCC's Human Resource programs and policies including talent acquisition and development executive development, performance management, total rewards, succession planning and diversity.
2. Review and approve DTCC's general compensation philosophy and establish and review the objectives of DTCC's management compensation programs and policies and recommend to the Board adjustments in DTCC's salary, incentive and total compensation structure and report to the Board thereon;
3. Review and recommend for approval by the Board corporate goals, objectives and related performance metrics relevant to the compensation of DTCC's executive officers, including annual and long-term performance goals and objectives;
4. In consultation with the Risk Committee Chair, assure that corporate goals and objectives are aligned with the interests of the Company's stakeholders and do not encourage executive officers to take undue risks;
5. Review the activities of the Employee Benefit Plans Committee and ensure that total rewards programs are financially viable, cost-effective, appropriately funded and do not pose undue risk to the organization;
6. Annually approve funding for the Incentive Plan for DTCC based upon achievement of approved corporate goals, objectives, related performance metrics for the year and the approved industry adjustment factor. Review and recommend to the Board the valuation range (CAGR) for upcoming award grant based on company performance and other factors.

Review and recommend to the board the CAGR for the award that vests in the next calendar year based on company performance and other factors over the last 3 years.

Approve the LTIP pool for the upcoming award cycle. Approve valuation of LTIP awards vesting in 2018, 2019 and 2020 based on previous valuation process.

7. Approve compensation for current and prospective members of the Management Committee (with the exception of the Group Chief Risk Officer) and recommend compensation for the President and Chief Executive Officer to the Board of Directors for approval;

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February 2018*

8. For administrative purposes and to ensure market and internal alignment, review compensation for the General Auditor and Chief Compliance Officer which is reviewed and approved by the Audit Committee;
9. For administrative purposes and to ensure market and internal alignment, review compensation for the Group Chief Risk Officer which is reviewed and approved by the Risk Committee;
10. Review and assess, in consultation with the Risk Committee Chair, whether the compensation program:
 - promotes appropriate risk identification and management approaches,
 - discourages executive officers from taking unnecessary or excessive risks,
 - includes a regular assessment of key performance indicators to measure and compensate executive officers, and
 - maintains a high level of responsiveness to concerns and recommendations raised by officers;
11. Obtain input from the Group Chief Risk Officer, General Auditor and Chief Compliance Officer regarding executives' performance in relation to risk management/behaviors and consider when determining incentive compensation;
12. Review proposed arrangements for individuals on the Management Committee who transition to part time or consulting positions with the Company as a result of retirement or resignation;
13. Review proposed material changes to executive management benefits;
14. Ensure that critical matters and material systemic risk concerns are escalated to the full Board;
15. In consultation with the Risk and Audit Committee Chairs, seek to assure that compensation policies meet evolving standards on compensation practices;
16. Review the form and amount of non-participant director compensation at least annually, and make recommendations thereon to the Board;
17. Assure that no member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their

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services as directors and assure that no employees are compensated for their services as directors;

18. In consultation with the Risk Committee Chair, seek to ensure that succession plans are in place for key executives and report to the Board thereon;
19. 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
20. Undertake an annual self-assessment of the Committee's performance and provide results of such assessment to the Board for review.