DTCC RISK COMMITTEE CHARTER

Purpose

The ability to identify, manage and mitigate risk is fundamental to the services that The Depository Trust & Clearing Corporation (“DTCC”) provides to its members and to the financial markets generally, and oversight of these activities is a primary activity of the Board of Directors of DTCC (the “Board”). The Board has established a Risk Committee (the “Committee”) of the Board as described in this Charter to assist the Board in fulfilling its responsibilities for oversight of DTCC’s risk management activities focusing on three critical aspects: (1) oversight of enterprise risk management systems and processes designed to identify and manage credit, market and liquidity risks to DTCC’s domestic subsidiaries; (2) oversight of operational risks to DTCC arising from the operation of DTCC’s subsidiaries; and (3) due to DTCC’s unique capabilities and position, oversight of DTCC’s efforts to mitigate certain “systemic risks” that may undermine the stable operation of the financial system. In order to provide additional dedicated focus and align oversight of specialized risk categories with the domain expertise of particular Committees, certain risks will be overseen by other Board Committees. While these risks will not be directly overseen by the Committee, the Committee will, nonetheless, coordinate risk oversight with these Board Committees as appropriate to achieve a comprehensive and holistic oversight of the organization’s risk-related matters. The Committee will directly oversee the following: credit, liquidity, market, operational, new initiatives and systemic risks. The Committee’s role is one of delegated oversight on behalf of the Board. The Board retains the authority to review matters brought to the Committee and request immediate escalation to the Board should the Board deem appropriate.

It remains the responsibility of DTCC’s management team, including through the activities of the Management Risk Committee, to identify, manage and mitigate risk as appropriate.

Administrative Structure

A. Composition

The Committee shall be composed of not less than four members, including the Chair and Vice Chair of the Committee, who are serving Directors of the DTCC Board. Committee members shall be selected by the Board, 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 have experience relating to the management of credit, market, liquidity, operational or regulatory risks, and the risks associated with human capital, payment systems, clearance, settlement and asset servicing activities, the development of new products or services, or the development and use of risk models or valuations.

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 and Vice Chair of the Committee shall each be Members of the Board who are not employed by DTCC (a “non-management” director). The Chair and Vice Chair shall be selected by the Board, and shall serve at the pleasure of the Board. In the absence of the Chair at any meeting of the Committee, the Vice Chair shall serve as the Acting Chair.

C. Meetings

The Committee shall meet not less than six times a year and may meet more frequently as the Committee deems appropriate. Meetings of the Committee shall be called by the Chair, by the Chair’s designee or, in the absence of the Chair, by the Vice Chair of the Committee. Meetings of the Committee shall generally be open to all Board members. The Committee also retains the authority to call an “executive session” from which Committee members who are employees of DTCC (and/or any guests of the Committee in attendance) may be excluded; however, formal actions may not be taken in executive session, but require a meeting of the Committee or, at the discretion of the Committee, escalation to the Board.

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.

F. Staff Liaison

The Group Chief Risk Officer 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 Committee may also require the attendance at any Committee meeting of any additional officers or employees of DTCC as it deems appropriate.

Management shall establish a Management Risk Committee, composed of various members of management, to perform management responsibilities relating to DTCC’s risks, under the direction of the Committee.

**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 responsibilities to one or more subcommittees composed of members of the Committee, or to members of DTCC management. 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 such delegates is reasonable.

C. **Authority of the Chair**

The Chair of the Committee or, if the Chair is unavailable, the Vice 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 or Vice Chair, as applicable, 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.
**Responsibilities**

The Committee’s role is one of oversight. The Company’s management is responsible for identifying, monitoring and managing risk and implementing and maintaining systems to assist it in these tasks. 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.

A. **Oversee Enterprise Risk Management**

   The Committee shall:

   1. **Provide General Risk Oversight**

      a. Monitor management’s activities and assess management’s capabilities relating to enterprise risk management, including through regular discussion with and reports from management concerning the systems and procedures that management has developed and maintains to identify, monitor, mitigate and otherwise manage the risks to DTCC’s business; review with management the interrelated nature of risks facing DTCC; provide general oversight of the activities of the Management Risk Committee; and oversee the structure, staffing and resources of the risk management function.

      b. Provide oversight regarding management’s efforts to identify, categorize and manage enterprise risks, including systemic risk, credit risk, market risk, operational risk, and liquidity risk, as well as business continuity, information security and IT Risk Assessment, information technology and security risk, process & operations continuity risk and vendor risk.

      c. Review with management on a regular basis management’s view of appropriate risk tolerances including the types and degrees of risk that are necessary and appropriate for DTCC to take, assessing whether management’s view is appropriate, and recommend to the Board for approval the parameters of DTCC’s risk tolerances.

      d. Review the results of any audits (internal and external), regulatory examinations and supervisory examination reports as to significant risk items or any other matter relating to the areas that the Committee oversees, as well as management’s responses pertaining to matters that are subject to the oversight of the Committee.

      e. Identify risk issues that should be escalated to the Board for final action.

      f. Review, approve and reassess periodically reporting metrics reflecting DTCC’s risks as regards the risks for which the Committee has oversight, and management of them that shall periodically be reported by management and

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reviewed with the Board.
g. Review the Company’s model risk management policies and controls, and oversee the model risk management strategy.

2. Provide Oversight of “Day-to-Day” Risk Management

The Committee shall have oversight of management’s handling of DTCC’s day-to-day responsibilities for managing, credit, market, operational, and liquidity risks. The Committee shall:

a. Review and approve applicants for participation or membership in DTC, NSCC and FICC and review the continuance of potentially problematic participants or members;

b. Approve the waiver of any Rule, Procedure or requirement applicable to participants or members when such is deemed necessary or appropriate for the protection of DTC, NSCC, FICC and their participants or members; provided, however, that the Committee may delegate some or all of the authority enumerated in IV. 2a and 2b above to management, based on standards (“Delegated Standards”) proposed by the Committee and approved by the Board. The Committee shall exercise retained authority for approval outside the Delegated Standards for any such actions and retains the authority to determine the termination of any participant or member of DTC, NSCC or FICC.

c. Approve any new changes to standards for eligibility for DTC, NSCC or FICC; and

d. Review and approve proposed regulatory filings to be made pursuant to either Section 19(b) of the Exchange Act as a proposed rule change or Section 806(e) of the Dodd-Frank Act as an advance notice, with respect to all membership or participation and credit, market, liquidity, and operational risk management related issues that require action by the Board; provided, however, the authority to review and approve such changes may be delegated to:

(1) the General Counsel or Deputy General Counsels of DTCC, with respect to either:

(A) changes which may be submitted for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Exchange Act, including fee filings where the aggregate annual fees generated are anticipated to be $1,000,000 or less at the time of the filing, as well as rule filings that constitute clarifications, corrections or minor changes in the rules of the clearing agencies but that will not be submitted for immediate effectiveness (“Delegated Rule Filings”); and
(B) changes that are subject to advance notice that are also subject to a rule filing that is a Delegated Rule Filing.

(2) the management body that would otherwise review and approve the subject matter of an advance notice, where that change is not also subject to a rule filing.

(3) the Committee Chair provided that the Chair promptly reports such approval to the Committee.

B. Oversee Operational and Systemic Risk Management Activities

The Committee shall:

1. Review annually management's process for identifying and mitigating significant operational risks.

2. Review, not less frequently than annually, programs for information security and IT Risk Assessment, and assess their adequacy and recommend any improvements.

3. At least annually, approve information security plans, policies and programs, as well as a written report on the effectiveness of the information security program.

4. Provide oversight and keep the Board informed of evaluation of the likely impact on systemic stability from DTCC’s efforts to improve the efficiency and effectiveness of the processes and systems supporting its ordinary course risk management and other activities and, where appropriate, the development of strategies to mitigate these effect.

5. Discuss on a regular basis with management the impact on systemic stability that may arise as a result of DTCC’s actions in responding to an extraordinary market event (including the impending or actual failure of a member firm or the failure of a key supplier), and the development of strategies to mitigate these effects.

6. Oversee the provision by DTCC of educational resources for members and stakeholders to increase understanding of DTCC operations and processes as they relate to DTCC’s risk management and mitigation responsibilities, the effect of these operations and processes on members’ risks in interacting with DTCC, and the effect of these operations and interactions on systemic risk more broadly.

7. Review management’s assessment of the impact on systemic stability resulting from the implementation of proposed new products, services or business initiatives.

C. Related Matters

The Committee shall:

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1. Review the annual budget for DTCC’s Risk department.

2. Semi-annually review and approve the structure, staffing, and resources of the Enterprise Risk Management and Operational Risk Management teams and semi-annually monitor and assess the performance against these plans.

3. Coordinate risk oversight activities with other Board Committees, including an annual review of DTCC’s various risk categories to confirm that they are appropriately aligned across the committees of the Board.

4. Review the findings of any third party engaged by management to evaluate DTCC’s risk models.

5. Review annually the Committee’s responsibilities as set forth in the Charter and recommend any changes to the Board.

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

7. Delegate to the Committee Chair the responsibility to review and approve the Compensation/HR Committee’s recommendation for the compensation of the Group Chief Risk Officer.