

**DTCC**

## **DTCC: An Overview**

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# DTCC: Introduction

- **User-owned cooperative** that through its subsidiaries provides secure, reliable, cost-effective and responsive **post-trade infrastructure** to the global financial markets.
- Through its subsidiaries, DTCC provides **clearance, settlement and information services** for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments and over-the-counter derivatives. In addition, DTCC is a leading processor of mutual funds and insurance transactions, linking funds and carriers with their distribution networks.
- In 2012, DTCC's subsidiaries processed securities transactions valued at approximately US\$1.6 quadrillion. DTCC's **depository provides custody and asset servicing** for securities issues from 131 countries and territories, valued at US\$37.2 trillion. (By contrast, at \$1,500 an ounce for gold, Fort Knox holds about \$220.8 billion in gold reserves.)
- Operating facilities and data centers in **multiple locations** in the U.S. and overseas
- **Risk Management** - our infrastructure has an increasingly critical role in reducing cost and managing risk—including systemic risk—throughout the U.S. securities industry and across financial markets globally.

# Asset Class Coverage

## Securities

- US Equities
- European Equities
- Corporate Bonds
- Municipal Bonds
- Unit Investment Trusts
- ETFs
- Treasuries
- Government backed securities
- Mortgage Backed Securities
- Mutual Funds

## Other Financial Instruments

- Credit Default Swaps
- Insurance transactions
- Debt derivatives
- Banker's Acceptances
- Short-term bank notes
- Discount notes

## Global Trade Repositories

- Credit Default Swaps
- Equity derivatives
- Interest rate derivatives
- Commodity derivatives
- Foreign exchange

# DTCC Today: Who We Are

## 1. National Securities Clearing Corporation (NSCC)

- Provides clearing, settlement, risk management, central counterparty (CCP) services
- Handles clearing and settlement of trades in equities, corporate and municipal bonds, unit investment trusts, index funds and other securities
- Is the leading processor of mutual fund and insurance transactions in the U.S.
- Regulated by the SEC
- Designated a Systemically Important Financial Market Utility (SIFMU) by FSOC

## 2. The Depository Trust Company (DTC)

- Central securities depository services including:
  - Provides securities custody and safekeeping services
  - Underwriting support and asset servicing
  - Book entry transfer of interests in securities on deposit
  - Settlement for institutional trades, money market instruments and other securities transactions
- Regulated by the SEC, Federal Reserve, and New York State Department of Financial Services
- Designated SIFMU

# DTCC: Who We Are (con't)

## 3. Fixed Income Clearing Corporation (FICC)

- Operates as a central counterparty (CCP)
- Provides clearing and risk management for trades in:
  - U.S. government securities and repurchase agreements
  - Mortgage-backed securities
- Regulated by the SEC
- Designated SIFMU

## 4. Deriv/SERV LLC

- Operates a global trade repository service and post-trade processing services for over-the-counter (OTC) derivative transactions
- Incorporates multiple repositories as part of its GTR service, including DTCC Derivatives Repository Ltd. (EU), DDR Japan, DDR US and DDR Singapore
- Supports reporting for all five OTC derivative asset classes
- Three global data centers (US, EU, Singapore)

# DTCC: Who We Are (con't)



5. **DTCC Solutions LLC** operates the world's most comprehensive services for managed accounts and the global syndicated loan market.

6. **EuroCCP**, based in London, provides clearing, settlement and risk management services for multilateral pan-European equities trading facilities. Recently agreed to join forces with pan-European cash equity clearing house, EMCF and is awaiting regulatory approval.

7. **Avox**, based in Wrexham, UK, validates, corrects, enriches and maintains business entity reference data. This includes data such as corporate hierarchies, registered address information, industry sector codes and company identifiers.

# DTCC: Who We Are (con't)

## Joint companies

- **Omgeo** – DTCC recently entered into agreement to acquire full ownership of Omgeo; serves the post-trade needs of institutional investors
- **New York Portfolio Clearing** – DTCC's joint venture with NYSE Euronext for clearing interest rate derivative transactions and creating capital efficiencies by margining those transactions with cash market trades from FICC
- **Euroclear** – DTCC's proposed joint service with Euroclear for automatic transfer and segregation of collateral based on agreed margin calls relating to OTC derivatives and other collateralised contracts

# DTCC: Who Our Customers Are

- DTCC's customer base extends to thousands of companies within the global financial services industry including:
  - Broker/dealers, banks, institutional investors, trust companies, hedge funds, mutual fund companies, insurance carriers, investment managers, transfer agents, financial planners and other third-party financial intermediaries – either directly or through correspondent relationships.
- DTCC serves as the centralized clearinghouse for more than 50 exchanges and equity trading platforms.
- DTCC also has dozens of strategic partners and maintains strong working relationships with U.S. clearing agencies and depositories in numerous countries worldwide.



# Response to Superstorm Sandy

- Remained operational and seamlessly processed nearly **\$19 trillion in securities transactions** during the events of Superstorm Sandy.
- Maintained contact with key members of the financial industry, including settlement banks, clients, employees, regulators and local, state and federal emergency management officials to ensure all stayed current on developments impacting DTCC and its clients.
- DTCC's headquarters in lower Manhattan sustained significant water damage and the lower floors, including the securities vault, were flooded.
- DTCC's computer records remained fully intact, which included detailed inventory files of the entire contents of the vault.
- Despite the damage, DTCC resumed processing of physical securities (from Brooklyn facility) just three days later.