The Depository Trust Company

Financial Statements as of and for the Years Ended December 31, 2020 and 2019, and Report of Independent Registered Public Accounting Firm

THE DEPOSITORY TRUST COMPANY

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The Depository Trust Company

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of The Depository Trust Company (the "Company") as of December 31, 2020 and 2019, the related statements of income, changes in shareholders' equity, and cash flows, and the related footnotes for each of the two years in the period ended December 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with the accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

Deloitte & Touche LLP

February 26, 2021

We have served as the Company's auditor since 2009.

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	**As of December 31** **2020**	**2019**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 684,377	$ 606,572
Accounts receivable - net of allowance for credit losses	53,818	43,954
Participants' Fund cash deposits	1,925,137	1,957,140
Other Participants' assets	810,250	510,092
Other current assets	4,829	10,695
Total current assets	3,478,411	3,128,453
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation	16,030	16,730
Intangible assets - net of accumulated amortization	36,458	33,477
Other non-current assets	29,410	30,721
Total non-current assets	81,898	80,928
TOTAL ASSETS	$ 3,560,309	$ 3,209,381
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 20,547	$ 19,947
Participants' Fund cash deposits	1,925,137	1,957,140
Payable to Participants	810,250	510,092
Other current liabilities	20,039	2,615
Total current liabilities	2,775,973	2,489,794
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	5,734	6,276
Total liabilities	2,781,707	2,496,070
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY		
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
Additional paid-in capital	61,546	61,546
Retained earnings	565,206	499,915
Total shareholders' equity	778,602	713,311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 3,560,309	$ 3,209,381

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF INCOME

(In thousands)	For the years ended December 31, 2020	2019
REVENUES		
Settlement and asset services	$ 428,775	$ 420,192
Other services	24,337	19,705
Total revenues	453,112	439,897
EXPENSES		
Employee compensation and related benefits	200,758	183,636
Information technology	33,366	33,513
Professional and other services	86,506	86,073
Occupancy	11,154	11,240
Depreciation and amortization	11,795	9,892
General and administrative	26,589	24,334
Impairment of intangible assets	458	165
Total expenses	370,626	348,853
Total operating income	82,486	91,044
NON-OPERATING INCOME (EXPENSE)		
Interest income	12,610	60,470
Refunds to Participants	(8,071)	(44,193)
Interest expense	(9,090)	(11,339)
Other non-operating income, net	10,942	9,543
Total non-operating income	6,391	14,481
Income before taxes	88,877	105,525
Provision for income taxes	23,106	29,008
Net income	$ 65,771	$ 76,517

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)	Preferred Stock Series A	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2019	$ 150,000	$ 1,850	$ 61,546	$ 426,038	$ 639,434
Net income	—	—	—	76,517	76,517
Dividend on preferred stock	—	—	—	(2,640)	(2,640)
BALANCE - December 31, 2019	150,000	1,850	61,546	499,915	713,311
Net income	—	—	—	65,771	65,771
Dividend on preferred stock	—	—	—	(480)	(480)
BALANCE - December 31, 2020	$ 150,000	$ 1,850	$ 61,546	$ 565,206	$ 778,602

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CASH FLOWS

(In thousands)	For the years ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 65,771	$ 76,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,795	9,892
Impairment of intangible assets	458	165
Deferred income taxes	1,311	14,283
Other	24	—
Net change in:		
Accounts receivable	(9,888)	(3,128)
Other assets	5,866	(3,802)
Accounts payable and accrued expenses	2,760	(685)
Other liabilities	16,882	2,726
Participants' Fund liabilities	(32,003)	122,777
Payable to Participants	300,158	(3,450)
Net cash provided by operating activities	363,134	215,295
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized software development costs	(14,534)	(16,534)
Net cash used in investing activities	(14,534)	(16,534)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend on preferred stock	(2,640)	(2,340)
Net cash used in financing activities	(2,640)	(2,340)
Net increase in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	345,960	196,421
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of year	3,073,804	2,877,383
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of year	$ 3,419,764	$ 3,073,804
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 9,200	$ 11,256
Income taxes paid - net of refunds	$ —	$ 16,098

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

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 (referred to herein as its 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 risk management, operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

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 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, impairment of intangible assets, 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.

Cash and cash equivalents. All highly liquid investments purchased with an original maturity of three months or less at the date of acquisition are classified as Cash and cash equivalents. Cash equivalents consist primarily of highly liquid investments in deposits held in banks.

Fair value measurements. The Company may be required or permitted to measure and disclose certain assets and liabilities using fair value measurements. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company uses a three-level classification hierarchy of fair value measurements that establishes the quality of inputs used to measure fair value. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

Accounts receivable. Accounts receivable are stated at cost, net of an allowance for credit losses and refunds to Participants. The Company establishes an allowance for estimated losses resulting from uncollectibility. Expected credit losses for newly recognized financial assets and changes to expected credit losses during the period are recognized in General and administrative in the accompanying Statements of Income. The Company determines the adequacy of the allowance by estimating the possibility of loss based on a variety of factors, including the length of time receivables are past due, forward looking macroeconomic projections, historical experience and the financial condition of customers and other debtors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Participants' Fund. The rules of DTC require Participants to maintain deposits in the Participants' Fund related to their DTC activities based on calculated requirements, as determined by the Company. The deposits may be applied to satisfy obligations of the depositing Participants, other Participants or DTC pursuant to DTC's rules. Participant cash deposits are maintained within the Participants' Fund on the accompanying Statements of Financial Condition due to the benefits and risks of ownership incurred by the Company.

Cash deposits. Deposits and contributions received in the form of cash may only be invested in bank deposit accounts that provide same day access to funds. All interest earned on investments is accrued and refunded to Participants within Refunds to Participants in the accompanying Statements of Income.

Securities held in custody. Securities held in custody by DTC for Participants, which are predominantly in electronic book form, but also include physical certificates, are not reported in the accompanying financial statements. Cash dividends and interest received by DTC or due on such securities and in the process of distribution or awaiting claim, are included in Other Participants' assets with a corresponding liability recorded in Payable to Participants on the accompanying Statements of Financial Condition. Short positions occasionally exist in securities balances and are credited to the account of the Participants; such short positions are valued and collateralized daily by 130% of the short position reflected in Other Participants' assets on the accompanying Statements of Financial Condition. DTC’s obligation to return such cash collateral to Participant is also reflected in Payable to Participants.

Federal reserve stock. DTC is a member of the FRBNY and, as a member, is required to maintain a minimum level of investment in FRB stock based on the Company’s capital. The FRB stock is carried at cost, classified as a restricted security and periodically evaluated for impairment. The Company determined there was no impairment as of December 31, 2020 and 2019. The FRB stock, amounting to $6,402,000 at December 31, 2020 and 2019, is included in Other non-current assets on the accompanying Statements of Financial Condition.

Premises and equipment. Premises and equipment are stated at cost, net of accumulated depreciation. Routine maintenance, repairs and replacement costs are expensed as incurred, while improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the accompanying Statements of Income. Premises and equipment are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. The following table summarizes how the Company depreciates Premises and equipment:

Premises and equipment	Depreciation Period	Depreciation Method
Leasehold improvements	Shorter of useful life or remaining term of the lease	Straight-line
Building and improvements	39 years	Straight-line

Depreciation expense for leasehold improvements and buildings and improvements is included in Depreciation and amortization in the accompanying Statements of Income.

Intangible assets. Intangible assets represent capitalized software. The Company capitalizes eligible costs associated with the acquisition or development of internal-use software projects that provide new or significantly improved functionality. The Company capitalizes software costs expected to result in long-term operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality. All other costs incurred in connection with an internal-use software project are expensed as incurred.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. Intangible assets are amortized over estimated useful lives ranging from three to five years using the straight-line method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Statements of Financial Condition, Income or Cash Flows.

Revenue recognition. The Company recognizes revenue to depict the transfer of promised services and related performance obligations to customers in an amount that reflects the consideration to which the entity expects to be entitled, upon satisfaction, in exchange for those services.

The Company derives its revenue from transaction fees, subscription revenue, and usage fees. Revenue from transaction fees is billed monthly and calculated based on the number of executed transactions and the established fee schedules, less any applicable volume discounts. The volume targets or thresholds for the discounts reset monthly. 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. Usage fees are recognized when services are provided based on contractual terms.

Details for each revenue stream presented in the Company's Statements of Income follow:

S*ettlement and asset services.* Revenue derived from this revenue stream are in the form of transaction fees and subscription revenue. The Company provides settlement services for equity, corporate and municipal debt trades and money market instruments in the United States of America. Asset Servicing includes a broad range of services for underwriting, custody, corporate actions, dividend, proxy and reorganization services, as well as the electronic registration and transfer of securities processing.

Other services. Revenue derived from this revenue stream may be in the form of subscription revenue and usage fees, which include 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.

Rebates. During 2020 and 2019, the Board of Directors approved and the Company paid rebates in the amount of $25 million and $13 million, respectively, to DTC Participants. The rebates were calculated based on estimated profitability of the Company. Participants received rebates in proportion to their fees paid in 2020 and 2019, respectively. The rebates are presented net in Settlement and asset services revenue in the accompanying Statements of Income.

Accounts receivable and deferred revenue. The period in which the Company recognizes revenue may differ from the timing of payments received from customers. The Company typically bills its customers up to 30 days in arrears. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. Deferred revenue represents the Company's liability to perform services in the future related to payments received in advance of those services. Deferred revenue as of December 31, 2020 and 2019 was $3,950,000 and $2,615,000, respectively, and is included in Other current liabilities and Other non-current liabilities on the accompanying Statements of Financial Condition. Of the $2,615,000 as of December 31, 2019, $2,615,000 was recognized as revenue during the year ended December 31, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impacts to previously reported results. The Company reclassified prior period amounts related to deferred revenue to conform to the current year presentation. The current year presentation shows deferred revenue as part of Other current liabilities; it was presented as part of Accounts payable and accrued expenses in the prior year. This reclassification had no impact on previously reported total assets, total liabilities, revenues, and net income.

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 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.

Income taxes. The Provision for income taxes is computed using the asset and liability method. The tax currently payable is based on taxable income for the year. Taxable income differs from Income before taxes as reported in the accompanying Statement of Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for

income tax return purposes. These temporary differences result in taxable (deferred tax liability) or deductible (deferred tax asset) amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Valuation allowances are recognized if, based on the weight of available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. Deferred tax assets and liabilities are reported net by jurisdiction in non-current assets or liabilities on the accompanying Statements of Financial Condition. The Company provides for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by the tax authorities.

Reconciliation of Cash, cash equivalents and restricted cash. When reconciling the beginning and ending total amounts shown in the Statements of Cash Flows, the Company includes all cash on the Statements of Financial Condition, regardless of which line it is included. The Statement of Cash Flows includes Cash and cash equivalents and cash balances that are not available for general corporate purposes due to certain limitations, including - Clearing Fund cash deposits and Cash in Other Participants' assets.

A reconciliation of Cash and cash equivalents, Participants' Fund cash deposits, and Cash in Other Participants' assets, reported within the Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Statements of Cash Flows as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Cash and cash equivalents	$ 684,377	$ 606,572
Participants' Fund cash deposits (see Note 4)	1,925,137	1,957,140
Cash in Other Participants' assets (see Note 5)	810,250	510,092
Total Cash and cash equivalents, Participants' Fund cash deposits and Cash in Other Participants' assets shown on the Statements of Cash Flows	$ 3,419,764	$ 3,073,804

3. ACCOUNTING AND REPORTING DEVELOPMENTS

Standard	Description	Impact on the financial statements or other significant matters
Financial Accounting Standards Board Standard Issued, but not yet Adopted		
ASU 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes Issued December 2019	• Clarifies and simplifies aspects of accounting for income taxes. • Eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for basis differences between book and tax.	• Effective January 1, 2022. • The Company is evaluating the impact on its financial statements and related disclosures.
Recently Adopted Accounting Standards		
ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting *Issued March 2020*	• Provides optional ways and exceptions for applying U.S. GAAP to contract modifications and hedging relationships that currently utilize the London Interbank Offered Rate (LIBOR) as their benchmark rate, subject to certain criteria being met.	• Adopted April 2020 on a prospective basis. • The adoption of the standard did not have an impact on the Company's financial statements and related disclosures. The Company will continue to evaluate the impacts of reference rate reform on contract modifications.
ASU 2018-15 Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (CCA) That Is a Service Contract *Issued August 2018*	• Aligns the accounting for implementation costs incurred in a CCA that does not include a license to internal-use software with one that does. • Requires companies to defer potentially significant implementation costs incurred in a CCA that was often expensed as incurred under legacy US GAAP and recognize them as expense over the term of the arrangement.	• Adopted January 1, 2020 on a prospective basis. • The adoption of the standard did not have an impact on the Company's financial statements and related disclosures.
ASU 2018-13 Fair value measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement *Issued August 2018*	• Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. • Public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for recurring Level 3 fair value measurements.	• Adopted January 1, 2020. • The adoption of the standard did not have an impact on the Company's financial statements and related disclosures.
ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments *Issued June 2016*	• Replaces the current incurred loss approach for credit losses with an "expected loss" model for instruments measured at amortized cost. • Requires all lifetime credit losses for financial assets held at the reporting date to be estimated based on factors such as historical experience, current conditions and forecasts. • Requires entities to record allowances for available-for-sale debt securities.	• Adopted January 1, 2020 on a modified retrospective basis. • The Company determined the largest instrument in scope of the standard is accounts receivable. Accounts receivable and management's provision matrix were assessed for current economic conditions and forward-looking projections; however, an adjustment was not required. • The adoption of the standard did not have a material impact on the Company's financial statements and related disclosures.

4. PARTICIPANTS' FUND CASH DEPOSITS

Details for the Participants' Fund cash deposits as of December 31, 2020 and, 2019 follow (in thousands):

	2020	2019
Total deposits	$ 1,925,137	$ 1,957,140
Less: Required deposits	1,150,000	1,150,000
Excess deposits	$ 775,137	$ 807,140

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

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 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 December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Assets:		
Other Participants' assets	$ 810,250	$ 510,092
Liabilities:		
Payable to Participants	$ 810,250	$ 510,092

6. PREMISES AND EQUIPMENT

The cost, accumulated depreciation and net book value of Premises and equipment as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Leasehold improvements	$ 12,207	$ 12,207
Buildings and improvements	11,200	11,483
Land	2,506	2,506
Total Premises and equipment	25,913	26,196
Less: Accumulated depreciation	(9,883)	(9,466)
Net book value	$ 16,030	$ 16,730

Depreciation expense for premises and equipment for the years ended December 31, 2020 and 2019 was $700,000 and $717,000, respectively, and is included in Depreciation and amortization in the accompanying Statements of Income.

During the years ended December 31, 2020 and 2019, disposals of fully depreciated premises and equipment resulted in the removal of cost and accumulated depreciation of $283,000 and $108,833,000, respectively. There were no other disposals of premises and equipment for the years ended December 31, 2020 and 2019.

7. INTANGIBLE ASSETS

The gross carrying value, accumulated amortization and net book value of capitalized software as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Gross carrying value capitalized software	$ 98,161	$ 84,552
Less: Accumulated amortization	(61,703)	(51,075)
Capitalized software, net	$ 36,458	$ 33,477

Details for estimated amortization expense for each of the next five years and thereafter follow (in thousands):

2021	$ 14,321
2022	13,070
2023	7,752
2024	1,315
2025	—
Thereafter	—
Total future estimated amortization	$ 36,458

Amortization expense for capitalized software for the years ended December 31, 2020 and 2019 was $11,095,000 and $9,175,000, respectively, and is included in Depreciation and amortization in the accompanying Statements of income.

The Company recognized impairment charges on capitalized software determined to have no realizable value for December 31, 2020 and 2019 in the amount of $458,000 and $165,000, respectively. The impairment charges are included in Impairment of intangible assets in the accompanying Statements of Income.

During the years ended December 31, 2020 and 2019, disposals of fully amortized capitalized software resulted in the removal of cost and accumulated amortization of $16,000 and $89,600,000, respectively. There were no other disposals of capitalized software for the years ended December 31, 2020 and 2019.

8. LINES OF CREDIT AND CREDIT RATINGS

Lines of credit. The Company maintains lines of credit to support settlement of its payment obligations in the event of the default of any of its Participants pursuant to DTC's rules. Details for the terms of the outstanding lines of credit as of December 31, 2020 and 2019 follow:

Committed	2020	2019
Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
Number of Participants/Lenders	32/37	32/41
Borrowing Rate	The greater of the federal funds offered rate, adjusted LIBOR, or lenders' cost of funds, on the day of borrowing, plus 1.40%.	
Maturity Date	May 2021	May 2020
Annual Facility Fee	0.20% (1)	0.10% (1)

(1) The annual facility fee associated with maintaining the line of credit is included in Professional and other services in the accompanying Statements of Income.

8. LINES OF CREDIT AND CREDIT RATINGS (CONTINUED)

Uncommitted	2020	2019
Amount	C$150 million (2)	C$150 million (2)
Denomination	CAD	CAD
Number of Participants/Lenders	1/1	1/1
Borrowing rate	A rate per annum equal to the Canadian Prime Rate minus 0.50%	
Maturity Date	On Demand	On Demand

(2) Used to support Canadian settlement.

There were no borrowings under the lines of credit during 2020 and 2019.

Details for debt covenants related to the committed line of credit as of December 31, 2020 and 2019 follow:

	2020	2019
Minimum Net Worth	$200 million	$150 million
Minimum Participants' Fund deposits	$750 million	$750 million

As of December 31, 2020 and 2019, 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 issuer credit ratings and ratings outlooks for the Company as of December 31, 2020 follow:

Moody's (1)			S&P		
Long-term	**Short-term**	**Outlook**	**Long-term**	**Short-term**	**Outlook**
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.

9. FAIR VALUE MEASUREMENTS

Valuation hierarchy
U.S. GAAP provides for a three-level valuation hierarchy based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. Details for the descriptions of the three levels follow:

- Level 1 — Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets as of the valuation date.

- Level 2 — Inputs to the valuation methodology are quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 — Inputs to the valuation methodology are unobservable and reflect the Company's own assumptions about the estimates market participants would use pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding timing and amount of expected cash flows).

A financial asset or liability's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement

9. FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets and liabilities measured at fair value on a recurring basis.
There were no assets or liabilities measured at fair value on a recurring basis during the periods ended December 31, 2020 and 2019.

Financial assets and liabilities measured at other than fair value.
Financial assets and liabilities whose carrying value approximates fair value. The carrying values of certain assets and liabilities approximate their fair values because they are short-term in duration, have no defined maturity, or have market-based interest rates. These instruments include Cash and cash equivalents, Participants' Fund - Cash deposits, Other Participants' assets, Participants' Fund liabilities and Payable to Participants.

The carrying values, fair values and fair value hierarchy levels of all financial instruments measured at other than fair value on the accompanying Statements of Financial Condition as of December 31, 2020 and 2019 follow (in thousands):

	2020				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 684,377	$ 684,377	$ 684,377	$ —	$ —
Participants' Fund cash deposits	1,925,137	1,925,137	1,925,137	—	—
Other Participants' assets	810,250	810,250	810,250	—	—
Total	$ 3,419,764	$ 3,419,764	$ 3,419,764	$ —	$ —
Liabilities:					
Participants' Fund liabilities	$ 1,925,137	$ 1,925,137	$ 1,925,137	$ —	$ —
Payable to Participants	810,250	810,250	810,250	—	—
Total	$ 2,735,387	$ 2,735,387	$ 2,735,387	$ —	$ —

	2019				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 606,572	$ 606,572	$ 606,572	$ —	$ —
Participants' Fund cash deposits	1,957,140	1,957,140	1,957,140	—	—
Other Participants' assets	510,092	510,092	510,092	—	—
Total	$ 3,073,804	$ 3,073,804	$ 3,073,804	$ —	$ —
Liabilities:					
Participants' Fund liabilities	$ 1,957,140	$ 1,957,140	$ 1,957,140	$ —	$ —
Payable to Participants	510,092	510,092	510,092	—	—
Total	$ 2,467,232	$ 2,467,232	$ 2,467,232	$ —	$ —

Assets measured at fair value on a non-recurring basis. Certain assets are subject to measurement at fair value on a non-recurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if they are determined to be impaired or when an observable event occurs.

10. RETIREMENT PLANS

Defined contribution retirement plans. Eligible U.S. DTCC employees participate in one of two defined contribution plans, The Depository Trust & Clearing Corporation Employee Savings Plan (Employee Savings Plan) and The Depository Trust & Clearing Corporation Operations Level Employee Savings Plan (Operations Level Savings Plan). The Employee Savings Plan is a single employer plan covering non-bargaining unit employees. The Operations Level Savings Plan is a single employer plan covering bargaining unit employees.

Defined benefit pension and other postretirement benefit plans. Eligible DTCC employees participate in DTCC's non-contributory defined benefit pension and other postretirement plans, which provide for certain benefits upon retirement. DTCC's sponsored non-contributory plans include a defined benefit pension plan, supplemental executive retirement plan and benefit restoration plan. 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 defined contribution retirement plans costs allocated to DTC were $11,757,000 and $7,077,000 for the years ended December 31, 2020 and 2019, respectively. The defined benefit pension and other postretirement benefit plans costs allocated to DTC were $1,343,000 and $3,211,000 for the years ended December 31, 2020 and 2019, respectively. These costs are included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net in the accompanying Statements of Income based on the nature of the pension expense component.

11. INCOME TAXES

DTC is included in DTCC's consolidated Federal and various state tax returns. DTC also files other state tax returns on a separate company basis.

Details for the components of the Company's Provision (Benefit) for income taxes calculated on a separate company basis for the years ended December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Current income tax/(benefit):		
Federal	$ 15,995	$ 10,624
State and local	5,800	4,101
Total current income tax/(benefit)	21,795	14,725
Deferred income tax/(benefit):		
Federal	1,529	9,825
State and local	(218)	4,458
Total deferred income tax/(benefit)	1,311	14,283
Provision for income taxes	$ 23,106	$ 29,008

Pursuant to a tax sharing agreement between DTCC and DTC, the Company is liable for its allocable share of Federal, state and local tax liabilities that are paid by DTCC. The Company received net refunds of $168,000 for 2020 and paid income taxes to DTCC, net of refunds, of $16,098,000 for 2019.

11. INCOME TAXES (CONTINUED)

The 2020 and 2019 effective tax rates differ from the 21% Federal statutory rate, respectively, primarily due to state and local taxes, and changes in unrecognized tax benefits. Details for the reconciliation of the U.S. Federal statutory tax rate to the Company's effective tax rate on Income before taxes for the years ended December 31, 2020 and 2019 follow:

	2020	2019
U.S. statutory tax rate	21.0 %	21.0 %
State and local income taxes, net of Federal tax benefit	5.5	6.1
Change in unrecognized tax benefits	0.9	0.3
Settlements of tax audits	(1.2)	—
Other	(0.2)	0.1
Effective tax rate	26.0 %	27.5 %

Details for the components of deferred tax assets and liabilities as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Deferred tax assets:		
Accrued compensation and benefits	$ 26,060	$ 29,322
Deferred rent	22,546	23,137
Other	893	1,046
Total deferred tax assets	49,499	53,505
Deferred tax liabilities:		
Capitalized software	(7,151)	(6,161)
Depreciation and amortization	(19,340)	(23,025)
Total deferred tax liabilities	(26,491)	(29,186)
Net deferred tax assets	$ 23,008	$ 24,319

The deferred tax assets are expected to be fully realized and, accordingly, no valuation allowance was established as of December 31, 2020 and 2019.

Details for unrecognized tax benefits as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
Beginning balance	$ 3,024	$ 3,024
Decreases:		
Prior period tax positions	(713)	—
Settlements with tax authorities	(44)	—
Ending balance	$ 2,267	$ 3,024

The Company classifies interest and penalties related to unrecognized tax benefits, if incurred, in Provision for income taxes in its accompanying Statements of Income. As of December 31, 2020 and 2019, accrued interest related to unrecognized tax benefits recorded on the accompanying Statements of Financial Condition totaled $2,370,000 and $1,988,000, respectively.

11. INCOME TAXES (CONTINUED)

Unrecognized tax benefits are estimated based on judgment, assessment of relevant risks, facts and circumstances. Actual results could differ materially from those estimates. The Company believes that the liability for unrecognized tax benefits is the best estimate in relation to the potential for additional assessments. Unexpected results from one or more such tax audits could significantly adversely affect the Company's income tax provision and results of operations. On February 1, 2021, the Company and the New York City tax authority reached a settlement agreement related to income tax audits of the 2012-2014 fiscal years. The Company reduced the related unrecognized tax benefit and accrued interest by approximately $1,119,000 and $1,446,000, respectively, in February 2021.

Details for the periods currently under examination and remaining subject to examination by jurisdiction as of December 31, 2020 follow:

	Tax Years	
Jurisdiction	**Under Examination**	**Subject to Examination**
U.S. Federal - Internal Revenue Service	-	2017 - 2019
New York State	2015 - 2016	2017 - 2019
New York City	2012 - 2014	2015 - 2019
State of Florida	2016 - 2018	2019

12. 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 December 31, 2020 and 2019. 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 2020 annual dividend amount of $480,000 was approved and declared by the Board of Directors in February 2021, and will be paid in April 2021, to the holders of DTC Series A Preferred stock during 2020. The 2019 annual dividend amount of $2,640,000 was approved and declared by the Board of Directors in February 2020, and was paid in March 2020, to the holders of DTC Series A Preferred stock during 2019.

13. CAPITAL REQUIREMENTS

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

General Business Risk Capital Requirement. This 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 DTC's rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

13. CAPITAL REQUIREMENTS (CONTINUED)

Details for the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the Company as of December 31, 2020 and 2019 follow (in thousands):

	2020	2019
General business risk capital requirement	$ 179,187	$ 169,398
Corporate contribution	89,593	84,699
Total requirement	268,780	254,097
Liquid net assets funded by equity	684,377	606,572
Excess	$ 415,597	$ 352,475

Capital Adequacy. The capital and leverage ratios filed with the FRBNY and the NYSDFS as of December 31, 2020 follow:

	Ratio	Minimum Capital Ratio[(a)]	Well Capitalized Ratio[(a)]
Tier 1 capital ratio [(1)]	103.26 %	6.00 %	8.00 %
Total capital ratio [(1)]	103.26 %	8.00 %	10.00 %
Tier 1 leverage ratio [(2)]	20.55 %	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) Total capital and Tier 1 capital include 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.

14. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of the business, the Company enters into significant related party transactions with DTCC and its other subsidiaries.

Transactions with DTCC. DTC has an agreement with DTCC whereby DTCC pays for substantially all of the operational expenses of DTC, and from time-to-time purchases of long-term assets acquired by DTCC on behalf of DTC. The related expenses are allocated to DTC based upon its estimated use of such goods or services. Further, the agreement provides that DTCC performs credit and quantitative risk services and certain other services for DTC including administrative, internal audit, finance and legal services. For the years ended December 31, 2020 and 2019, the billing for these services amounted to the allocated expenses plus a 7% and 8% of mark-up fee, respectively; excluding charges passed through to Participants and capitalized software costs. The fee, representing the amount in excess of the actual cost, is included in Professional and other services in the accompanying Statements of Income.

Transactions with DTCC Solutions LLC. DTCC Solutions LLC sells data products including referential and activity-based data, announcement, security reference, and liquidity, on behalf of DTC. All of the revenue from the sales is billed back to DTC and is included in Other services, in the accompanying Statements of Income. The associated expenses incurred, plus a 5% mark-up fee, are also billed back to DTC, and these related expenses are included in Employee compensation and related benefits, Information technology, Professional and other services, Occupancy, Depreciation and amortization and General and administrative, respectively, in the accompanying Statements of Income.

14. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Details for related party transactions for 2020 and 2019 follow (in thousands):

	Revenues [(2)] For the years ended December 31,		Expenses For the years ended December 31,		Payables/(Receivables) [(3)] As of December 31,	
Related parties	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
DTCC [(1)]	$ —	$ —	$ 22,484	$ 23,726	$ 8,392	$ 10,525
DTCC Solutions LLC	14,721	12,807	3,667	2,826	(164)	(841)
Total	$ 14,721	$ 12,807	$ 26,151	$ 26,552	$ 8,228	$ 9,684

(1) DTCC expenses represent the 7% and 8% mark-up fee for services described above.
(2) Included in Other services in the accompanying Statements of Income.
(3) Included in Accounts payable and accrued expenses on the accompanying Statements of Financial Condition.

15. OFF BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS

DTC is exposed to significant credit risk to third parties including its Participants base, which extends to companies within the global financial services industry. Credit risk represents the potential for loss due to the default or deterioration in credit quality of a Participant. The Company's exposure to credit risk is primarily derived from providing clearing and settlement service operations. DTC's global Participant base includes participating brokers, dealers, banks, mutual fund companies, insurance carriers, and other financial intermediaries.

Credit risk also comes from the investment of financial assets, which consist principally of cash and cash equivalents, accounts receivable and the Participants' Fund. Concentrations of credit risk may arise due to large connected individual exposures and significant exposures to groups of Participants whose likelihood of default is driven by common underlying factors including economic conditions affecting the securities industry and debt-issuing countries.

Cash and cash equivalents. The Company maintains cash and cash equivalents with various financial institutions including the FRBNY. The Company's investment policy is designed to limit its exposure with any one financial institution. As part of its credit and risk management processes, the Company performs periodic evaluations of the relative credit standing of the financial institutions with whom it places funds. The Company generally makes deposits with financial institutions having a credit rating of at least BBB+/Baa1 or better from recognized rating agencies and that are approved via its internal credit review process. The Company also monitors the credit ratings of the financial institutions with whom it places funds on an ongoing basis to identify any significant change in a financial institution's condition. If such a change takes place, the amounts deposited in such financial institutions may be adjusted.

Accounts receivable. Credit risk related to accounts receivable involves the risk of nonpayment by the counterparty. Credit risk is diversified due to the large number of Participants. The Company also performs ongoing credit evaluations of the financial conditions of its Participants and evaluates the delinquency status of the receivables.

Participants' Fund cash deposits. Cash deposits to the DTC Participants' Fund may only be invested in bank deposit accounts that provide same day access to funds.

The Company is exposed to credit risk on a daily basis. This risk arises at DTC should a Participant fail to fulfill its settlement obligation. The Company manages and mitigates this risk by identifying, measuring and responding to these risks in order to protect the safety and soundness of the DTC settlement system. Various tools are utilized to mitigate these risks including, but not limited to: setting capital adequacy standards; assessing new applicants for membership; performing continuous monitoring of Participants' financial condition; reviewing Participants' daily trading activity and determining appropriate collateral requirements; maintaining its risk-based Participants' Fund; netting trades continuously; marking unsettled trades to market; and utilizing a variety of advanced quantitative analytical methodologies, such as back and stress testing.

15. OFF BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS (CONTINUED)

To become a participating member, an applicant must meet minimum eligibility criteria that are specified in the Company's rules. All applicants must provide the Company with certain financial and operational information to be a Participant. This information is reviewed to ensure the applicant has sufficient financial resources to make anticipated contributions to the Participants' Fund and to meet its obligations to the Company. The credit quality of the Participant is evaluated at the time of application and monitored on an ongoing basis to determine if the Participant continues to be financially stable and able to meet the financial requirements of membership. As part of its review, the Company utilizes an internal credit risk-rating matrix and/or other forms of surveillance to risk rate or monitor Participants. The resulting rating or degree of surveillance determines the level of financial review to be performed on each Participant and may impact their Participants' Fund requirements.

Collateralization controls and net debit caps are employed by DTC to protect Participants against the risk that one or more Participants may fail to pay for their settlement obligations. DTC's collateralization controls prevent a Participant's net debit balance from exceeding the value of collateral in its account. The controls are designed to provide DTC with sufficient collateral to obtain funding for settlement in the event a Participant fails to pay its settlement obligation. DTC's net debit cap controls limit the net settlement debit that each Participant can incur to an amount, based upon activity level, which would be covered by DTC's liquidity resources. The net debit cap requires DTC to maintain sufficient liquidity to complete settlement should any single Participant or Participant family fail to settle.

DTC maintains a committed, secured line of credit to support potential liquidity needs in the event of a Participant default.

The Company also limits its exposure to potential losses from default by Participants through its multilateral netting contract and limited cross-guaranty agreement with NSCC, FICC and the Options Clearing Corporation (OCC). This arrangement is designed to provide a mechanism for the sharing of excess net resources of a common defaulting Participant held at one clearing agency to cover losses incurred at another clearing agency. NSCC and DTC are also party to a netting contract and limited cross-guaranty agreement that includes special cross-guaranties and related arrangements designed to permit transactions to flow smoothly between DTC's system and NSCC's CNS system in a collateralized environment.

If a Participant defaults, such Participant's deposits to the Participants' Fund would be used to satisfy an outstanding obligation and/or loss incurred by DTC. If those funds are insufficient to cover the defaulting Participant's outstanding obligations, DTC may use other Participant deposits in the Participants' Fund or apply a portion of its retained earnings to cover the loss.

16. OTHER MATTERS

The outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak continues to evolve, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 could have a material impact on the Company's financial statements. In addition to the factors described above, other factors either in the U.S or internationally that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown, changes in interest rates and/or a lack of availability of credit, changes in law and/or regulation, and uncertainty regarding government and regulatory policy.

16. OTHER MATTERS (CONTINUED)

The ongoing concerns related to the COVID-19 virus caused DTC to suspend all physical securities processing services from the Company's vault from March 20, 2020 to May 18, 2020. DTC is at risk for a range of additional potential exposures, the most significant of which stem from the inability to process physical securities. As a result, the Company has potential contingent liabilities from: (i) the acceptance of Letters of Securities Possession (LOP) and (ii) the issuance of Letters of Indemnification certificates (LOI). The LOP is used when, due to extraordinary circumstances, the underwriter of a new issue is unable to deliver the physical certificates to DTC as required by DTC's operating rules. An LOI is issued to Transfer Agents to enable the processing of transactions when the presentment of physical certificates is not possible. An LOI is effective until such time that the physical certificates become available and are returned to the Transfer Agent.

Since March 20, 2020, DTC received 3,559 LOPs from underwriters for $91.1 billion in new issuances and issued 5,005 LOIs for a total value of $39.3 billion. As of December 31, 2020, of the $91.1 billion, 7 LOPs were outstanding with a total value of $114.1 million and of the $39.3 billion, 46 LOIs were outstanding with a total value of $132.4 million. The Company continues to assess this matter and believes, based on information available to it, the resolution of these matters will not have a material adverse effect on the financial condition and to the Company's operating results or cash flows for any particular period. Accordingly, no such amounts have been recognized by the Company in the accompanying financial statements. The Company continues to assess the probability and the estimation of the exposure to determine the extent of further disclosures and/or whether recognition may be necessary going forward.

All other DTC services remain uninterrupted and the Company has not experienced any impairments to the Company's assets or material adverse financial impacts related to COVID-19.

17. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after December 31, 2020 through February 26, 2021, the date these financial statements are available to be issued, for potential recognition or disclosure. No additional events or transactions, other than as disclosed below, occurred during such period that would require recognition or disclosure in these financial statements.

On February 1, 2021, a settlement agreement was executed with the New York City tax authorities with respect to ongoing state income tax audits related to the years 2012-2014. See Note 11 for additional information.

On February 10, 2021, the Board of Directors approved a cash distribution in the amount of $30 million from DTC to DTCC. The distribution will be made in April 2021.