The Depository Trust Company

Financial Statements as of March 31, 2020 and December 31, 2019 and for the three months ended March 31, 2020 and 2019

THE DEPOSITORY TRUST COMPANY

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THE DEPOSITORY TRUST COMPANY

STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of March 31, 2020	As of December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 631,888	$ 606,572
Accounts receivable	48,090	43,954
Participants' Fund cash deposits	1,930,652	1,957,140
Other Participants' assets	1,314,093	510,092
Other current assets	2,445	10,695
Total current assets	3,927,168	3,128,453
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of $9,641 and $9,466 as of March 31, 2020 and December 31, 2019, respectively	16,555	16,730
Intangible assets - net of accumulated amortization of $53,270 and $51,075 as of March 31, 2020 and December 31, 2019, respectively	35,179	33,477
Other non-current assets	30,817	30,721
Total non-current assets	82,551	80,928
TOTAL ASSETS	$ 4,009,719	$ 3,209,381
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 17,776	$ 22,562
Participants' Fund cash deposits	1,930,652	1,957,140
Payable to Participants	1,314,093	510,092
Other current liabilities	5,755	—
Total current liabilities	3,268,276	2,489,794
OTHER NON-CURRENT LIABILITIES:		
Other non-current liabilities	6,632	6,276
Total liabilities	3,274,908	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	521,415	499,915
Total shareholders' equity	734,811	713,311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 4,009,719	$ 3,209,381

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF INCOME (UNAUDITED)

	For the three months ended March 31,	
(In thousands)	**2020**	**2019**
REVENUES		
Settlement and asset services	$ 111,874	$ 103,635
Other services	4,814	3,109
Total revenues	116,688	106,744
EXPENSES		
Employee compensation and related benefits	49,016	45,183
Information technology	8,026	8,366
Professional and other services	21,284	20,372
Occupancy	2,696	2,792
Depreciation and amortization	2,370	2,455
General and administrative	6,014	4,735
Total expenses	89,406	83,903
Total operating income	27,282	22,841
NON-OPERATING INCOME (EXPENSE)		
Interest income	8,898	16,153
Refunds to Participants	(6,464)	(11,924)
Interest expense	(2,276)	(2,448)
Other non-operating income, net	2,386	2,549
Total non-operating income	2,544	4,330
Income before taxes	29,826	27,171
Provision for income taxes	8,326	7,491
Net income	$ 21,500	$ 19,680

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	Preferred Stock Series A	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
BALANCE - January 1, 2020	$ 150,000	$ 1,850	$ 61,546	$ 499,915	$ 713,311
Net income	—	—	—	21,500	21,500
BALANCE - March 31, 2020	$ 150,000	$ 1,850	$ 61,546	$ 521,415	$ 734,811

(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	—	—	—	19,680	19,680
BALANCE - March 31, 2019	$ 150,000	$ 1,850	$ 61,546	$ 445,718	$ 659,114

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

THE DEPOSITORY TRUST COMPANY

STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	**For the three months ended March 31, 2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 21,500	$ 19,680
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,370	2,455
Deferred income taxes	209	340
Provision for bad debt	29	—
Net change in:		
Accounts receivable	(4,165)	3,287
Other assets	8,154	5,407
Accounts payable and accrued expenses	(2,146)	5,878
Other liabilities	5,902	5,177
Participants' Fund liabilities	(26,488)	51,819
Payable to Participants	804,001	383,993
Net cash provided by operating activities	809,366	478,036
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalized software development costs	(3,897)	(3,293)
Net cash used in investing activities	(3,897)	(3,293)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividend on preferred stock	(2,640)	—
Net cash used in financing activities	(2,640)	—
Net increase/(decrease) in Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets	802,829	474,743
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - Beginning of period	3,073,804	2,877,383
Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets - End of period	$ 3,876,633	$ 3,352,126
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 2,803	$ 2,898
Income taxes paid - net of refunds	$ (211)	$ (306)

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

2. BASIS OF PRESENTATION AND USE OF ESTIMATES

Basis of presentation. The accompanying unaudited, interim financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The interim financial statements exclude some of the disclosures required in audited financial statements and should be read in conjunction with DTC's Audited Financial Statements for the years ended December 31, 2019 and 2018, which are located on the Company's website at *http://www.dtcc.com/legal/financial-statements*. See Note 2 in DTC's Audited Financial Statements for the years ended December 31, 2019 and 2018, for additional information on the Company's Summary of Significant Accounting Policies.

The financial statements reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

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.

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 derives its revenue from transaction fees, subscription revenue and support services, and other services. Revenue from transaction fees is recognized at a point in time on the transaction date, as the customer obtains the control and benefit of the service at that point. Subscription and support 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. Other services, which represent fees generated from offering referential based data and business processing solutions to financial institutions globally, is recognized when services are provided based on contractual terms.

2. BASIS OF PRESENTATION AND USE OF ESTIMATES (CONTINUED)

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 may be 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 other services, 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.

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.

Reconciliation of Cash and cash equivalents and other limited use 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 - Participants' Fund cash deposits and Cash in Other Participants' assets.

A reconciliation of Cash and cash equivalents, Participants' Fund cash deposits, 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 follows (in thousands):

	March 31, 2020	December 31, 2019	March 31, 2019
Cash and cash equivalents	$ 631,888	$ 606,572	$ 568,409
Participants' Fund cash deposits (see Note 4)	1,930,652	1,957,140	1,886,182
Cash in Other Participants' assets (see Note 5)	1,314,093	510,092	897,535
Total Cash and cash equivalents, Participants' Fund cash deposits, Cash in Other Participants' assets shown on the Statement of Cash Flows	$ 3,876,633	$ 3,073,804	$ 3,352,126

3. ACCOUNTING AND REPORTING DEVELOPMENTS

See Note 3 in DTC's Audited Financial Statements for the years ended December 31, 2019 and 2018, for additional information on the Company's 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 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting *Issued March 2020*	• Provides optional expedients 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.	• Effective during March 12, 2020 through December 31, 2022 for all entities. • The Company is evaluating the impact on its financial statements and related disclosures.

3. ACCOUNTING AND REPORTING DEVELOPMENTS (CONTINUED)

Standard	Description	Impact on the financial statements or other significant matters
Recently Adopted Accounting Standards		
ASU 2020-02 Financial Instruments - Credit Losses (Topic 326) and Leases (Topic 842: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) *Issued February 2020*	• Provides guidance on what SEC staff would expect registrant to perform and document when measuring and recording its allowance for credit loss for financial assets recorded at amortized cost.	• Adopted February 2020 on a prospective basis. • The adoption of the standard did not have a material impact on the Company's financial statements and related disclosures.
ASU 2019-05 Financial Instruments - Credit Losses: Targeted Transition Relief *Issued May 2019*	• Provides entities with an option upon adoption of ASU 2016-13 *Customer's Financial Instruments - Credit Losses* to irrevocably elect the fair value option on an instrument-by-instrument basis for certain financial instruments that are both within the scope of the current expected credit loss and eligible for the fair value option.	• Adopted January 1, 2020 on a modified retrospective basis. • The Company did not elect the fair value option on any instrument within the scope and therefore there was no impact on its financial statements and related disclosures.
ASU 2018-15 Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (CCA) That Is a Service Contract *Issued August 2018*	• Implementation costs related to a CCA will be deferred or expensed as incurred in accordance with the existing internal-use software guidance for similar costs.	• Adopted January 1, 2020 on a prospective basis. • The adoption of the standard had no impact on the Company's financial statements and related disclosures.
ASU 2018-13 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. • Modifies certain disclosure requirements for nonpublic entities to make them less burdensome.	• Adopted January 1, 2020 on a prospective basis. • The adoption of the standard had no impact on the related disclosures in the Company's financial statements.

3. ACCOUNTING AND REPORTING DEVELOPMENTS (CONTINUED)

Standard	Description	Impact on the financial statements or other significant matters
Recently Adopted Accounting Standards (Continued)		
ASU 2016-13 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 trade receivables. Trade receivables 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 March 31, 2020 and, December 2019 follow (in thousands):

	2020	2019
Required cash deposits	$ 1,150,000	$ 1,150,000
Excess cash deposits	780,652	807,140
Total	$ 1,930,652	$ 1,957,140

Participants' cash deposits in the Participants' Fund may be applied to satisfy obligations of the depositing Participant, other Participants or DTC as provided in 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 March 31, 2019 and December 2019 follow (in thousands):

	2020	2019
Assets:		
Other Participants' assets	$ 1,314,093	$ 510,092
Liabilities:		
Payable to Participants	$ 1,314,093	$ 510,092

Payable to Participants also includes $146,000 and $126,000 of cash collateral received from Participants, representing 130% of short positions as of March 31, 2020 and December 31, 2019, respectively.

6. PENSION AND POSTRETIREMENT BENEFITS

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 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 trusteed 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 $2,759,000 and $1,615,000 for the three months ended March 31, 2020 and 2019, respectively. The defined benefit pension and other postretirement benefit plans costs allocated to DTC were $242,000 and $563,000 for the three months ended March 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.

7. 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 March 31, 2020 and December 31, 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 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.

8. CAPITAL REQUIREMENTS

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

General Business Risk Capital Requirement. The general business risk capital requirement is determined according to Rule 17Ad-22(e)(15) of the CCAS and the Clearing Agency Policy on Capital Requirements. The 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 the clearing agency rules. The amount of the corporate contribution is generally equal to 50% of the Company's general business risk capital requirement.

8. CAPITAL REQUIREMENTS (CONTINUED)

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

	2020	2019
General business risk capital requirement	$ 170,814	$ 169,398
Corporate contribution	85,407	84,699
Total requirement	256,221	254,097
Liquid net assets funded by equity	631,888	606,572
Excess	$ 375,667	$ 352,475

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

	Ratio	Minimum Capital Ratio[a]	Well Capitalized Ratio[a]
Tier 1 capital ratio [1]	86.93%	6.00%	8.00%
Total capital ratio [1]	86.93%	8.00%	10.00%
Tier 1 leverage ratio [2]	20.20%	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 includes 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.

9. LINES OF CREDIT AND CREDIT RATINGS

Lines of credit. The Company maintains lines of credit to support settlement. Details for the terms of the outstanding lines of credit as of March 31, 2020 and December 31, 2019 follow:

Committed	2020	2019
Amount	$1.9 billion [1]	$1.9 billion [1]
Denomination	USD	USD
Number of Participants/Lenders	32/41	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 2020	May 2020

(1) The annual facility fee associated with maintaining the line of credit was 0.10% of the total line of credit, for the three months ended March 31, 2020 and 2019, and is included in Professional and other services in the accompanying Statements of Income.

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 any of these lines during 2020 and 2019.

9. LINES OF CREDIT AND CREDIT RATINGS (CONTINUED)

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

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

As of March 31, 2020 and December 31, 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 March 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.

10. 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.

The ongoing concerns related to the COVID-19 virus caused DTC to suspend all physical securities processing services from the Company’s vault. 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 1,929 LOP certificates for $18.4 billion in new issuances. As of March 31, 2020, 804 LOP certificates remained outstanding with a total value of $7.1 billion. There were no LOI certificates issued or outstanding from March 20 through March 31, 2020. 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 negative financial impacts related to COVID-19.

11. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after March 31, 2020 through April 30, 2020, the date these financial statements are available to be issued, for potential recognition or disclosure. No additional events or transactions occurred during such period that would require recognition or disclosure in these financial statements.