

24. 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 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 consolidated 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 DTCC 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.

25. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after December 31, 2020 through March 26, 2021, the date these consolidated 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 consolidated financial statements.

On February 1, 2021, the Company settled with the New York City tax authorities with respect to ongoing state income tax audits related to the years 2010-2014. See Note 17 for additional information.