





















































# NATIONAL SECURITIES CLEARING CORPORATION

## NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

---

### 16. BALANCE SHEET AND CONCENTRATION OF CREDIT RISKS (CONTINUED)

The Company also limits its exposure to potential losses from a Participant default through a multilateral netting contract and limited cross-guaranty agreement with DTC, FICC and OCC, under which these clearing agencies have agreed to make payments to each other for unsatisfied obligations of a common defaulting Participant to the extent they have excess resources of the defaulting participant. NSCC is also party to a netting contract and limited cross-guaranty agreement with DTC, which includes special cross-guaranties and related arrangements designed to permit transactions to flow smoothly between DTC's system and the CNS system in a collateralized environment. These guaranties reduce risk at NSCC by ensuring that long allocations, or the approximate value of long allocations, will be made available to NSCC in a default situation.

### 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, 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 12 for additional information.

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