The Depository Trust & Clearing Corporation

Consolidated Financial Statements (Unaudited) as of September 30, 2022 and December 31, 2021 and for the three and nine months ended September 30, 2022 and 2021

THE DEPOSITORY TRUST & CLEARING CORPORATION

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THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In thousands, except share data)	As of September 30, 2022	As of December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,912,106	$ 14,236,922
Participants' segregated cash	7,556	6,078
Short-term investments	650,000	445,000
Accounts receivable - net of allowance for credit losses	194,863	244,090
Participants' and Clearing Funds	54,739,723	56,501,935
Other Participants' assets	2,628,885	1,326,873
Other current assets	185,266	176,352
Total current assets	72,318,399	72,937,250
NON-CURRENT ASSETS:		
Premises and equipment - net of accumulated depreciation of $291,842 and $258,402 as of September 30, 2022 and December 31, 2021, respectively	193,707	190,326
Goodwill	57,699	57,699
Intangible assets - net of accumulated amortization of $628,844 and $536,449 as of September 30, 2022 and December 31, 2021, respectively	313,154	328,635
Operating lease right-of-use-asset	194,328	222,341
Other non-current assets	322,374	318,629
Total non-current assets	1,081,262	1,117,630
TOTAL ASSETS	$ 73,399,661	$ 74,054,880
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Commercial paper - net of unamortized discount	$ 7,936,743	$ 8,291,933
Long-term debt, current portion	998,799	—
Pension and postretirement benefits	33,981	33,981
Operating lease liability	21,448	28,705
Accounts payable and accrued expenses	163,736	100,346
Participants' and Clearing Funds	54,739,723	56,501,935
Payable to Participants	2,636,441	1,332,951
Other current liabilities	235,865	291,251
Total current liabilities	66,766,736	66,581,102
NON-CURRENT LIABILITIES:		
Long-term debt	2,738,569	3,731,814
Pension and postretirement benefits	131,447	147,919
Operating lease liability	225,094	242,846
Other non-current liabilities	230,791	270,863
Total non-current liabilities	3,325,901	4,393,442
Total liabilities	70,092,637	70,974,544
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY		
Preferred stock:		
Series A, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series B, $0.50 par value - 10,000 shares authorized, issued (above par), and outstanding	300	300
Series D, $0.50 par value - 2,000 shares authorized, issued (above par), and outstanding	490,900	490,900
Common stock, $100 par value - 80,000 shares authorized, 50,908 shares issued and outstanding	5,091	5,091
Additional paid-in capital	411,065	411,065
Retained earnings	2,470,961	2,231,213
Accumulated other comprehensive loss, net of tax	(221,593)	(208,533)
Non-controlling interests	150,000	150,000
Total shareholders' equity	3,307,024	3,080,336
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 73,399,661	$ 74,054,880

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

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
REVENUES				
Settlement and asset services	$ 132,894	$ 133,409	$ 389,277	$ 375,782
Clearing services	202,696	121,813	653,936	554,782
Matching services	72,351	72,361	226,475	223,593
Repository and derivatives services	81,106	74,267	247,601	220,555
Wealth management services	30,248	27,878	90,906	83,406
Data and other services	14,478	11,460	40,715	35,771
Investment income (loss), net	(4,055)	(226)	(25,093)	11,003
Total revenues	529,718	440,962	1,623,817	1,504,892
EXPENSES				
Employee compensation and related benefits	209,780	188,432	626,209	589,297
Information technology	65,652	53,184	181,614	168,933
Professional and other services	111,846	93,234	300,173	261,624
Occupancy	18,675	12,182	45,928	37,233
Depreciation and amortization	42,781	41,035	127,491	123,928
General and administrative	18,214	12,073	42,696	31,200
Total expenses	466,948	400,140	1,324,111	1,212,215
Total operating income	62,770	40,822	299,706	292,677
NON-OPERATING INCOME (EXPENSE)				
Interest income	255,003	14,389	374,367	38,465
Refunds to Participants	(167,670)	(8,425)	(246,397)	(22,810)
Interest expense	(66,954)	(19,959)	(127,233)	(59,934)
Other non-operating income, net	18,487	7,310	33,344	21,521
Total non-operating income (expense)	38,866	(6,685)	34,081	(22,758)
Income before taxes	101,636	34,137	333,787	269,919
Provision for income taxes	29,843	6,627	85,601	50,563
Net income	$ 71,793	$ 27,510	$ 248,186	$ 219,356

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

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousands)	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Net income	$ 71,793	$ 27,510	$ 248,186	$ 219,356
OTHER COMPREHENSIVE INCOME (LOSS) - Net of tax:				
Defined benefit pension and other plans	—	—	—	27
Foreign currency translation	(5,137)	(3,208)	(13,060)	(3,334)
Other comprehensive loss	(5,137)	(3,208)	(13,060)	(3,307)
Comprehensive income	$ 66,656	$ 24,302	$ 235,126	$ 216,049

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

THE DEPOSITORY TRUST & CLEARING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Preferred Stock							Accumulated Other Comprehensive Loss, Net of Tax			
(In thousands)	Series A	Series B	Series C	Series D	Common Stock	Additional Paid-In Capital	Retained Earnings	Defined Benefit Pension and Other Plans	Foreign Currency Translation	Non-controlling Interests	Total Shareholders' Equity
BALANCE - January 1, 2022	$ 300	$ 300	$ —	$ 490,900	$ 5,091	$ 411,065	$ 2,231,213	$ (201,239)	$ (7,294)	$ 150,000	$ 3,080,336
Net income	—	—	—	—	—	—	91,476	—	—	—	91,476
Other comprehensive loss	—	—	—	—	—	—	—	—	(1,592)	—	(1,592)
BALANCE - March 31, 2022	300	300	—	490,900	5,091	411,065	2,322,689	(201,239)	(8,886)	150,000	3,170,220
Net income	—	—	—	—	—	—	84,917	—	—	—	84,917
Other comprehensive loss	—	—	—	—	—	—	—	—	(6,331)	—	(6,331)
Dividend on preferred stock	—	—	—	—	—	—	(8,438)	—	—	—	(8,438)
BALANCE - June 30, 2022	300	300	—	490,900	5,091	411,065	2,399,168	(201,239)	(15,217)	150,000	3,240,368
Net income	—	—	—	—	—	—	71,793	—	—	—	71,793
Other comprehensive loss	—	—	—	—	—	—	—	—	(5,137)	—	(5,137)
BALANCE - September 30, 2022	$ 300	$ 300	$ —	$ 490,900	$ 5,091	$ 411,065	$ 2,470,961	$ (201,239)	$ (20,354)	$ 150,000	$ 3,307,024

	Preferred Stock							Accumulated Other Comprehensive Loss, Net of Tax			
(In thousands)	Series A	Series B	Series C	Series D	Common Stock	Additional Paid-In Capital	Retained Earnings	Defined Benefit Pension and Other Plans	Foreign Currency Translation	Non-controlling Interests	Total Shareholders' Equity
BALANCE - January 1, 2021	$ 300	$ 300	$ 390,516	$ —	$ 5,091	$ 411,065	$ 1,964,412	$ (229,642)	$ (3,691)	$ 150,000	$ 2,688,351
Net income	—	—	—	—	—	—	101,693	—	—	—	101,693
Other comprehensive income (loss)	—	—	—	—	—	—	—	27	(452)	—	(425)
Dividend on preferred stock	—	—	—	—	—	—	(3,384)	—	—	—	(3,384)
BALANCE - March 31, 2021	300	300	390,516	—	5,091	411,065	2,062,721	(229,615)	(4,143)	150,000	2,786,235
Net income	—	—	—	—	—	—	90,153	—	—	—	90,153
Other comprehensive income	—	—	—	—	—	—	—	—	326	—	326
Redemption of preferred stock	—	—	(390,516)	—	—	—	(9,484)	—	—	—	(400,000)
Proceeds from issuance of preferred stock, net of issuance costs	—	—	—	490,900	—	—	—	—	—	—	490,900
Dividend on preferred stock	—	—	—	—	—	—	(3,425)	—	—	—	(3,425)
BALANCE - June 30, 2021	300	300	—	490,900	5,091	411,065	2,139,965	(229,615)	(3,817)	150,000	2,964,189
Net income	—	—	—	—	—	—	27,510	—	—	—	27,510
Other comprehensive loss	—	—	—	—	—	—	—	—	(3,208)	—	(3,208)
BALANCE - September 30, 2021	$ 300	$ 300	$ —	$ 490,900	$ 5,091	$ 411,065	$ 2,167,475	$ (229,615)	$ (7,025)	$ 150,000	$ 2,988,491

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

THE DEPOSITORY TRUST & CLEARING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	For the nine months ended September 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 248,186	$ 219,356
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	127,491	123,928
Deferred income taxes	(19,712)	14,972
Accretion of discount on Commercial paper, net of associated interest paid	18,889	(3,745)
Other	29,765	2,199
Net change in:		
Accounts receivable	43,937	42,282
Other assets	6,297	(21,365)
Accounts payable and accrued expenses	66,175	35,775
Pension and postretirement benefits	(16,281)	(9,977)
Operating lease liability	(18,526)	(24,239)
Other liabilities	(93,119)	(64,466)
Participants' and Clearing Funds liabilities	1,751,453	(2,720,499)
Payable to Participants	1,303,490	517,582
Net cash provided by/(used in) operating activities	3,448,045	(1,888,197)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Short-term investments	(1,095,000)	(2,046,179)
Maturities of Short-term investments	890,000	2,001,251
Purchases of Premises and equipment	(44,497)	(21,186)
Capitalized software development costs	(76,961)	(95,352)
Proceeds from Company owned life insurance policies	174	4,298
Net cash used in investing activities	(326,284)	(157,168)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Commercial paper	49,959,405	41,415,382
Repayments of Commercial paper	(50,333,484)	(38,474,660)
Repayments on long-term debt and other borrowings	—	(3,418)
Preferred stock dividend payments	(8,437)	(6,809)
Proceeds from issuance of preferred stock, net of issuance costs	—	490,900
Redemption of preferred stock	—	(400,000)
Payment to Non-controlling interests	(135)	(480)
Net cash (used in)/provided by financing activities	(382,651)	3,020,915
Effect of foreign exchange rate changes on Cash and cash equivalents	(8,936)	(2,519)
Net increase in Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash	2,730,174	973,031
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash - Beginning of period	44,058,025	39,460,290
Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets, Restricted cash - End of period	$ 46,788,199	$ 40,433,321
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 73,422	$ 31,368
Income taxes paid - net of refunds	$ 77,424	$ 81,472

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

1. BUSINESS AND OWNERSHIP

The Depository Trust & Clearing Corporation (DTCC) is the parent company of various operating subsidiaries, including The Depository Trust Company (DTC), National Securities Clearing Corporation (NSCC), Fixed Income Clearing Corporation (FICC), DTCC ITP LLC (ITP), DTCC Deriv/SERV LLC (Deriv/SERV), DTCC Solutions LLC (Solutions (US)), DTCC Solutions (UK) Limited (Solutions (UK)), Business Entity Data, B.V. (BED); collectively, the "Company" or "Companies."

Subsidiaries

DTC 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.

NSCC is organized as a business corporation under New York law, and is a clearing agency registered with the SEC. NSCC provides central counterparty (CCP) services, including clearing, settlement and risk management services to its members for trades involving equities, corporate and municipal debt, exchange-traded funds, and unit investment trusts.

FICC is a clearing agency registered with the SEC that provides CCP services to members that participate in the U.S. government and mortgage-backed securities markets, consisting principally of automated real-time trade comparison, netting, settlement, trade confirmation, clearing, risk management and electronic pool notification. FICC has two divisions, the Government Securities Division (GSD) and the Mortgage-Backed Securities Division (MBSD).

DTC, NSCC and FICC are designated as Systemically Important Financial Market Utilities (SIFMUs) 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. This designation subjects the clearing agencies to enhanced standards for risk management, operation and governance, as established by the SEC's Standards for Covered Clearing Agencies (CCAS).

The members of DTCC's clearing agencies are collectively referred to as Participants.

ITP, through itself, its subsidiary and affiliates, provides post-trade matching, processing and other related services, primarily to members of the financial services community. ITP's subsidiary and applicable affiliates are authorized to provide certain post-trade matching services pursuant to certain orders issued by regulatory authorities and may be subject to the supervision and examination by these authorities in the jurisdiction in which they operate including the SEC, the Financial Conduct Authority in the United Kingdom (FCA), and the Autorité des Marchés Financiers (AMF) and the Ontario Securities Commission (OSC) in Canada.

Deriv/SERV enhances transparency and provides operational efficiency for derivatives and securities financing transactions processing and reporting through various legal entities, including affiliated locally registered or recognized trade repositories. Deriv/SERV also offers the Trade Information Warehouse asset servicing for credit default swaps and oversees other pre and post derivative trade activities offered by other DTCC legal entities. The trade repositories are subject to supervision and examination by regulatory authorities in the jurisdictions they operate including the Commodity Futures Trading Commission (CFTC), SEC, FCA, thirteen Canadian provincial and territorial regulators, the European Securities and Markets Authority (ESMA), the Swiss Financial Market Supervisory Authority (FINMA), the Monetary Authority of Singapore (MAS), the Financial Services Agency of Japan (JFSA), and the Australian Securities and Investments Commission (ASIC).

Solutions (US) is a New York Limited Liability Company, which provides data related solutions. Used primarily by financial firms, these solutions include referential and activity-based data, analytics and benchmarks across a variety of asset classes.

1. BUSINESS AND OWNERSHIP (CONTINUED)

Solutions (UK) offers software solutions and consulting services. Its software solution, DTCC Report Hub®, centers on pre and post trade reporting to help firms manage the complexities of meeting multiple regulatory mandates across jurisdictions. The Consulting Services business offers specialized advisory services to firms primarily in the financial services industry.

BED owns and operates the GMEI® utility legal entity identifier (LEI) solution in the federated Global LEI System (GLEIS). The Global Markets Entity Identifier (GMEI) utility is designed to provide a single, universal standard identifier to any organization or firm involved in a financial transaction internationally across all asset classes. LEIs issued by the GMEI utility are ISO 17442 compliant and are recognized by all members of the Regulatory Oversight Committee, which coordinate and oversee a worldwide framework of LEI. BED is accredited with the Global Legal Entity Identifier Foundation (GLEIF).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited consolidated financial statements (interim financial statements) are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). The accompanying interim financial statements exclude some of the disclosures required in audited financial statements and should be read in conjunction with DTCC's audited consolidated financial statements for the years ended December 31, 2021 and 2020, which are located on the Company's website at *http://www.dtcc.com/legal/financial-statements*. See Note 2 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020, for additional information on the Company's Summary of Significant Accounting Policies.

The consolidated 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. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

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 consolidated 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, pension benefit obligation 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 Consolidated 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 Company expects to be entitled, upon satisfaction, in exchange for those services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Details for each revenue stream presented in the Company's Consolidated 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.

Clearing services. Revenue derived from this revenue stream are in the form of transaction fees that are based on either the volume or value of trading activity. Services include the continuous net settlement of equity and corporate bonds, and the netting and settlement of mortgage backed securities clearing and government securities clearing.

Matching services. Revenue derived from this revenue stream may in the form of transaction fees, subscription revenue and support services. Services include trade enrichment, trade agreement, LEIs and data analytics.

Repository and derivatives services. Revenue derived from this revenue stream may be in the form of transaction fees, subscription revenue and support services. Services support derivatives trade data submissions covering real-time price reporting, transaction details, valuation data to meet members' reporting obligations in various jurisdictions globally, as well as an asset servicing infrastructure for credit default swaps, matching service for equity derivatives payments and tools to member firms to address the quality of their derivatives trade submissions.

Wealth management services. Revenue derived from this revenue stream may be in the form of transaction fees. Services include centralized, automated processing and information services for mutual fund, alternative investment, and insurance and retirement products.

Data and 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.

Investment income (loss), net. Revenue derived from this revenue stream is related to changes in the fair values of investment assets related to the Company's deferred compensation plan (structured as a Rabbi Trust). The investment income (loss) is recognized in the period the realized/unrealized gain or loss on investment assets held occurs. A corresponding offset to the investment income (loss) related to the deferred compensation liability is recorded in the same period and is included in the Employee compensation and related benefits in the accompanying Consolidated Statements of Income.

Rebate. On September 22, 2021, the Board of Directors authorized a rebate to NSCC Participants for $75,000,000. The amount of the rebate was determined based on specific metrics at the legal entity level. The Board of Directors did not authorize any rebate for the nine months ended September 30, 2022. The rebate presented net in Clearing services revenue in the accompanying Consolidated Statements of Income was $0 and $75,000,000 for the three and nine months ended September 30, 2022 and 2021, respectively.

Deferred revenue

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 September 30, 2022 and December 31, 2021 was $17,625,000 and $17,413,000, respectively, and is included in Other current liabilities and Other non-current liabilities on the accompanying Consolidated Statements of Financial Condition, as disclosed in Note 8. Of the $17,413,000 as of December 31, 2021, $2,520,000 and $13,423,000, were recognized as revenue during the three and nine months ended September 30, 2022, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reconciliation of Cash and cash equivalents and other limited use cash. When reconciling the beginning and ending total amounts shown in the Consolidated Statements of Cash Flows, the Company includes all cash on the Consolidated Statements of Financial Condition, regardless of which line it is included. The Consolidated Statements 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' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash.

A reconciliation of Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash reported within the accompanying Consolidated Statements of Financial Condition that sum to the total of the same such amounts shown on the accompanying Consolidated Statements of Cash Flows follows (in thousands):

	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents	$ 13,912,106	$ 14,236,922	$ 12,341,289
Participants' segregated cash	7,556	6,078	1,806
Participants' and Clearing Funds cash deposits	30,231,616	28,480,163	26,753,325
Cash in Other Participants' assets	2,628,885	1,326,873	1,328,916
Restricted cash included in Other non-current assets	8,036	7,989	7,985
Total Cash and cash equivalents, Participants' segregated cash, Participants' and Clearing Funds cash deposits, Cash in Other Participants' assets and Restricted cash shown on the Consolidated Statements of Cash Flows	$ 46,788,199	$ 44,058,025	$ 40,433,321

Global Events and Crises. Global pandemics, sanctions, war, or natural disasters may have an adverse impact on market, economic and geopolitical conditions and trigger a period of global economic slowdown. Such a slowdown may have a material impact on the Company's financial results including changes in revenue, interest rates, liquidity/credit, and government and regulatory policy. At this time, the Company has not experienced significant adverse impacts to its financial results related to the ongoing novel coronavirus (“COVID-19”) pandemic or operations in or revenue generated from Russia, Belarus or Ukraine.

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 2021-08 - Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers *Issued October 2021*	• Requires contract assets and contract liabilities (i.e. deferred revenue) acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, Revenue from Contracts with Customers, which results in the acquirer recognizing contract assets and contract liabilities at the same amounts recorded by the acquiree.	• Effective January 1, 2023. • The Company does not anticipate that the adoption of this standard will have a significant impact on its consolidated financial statements and related disclosures. • The Company will continue to evaluate the impact this standard will have on its consolidated financial statements and related disclosures until the standard is adopted.
ASU 2021-09 - Leases (Topic 842): Discount rate for Lessees that are not Public Business Entities *Issued November 2021*	• Provides lessees that are not public business entities with the option to elect, as an accounting policy, the use of a risk-free rate as the discount rate by class of underlying asset rather than at the entity-wide level for all leases. • Requires entities that make the risk-free rate election to disclose which asset classes it has elected to apply a risk-free rate.	• Effective for fiscal year end beginning January 1, 2022 and effective interim period beginning January 1, 2023. • The Company has evaluated the impact on its consolidated financial statements and related disclosures and will not elect the use of a risk-free rate as the discount rate at the time of adoption.
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 for fiscal year end beginning January 1, 2022 and effective interim period beginning January 1, 2023. • The Company does not anticipate that the adoption of this standard will have a significant impact on its consolidated financial statements and related disclosures.
Recently Adopted Accounting Standards		
ASU 2021-10 - Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance *Issued November 2021*	• Applies to business entities that account for a transaction with a government by applying a grant and accounting model by analogy to other accounting guidance (for example, the grant model within International Accounting Standards (IAS) 20, Accounting for Government Grants). • Requires the following annual disclosures: ◦ Information about the nature of the transaction(s) and the related accounting policy used to account for the transactions. ◦ The line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item. ◦ Significant terms and conditions of the transactions, including commitments and contingencies.	• Adopted January 1, 2022. • The adoption of the standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

4. PARTICIPANTS' SEGREGATED CASH, OTHER PARTICIPANTS' ASSETS AND PAYABLE TO PARTICIPANTS

Details for Participants' segregated cash, Other Participants' assets and Payable to Participants as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Assets:		
Participants' segregated cash	$ 7,556	$ 6,078
Other Participants' assets	2,628,885	1,326,873
Total	$ 2,636,441	$ 1,332,951
Liabilities:		
Payable to Participants	$ 2,636,441	$ 1,332,951

5. ACCOUNTS RECEIVABLE

Details for Accounts receivable as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Due from Participants and customers for services	$ 180,452	$ 226,571
Allowance for credit losses	(2,398)	(253)
Due from Participants and customers for services, net	178,054	226,318
Other receivables	16,809	17,772
Total	$ 194,863	$ 244,090

Details for allowance for credit losses for the three and nine months ended September 30, 2022 and 2021 follow (in thousands):

	For the three months ended Sept 30,		For the nine months ended Sept 30,	
	2022	2021	2022	2021
Beginning balance of allowance for credit losses	$ 1,952	$ 368	$ 253	$ 259
Increase in allowance	588	73	2,517	525
Less: Write-offs	(142)	(116)	(372)	(459)
Ending balance of allowance for credit losses	$ 2,398	$ 325	$ 2,398	$ 325

6. PARTICIPANTS' AND CLEARING FUNDS

Details for the Participants' and Clearing Funds as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022			
	DTC	NSCC	FICC	Total
Total deposits	$ 1,962,961	$ 14,176,205	$ 38,600,557	$ 54,739,723
Less: Required deposits	1,152,000	13,152,022	31,282,052	45,586,074
Excess deposits	$ 810,961	$ 1,024,183	$ 7,318,505	$ 9,153,649

	2021			
	DTC	NSCC	FICC	Total
Total deposits	$ 1,962,667	$ 14,753,453	$ 39,785,815	$ 56,501,935
Less: Required deposits	1,150,000	8,343,253	29,720,679	39,213,932
Excess deposits	$ 812,667	$ 6,410,200	$ 10,065,136	$ 17,288,003

Cash and Securities. Details for cash and securities of the Participants' and Clearing Funds, which may be applied to satisfy obligations of the depositing Participant, other Participants, or the Company pursuant to the rules of the relevant subsidiaries of the Company, as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022			
	DTC	NSCC	FICC	Total
Cash and cash equivalents	$ 1,962,961	$ 13,462,965	$ 14,805,690	$ 30,231,616
U.S. Treasury Securities	—	713,240	21,384,205	22,097,445
U.S. Agency Residential Mortgage-Backed Securities	—	—	2,190,742	2,190,742
U.S. Agency Issued Debt Securities	—	—	219,920	219,920
Total	$ 1,962,961	$ 14,176,205	$ 38,600,557	$ 54,739,723

	2021			
	DTC	NSCC	FICC	Total
Cash and cash equivalents	$ 1,962,667	$ 13,941,679	$ 12,575,817	$ 28,480,163
U.S. Treasury Securities	—	811,774	24,200,940	25,012,714
U.S. Agency Residential Mortgage-Backed Securities	—	—	2,879,411	2,879,411
U.S. Agency Issued Debt Securities	—	—	129,647	129,647
Total	$ 1,962,667	$ 14,753,453	$ 39,785,815	$ 56,501,935

Details for the Participants' and Clearing Funds cash deposits as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022			
	DTC	NSCC	FICC	Total
Bank deposits	$ 1,962,961	$ 13,462,965	$ 14,805,690	$ 30,231,616
Total	$ 1,962,961	$ 13,462,965	$ 14,805,690	$ 30,231,616

	2021			
	DTC	NSCC	FICC	Total
Bank deposits	$ 1,962,667	$ 12,197,679	$ 10,662,817	$ 24,823,163
Money market fund investments - at fair value	—	1,744,000	1,913,000	3,657,000
Total	$ 1,962,667	$ 13,941,679	$ 12,575,817	$ 28,480,163

7. OTHER ASSETS

Details for Other assets as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Prepaids	$ 117,160	$ 120,796
Interest receivable	37,795	1,279
Business employment incentive program [1]	25,107	18,091
Prepaid taxes	4,364	35,316
Other current assets	840	870
Total other current assets	185,266	176,352
Long-term incentive plan assets	118,101	159,502
Cash surrender value on insurance policies	68,818	70,411
Prepaids	59,291	34,822
Deferred tax assets	30,305	11,183
Pension and postretirement	17,233	13,630
Equity investments	11,944	12,393
Restricted cash	8,036	7,989
Investment in Federal reserve stock	6,402	6,402
Other non-current assets	2,244	2,297
Total other non-current assets	322,374	318,629
Total	$ 507,640	$ 494,981

(1) The Company participates in the New Jersey State Business Employment Incentive Program (BEIP). The intent of this program is to encourage businesses to locate and expand in the State of New Jersey through grants that the Company has elected to convert into refundable tax credits.

8. OTHER LIABILITIES

Details for Other liabilities as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Compensation payable	$ 130,947	$ 171,975
Accrued payroll and payroll withholdings	35,161	44,247
Long-term incentive plan liabilities	29,965	31,294
Deferred revenue	16,820	16,482
Payroll taxes payable	16,811	19,435
Deferred sublease income	6,103	7,720
Other current liabilities	58	98
Total other current liabilities	235,865	291,251
Long-term incentive plan liabilities	207,723	245,179
Unrecognized tax benefits	19,924	21,822
Asset retirement obligations[1]	2,338	2,748
Deferred revenue	806	931
Deferred tax liabilities	—	183
Total other non-current liabilities	230,791	270,863
Total	$ 466,656	$ 562,114

(1) The Company is legally required under certain lease agreements to restore its leased sites to the original condition at the end of the agreement. The amount of asset retirement obligations are accreted to the estimated undiscounted obligations that will be paid to restore the leased sites to the original condition and such accretion is recognised as expense.

9. COMMERCIAL PAPER

Details for Commercial paper as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Commercial paper - net of unamortized discount of $34,647 and $1,067 as of September 30, 2022 and December 31, 2021, respectively	$ 7,936,743	$ 8,291,933
Weighted-average interest rate	2.88 %	0.13 %

Interest expense on Commercial paper, included in Interest expense in the accompanying Consolidated Statements of Income, was $48,265,000 and $2,292,000 for the three months ended September 30, 2022 and 2021, respectively, and $71,210,000 and $6,520,000 for the nine months ended September 30, 2022 and 2021, respectively.

10. LONG-TERM DEBT

Details for Long-term debt as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022	2021
Senior notes - net of unamortized discount and debt issuance costs	$ 3,737,368	$ 3,731,814
Less: Current portion of long-term debt	(998,799)	—
Non-current portion of long-term debt	$ 2,738,569	$ 3,731,814

Details for principal payments due on Long-term debt for each of the next five years and thereafter follow (in thousands):

2022	$ —
2023	2,000,000
2024	—
2025	1,750,000
2026	—
Thereafter	—
Total	$ 3,750,000

Senior notes. On April 23, 2020 and December 7, 2020, NSCC issued three-year and five-year senior unsecured notes for an aggregate total of $3.75 billion. The proceeds from the issuances constitute liquid resources that, together with other liquid resources of the Company, are available to enable NSCC to affect the settlement of its payment obligations in the event of the default of any of its Participants pursuant to NSCC's rules.

Details of the senior notes as of September 30, 2022 follow (in thousands):

Issue Date	Maturity	Rate	Principal Balance	Carrying Value
April 23, 2020	April 23, 2023	1.20%(1)	$ 1,000,000	$ 998,799
April 23, 2020	April 23, 2025	1.50%(1)	1,000,000	995,687
December 7, 2020	December 7, 2023	0.40%(2)	1,000,000	997,441
December 7, 2020	December 7, 2025	0.75%(2)	750,000	745,441
			$ 3,750,000	$ 3,737,368

(1) Interest is payable semi-annually in arrears on April 23 and October 23 of each year, beginning October 23, 2020.
(2) Interest is payable semi-annually in arrears on June 7 and December 7 of each year, beginning June 7, 2021.

Interest expense and amortization of discount and issuance costs, included in Interest expense in the accompanying Consolidated Statements of Income, were $11,009,000 and $11,011,000 for the three months ended September 30, 2022 and 2021, respectively, and $33,032,000 and $32,958,000 for the nine months ended September 30, 2022 and 2021, respectively. The weighted-average interest rate was 0.98% as of September 30, 2022. The aggregate debt issuance costs and unamortized discount associated with the senior notes were $12,633,000 and $18,186,000, as of September 30, 2022 and December 31, 2021, respectively.

10. LONG-TERM DEBT (CONTINUED)

Lines of credit. DTCC maintains a committed line of credit for general funding purposes while certain of its subsidiaries, DTC and NSCC, also maintain committed lines of credit to support settlement of its payment obligations in the event of the default of any of its Participants pursuant to the rules of the relevant subsidiaries of the Company.

Details for the terms of the outstanding lines of credit as of September 30, 2022 and December 31, 2021 follow:

	2022	2021
DTCC		
Committed Amount	$500 million	$500 million
Denomination	USD	USD
Number of Participants/Lenders	13/13	10/10
Borrowing Rate	Base Rate plus 0.125%, or Adjusted Term Secure Overnight Financing Rate (SOFR) or Adjusted Daily SOFR plus 1.125%	Either base rate plus 0.25% or eurodollar plus 1.25%
Maturity Date	January 2025	January 2022
Annual Facility Fee	0.15%(1)	0.15%(1)
DTC		
Committed Amount	$1.9 billion	$1.9 billion
Denomination	USD	USD
Number of Participants/Lenders	30/36	29/35
Borrowing Rate	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing, plus 1.40%	The greatest of the FRBNY rate, adjusted LIBOR, or zero, on the day of borrowing, plus 1.40%
Maturity Date	May 2023	May 2022
Annual Facility Fee	0.10%(1)	0.10%(1)
Uncommitted Amount(2)	—	C$200 million
Denomination	—	CAD
Number of Participants/Lenders	—	1/1
Borrowing Rate	—	A rate per annum equal to the Canadian Prime Rate minus 0.50%
Maturity Date	—	On Demand
NSCC		
Committed Amount	$10.0 billion	$9.3 billion
Denomination	USD	USD
Number of Participants/Lenders	30/36	29/35
Borrowing Rate	The greatest of the FRBNY rate, Adjusted Daily SOFR, or zero on the day of borrowing plus 1.40%	The greatest of the FRBNY rate, adjusted LIBOR, or zero, on the day of borrowing, plus 1.40%
Maturity Date	May 2023	May 2022
Annual Facility Fee	0.10%(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 Consolidated Statements of Income.

(2) DTC no longer permits settlement in Canadian dollars. Effective August 19, 2022 the uncommitted C$200 million line of credit, used to support Canadian settlement, was terminated.

There were no borrowings under the lines of credit during 2022 and 2021.

10. LONG-TERM DEBT (CONTINUED)

Details for debt covenants related to the lines of credit as of September 30, 2022 and December 31, 2021 follow:

	2022	2021
DTCC		
Minimum Net Worth	$1.65 billion	$1.25 billion
Maximum Priority Debt	$200 million	$200 million
DTC		
Minimum Net Worth	$200 million	$200 million
Minimum Participants' Fund deposits	$750 million	$750 million
NSCC		
Minimum Net Worth	$200 million	$200 million
Minimum Clearing Fund deposits	$1.5 billion	$1.5 billion

As of September 30, 2022 and December 31, 2021, the Company was in compliance with its debt covenants.

Credit Ratings. DTCC, DTC, FICC and NSCC are 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 DTCC and its three clearing agency subsidiaries as of September 30, 2022 follow:

	Moody's (1)			S&P		
	Long-term	**Short-term**	**Outlook**	**Long-term**	**Short-term**	**Outlook**
DTCC	Aa3	N/A	Stable	AA-	A-1+	Stable
DTC	Aaa	P-1	Stable	AA+	A-1+	Stable
FICC	Aaa	P-1	Stable	AA	A-1+	Stable
NSCC	Aaa	P-1	Stable	AA+	A-1+	Stable

(1) Moody’s categorizes the long-term issuer ratings of DTC, FICC and NSCC as clearing counterparty ratings (CCR) under the agency's Clearing Houses Rating Methodology.

11. FAIR VALUE MEASUREMENTS

See Note 14 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020, for the Company's valuation basis, including valuation techniques and inputs, as well as the fair value hierarchy used in measuring the Company's financial assets and liabilities that are both accounted for at fair value and at other than fair value.

Financial Assets and Liabilities measured at fair value on a recurring basis.

Fair value measurements of those items measured on a recurring basis as of September 30, 2022 and December 31, 2021 are summarized below (in thousands):

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Clearing Funds				
U.S. Treasury Securities	$ 22,097,445	$ —	$ —	$ 22,097,445
U.S. Agency Issued Debt Securities	203,566	16,354	—	219,920
U.S. Agency Residential Mortgage-Backed Securities	—	2,190,742	—	2,190,742
Non-current assets				
Long-term incentive plan assets - Mutual fund and Stable value fund investments	98,572	19,529	—	118,101
Total assets	$ 22,399,583	$ 2,226,625	$ —	$ 24,626,208
Liabilities:				
Clearing Funds				
Securities liabilities	$ 22,301,011	$ 2,207,096	$ —	$ 24,508,107
Total liabilities	$ 22,301,011	$ 2,207,096	$ —	$ 24,508,107

	2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Clearing Funds				
U.S. Treasury Securities	$ 25,012,714	$ —	$ —	$ 25,012,714
U.S. Agency Issued Debt Securities	129,647	—	—	129,647
U.S. Agency Residential Mortgage-Backed Securities	—	2,879,411	—	2,879,411
Cash deposits - Money market fund investments	3,657,000	—	—	3,657,000
Non-current assets				
Long-term incentive plan assets - Mutual fund and Stable value fund investments	135,525	23,977	—	159,502
Total assets	$ 28,934,886	$ 2,903,388	$ —	$ 31,838,274
Liabilities:				
Clearing Funds				
Securities liabilities	$ 25,142,361	$ 2,879,411	$ —	$ 28,021,772
Money market fund investments liabilities	3,657,000	—	—	3,657,000
Total liabilities	$ 28,799,361	$ 2,879,411	$ —	$ 31,678,772

11. FAIR VALUE MEASUREMENTS (CONTINUED)

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 financial assets and liabilities approximate their fair values because they are short-term in duration, have no defined maturity or have market-based interest rates.

The carrying values, fair values and fair value hierarchy levels of all financial instruments measured at other than fair value on the accompanying Consolidated Statements of Financial Condition as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 13,912,106	$ 13,912,106	$ 13,912,106	$ —	$ —
Participants' segregated cash	7,556	7,556	7,556	—	—
Short-term investments	650,000	650,000	—	650,000	—
Investments in marketable securities	—	—	—	—	—
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	30,231,616	30,231,616	30,231,616	—	—
Other Participants' assets	2,628,885	2,628,885	2,628,885	—	—
Total	$ 47,430,163	$ 47,430,163	$ 46,780,163	$ 650,000	$ —
Liabilities:					
Commercial paper	$ 7,936,743	$ 7,936,743	$ —	$ 7,936,743	$ —
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	30,231,616	30,231,616	30,231,616	—	—
Payable to Participants	2,636,441	2,636,441	2,636,441	—	—
Long-term debt	3,737,368	3,568,757	—	3,568,757	—
Total	$ 44,542,168	$ 44,373,557	$ 32,868,057	$ 11,505,500	$ —

	2021				
	Carrying Amount	Total Fair Value	Level 1	Level 2	Level 3
Assets:					
Cash and cash equivalents	$ 14,236,922	$ 14,236,922	$ 14,236,922	$ —	$ —
Participants' segregated cash	6,078	6,078	6,078	—	—
Short-term investments	445,000	445,000	—	445,000	—
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	24,823,163	24,823,163	24,823,163	—	—
Other Participants' assets	1,326,873	1,326,873	1,326,873	—	—
Total	$ 40,838,036	$ 40,838,036	$ 40,393,036	$ 445,000	$ —
Liabilities:					
Commercial paper	$ 8,291,933	$ 8,291,933	$ —	$ 8,291,933	$ —
Participants' and Clearing Funds:					
Cash deposits - Bank deposits	24,823,163	24,823,163	24,823,163	—	—
Payable to Participants	1,332,951	1,332,951	1,332,951	—	—
Long-term debt	3,731,814	3,744,935	—	3,744,935	—
Total	$ 38,179,861	$ 38,192,982	$ 26,156,114	$ 12,036,868	$ —

11. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Financial assets measured at fair value on a non-recurring basis include equity investments, which are classified as Level 3 instruments. During the nine months ended September 30, 2022, there was a $449,000 mark-to-market investment loss included in Other non-operating income, net in the accompanying Consolidated Statements of Income. The carrying amount of the investments were $11,944,000 and $12,393,000 as of September 30, 2022 and December 31, 2021, respectively. The fair value of the investments were determined based on the latest valuation of equity investments from their most recent financial statements.

12. RETIREMENT PLANS

See Note 15 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020 for additional information on the Company's retirement plans.

Defined benefit pension and other postretirement benefit plans. Details of the components of net periodic benefit expense (income) and amortization for the Company's pension and postretirement benefit plans, included in Employee compensation and related benefits, Interest expense, and Other non-operating income, net in the accompanying Consolidated Statements of Income, for the three months ended September 30, 2022 and 2021 follow (in thousands):

	Pension Benefits		Other Benefits	
	2022	2021	2022	2021
Components of net periodic benefit expense (income):				
Expected return on plan assets	$ (9,544)	$ (9,424)	$ —	$ —
Interest cost	6,631	5,608	345	296
Service cost	158	381	116	158
Amortizations:				
Prior service cost (credit)	21	21	(260)	(1,287)
Actuarial loss	2,328	2,852	99	424
Settlement loss	1,512	167	—	—
Net periodic benefit expense (income)	$ 1,106	$ (395)	$ 300	$ (409)

Details of the components of net periodic benefit expense (income) and amortization for the Company's pension and postretirement benefit plans nine months ended September 30, 2022 and 2021 follow (in thousands):

	Pension Benefits		Other Benefits	
	2022	2021	2022	2021
Components of net periodic benefit expense (income):				
Expected return on plan assets	$ (28,594)	$ (28,384)	$ —	$ —
Interest cost	19,781	17,290	1,035	887
Service cost	1,150	1,443	350	473
Amortizations:				
Prior service cost (credit)	65	65	(780)	(3,860)
Actuarial loss	6,914	9,422	297	1,271
Settlement loss	1,512	255	—	—
Net periodic benefit expense (income)	$ 828	$ 91	$ 902	$ (1,229)

12. RETIREMENT PLANS (CONTINUED)

The Company did not make any contributions to the Pension Plan for the three and nine months ended September 30, 2022 and does not anticipate making any contributions for the remainder of the fiscal year.

Defined contribution retirement plans. Total expense for the defined contribution retirement plans included in Employee compensation and related benefits in the accompanying Consolidated Statements of Income was $13,015,000 and $12,075,000 for the three months ended September 30, 2022 and 2021, respectively, and $38,190,000 and $34,656,000 for the nine months ended September 30, 2022 and 2021, respectively.

13. INCOME TAXES

Details for unrecognized tax benefits, included in Other non-current liabilities on the accompanying Consolidated Statements of Financial Condition, for the nine months ended September 30, 2022 and 2021 follow (in thousands):

	2022	2021
Beginning balance	$ 19,954	$ 27,267
Increases:		
Prior period tax positions	—	1,336
Current period tax positions	300	1,200
Decreases:		
Prior period tax positions	(2,346)	(11,317)
Settlements with tax authorities	—	(3,292)
Unrecognized tax benefit	17,908	15,194
Accrued interest	2,016	1,780
Ending balance	$ 19,924	$ 16,974

See Note 16 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020 for additional information pertaining to the Company's income taxes.

14. SHAREHOLDERS' EQUITY

DTCC Series A Preferred stock. All 10,000 shares of DTCC Series A Preferred stock are issued and outstanding and held of record by Stock Clearing Corporation, a wholly owned subsidiary of the New York Stock Exchange LLC, the successor-in-interest to the New York Stock Exchange Inc. In the event of DTCC's voluntary or involuntary liquidation, dissolution or winding-up, the holders of Series A Non-Cumulative Perpetual Preferred stock are entitled to a liquidation preference of $30.00 per share.

DTCC Series B Preferred stock. All 10,000 shares of DTCC Series B Preferred stock are issued and outstanding and held of record by National Clearing Corporation, a wholly owned subsidiary of the Financial Industry Regulatory Authority Inc. ("FINRA"). In the event of DTCC's voluntary or involuntary liquidation, dissolution or winding-up, the holders of Series B Preferred stock are entitled to a liquidation preference of $30.00 per share.

DTCC Series C Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred stock. DTCC issued 1,600 shares of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred stock, Series C, $0.50 par value per share, with a liquidation preference of $250,000 per share. When declared by DTCC's Board of Directors, in accordance with the Amended Certificate of Incorporation of DTCC, dividends on the Series C Preferred stock were payable in arrears on June 15 and December 15 of each year through June 15, 2020 at a fixed rate of 4.875% per annum. From June 15, 2020 onward, dividends accrued at a floating rate equal to three-month LIBOR plus 3.167% per annum (3.351% at June 15, 2021), and, when declared by DTCC's Board of Directors, dividends on the Series C Preferred stock were payable in arrears on March 15, June 15, December 15 and December 15 of each year beginning on December 15, 2020. On June 15, 2021, DTCC redeemed all 1,600 shares outstanding related to the Series C Preferred stock totaling $400,000,000 for a price equal to $250,000 per share with issuance costs of $9,484,000.

14. SHAREHOLDERS' EQUITY (CONTINUED)

Details of dividends paid to holders of the Series C Preferred Stock during the nine months ended September 30, 2021 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend		Shares Outstanding	Dividend Paid	
April 13, 2021	May 25, 2021	June 15, 2021	$	2,140.84	1,600	$	3,425,344
January 14, 2021	February 25, 2021	March 15, 2021	$	2,114.69	1,600	$	3,383,504

DTCC Series D Fixed Rate Reset Non-Cumulative Perpetual Preferred stock. On June 8, 2021, DTCC issued 2,000 shares of Fixed Rate Reset Non-Cumulative Perpetual Preferred stock, Series D, $0.50 par value per share, with a liquidation preference of $250,000 per share resulting in issuance costs of $9,100,000 and net proceeds of $490,900,000. When declared by DTCC's Board of Directors, dividends on the Series D Preferred stock are payable in arrears on June 20 and December 20 of each year, beginning December 20, 2021 through June 20, 2026, at a fixed rate of 3.375% per annum. From June 20, 2026 onward, dividends will accrue at a rate equal to the five-year U.S. Treasury rate plus 2.606% per annum.

Details of dividends paid to holders of the Series D Preferred Stock during the nine months ended September 30, 2022 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend		Shares Outstanding	Dividend Paid	
May 9, 2022	May 10, 2022	June 21, 2022	$	4,218.75	2,000	$	8,437,500

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. The ownership of DTC preferred stock is reported as non-controlling interests in the consolidated financial statements. 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 September 30, 2022 and December 31, 2021. 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.

Details of dividends paid to holders of the DTC Series A Preferred Stock during the nine months ended September 30, 2022 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend		Dividend Paid	
February 23, 2022	February 23, 2022	April 11, 2022	$	45,000	$	45,000
December 15, 2021	December 17, 2021	January 11, 2022	$	90,000	$	90,000

Details of dividends paid to holders of the DTC Series A Preferred Stock during the nine months ended September 30, 2021 follow:

Approved and Declared Date	Record Date	Payment Date	Declared Dividend		Dividend Paid	
February 10, 2021	February 11, 2021	April 9, 2021	$	480,000	$	480,000

15. 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 each of the clearing agencies 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 clearing agencies can continue operations and provide services as a going concern if those losses materialize. It is determined based on the general business risk profile and estimated time to execute a recovery or orderly wind-down of critical operations for each of the clearing agencies and, at a minimum, is equal to six months of operating expenses.

Corporate Contribution. The corporate contribution is applied to losses as provided in each of the respective clearing agencies rules. The amount of the corporate contribution is generally equal to 50% of each clearing agency's general business risk capital requirement.

Details of the general business risk capital requirement, corporate contribution and liquid net assets funded by equity for the clearing agencies as of September 30, 2022 and December 31, 2021 follow (in thousands):

	2022		
	DTC	NSCC	FICC
General business risk capital requirement	$ 222,611	$ 211,964	$ 145,952
Corporate contribution	111,306	105,982	72,976
Total requirement	333,917	317,946	218,928
Liquid net assets funded by equity	635,485	625,670	325,130
Excess	$ 301,568	$ 307,724	$ 106,202

	2021		
	DTC	NSCC	FICC
General business risk capital requirement	$ 193,270	$ 211,964	$ 133,407
Corporate contribution	96,635	105,982	66,703
Total requirement	289,905	317,946	200,110
Liquid net assets funded by equity	675,456	570,329	328,792
Excess	$ 385,551	$ 252,383	$ 128,682

Regulatory capital. DTCC's regulated subsidiaries maintain and report regulatory capital in accordance with all relevant laws, rules and guidelines. As a multinational enterprise, various DTCC subsidiaries are subject to regulatory capital regimes, as applicable. Certain DTCC subsidiaries submit regulatory capital reports to various regulators, including, but not limited to, FRBNY, the NYSDFS and the CFTC in the United States; ESMA in Europe; FCA in the UK; OSC in Canada; and the MAS in Singapore.

15. CAPITAL REQUIREMENTS (CONTINUED)

Capital adequacy. DTC is subject to capital guidelines issued by United States federal and state banking regulators.

DTC capital and leverage ratios required by the FRBNY and the NYSDFS as of September 30, 2022 follow:

	Ratio	Minimum Capital Ratio[a]	Well Capitalized Ratio[a]
Tier 1 capital ratio [1]	60.43 %	6.00 %	8.00 %
Total capital ratio [1]	60.43 %	8.00 %	10.00 %
Tier 1 leverage ratio [2]	16.95 %	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.

16. GUARANTEES

FICC and NSCC provide CCP services, including clearing, settlement and risk management services. Acting as a CCP, FICC (through GSD and MBSD) and NSCC guarantee the settlement of trades in the event one or more of their Participants' defaults. A Participant default is defined in the respective rules of NSCC, GSD and MBSD. In their guarantor role, each clearing subsidiary has equal claims to and from Participants, as applicable, on opposite sides of netted transactions. To cover their default risk, FICC (through GSD and MBSD) and NSCC use risk-based margining to determine Participants' required cash and eligible securities deposits to their Clearing Funds. NSCC's trade guaranty generally attaches at the point of validation for locked-in submissions, or at the point of comparison and validation for bilateral submissions.

DTC, NSCC, FICC and The Options Clearing Corporation have also entered into a multilateral netting contract and limited cross-guaranty agreement. In accordance with the cross-guaranty agreement, these clearing agencies have agreed to make payments to each other for any remaining unsatisfied obligations of a common defaulting Participant to the extent that these clearing agencies have excess resources belonging to the defaulting Participant. Under this agreement, no party ever needs to pay out of pocket and no party can receive more than its loss.

Details for open CCP positions for which a trade guaranty applied as of September 30, 2022 and December 31, 2021 follow (in billions):

	2022	2021
FICC		
GSD	$ 1,169	$ 1,150
MBSD	319	434
NSCC	248	185

There were no defaults by Participants to these obligations in 2022 and 2021.

See Note 19 in DTCC's Audited Consolidated Financial Statements for the years ended December 31, 2021 and 2020 for additional information on the Company's guarantees.

17. SUBSEQUENT EVENTS

The Company evaluated events and transactions occurring after September 30, 2022 through November 4, 2022, the date these consolidated financial statements were available to be issued, for potential recognition or disclosure. No events or transactions occurred during such period that would require recognition or disclosure in these consolidated financial statements.